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Note: This English translation of the original Japanese 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, 2020

To Our Shareholders

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

Notice of Convocation of the 83rd Ordinary General Meeting of Shareholders

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

You are hereby notified that the 83rd Ordinary General Meeting of Shareholders (“Meeting”) will be held as stated below.

Recently, the Japanese government and prefectural governors have requested that people refrain from going out in order to prevent the spread of the novel coronavirus. As a result of careful consideration of this situation, we have decided to hold this Meeting after implementing appropriate measures to prevent the spread of infection.

We would appreciate it if shareholders could refrain from visiting the venue and exercise their voting rights in advance in writing or via the Internet, etc., in order to prevent the spread of infection.

Please examine the “Reference Documents for the General Meeting of Shareholders” provided below, and exercise your voting rights by 17:00 (5:00 p.m.) Wednesday, June 24, 2020, following the instructions below.

Particulars

1. Date and time of the Meeting

10:00 a.m., Thursday, June 25, 2020 (Doors open at 9:00 a.m.) (Tokyo time)

2. Place of the Meeting

Convention Hall, B2, The Prince Park Tower Tokyo

8-1, Shiba-koen 4-chome, Minato-ku, Tokyo

3. Matters 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 the audit of the Consolidated Statutory Report conducted by Independent Auditors and the Audit Committee, with respect to the 83rd fiscal year (from April 1, 2019 to March 31, 2020).
2. Report on the contents of the Non-Consolidated Statutory Report for the 83rd fiscal year (from April 1, 2019 to March 31, 2020).

Matters to be resolved:

Bill: Election of thirteen (13) Directors (Members of the Board)

4. Matters regarding the Exercise of Voting Rights

- (1) You may exercise your voting rights in writing or via electronic device (via the Internet, etc.).
- (2) 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 the bill, it shall be deemed as an intention of approval.
- (3) 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.
- (4) 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 via the Internet

- (1) As permitted by applicable laws and regulations and Article 23 of the Company’s Articles of Incorporation, “Status of Stock Acquisition Rights, etc.”, “System to Ensure Appropriateness of Business and State of Operation of Such System”, “Consolidated Statement of Changes in Net Assets”, “Notes to the Consolidated Statutory Report”, “Statement of Changes in Net Assets”, and “Notes to the Non-Consolidated Statutory Report” which are to be provided along with this Notice of Convocation, are posted on the website of the Company (<https://www.daiwa-grp.jp/ir/shareholders/meeting/>) and are not attached to this Notice of Convocation. Therefore, the attachment is only a part of the “Business Report”, “Consolidated Statutory Report” and “Non-Consolidated Statutory Report” which were audited by Independent Auditors or the Audit Committee to create the audit report or accounting audit 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 Company’s website as stated above.
- (3) Depending on the situation of the spread of the novel coronavirus, the venue or time of the Meeting may need to be changed. In that case, such change will be posted on the above website.
- (4) For the purpose of providing early disclosure, the contents of this Notice has been posted on the website of the Company before dispatch of the Notice.

- 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 to use the 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 an electronic device.

Reference Documents for the General Meeting of Shareholders

Bill and reference matters

Bill. Election of Thirteen (13) Directors (Members of the Board)

The terms of office of all members (fourteen (14) Directors) of the Board of Directors are expiring as of the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company requests shareholders' approval to elect, in total, thirteen (13) Directors pursuant to the decision of the Nominating Committee.

The nominees for Directors (Members of the Board) are as follows. Mr. Michiaki Ogasawara, Mr. Hirotaka Takeuchi, Mr. Ikuo Nishikawa, Ms. Eriko Kawai, Mr. Katsuyuki Nishikawa and Mr. Toshio Iwamoto are the nominees for Outside Directors as defined in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

Candidate Number	Name	Title and charge in the Company	Years on Board	Attendance Rate (FY2019)
1	Takashi Hibino Reappointment	Chairman of the Board and Corporate Executive Officer Member of the Nominating Committee Member of the Compensation Committee	16	10/10 (100%)
2	Seiji Nakata Reappointment	Member of the Board, Representative Corporate Executive Officer, President and CEO of the Company Member of the Nominating Committee Member of the Compensation Committee	5	10/10 (100%)
3	Toshihiro Matsui Reappointment	Member of the Board, Representative Corporate Executive Officer, Deputy President and COO of the Company	4	10/10 (100%)
4	Keiko Tashiro Reappointment Female	Member of the Board, Corporate Executive Officer, Deputy President, and Head of Overseas and SDGs	6	10/10 (100%)
5	Akihiko Oginō New Appointment	Senior Executive Managing Director, and Head of Planning, Legal and Executive Head of Personnel	-	-
6	Sachiko Hanaoka Reappointment Female Non-Executive	Member of the Board Member of the Audit Committee	1	8/8 (100%)
7	Hiromasa Kawashima New Appointment Non-Executive	Senior Managing Director	-	-
8	Michiaki Ogasawara Reappointment Outside Independent	Outside Director Member of the Nominating Committee Member of the Audit Committee	5	10/10 (100%)
9	Hirotaka Takeuchi Reappointment Outside Independent	Outside Director Member of the Nominating Committee Member of the Compensation Committee	4	10/10 (100%)
10	Ikuo Nishikawa Reappointment Outside Independent	Outside Director Member of the Audit Committee Member of the Compensation Committee	4	10/10 (100%)

11	E r i k o K a w a i	Reappointment Female Outside Independent	Outside Director Member of the Nominating Committee Member of the Audit Committee	2	10/10 (100%)
12	Katsuyuki Nishikawa	Reappointment Outside Independent	Outside Director Member of the Nominating Committee Member of the Audit Committee	1	8/8 (100%)
13	Toshio Iwamoto	New Appointment Outside Independent		-	-



Candidate
Number

1

Takashi Hibino

Reappointment

Date of Birth	September 27, 1955
Title and charge in the Company	Chairman of the Board and Corporate Executive Officer
Number of shares of the Company held	common stock 258,090 shares
Years on Board	16
Attendance Rate	Board of Directors 10/10 (100%) Nominating Committee 3/3 (100%) Compensation Committee 4/4 (100%)

The reason for election

He joined the Company in 1979, served successively as the Head of Products, Overseas, Corporate Planning and Personnel and thereby has broad experience related to the business of the whole Daiwa Securities Group. Also, he served as the Representative Corporate Executive Officer, President and CEO of the Company from 2011 to 2017 and has broad experience and insights as a manager. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1979	Joined the Company
Apr. 2002	Managing Director of Corporate Planning Dept. of the Company
June 2002	Senior Managing Director and Head of Equity of Daiwa Securities SMBC Co. Ltd.
May 2004	Executive Managing Director, Head of Corporate Planning, Personnel, Legal and Secretariat and Managing Director of Personnel Dept. of the Company
June 2004	Member of the Board, Executive Managing Director, Head of Planning, Personnel and Legal, and Managing Director of Personnel Dept. of the Company
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, Deputy President and Deputy Head of Wholesale of the Company; and Representative Director and Deputy President of Daiwa Securities SMBC Co. Ltd.
Apr. 2011	Member of the Board, Representative Corporate Executive Officer, President, CEO and Head of Retail and Wholesale of the Company; Representative Director and President of Daiwa Securities Co. Ltd.; and Representative Director and President of Daiwa Securities Capital Markets Co. Ltd.
Apr. 2013	CEO of the Company
Apr. 2017	Chairman of the Board and Corporate Executive Officer of the Company (to date); and Representative Director and Chairman of the Board of Daiwa Securities Co. Ltd.
Apr. 2020	Chairman of the Board of Daiwa Securities Co. Ltd.(to date)
(Significant concurrent positions)	
Chairman of the Board of Daiwa Securities Co. Ltd.	
Outside Director of Imperial Hotel, Ltd.	



Candidate
Number

2

Seiji Nakata

Reappointment

Date of Birth	July 16, 1960
Title and charge in the Company	Member of the Board, Representative Corporate Executive Officer, President and CEO of the Company
Number of shares of the Company held	common stock 193,930 shares
Years on Board	5 (Note)
Attendance Rate	Board of Directors 10/10 (100%) Nominating Committee 3/3 (100%) Compensation Committee 4/4 (100%)

(Note) The total years served as Member of the Board.

The reason for election

He joined the Company in 1983 and served successively as the Deputy Head of Planning and Personnel of the Company, Head of Corporate Institution and Head of Sales of Daiwa Securities Co. Ltd., and COO and Head of Retail of the Company. He serves as the Representative Corporate Executive Officer, President and CEO of the Company from 2017. He has expertise and experience to present a management strategy based on a wide vision and also to execute adequately the management and control of Daiwa Securities Group. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1983	Joined the Company
Apr. 1999	Transferred to Daiwa Securities SB Capital Markets Co., Ltd.
Apr. 2005	Managing Director of Product Strategy Dept. of Daiwa Securities SMBC Co. Ltd.
Apr. 2006	Senior Managing Director and Head of Planning of the above company
Apr. 2007	Corporate Executive Officer, Deputy Head of Planning and Personnel, and Managing Director of Corporate Planning Dept. of the Company
Oct. 2008	Deputy Head of Planning and Personnel of the Company
Apr. 2009	Executive Managing Director of the Company
June 2009	Member of the Board and Executive Managing Director of the Company
Apr. 2010	Member of the Board of the Company; and Member of the Board and Executive Managing Director of Daiwa Securities Capital Markets Co. Ltd.
June 2010	Member of the Board, Executive Managing Director, Senior Head of Corporate Sales, Corporate Institution Sales and Head of Corporate Presiding of Daiwa Securities Capital Markets Co. Ltd.
Apr. 2011	Senior Head of Corporate Institution Sales and Head of Corporate Sales and Corporate Presiding of the above company
Apr. 2012	Member of the Board, Senior Executive Managing Director and Head of Corporate Institution of Daiwa Securities Co. Ltd.
Apr. 2015	Senior Executive Managing Director and Deputy Head of Retail of the Company
Apr. 2016	Representative Corporate Executive Officer, Deputy President, COO and Head of Retail of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd.
June 2016	Member of the Board, Representative Corporate Executive Officer and Deputy President of the Company
Apr. 2017	Member of the Board, Representative Corporate Executive Officer, President(to date), CEO and Head of Retail of the Company; and Representative Director and President of Daiwa Securities Co. Ltd. (to date)
Apr. 2020	CEO of the Company (to date)
(Significant concurrent positions)	
Representative Director and President of Daiwa Securities Co. Ltd.	



Candidate
Number

3

Toshihiro Matsui

Reappointment

Date of Birth	April 27, 1962
Title and charge in the Company	Member of the Board, Representative Corporate Executive Officer, Deputy President and COO of the Company
Number of shares of the Company held	common stock 170,100 shares
Years on Board	4
Attendance Rate	Board of Directors 10/10 (100%)

The reason for election

He joined the Company in 1985 and served as the Managing Director of Corporate Institutions and Corporate Finance of Daiwa Securities SMBC Co. Ltd. and Corporate Planning Dept. of the Company. Since his inauguration as Corporate Executive Officer of the Company in 2009, he served as the Head of Legal, Deputy Head of Planning, Head of Planning and Personnel and Head of Wholesale, etc., of the Company. He serves now as the Representative Corporate Executive Officer, Deputy President and COO of the Company. He has broad experience and knowledge in broad areas such as Retail, Wholesale, Investment Banking, Planning and Personnel. Therefore, he is considered to be qualified to serve as a member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1985	Joined the Company
Apr. 1999	Transferred to Daiwa Securities SB Capital Markets Co., Ltd.
Sept. 2007	Transferred to the Company
Oct. 2008	Managing Director of Corporate Planning Dept. of the Company
Apr. 2009	Corporate Executive Officer, Head of Legal, Deputy Head of Planning and Managing Director of Corporate Planning Dept. of the Company
Apr. 2010	Deputy Head of Planning and Personnel of the Company
Apr. 2011	Executive Managing Director, Head of Legal, Deputy Head of Planning and Personnel of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd.
Jan. 2012	Executive Managing Director of the Company; Senior Managing Director of Daiwa Securities Co. Ltd.; and Senior Managing Director of Daiwa Securities Capital Markets Co. Ltd.
Apr. 2012	Head of Planning and Legal and Deputy Head of Personnel of the Company; and Executive Managing Director of the Daiwa Securities Co. Ltd.
Apr. 2014	Senior Executive Managing Director and Head of Planning and Personnel of the Company; and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Apr. 2016	Head of Planning and Deputy Head of Wholesale of the Company
June 2016	Member of the Board and Senior Executive Managing Director of the Company
Apr. 2018	Representative Corporate Executive Officer, Deputy President (to date), COO and Head of Planning and Wholesale of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd. (to date)
Apr. 2019	COO and Head of Wholesale of the Company
Apr. 2020	COO of the Company (to date)
(Significant concurrent positions)	
Representative Director and Deputy President of Daiwa Securities Co. Ltd.	



Candidate
Number

4

Keiko Tashiro

Reappointment

Female

Date of Birth	August 5, 1963
Title and charge in the Company	Member of the Board, Corporate Executive Officer, Deputy President of the Company, and Head of Overseas and SDGs
Number of shares of the Company held	common stock 77,900 shares
Years on Board	6
Attendance Rate	Board of Directors 10/10 (100%)

The reason for election

She joined the Company in 1986 and served successively as the Managing Director of the IR Office of the Company and Managing Director of the Daiwa Direct Planning Dept. of Daiwa Securities Co. Ltd. Since her inauguration as Senior Managing Director of the above company in 2009, she served successively as its Head of Daiwa Direct Business, Fixed Income, Currency and Commodities and as Head of the Americas business and Deputy Head of Overseas (in charge of the Americas) of the Company and Chairperson of the Board of Daiwa Capital Markets America Holdings Inc. She serves now as the Corporate Executive Officer, Deputy President, the Head of Overseas and the Head of SDGs of the Company. She has broad knowledge and experience in the Overseas and Corporate Planning. Therefore, she is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1986	Joined the Company
Apr. 1999	Transferred to Daiwa Securities SB Capital Markets Co., Ltd.
July 1999	Transferred to the Company
Sept. 2005	Managing Director of Daiwa Direct Planning Dept. of Daiwa Securities Co. Ltd.
Apr. 2009	Senior Managing Director, Head of PTS and Daiwa Direct Business of the above company
June 2009	Head of Online Product and Daiwa Direct Business of the above company
Apr. 2011	Senior Managing Director, Head of Fixed Income, Currency and Commodities of Daiwa Securities Capital Markets Co. Ltd.
Apr. 2012	Senior Managing Director, Head of Fixed Income, Currency and Commodities of Daiwa Securities Co. Ltd.
Apr. 2013	Executive Managing Director (in charge of the Americas) of the Company; and Chairperson of the Board of Daiwa Capital Markets America Holdings Inc.
July 2013	Chairperson of the Board of Daiwa Capital Markets America Inc.
Apr. 2014	Executive Managing Director, Deputy Head of Overseas (in charge of the Americas) of the Company
June 2014	Member of the Board and Executive Managing Director of the Company
Apr. 2016	Member of the Board, Senior Executive Managing Director and Head of Overseas of the Company; and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Apr. 2019	Member of the Board, Corporate Executive Officer, Deputy President (to date) of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd. (to date)
Apr. 2020	Head of Overseas and SDGs of the Company (to date)

(Significant concurrent positions)

Representative Director and Deputy President of Daiwa Securities Co. Ltd.



Candidate
Number

5

Akihiko Ogino

New Appointment

Date of Birth	January 28, 1966
Title and charge in the Company	Senior Executive Managing Director of the Company, and Head of Planning and Legal, and Executive Head of Personnel
Number of shares of the Company held	common stock 97,100 shares
Years on Board	—
Attendance Rate	—

The reason for election

He joined the Company in 1989 and served as Managing Director of the Executive Office, the Corporate Planning Dept. and the Legal Dept. of the Company. Since his inauguration as the Senior Managing Director of the Company in 2014, he served successively as Head of Legal, Deputy Head of Planning and Overseas of the Company and now serves as Head of Planning and Legal, and Executive Head of Personnel of the Company. He has broad knowledge and experience in Planning and Personnel and also has experience in Investment Banking. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1989	Joined the Company
Oct. 2008	Managing Director of the Executive Office of the Company
Apr. 2014	Senior Managing Director, Head of Legal and Deputy Head of Planning of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd.
Apr. 2015	Head of Legal and Deputy Head of Planning and Overseas of the Company
Apr. 2017	Executive Managing Director, Head of Legal and Deputy Head of Planning of the Company; and Executive Managing Director of the Daiwa Securities Co. Ltd.
Apr. 2019	Senior Executive Managing Director, and Head of Planning and Legal, and Executive Head of Personnel of the Company (to date); and Member of the Board, Senior Executive Managing Director of the Daiwa Securities Co. Ltd. (to date)

(Significant concurrent positions)

Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd.;
Member of the Board of Daiwa Asset Management Co. Ltd.;
Member of the Board of Daiwa Next Bank, Ltd.; and
Representative Director of DG Daiwa Ventures



Candidate
Number

6

Sachiko Hanaoka

Non-Executive

Reappointment

Female

Date of Birth	May 28, 1967
Title and charge in the Company	Member of the Board
Number of shares of the Company held	common stock 31,800 shares
Years on Board	1
Attendance Rate(Note)	Board of Directors 8/8(100%) Audit Committee 15/15(100%)

(Note) Attendance Rate at the Board of Directors' meetings, etc. since her appointment in June 2019.

The reason for election

She joined the Company in 1990. After serving in the Research and Product Divisions, she served successively as the Managing Director of the Products Planning Dept., the Education and Training Dept., and the Investment Strategy Dept. of Daiwa Securities Co. Ltd. Throughout her broad accumulated experience in the Research Division, she has developed a strong analytical ability and broad knowledge in business accounting and broad accumulated experience in management. Therefore, she is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1990	Joined the Company
Mar. 1995	Transferred to Daiwa Institute of Research Ltd.
Oct. 1999	Transferred to Daiwa Securities Co. Ltd.
Apr. 2012	Managing Director of Investment Strategy Dept. of the above company
Apr. 2019	Senior Managing Director of the Company; Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. (to date); Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd. (to date) ; Audit & Supervisory Board Member of Daiwa Institute of Research Business Innovation Ltd. (to date); and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd.
Jun. 2019	Member of the Board of the Company (to date)
(Significant concurrent positions)	
Audit & Supervisory Board Member of Daiwa Securities Co. Ltd.	
Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd.; and	
Audit & Supervisory Board Member of Daiwa Institute of Research Business Innovation Ltd.	



Candidate
Number

7

Hiromasa Kawashima

Non-Executive

New Appointment

Date of Birth	July 18, 1968
Title and charge in the Company	Senior Managing Director
Number of shares of the Company held	common stock 26,000 shares
Years on Board	—
Attendance Rate	—

The reason for election

He joined the Company in 1992. After serving in the Personnel and Investment Banking Divisions, he served successively as Managing Director of the Executive Office and Internal Audit Dept. of the Company. He has broad knowledge and experience in Personnel and Internal Audit. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1992	Joined the Company
Apr. 2006	Transferred to Daiwa Securities SMBC Co. Ltd.
Apr. 2011	Transferred to the Company
Apr. 2016	Managing Director of Internal Audit Dept. of the Company; and Managing Director of Internal Audit Dept. of Daiwa Securities Co. Ltd.
Apr. 2020	Senior Managing Director of the Company (to date); Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. (to date); and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. (to date)

(Significant concurrent positions)

Audit & Supervisory Board Member of Daiwa Securities Co. Ltd.; and
Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd.



Candidate
Number

8

Michiaki Ogasawara

Reappointment

Outside

Independent

Date of Birth	January 29, 1954
Title and charge in the Company	Outside Director
Number of shares of the Company held	common stock 13,300 shares
Years on Board	5
Attendance Rate	Board of Directors 10/10 (100%) Nominating Committee 3/3 (100%) Audit Committee 17/17 (100%)

The reason for election

He served successively as the Director-General of Global ICT Strategy Bureaus, the Vice-Minister of the Ministry of Internal Affairs and Communication, etc. The Company requests that shareholders elect him as an Outside Director since the Company believes that his specialized experience and knowledge accumulated through his career 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 had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

Apr. 1976	Entered Ministry of Posts and Telecommunications
Jan. 2003	Director-General of Tohoku Bureau of Telecommunication, Ministry of Internal Affairs and Communications
Jan. 2004	Director-General of Kanto Bureau of Telecommunication, the above Ministry
Feb. 2005	Deputy Director-General of the above Ministry
Aug. 2005	Director-General of Local Public Service Personnel Dept., Local Administration Bureau the above Ministry
July 2006	Director-General of Civil Protection and Disaster Management Dept., 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
Sept. 2012	Vice-Minister of the above Ministry
Oct. 2013	Advisor of Daiwa Institute of Research Ltd.
June 2015	Resigned as Advisor of the above company
June 2015	Member of the Board of the Company (to date)

(Significant concurrent positions)

Advisor of Sumitomo Corporation; and
Outside Director of Tokyu Fudosan Holdings Corporation



Candidate
Number

9

Hirotaka Takeuchi

Reappointment

Outside

Independent

Date of Birth	October 16, 1946
Title and charge in the Company	Outside Director
Number of shares of the Company held	common stock 20,400 shares
Years on Board	4
Attendance Rate	Board of Directors 10/10 (100%) Nominating Committee 3/3 (100%) Compensation Committee 4/4 (100%)

The reason for election

He served successively as a Professor of Hitotsubashi University, Faculty of Commerce and Management and Professor of Harvard Business School, etc. The Company requests that shareholders elect him as an Outside Director since the Company believes that his accumulated specialized experience and knowledge 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 had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

Sept. 1976	Lecturer of Harvard Business School
Dec. 1977	Assistant Professor of Harvard Business School
Apr. 1983	Assistant Professor of Hitotsubashi University, Faculty of Commerce and Management
Apr. 1987	Professor of Hitotsubashi University, Faculty of Commerce and Management
Apr. 1998	Dean of Hitotsubashi University, the Graduate School of International Corporate Strategy
Apr. 2010	Professor Emeritus of Hitotsubashi University
July 2010	Professor of Harvard Business School (to date)
June 2016	Member of the Board of the Company (to date)

(Significant concurrent positions)

Professor of Harvard Business School;

Outside Director of Integral Corporation;

Outside Director of BrightPath Biotherapeutics Co., Ltd;

Member of the Board of t-lab;

Principal of Global Academy K. K.;

Co-founder and Special Advisor to the Board of GlobalTreehouse Inc.; and

Chair of the Board of Trustees of International Christian University



Candidate
Number

10

Ikuo Nishikawa

Reappointment

Outside

Independent

Date of Birth	July 1, 1951
Title and charge in the Company	Outside Director
Number of shares of the Company held	common stock 7,200 shares
Years on Board	4
Attendance Rate	Board of Directors 10/10 (100%) Audit Committee 17/17 (100%) Compensation Committee 4/4 (100%)

The reason for election

He served successively as the Representative Partner of Century Audit Corporation and Chairman of Accounting Standards Board of Japan, etc. The Company requests that shareholders elect him as an Outside Director since the Company believes that his accumulated specialized experience and knowledge 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 had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

Sept. 1990	Representative Partner of Century Audit Corporation (currently known as Ernst & Young ShinNihon LLC)
Jan. 1993	Representative of JICPA in International Accounting Standards Committee
July 1995	Executive Director of the Japanese Institute of Certified Public Accountants
Aug. 2001	Deputy Chairman of Accounting Standards Board of Japan
Apr. 2007	Chairman of Accounting Standards Board of Japan
Apr. 2012	Professor of Keio University, Faculty of Business & Commerce
June 2016	Member of the Board of the Company (to date)
Apr. 2017	Guest Professor of Graduate School of Keio University, Faculty of Business & Commerce (to date)

(Significant concurrent positions).

Outside Director of MEGMILK SNOW BRAND Co., Ltd.;

Guest Professor of Graduate School of Keio University, Faculty of Business & Commerce; and

Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd.



Candidate
Number

11

Eriko Kawai

Reappointment

Female

Outside

Independent

Date of Birth	April 28, 1958
Title and charge in the Company	Outside Director
Number of shares of the Company held	common stock 3,100 shares
Years on Board	2
Attendance Rate	Board of Directors 10/10 (100%) Nominating Committee 3/3 (100%) Audit Committee 17/17 (100%)

The reason for election

She held positions such as the Pension Funds Administrator of BIS and OECD, etc. The Company requests that shareholders elect her as an Outside Director since the Company believes that she has extensive experience at global companies and international organizations, experience and record as a manager, and her significant accumulated experience and knowledge about corporate management would contribute to the management of the Company.

Brief personal history, title, charge and significant concurrent positions

Oct. 1981	Joined Nomura Research Institute, Ltd.
Sept. 1985	Management Consultant at McKinsey & Company, Inc.
Oct. 1986	Fund Manager of Mercury Asset Management / SG Warburg plc
Nov. 1995	CIO of Yamaichi Regent ABC Polska, Head of Investment
July 1998	Pension Funds Administrator of Bank for International Settlements (BIS)
Oct. 2004	Senior Pension Funds Administrator of Organization for Economic Cooperation and Development (OECD)
Mar. 2008	Representative of Kawai Global Intelligence
Apr. 2012	Professor of Institute for the Promotion of Excellence in Higher Education, Kyoto University
Apr. 2013	Professor of Institute for Liberal Arts and Sciences, Kyoto University
Apr. 2014	Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University (to date)
June 2018	Member of the Board of the Company (to date)

(Significant concurrent positions)

Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University;
Director of the Outlook Foundation;
Director of the Grew Bancroft Foundation; and
Outside Director of CMIC HOLDINGS Co., Ltd.



Candidate
Number

12

Katsuyuki Nishikawa

Reappointment

Outside

Independent

Date of Birth	February 20, 1954
Title and charge in the Company	Outside Director
Number of shares of the Company held	common stock 0 shares
Years on Board	1
Attendance Rate (Note)	Board of Directors 8/8 (100%) Nominating Committee 3/3 (100%) Audit Committee 15/15 (100%)

(Note) Attendance Rate at the Board of Directors' meetings, etc. since his appointment in June 2019.

The reason for election

He served successively as 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 that shareholders elect him as an Outside Director since the Company believes that his significant accumulated experience and professional knowledge about law and compliance would contribute to the management of the Company even though he had never previously been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

Apr. 1979	Prosecutor of Osaka District Public Prosecutors Office
Jan. 2008	Director-General of the Rehabilitation Bureau of the Ministry of Justice
July 2008	Director-General of the Immigration Bureau of the Ministry of Justice
July 2009	Director-General of the Criminal Affairs Bureau of the Ministry of Justice
Aug. 2011	Vice-Minister of the Ministry of Justice
Jan. 2014	Superintending Prosecutor of the Sapporo High Public Prosecutors Office
Dec. 2015	Superintending Prosecutor of the Tokyo High Public Prosecutors Office
Sep. 2016	Prosecutor General
July 2018	Retired as Prosecutor General
Sept. 2018	Attorney at law (to date)
June 2019	Member of the Board of the Company (to date)

(Significant concurrent positions)

Attorney at Nishikawa Katsuyuki Law Office; and

Outside Audit & Supervisory Board Member of Aeon Hokkaido Corporation



Candidate
Number

13

Toshio Iwamoto

New Appointment

Outside

Independent

Date of Birth	January 5, 1953
Title and charge in the Company	-
Number of shares of the Company held	common stock 0 shares
Years on Board	-
Attendance Rate	-

The reason for election

He held positions such as the President of NTT DATA Corporation, etc. and currently is the Advisor of NTT DATA Corporation. The Company requests that shareholders elect him as an Outside Director since the Company believes that his significant accumulated experience in management of global companies and experience and extensive knowledge about IT would contribute to the management of the Company.

Brief personal history, title, charge and significant concurrent positions

Apr. 1976	Joined Nippon Telegraph and Telephone Public Corporation
Jun. 2004	Member of the Board of NTT DATA Corporation
Jun. 2005	Senior Managing Director of the above company
Jun. 2007	Member of the Board and Executive Managing Director of the above company
Jun. 2009	Representative Director and Deputy President of the above company
Jun. 2012	Representative Director and President of the above company
Jun. 2018	Advisor of the above company (to date)

(Significant concurrent positions)

Advisor of NTT DATA Corporation;

Outside Director of NSK Ltd.; and

Outside Audit & Supervisory Board Member of IHI Corporation

(Notes)

1. *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 an Outside Director of the Company in the past.*
 - *None of the nominees for Outside Director executes business of or is an executive of, or has done or been so during the last five (5) years, any entity that has a special relationship with the Company.*
 - *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, family member within the third degree of kinship or other similar person who executes business of or is 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 the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. The Company is scheduled to designate all of the nominees for Outside Director as Independent Directors and to report this designation to the exchanges mentioned above.*
2. *The current Outside Directors, Mr. Michiaki Ogasawara, Mr. Hirotaka Takeuchi, Mr. Ikuo Nishikawa, Ms. Eriko Kawai and Mr. Katsuyuki Nishikawa have each executed an agreement to limit liability to the Company. Each agreement stipulates 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 the election of those nominees for Outside Director is duly approved, the Company will continue to be a party to such agreement with each Outside Director. Also, in case the election of Mr. Toshio Iwamoto for Outside Director is duly approved, the Company plans to enter into a similar agreement to limit the liability of him as Outside Director.*

[References]

The Company is scheduled to appoint the following directors as members and chairman of the Nominating Committee, the Audit Committee and the Compensation Committee respectively, through resolutions of the Board of Directors and each committee to be held after the conclusion of the Ordinary General Meeting of Shareholders. A majority of each committee will be Outside Directors as described below.

Name	Title	Nominating Committee	Audit Committee	Compensation Committee
Takashi Hibino	Chairman of the Board and Corporate Executive Officer	○		○
Seiji Nakata	Member of the Board, Representative Corporate Executive Officer and President	○		○
Sachiko Hanaoka	Member of the Board		○	
Hiromasa Kawashima	Member of the Board		○	
Michiaki Ogasawara	Member of the Board (Outside) Independent Officer	◎	○	
Hiroataka Takeuchi	Member of the Board (Outside) Independent Officer	○		◎
Ikuo Nishikawa	Member of the Board (Outside) Independent Officer		◎	○
Eriko Kawai	Member of the Board (Outside) Independent Officer	○	○	
Katsuyuki Nishikawa	Member of the Board (Outside) Independent Officer	○	○	
Toshio Iwamoto	Member of the Board (Outside) Independent Officer	○		○

(Note) ◎ indicates the director is a Chairman of such committee and ○ indicates the director is a member of such committee.

Business Report (From April 1, 2019 to March 31, 2020)

I. Status of the Group's Business Activities

The 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 (FY2019) is as follows.

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

1. Economic and Market Environment

As the external environment worsened due to the stagnation of world trade, etc. arising from the breakdown of the negotiations over trade issues etc. between the U.S. and China in May 2019, and the imposition of additional tariffs by both countries, there were changes in our country's economy such as a decrease in exports and postponement of capital investment in facilities to increase productive capacity. Meanwhile, investment in rationalization, labor saving and R&D expenses continue to increase due to the high-level corporate profits, ultra-low interest rates and tightening of the labor market. In October 2019, the consumption tax rate was raised to 10%. In the housing and durable goods sectors, the government's demand leveling measures had a certain effect. However, due to the reaction to the last-minute demand before the implementation of the consumption tax hike, tremendous damage caused by a large-scale typhoon, the effects of a warm winter, etc., the real GDP growth rate of October - December 2019 was significantly negative compared to the previous year at -7.1%. Also, one of the characteristics of the Japanese economy during FY2019 was that, while the economic environment for manufacturing, which is vulnerable to U.S.-China trade friction, deteriorated, the economic environment of the non-manufacturing industry remained at a high level. As a result, despite the large negative growth from October - December, the employment and income environment continued to improve moderately. In January 2020, the U.S. and Chinese governments signed the U.S.-China "Phase One" agreement in the trade negotiation. The global economy, including manufacturing, began to recover and there were situations where Japan was expected to benefit from it. However, the situation has changed completely due to the outbreak and spread of infection of the novel coronavirus (COVID-19). The outbreak of COVID-19 has spread throughout the world, including the United States and European countries. In March, the WHO (World Health Organization) announced that the outbreak was a "pandemic," which means a global widespread outbreak. Although significant financial and monetary policies were implemented in Japan, the U.S., Europe and other countries to help companies maintain cash flows and employment, the negative effect of the measures to prevent the spread of the pandemic, such as self-restraint, prohibition of non-urgent and unnecessary going out and closing restaurants and other businesses, is extremely serious to the economy. Major decline in the Japanese and global economies is inevitable.

The Japanese stock market was influenced by the external environment such as U.S.-China trade and other conflicts and the spread of COVID-19. The Nikkei Stock Average remained at around 21,000 yen from April to August 2019. The resumption of negotiations between the U.S. and Chinese governments and the monetary easing of the U.S. strengthened the upward trend. In December, the Nikkei Stock Average temporarily recovered the 24,000 yen level for the first time in about a year and two months. However, after the end of February 2020, when concerns increased regarding the deterioration of the Japanese and global economies due to COVID-19, the Nikkei Stock Average made a record-breaking plunge. In the middle of March the Nikkei Stock

Average temporarily plunged to the 16,000 yen level for the first time since 2016. After that, the Nikkei Stock Average recovered slightly due to expectations of additional monetary easing and significant economic stimulus measures. As a result, the Nikkei Stock Average at the end of the current fiscal year was 18,917.01 yen. Compared to the end of the previous fiscal year, the Nikkei Stock Average recorded a significant drop of 10.8%.

In the bond market, the 10-year Japanese Government Bond yields during the current fiscal year were generally in the negative range due to the extremely accommodative financial environment and concerns over the slowdown of the world economy. As a result, the 10-year Japanese Government Bond yield at the end of FY2019 was 0.005%.

2. Outline of the Consolidated Performance

(1) Profits and Losses of the Group

	(Billions of yen)	
	Fiscal 2019 As of March 31, 2020	Change (%) from Previous Term
Operating Revenue	672.2	△6.7%
Net Operating Revenue	426.2	△3.4%
Ordinary Income	70.2	△15.5%
Profit attributable to owners of parent	60.3	△5.4%

	(Millions of yen)					
	Net Operating Revenues			Ordinary Income		
	Fiscal 2018 (82 nd term)	Fiscal 2019 (83 rd term)	Change from Previous Term	Fiscal 2018 (82 nd term)	Fiscal 2019 (83 rd term)	Change from Previous Term
Retail	185,865	166,430	△10.5%	24,674	6,405	△74.0%
Wholesale	158,903	172,289	8.4%	25,400	38,043	49.7%
Asset Management	48,232	48,091	△0.3%	28,359	26,580	△6.3%
Investment	1,766	2,502	41.7%	△1,093	△877	-
Others	46,473	36,943	-	5,817	140	-
Total	441,240	426,259	△3.4%	83,159	70,283	△15.5%

(2) Assets, Debts and Net Assets of the Group

	(Billions of yen)	
	Fiscal 2019 As of March 31, 2020	Change from Previous Term
Total Assets	23,822.0	2,695.3
Debts	22,564.3	2,694.0
Shareholders' equity (Net Assets)	1,257.7	1.3
Shareholders' equity (Net Assets) per share (Yen)	796.33	1.79

3. Outcome of the Group's Business Activities (Performance by each Operating Division)

Retail Business

Daiwa Securities Co. Ltd., aiming at “Quality No.1”, tries to significantly increase its credibility with customers by rapidly implementing business reforms such as “improving quality of products and services”, “optimized sales channels” and “expansion of contact points with customers”.

In FY2019, in order to establish and foster a corporate culture and sales style based on the “Pursuit of Customers’ Best Interests”, Daiwa Securities Co. Ltd. established the acting guidelines for Daiwa NPS® (Note 1) and updated the sales promotion system and revised the assessment system to improve customer satisfaction. As a result Daiwa Securities Co. Ltd. ranked first place in an external NPS survey (Note 2) in the face-to-face securities section.

Daiwa Securities Co. Ltd. has tried to provide appealing products and services meeting various needs of customers. In November 2019, it started to handle the “Man AHL Smart Leverage Strategy Fund” which thoroughly pursues profit opportunities and risk management by cutting-edge system operation and 24 hour monitoring. Its balance exceeded 100 billion yen and is expanding steadily.

In addition, it has strengthened the consulting services related to inheritance and transfer, by placing at its all branches “Inheritance Consultants,” who are experts on inheritance matters and providing comprehensive consulting services to meet the needs of customers, and “Anshin Planners (peace of mind planners),” who mainly serve elderly customers not only for asset management but also for senior life as a whole. “Pre-specify the beneficiary in case of inheritance” and “Daiwa Annual Gifting Service”, which are incidental services of “Daiwa Fund Wrap Premium”, are appealing to the customers’ needs to “keep their assets” and are contributing to the expansion of the wrap account service.

Furthermore, aiming at expanding contact points with customers, Daiwa Securities Co. Ltd. opened new sales offices with low cost and small scale. At the end of FY2019, the number of domestic branches was 168, including 54 sales offices.

(Note 1) NPS® stands for Net Promoter Score. It is an index that measures the loyalty of customers to a company. It is a registered trademark of Bain & Company, Fred Reichheld and Satmetrix Systems.

(Note 2) The NPS survey is the NPS benchmark results of an industry specific survey conducted on users, announced in October 2019 by NTTCom Online Marketing Solutions Corporation.

Wholesale Business

The wholesale business of the Group is comprised of the Global Markets business and the Global Investment Banking business.

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

In the current fiscal year, in the volatile economy and market environment, revenues

have been generated by the timely provision of products through cooperation between the retail division and wholesale division and agile trading, which responded to changes in the market environment.

In the Global Investment Banking business, Daiwa Securities Co. Ltd. is involved in underwriting, M&A advisory, etc.

In the underwriting business, Daiwa Securities Co. Ltd. served as joint global coordinator on the IPO (Note 1) of freee K.K., and served as a lead managing director on several public offerings of shares with the change in the listed market. In terms of bonds, it served as lead manager for straight and subordinated bonds, including SDGs Bonds (Note 2) issued by Mitsui O.S.K. Lines, Ltd. and others and the first Sustainability Bond (Note 3) by an operational company for retail investors.

Furthermore, in the M&A advisory business, it has been involved in many projects in cooperation with the Group companies, such as KYOCERA Corporation's 100% acquisition of AVX Corporation, a U.S. listed subsidiary.

In addition, in order to enhance cooperation among offices in Japan, Asia, Europe and the Americas, the Company has unified the brand name of the M&A Advisory business to "DC Advisory" from April 2019. Furthermore, the Group has strengthened its system to provide global high quality M&A advisory services. In September 2019, Daiwa Corporate Advisory S.r.l., the 7th European base, was established in Milan, Italy. In October, the Company acquired 50% of Green Giraffe Advisory B.V., a Dutch financial advisory company, which has strength in renewable energy such as wind and solar power.

(Note 1) IPO (Initial Public Offering) is a type of public offering in which shares are sold to the public for the first time.

(Note 2) SDG Bond is a general term for bonds including Social Bonds, Green Bonds, Sustainability Bonds, etc., which are advocated by the Japan Securities Dealers Association, to be raised for the businesses that contribute to the SDGs.

(Note 3) A Sustainability Bond is a bond issued by companies or local governments to raise funds for both domestic and overseas green projects and social projects.

Asset Management Business

Daiwa Asset Management Co. Ltd. strove to increase its assets under management by providing products through broad distribution channels and also by strengthening its asset management expertise.

Sales of the "Man AHL Smart Leverage Strategy Fund", which was set up in November 2019, were strong, resulting in an asset increase of 113.9 billion yen. In addition, its net assets of Public Offered Stock Investment Trusts increased by 729.7 billion yen in the FY2019 to 13.4783 trillion yen at the end of FY2019 mainly due to capital inflow to the exchange-traded funds.

The Company and Daiwa Asset Management Co. Ltd. will collaborate with Global X Management Company Inc. in the asset management business, and established a joint venture Global X Japan Co. Ltd. in September 2019 to introduce primarily differentiated ETF products, mainly "Theme fund" and "Smart-beta" (Note).

In the real estate asset management business, Daiwa Real Estate Asset Management Co. Ltd. has begun operating Daiwa Securities Logistics Private Investment Corporation, a REIT specialized in logistics facilities. In addition, in September 2019,

the Company acquired additional investment units of Samty Residential Investment Corporation, a REIT specialized in housing, to make it a consolidated subsidiary of the Company. Furthermore, the Group has tried to improve portfolio yields by acquiring new properties and replacing assets, and to increase the value of existing properties. As a result, the scale of assets under management at the end of the FY2019 was 1,069.3 billion yen. On April 1, 2020, Japan Rental Housing Investments Inc. and Nippon Healthcare Investment Corporation, both of which are managed by Daiwa Real Estate Asset Management Co. Ltd., merged to become Daiwa Securities Living Investment Corporation. At the same time as the merger, it sold some of the properties, increased capital through a third-party allocation, and acquired properties, thus realizing asset replacement and expansion of the size of assets under management.

(Note) Theme fund is a fund which makes its investment decisions in accordance with the pre-determined themes such as specific stock price index, environment, corporate responsibility, etc. Smart-beta is an index pursuing returns higher than that of the whole market or averages of each industry by selecting investment targets quantitatively in attention to financial indicators and dividends.

Investment Business

Daiwa Corporate Investment Co., Ltd. has invested in venture companies at various stages in Japan and overseas and has promoted the exit of existing investment through listing of the investee, etc.

Daiwa PI Partners Co. Ltd. invested in mortgage loans and provided investments to corporations at home and abroad. Also, it realized exits from existing investments, such as non-performing loans and corporate investments.

Furthermore, in July 2019, Daiwa Corporate Investment Co., Ltd. and Daiwa PI Partners Co. Ltd. established “DAIWA Myanmar Growth Fund”, fund which invests mainly in unlisted companies that operate in Myanmar.

Daiwa Energy & Infrastructure Co. Ltd. invested in the renewable energy business such as solar power and the infrastructure business such as overseas power distribution. Also, in December 2019, it entered into a strategic partnership with Aquila Capital Holding GmbH, a German entity, which develops and operates a renewable energy business.

Others

Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. engaged in research on advanced technologies and their utilization, such as joint research through industry-academia partnership with Doshisha University and Rikkyo University, providing regional financial institutions with service predicting the needs of each customer for financial products by utilizing AI.

Daiwa Next Bank, Ltd. provides high-interest yen deposits, foreign currency deposits and other convenient services, to a wide range of customers through Daiwa Securities Co. Ltd.’s nationwide branch network. In December 2019, the balance of foreign currency deposits exceeded 500 billion yen and in February 2020 the cumulative deposit amount of “ ‘Ouen’ (Supporting) Term Deposits” exceeded 100 billion yen.

In August 2019, the Company acquired Good Time Living Co. Ltd., a facility and

housing operator for elderly people. It contributes to the expansion of services for seniors of the Group by introducing its operating facilities and housing to Daiwa Securities Co. Ltd.' s customers and their relatives.

4. Status of the Capital Investment of the Group

The Group has been making capital investments for the purpose of establishing “Customer-first Operations” , providing products and services responding to customer needs, propelling Digital Transformation (Note), which aims at improvement of efficiency of existing business, business innovation and business process innovation in order to engage in high-value-added business, establishing basic infrastructure indispensable for business continuation, corresponding to legal requirements, and enhancing the risk management system.

In FY2019, the Group established an environment in which employees can focus more on further improvement of customer satisfaction, such as by introducing business terminals and communication tools that are premised on telework in order to enable working efficiently regardless of location, and increase the frequency of contact with customers. In addition, the Group streamlined the business process, such as account opening, etc., by introducing paperless processes and automation, and established services such as “Tsumitate service,” which allows customers to set and manage funding conditions according to their purpose. The Group also worked on increasing the sophistication of risk management such as by strengthening measures against cyber-attacks and money laundering. As a result of these measures, the Group made 41.4 billion yen in IT-related capital investments.

Further, Daiwa Securities Co. Ltd. opened new sale offices in Kanazawa-bunko, Takarazuka, Kumagaya, Yokkaichi, Ogaki, Yachiyo-midorigaoka, Kasugabaru, Fukuchiyama, Senri-Chuo, Fujieda and Tsukaguchi.

(Note) Digital Transformation means responding to business situation change, innovating business itself, organization, business process and corporate culture as well as products, services and business models, and establishing superiority in competition on the basis of needs of customers and society through utilization of data and digital technologies.

5. Status of Financing of the Group

The Company issued the bonds below amounting to 150 billion yen in total. These are the first unsecured perpetual subordinated bonds with optional-redemption clause and write-down clause issued by the Company.

	Issue Amount	Payment Date
1st series unsecured perpetual subordinated bonds with optional-redemption clause and write-down clause	125 billion yen	March 16, 2020
2nd series unsecured perpetual subordinated bonds with optional-redemption clause and write-down clause	25 billion yen	March 16, 2020

6. Five-year trend of Consolidated Performance and Assets

(Billions of yen)

Item \ Term	79 th	80 th	81 st	82 nd	83 rd
	(Apr. 1, 2015- Mar. 31, 2016)	(Apr. 1, 2016- Mar. 31, 2017)	(Apr. 1, 2017- Mar. 31, 2018)	(Apr. 1, 2018- Mar. 31, 2019)	(Apr. 1, 2019- Mar. 31, 2020)
Operating revenue	653.7	616.4	712.6	720.5	672.2
Net operating revenue	514.8	472.7	505.3	441.2	426.2
Ordinary income	165.1	135.6	155.6	83.1	70.2
Profit attributable to owners of parent	116.8	104.0	110.5	63.8	60.3
Shareholders' equity (Net Assets)	1,313.0	1,343.4	1,370.5	1,256.4	1,257.7
Total Assets	20,420.8	19,827.2	21,135.0	21,126.7	23,822.0
Shareholders' equity (Net Assets) per share (Yen)	720.86	745.80	786.56	794.54	796.33
Profit per share (Yen)	68.25	61.53	66.88	39.95	39.11
Return on Equity (ROE) (%)	9.5%	8.4%	8.8%	5.1%	4.9%
Number of consolidated Subsidiaries	50	52	59	60	66
Number of affiliates accounted for using the equity method	10	11	10	10	15

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) has been applied from the beginning of the 82nd. The number of total assets in the 81st term is the number calculated by retroactively applying the Standard.

7. Issues to be Addressed by the Group

FY2019, which marked the beginning of the new era of Reiwa, was a turbulent year for the securities market. As the first stage of an agreement in trade talks between the United States and China was reached and the lack of transparency of Brexit eased, at one point the stock market showed a recovery approaching the recovery high following the collapse of the bubble economy. However, in the new year, the rapid global expansion of novel coronavirus has severely shaken the global economy and international financial markets, forcing the stock market to undergo a significant adjustment in the confusion.

As the world faces an unprecedented crisis, many customers are anxious about the future. It is at times such as this when our Group, which has seriously faced markets for 117 years, is able to fully utilize the experience and know-how we have accumulated until now.

We will directly face customers' concerns about financial asset management and funding and do our best to respond to these first. On top of this, we will strive to make thorough consulting proposals to design medium- to long-term life plans for customers and realize the sustainable growth of companies. Furthermore, by providing new value to customers through a hybrid strategy, we aim to diversify and stabilize Group revenue and achieve sustainable growth.

The response to the recent crisis has led to the acceleration of work style reform and digitalization worldwide, and not only the structure of industry but also society as a whole is undergoing a transformation. At we currently stand at a historical turning point, the Daiwa Securities Group will contribute to the realization of a sustainable and prosperous society through the provision of new value and the creation of shared value aimed at the achievement of SDGs as a financial and capital market pioneer that creates the future.

The Action Plans for Each Business Division

Retail Division

- 1 Creation of a principle-based sales system
- 2 Development of appealing products and services that match the customer's various needs, and enhancement of solution proposals
- 3 Expand the business by utilizing external channels and resources
- 4 Transformation of revenue structure and review of cost structure

Wholesale Division

- 1 Promote the company's shift to higher added value
- 2 Provide products and services that capture customer needs
- 3 Support changes in business structure and in Japan's industrial structure
- 4 Provide pan-Asian business support as a regional Asian broker

Asset Management Division

- 1 Strengthening of promotion of existing funds and development of hit products through the strategic introduction of new funds
- 2 Realization of net increase of funding through the expansion of sales companies, etc.
- 3 Transition to a system of investment teams by strategy, and strengthening of

investment capability through the establishment of a new investment analysis team

- 4 Expand alternative investment products, centered around real estate

Investment Division

- 1 Contribute to the fund ecosystem by unearthing and nurturing new industries
- 2 Expand investments in Asia
- 3 Develop socially responsible investments
- 4 Pursue investment returns through further evolution of management capabilities

Other (Daiwa Institute of Research Group)

- 1 Contribution to strengthening of business through Group coordination as a think-tank of a hybrid comprehensive securities group
- 2 Transmission of forward-looking economic and financial information that responds to accelerating changes in society brought about by digitalization
- 3 Provision of solutions that contribute to enhancement of competitiveness of customers' businesses
- 4 Expansion of business through the creation of "new value" utilizing advanced technology

Other (Daiwa Next Bank)

- 1 Develop customer-oriented products and services by utilizing securities-banking business model
- 2 Construct mechanisms for building the future revenue base of the entire Group
- 3 Pursue portfolio management strategy that can adapt to changes in market environments in a timely manner
- 4 Sustainable growth achieved by securing healthy earning results

8. Status of the Group

(1) The Group's Primary Business

The Group's primary business is the investment/financial business, with securities-related business at its core. Specifically, the Group is involved in trading and brokerage of securities and derivative products, underwriting and secondary offering of securities, dealing in public offering, secondary offering and private placement of securities and other security-related business, banking business and other financial business.

(2) Status of Major Subsidiaries and Affiliates

Company Name	Location	Capital (millions of yen)	Ratio of Voting Rights (Directly owned)	Main Business
Daiwa Securities Co. Ltd.	Chiyoda-ku, Tokyo	100,000	100.0% (100.0%)	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 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% (100.0%)	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 PI Partners Co. Ltd.	Chiyoda-ku, Tokyo	12,000	100.0% (—)	Investment business
Daiwa Energy & Infrastructure Co. Ltd.	Chiyoda-ku, Tokyo	500	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)	Chuo-ku, Tokyo	247,876	38.9% (12.7%)	Investment in specified assets
Samty Residential Investment Corporation	Chiyoda-ku, Tokyo	54,250	40.15% (38.3%)	Investment in specified assets

Company Name	Location	Capital (millions of yen)	Ratio of Voting Rights (Directly owned)	Main Business
Daiwa Capital Markets Europe Limited	London, U.K.	GBP732 million	100.0% (—)	Securities-related business
Daiwa Capital Markets Hong Kong Limited	Hong Kong, China	HKD100 million USD276 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) Daiwa Office Investment Corporation is an affiliated company.

(3) Situation of Specified Wholly-Owned Subsidiary at the end of FY2019

Company Name	Location	Book value of the specified wholly-owned subsidiary at the end of FY2019
Daiwa Securities Co. Ltd.	9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	635,569 million yen

(Note) The amount of total assets of the Company at the end of FY2019 is 2,559,957 million yen.

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

Not applicable.

(5) Status of Major Business Alliances

Not applicable.

(6) The Group's Primary Business Locations

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

② **Main Subsidiary's 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 37 other branches
Tokyo	Head Office, Ginza Branch, Shinjuku Branch, Shibuya Branch, Ikebukuro Branch, and 33 other branches
Chubu / Hokuriku	Nagoya Branch, Shizuoka Branch, and 25 other branches
Kinki	Kyoto Branch, Osaka Branch, Umeda Branch, Namba Branch, Kobe Branch, and 22 other branches

Chugoku / Shikoku	Hiroshima Branch, and 12 other branches
Kyushu / Okinawa	Fukuoka Branch, and 11 other branches

(7) Status of Employees

① The Group' s Employees

Number of employees	Change from previous fiscal year
15,320	124

(Note 1) The number of employees reflects the number of the people who actually work in the Group.

(Note 2) The annual average number of part-time workers is 635.

② The Company' s Employees

Number of employees	Average age	Average years of service
5 [596]	[42.2]	[15.3]

(Note 1) The number of employees reflects the number of the people who actually work in the Company. The number of employees who work for both the Company and Daiwa Securities Co. Ltd. is noted in brackets.

(Note 2) Average age and average years of service above show the average age and years of the employees including those who work concurrently for the Company and Daiwa Securities Co. Ltd.

(Note 3) In calculating the average years of service above, we include the years of service in other companies in the Group.

(8) Major Lenders

Name of Lender	Type of Loan	Balance (Millions of yen)
Sumitomo Mitsui Banking Corporation	Short-Term Borrowings	121,766
	Long-Term Borrowings	150,000
Mizuho Bank Ltd.	Short-Term Borrowings	73,166
	Long-Term Borrowings	82,000
MUFG Bank, Ltd.	Short-Term Borrowings	9,359
	Long-Term Borrowings	71,883
Resona Bank Ltd.	Long-Term Borrowings	33,000
Yamaguchi Bank Corporation	Long-Term Borrowings	21,928

(Note) We state above the main borrowings from outside of the Group (excluding call money, etc.).

(9) 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). We stated the status of the Group instead of the status of the Company alone, where possible.

II. Summary of the Company (as of March 31, 2020)

1. Status of Shares

(1) **Total number of authorized shares:** 4,000,000,000 shares

Total number of authorized shares in a class of each type of shares is as follows:

Type of Shares	Total Number of Authorized Class Shares
Common Stock	4,000,000,000
First kind Preferred Stock	100,000,000
Second kind Preferred Stock	100,000,000
Third kind Preferred Stock	100,000,000

(2) **Total number of issued and outstanding shares:** 1,699,378,772 shares of Common Stock (including treasury stock)

(3) **Total number of Shareholders:** 151,537

(4) **Major Shareholders (top ten)**

Name	Number of Shares of Common Stocks held (% of total outstanding shares)
The Master Trust Bank of Japan, Ltd. (Trust Account)	117,262 thousand shares (7.71%)
Japan Trustee Services Bank, Ltd. Trust Account	70,107 thousand shares (4.61%)
Taiyo Life Insurance Company	37,980 thousand shares (2.49%)
Japan Trustee Services Bank, Ltd. (Trust Account 5)	32,208 thousand shares (2.11%)
Nippon Life Insurance Company	31,164 thousand shares (2.05%)
JAPAN POST HOLDINGS Co., Ltd.	30,000 thousand shares (1.97%)
JP MORGAN CHASE BANK 385151	29,923 thousand shares (1.96%)
Japan Trustee Services Bank, Ltd. (Trust Account 9)	24,842 thousand shares (1.63%)
Japan Trustee Services Bank, Ltd. (Trust Account 7)	24,347 thousand shares (1.60%)
STATESTREET BANK WEST CLIENT - TREATY 505234	23,044 thousand shares (1.51%)

(Note 1) The Company holds 179,906,470 of its own shares as treasury stock as of March 31, 2020 and the Company is excluded from the above list of major shareholders.

(Note 2) Treasury stock shares are excluded for calculating the percentages in the list of major shareholders above.

2. The Corporate Governance System of the Group.

Basic Stance on Corporate Governance

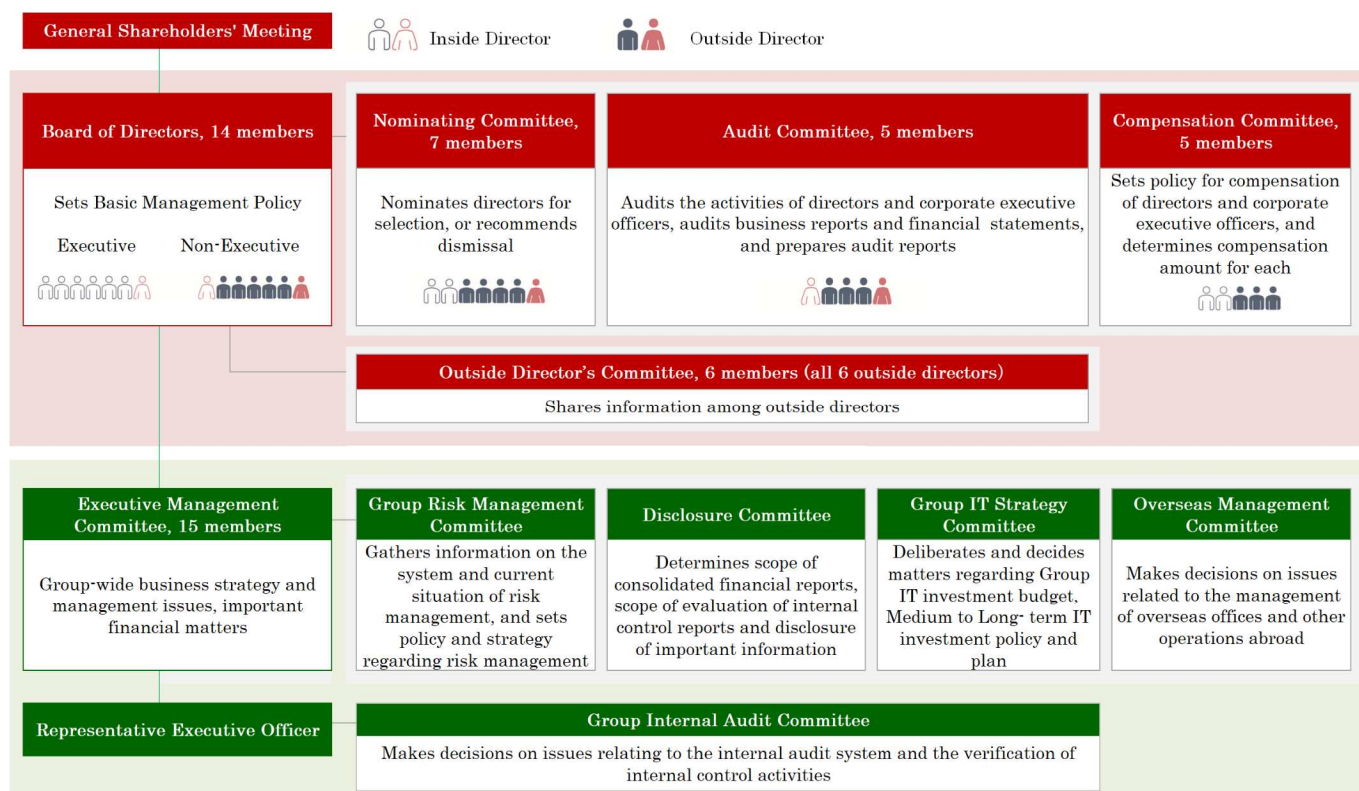
With group management based on a holding company structure, the Group aims to achieve a highly transparent and objective governance structure that conforms to international standards. The Group has built a unified group management system that elicits synergies among group companies with highly efficient and specialized oversight of group companies.

The Company has adopted a company with Three Committees System (a company with nominating committee, etc.) with the objective of supervising management through the following three measures:

[Three measures for Corporate Governance]

- (A) Better decision-making agility by having the Board of Directors assign significant authority to Corporate Executive Officers while clarifying the division of duties among Corporate Executive Officers;
- (B) More effective supervisory functions at the Board of Directors from the appointment of Outside Directors with highly specialized skills, and better transparency in management from the establishment of three committees: the Nominating Committee, Audit Committee and Compensation Committee with Outside Directors a majority of their members and serving as chairpersons; and
- (C) Highly independent and ethical Outside Directors providing advice, etc. from an outside perspective to the Board of Directors and the three committees based on their knowledge and experiences.

Corporate Governance System (as of March 31, 2020)



Main Roles and Activity Status of the Three Committees in FY2019

To create a highly transparent and objective corporate governance system, all of the chairpersons of the three committees (Nominating Committee, Audit Committee and Compensation Committee) are Outside Directors.

Nominating Committee	
Main Roles	Determining the agenda for the election and dismissal of Directors which will be submitted to the Shareholders' Meeting.
Activity Status in FY2019	In FY2019, the Nominating Committee met three times to discuss matters, including the composition of the Board of Directors with consideration of corporate governance, the basic policy for nominating candidates for Director, and the selection of Director candidates. The Nominating Committee selects candidates for Director in light of the Group's selection standards for Directors. These standards include criteria to ensure the independence of Outside Directors.
Members	Tadashi Onodera (Chairman, Outside Director) Takashi Hibino Seiji Nakata Michiaki Ogasawara (Outside Director) Hirotaka Takeuchi (Outside Director) Eriko Kawai (Outside Director) Katsuyuki Nishikawa (Outside Director)

Audit Committee	
Main Roles	Auditing the legalities and appropriateness of the activities of Directors and Corporate Executive Officers.
Activity Status in FY2019	In FY2019, the Audit Committee met 17 times. The committee evaluated the activities of Directors and Corporate Executive Officers, audited documentation, including financial statements and business reports, and prepared an audit report for the period under review.
Members	Ikuo Nishikawa (Chairman, Outside Director) Sachiko Hanaoka Michiaki Ogasawara (Outside Director) Eriko Kawai (Outside Director) Katsuyuki Nishikawa (Outside Director)

Compensation Committee	
Main Roles	Setting policy for compensation of Directors and Corporate Executive Officers and determining the compensation amount for each.
Activity Status in FY2019	In FY2019, the Compensation Committee met four times to discuss the compensation policy and to determine the compensation of each Director and Corporate Executive Officer. It also studied a Group-wide incentive plan aimed at improving consolidated earnings results.
Members	Hirotaka Takeuchi (Chairman, Outside Director) Takashi Hibino Seiji Nakata Tadashi Onodera (Outside Director) Ikuo Nishikawa (Outside Director)

Measures to Enhance the Effectiveness of the Board of Directors

The Company has been carrying out evaluations of the Board of Directors with the objective of clarifying the issues to enhance the effectiveness of the Board of Directors since FY2014. The Company takes a survey for all of the Directors about the role, duty, structure, management methods and the status of discussion of the Board of Directors. Based on the results of the survey, specialized agencies implement the interview for them, and the Company analyzes and evaluates the results of those interviews. The results of the evaluation are reported to the Board of Directors and discussed by the directors in order to implement PDCA cycle. The Company endeavors to maintain and enhance the effectiveness of the Board of Directors using such PDCA cycle.

Main actions based on the past evaluations of the Board of Directors

Share feedback from institutional investors

- Reported the status of the requests from and discussion with investors and analysts at the Board of Directors.

Discuss prospective potential risks, etc.

- The Company invited an outside lecturer to hold a training session and discuss recent trends of Fintech.
- Exchanged opinions with Outside Directors on the BCP (Business Continuity Plan).

Supervise Medium-Term Management Plan and Annual Management Plan

- The Group Numerical Targets set in the Medium-Term Management Plan are reported quarterly with the action plan and the achievement status of KPIs.

Organize succession plan

- Reported on the status of the succession plan at the Board of Directors.

Clarifying meeting materials

- Reduce the pages of the Board of Directors meeting materials to clarify issues.

3. Status of the Company's Officers

(1) Status of Directors

Title	Name	Area of Responsibility and Significant Concurrent Positions
Chairman of the Board	Takashi Hibino	See “② Corporate Executive Officers”
Member of the Board	Seiji Nakata	See “② Corporate Executive Officers”
Member of the Board	Toshihiro Matsui	See “② Corporate Executive Officers”
Member of the Board	Kazuo Takahashi	See “② Corporate Executive Officers”
Member of the Board	Keiko Tashiro	See “② Corporate Executive Officers”
Member of the Board	Mikita Komatsu	See “② Corporate Executive Officers”
Member of the Board	Masahisa Nakagawa	See “② Corporate Executive Officers”
Member of the Board	Sachiko Hanaoka	Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd. Audit & Supervisory Board Member of Daiwa Institute of Research Business Innovation Ltd. Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd.
Member of the Board	Tadashi Onodera	See “③ Outside Officers”
Member of the Board	Michiaki Ogasawara	See “③ Outside Officers”
Member of the Board	Hiroataka Takeuchi	See “③ Outside Officers”
Member of the Board	Ikuo Nishikawa	See “③ Outside Officers”
Member of the Board	Eriko Kawai	See “③ Outside Officers”
Member of the Board	Katsuyuki Nishikawa	See “③ Outside Officers”

(Note 1) Members of the Board, Tadashi Onodera, Michiaki Ogasawara, Hiroataka Takeuchi, Ikuo Nishikawa, Eriko Kawai and Katsuyuki Nishikawa are Outside Directors as defined under Article 2, Item 15 of the Companies Act. The Company reports to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. that those Directors are Independent Directors.

(Note 2) Ikuo Nishikawa is a certified public accountant and has considerable knowledge of finance and accounting.

(Note 3) As a “company with a nominating committee, etc.”, the Company formed the following three committees, composed of the following Directors.

<i>Nominating Committee</i>	<i>Tadashi Onodera (Chairman), Takashi Hibino, Seiji Nakata, Michiaki Ogasawara, Hiroataka Takeuchi, Eriko Kawai, Katsuyuki Nishikawa</i>
<i>Audit Committee</i>	<i>Ikuo Nishikawa (Chairman), Sachiko Hanaoka,</i>

	<i>Michiaki Ogasawara, Eriko Kawai, Katsuyuki Nishikawa</i>
<i>Compensation Committee</i>	<i>Hiroataka Takeuchi (Chairman), Takashi Hibino, Seiji Nakata, Tadashi Onodera, Ikuo Nishikawa</i>

(Note 4) The Company selected Sachiko Hanaoka as a full-time Audit Committee Member to hear from the Corporate Executive Officers, receive reports from the Internal Audit Department, gather information through the audit of subsidiaries, and attend the meetings continuously and effectively.

(Note 5) Ms. Sachiko Hanaoka resigned as an Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. as of March 31, 2020.

(2) Status of Corporate Executive Officers

Title	Name	Area of Responsibility and Significant Concurrent Positions
President/ Representative Corporate Executive Officer	Seiji Nakata	Chief Executive Officer (CEO) and Head of Retail of the Company and Representative Director/ President of Daiwa Securities Co. Ltd.
Deputy President/ Representative Corporate Executive Officer	Toshihiro Matsui	Chief Operating Officer (COO), Head of Wholesale of the Company and Representative Director/ Deputy President of Daiwa Securities Co. Ltd.
Deputy President	Kazuo Takahashi	Deputy Head of Wholesale of the Company and Representative Director/ Deputy President of Daiwa Securities Co. Ltd.
Deputy President	Keiko Tashiro	Head of Overseas of the Company and Representative Director/ Deputy President of Daiwa Securities Co. Ltd.
Deputy President	Koichi Matsushita	Head of Asset Management of the Company and Representative Director of Daiwa Asset Management Co. Ltd.
Deputy President	Yoriyuki Kusaki	Head of Think-tank of the Company, Representative Director/ President of Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd., and Daiwa Institute of Research Business Innovation Ltd.
Senior Executive Managing Director	Mikita Komatsu	Deputy Head of Wholesale of the Company and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Senior Executive Managing Director	Masahisa Nakagawa	Chief Information Officer (CIO) of the Company and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Senior Executive Managing Director	Shinsuke Niizuma	Deputy Head of Retail of the Company and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Senior Executive Managing Director	Akihiko Ogino	Executive Head of Human Resource, Head of Planning and Legal of the Company and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Executive Managing Director	Junichi Arihara	Chief Risk Management Officer (CRO) and Chief Data Officer (CDO) of the Company and Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd.

Executive Managing Director	Yoshifumi Otsuka	Head of Internal Audit of the Company and Executive Managing Director of Daiwa Securities Co. Ltd.
Executive Managing Director	Kana Shirakawa	Head of Human Resources and Chief Health Officer (CHO) of the Company and Executive Managing Director of Daiwa Securities Co. Ltd.
Corporate Executive Officer	Eiji Sato	Chief Financial Officer (CFO) and Deputy Head of Planning and Overseas of the Company and Senior Managing Director of Daiwa Securities Co. Ltd.
Corporate Executive Officer	Takashi Hibino	Representative Director/ Chairman of the Board of Daiwa Securities Co. Ltd. and Outside Director of Imperial Hotel, Ltd.

(Note 1) Corporate Executive Officers Seiji Nakata, Toshihiro Matsui, Kazuo Takahashi, Keiko Tashiro, Mikita Komatsu, Masahisa Nakagawa and Takashi Hibino also serve as Directors.

(Note 2) Deputy President Yoriyuki Kusaki resigned as of March 31, 2020. As of April 1, 2019, Yoriyuki Kusaki resigned as Representative Director and President of Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd., and Daiwa Institute of Research Business Innovation Ltd.

(Note 3) Atsushi Mochizuki and Tomoyuki Murase took their new positions as Corporate Executive Officers as of April 1, 2020. As of the said day, the responsibilities of the Corporate Executive Officers were changed as follows.

<i>President / Representative Corporate Executive Officer</i>	<i>Seiji Nakata</i>	<i>Chief Executive Officer (CEO)</i>
<i>Deputy President / Representative Corporate Executive Officer</i>	<i>Toshihiro Matsui</i>	<i>Chief Operating Officer (COO)</i>
<i>Deputy President / Corporate Executive Officer</i>	<i>Keiko Tashiro</i>	<i>Head of Overseas and SDGs</i>
<i>Deputy President / Corporate Executive Officer</i>	<i>Kazuo Takahashi</i>	<i>Head of Wholesale</i>
<i>Deputy President / Corporate Executive Officer</i>	<i>Mikita Komatsu</i>	<i>Deputy Head of Wholesale</i>
<i>Deputy President / Corporate Executive Officer</i>	<i>Masahisa Nakagawa</i>	<i>Head of Think-tank</i>
<i>Senior Executive Managing Director</i>	<i>Shinsuke Niizuma</i>	<i>Head of Retail</i>
<i>Senior Executive Managing Director</i>	<i>Atsushi Mochizuki</i>	<i>Head of Compliance</i>
<i>Executive Managing Director</i>	<i>Tomoyuki Murase</i>	<i>Chief Information Officer (CIO)</i>
<i>Executive Managing Director</i>	<i>Eiji Sato</i>	<i>Chief Financial Officer (CFO), Deputy Head of Planning and Overseas</i>

Masahisa Nakagawa resigned from the Board and as Senior Executive

Managing Director of Daiwa Securities Co. Ltd. as of March 31, 2020.
As of April 1, 2020, the following officers were inaugurated into the following positions:
Takashi Hibino as the Chairman of the Board of Daiwa Securities Co. Ltd.;
Mikita Komatsu as a Representative Director and Deputy President of Daiwa Securities Co. Ltd.;
Atsushi Mochizuki as a Representative Director and Senior Executive Managing Director of Daiwa Securities Co. Ltd.;
Yoshifumi Otsuka, Kana Shirakawa and Tomoyuki Murase as Members of the Board and Executive Managing Directors of Daiwa Securities Co. Ltd.;
Eiji Sato as Executive Managing Director Daiwa Securities Co. Ltd.; and
Masahisa Nakagawa as a Representative Director and President of Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd., and Daiwa Institute of Research Business Innovation Ltd.

(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 Concurrent Positions
Tadashi Onodera	Advisor of KDDI Corporation
Michiaki Ogasawara	Advisor of Sampo Japan Nipponkoa Insurance Inc.
	Advisor of Sumitomo Corporation
	Outside Director of Tokyu Fudosan Holdings Corporation
Hirotaka Takeuchi	Professor of the Harvard Business School
	Outside Director of Integral Corporation
	Outside Director of BrightPath Biotherapeutics Co., Ltd.
	Director of t-lab
	Principal of Global Academy K. K.
	Co-founder and Special Advisor to the Board of GlobalTreehouse Inc.
	Chair of International Christian University
Ikuo Nishikawa	Outside Director of Megumilk Snow Brand Co., Ltd.
	Outside Audit & Supervisory Board Member of Mitsubishi Corporation
	Visiting Professor of Keio University Faculty of Business and Commerce
	Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd.
Eriko Kawai	Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University
	Director of the Outlook Foundation
	Director of the Grew Bancroft Foundation
	Outside Director of CMIC HOLDINGS Co., Ltd.
Katsuyuki Nishikawa	Attorney at Nishikawa Katsuyuki Law Office
	Outside Audit & Supervisory Board Member of AEON Hokkaido Co., Ltd.

(Note) The Company has no special relationships with the 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)
Tadashi Onodera	Attended all 10 Board of Directors' meetings held in FY2019. Made remarks on the bills and contributed to discussion in such meetings, based mainly on his experience as a business executive.
Michiaki Ogasawara	Attended all 10 Board of Directors' meetings and all 17 Audit Committee meetings held in FY2019. Made remarks on the bills and contributed to discussion in such meetings, based mainly on knowledge and experience acquired in his career as a government officer.
Hirotaka Takeuchi	Attended all 10 Board of Directors' meetings held in FY2019.

	Made remarks on the bills and contributed to discussion in such meetings, based mainly on his knowledge and experience relating to management strategies.
Ikuo Nishikawa	Attended all 10 Board of Directors' meetings and all 17 Audit Committee meetings held in FY2019. Made remarks on the bills and contributed to discussion in such meetings, based mainly on knowledge and experience acquired in his career as a certified public accountant.
Eriko Kawai	Attended all 10 Board of Directors' meetings and all 17 Audit Committee meetings held in FY2019. Made remarks on the bills and contributed to discussion in such meetings, based mainly on knowledge and experience relating to the financial business.
Katsuyuki Nishikawa	Attended all 8 Board of Directors' meetings and all 15 Audit Committee meetings held after his appointment as a Director in FY2019. Made remarks on the bills and contributed to discussion in such meetings, based mainly on knowledge and experience relating to his professional perspectives as a lawyer.

(Note) Michiaki Ogasawara, Ikuo Nishikawa, Eriko Kawai and Katsuyuki Nishikawa are members of the Audit Committee.

③ Outline of the Agreement to limit liability

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

(4) Remuneration paid to Directors and Corporate Executive Officers

	Amounts of Remuneration, etc. paid based on Resolution of the Compensation Committee	
	Number Paid (person)	Amount Paid (¥ million)
Directors	9	156
Corporate Executive Officers	15	1,023
Total	24	1,179

(Note 1) The paid amounts above include the estimated amounts to be paid as performance-linked remuneration for FY2019.

(Note 2) The paid amounts above include the value of restricted stock allocated to the Directors and Corporate Executive Officers valued at 196 million yen in total.

(Note 3) The total remuneration, etc. paid to the seven (7) Outside Directors was 125 million yen.

(Note 4) The remuneration 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 of Directors and Corporate Executive Officers

Compensation for Directors and Corporate Executive Officers is composed of base remuneration, performance-linked remuneration and stock-linked remuneration, which is determined by the Compensation Committee based on the following fundamental policies.

- To create effective incentives, which contribute to the increase of shareholders' value through sound business development and also lead to the improvement of business performance in the short-term and in the medium/long-term.
- To maintain a remuneration level which is competitive enough to recruit and retain people not only in Japan but also in the world as a global securities company group.
- To ensure the execution and supervision functions operate effectively as a company with a nominating committee, etc.

Remuneration of directors and Corporate Executive Officers consists of base remuneration, performance-linked remuneration and stock-linked remuneration, which are specifically as below.

Base remuneration
· A fixed amount calculated based on his/her position, duties and role.
Performance-linked remuneration
<ul style="list-style-type: none"> · Determined depending on the level of individual contribution, mainly on the basis of consolidated ROE and consolidated ordinary income, which is settled as Performance KPIs of the Medium-Term Management Plan, while also comprehensively taking into account achievement status of the managerial goals set in the Medium-Term Management Plan and the other relevant factors. · It does not apply to Directors who do not serve as Corporate Executive Officers.
Stock-linked remuneration
<ul style="list-style-type: none"> · To increase the link between remuneration and shareholders' value, the Company grants, as stock-linked remuneration, restricted stock, etc., the value of which corresponds to a certain percentage of base remuneration. · It does not apply to Outside Directors.

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.

84 million yen

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

501 million yen

(Note 1) We did not distinguish clearly, in the audit engagement contract between the Company and the independent auditor, and also cannot distinguish practically, the amounts of audit fees for audit services under the Companies Act and for audit service under the Financial Instruments and Exchange Act of Japan. Therefore, the fees, etc. above are the aggregated amount of both.

(Note 2) The Audit Committee consented to the audit fees after reviewing the adequacy of the fees in FY 2019, by examining the appropriateness of the audit plan explained by the independent auditor and also by confirming the calculation basis of the fee estimate such as working hours and hourly rate through the procedure of analysis and evaluation of actual records in previous fiscal years, comparison to other companies, etc.

(Note 3) The Company and its subsidiaries pay fees to the independent auditor for its services such as the assessment of control risk as to business commissioned to third parties and also the compliance concerning segregation of customers' assets, in addition to the service stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Law (audit and attestation service).

(3) Policies for Determination of Discharge or Refusal of Reappointment

① Discharge in the cases stipulated in law

The Audit Committee shall discharge an independent auditor with the consent of all members of the committee, in the case where the independent auditor falls under any of the items of paragraph 1 of Article 340 of the Companies Act.

② Discharge or refusal of reappointment in other cases

The Audit Committee evaluates the independent auditor's general competency, independence, quality control system, etc. every year. In the case where the Audit Committee, after such evaluation, deems that the adequacy of the independent auditor is questionable or deems it reasonable to retain another independent auditor from the viewpoint of efficacy, etc., the Audit Committee will determine content of a bill to be voted upon at a shareholders meeting as to discharge or refuse reappointment of an Independent Auditor.

(4) Other

Among major subsidiaries of the Company, Daiwa Capital Markets Europe Limited, Daiwa Capital Markets America Holdings Inc. and other foreign subsidiaries are audited by certified public accountants or audit corporations (including those who have comparable qualifications in foreign countries) other than the independent auditor of the Company in relation to the audits stipulated in the Companies Act or the Financial Instruments and Exchange Act (including foreign

laws equivalent to those).

(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 aims to continuously raise shareholder value, including profit-sharing.

The Company will generally pay dividends semiannually as the mid-term dividend and the year-end dividend at a pay-out ratio of at least 50% based on the consolidated financial performance. The Company will also, taking account of stability, consider increasing returns to its shareholders in various ways including share buybacks when it has sufficient accumulated capital to pursue further growth.

Based on the basic policies above, we have decided that the distributions of surplus for FY2019 are 11 yen per share as the mid-term dividend (resolved at the Board of Directors’ meeting held on October 30, 2019) and 9 yen per share as the year-end dividend. Accordingly, the annual dividend will be 20 yen per share.

[References] SDGs of the Group

The Group recognizes the SDGs as overarching goals to lead the world. Through the Group's business, we will work actively toward the realization of a prosperous society by simultaneously pursuing both the Company's economic value and solutions to social challenges.



Sustainable Development Goals (SDGs)

SDGs are universal goals for 2030 adopted at the UN summit in Sept. 2015. SDGs set 17 goals and 169 targets to realize a sustainable world. SDGs discuss the behavior of not only the developing countries but also developed countries including Japan, and ensure "No one will be left behind".

"Passion for SDGs" 2019 -Action Plan Being Pursued by the Group

Building a Daiwa version of an SDG value chain that will create a sustainable capital cycle

Promoting marketing of SDGs aimed at market expansion

- Strengthen promotion aimed at education and proliferation of SDGs.
- Improve financial literacy by educating people about investment via SDGs.
- Create branches and provide marketing tools that take people and the earth's environment into consideration.
- Pursue services that are easy for all customers to use.

Expanding SDG-based finance products that contribute to solving social challenges

- Expand the line-up of SDG-related products (SDG-related funds, SDG bonds, etc.).
- Expand social financing through Daiwa Next Bank deposits, crowdfunding, etc.
- Create new financial products linked to SDG marketing.
- Provide investment opportunities in unlisted companies involved in SDG-related businesses.

Daiwa's version of the SDG value chain

Strengthening engagement that accelerates the investment cycle

- Explore ways to evaluate the impact on SDGs.
- Establish an internal screening system.
- Actively communicate information on SDGs/ESG to encourage dialog.
- Provide consultation aimed at expanding disclosure of non-financial information.

Develop & support an industrial base that contributes to achievement of SDGs

- Maintain the industrial base through M&A and business succession and provide succession support.
- Develop & support start-up firms and social innovators.
- Support stimulation of local economies/support economic development in other countries.
- Use advanced technology to provide new value.
- Invest in SDG-related businesses.
- Partner with and support NPOs, etc.

Daiwa Securities Group "Make it your own" plan

Company

- Environmentally conscious initiatives
- Create a workplace that leaves no one behind
- Pursue reforms that improve job satisfaction.
- Communicate examples of initiatives internally & externally.

Employees

- Develop SDG-literate human resources
- Recognize social challenges around you.
- Take action aimed at solving problems.

Major Promotion in FY2019



Received a Special Award at “3rd Japan SDGs Award” (Note)

Daiwa Next Bank, Ltd. received a Special Award (SDGs Partnership Award) in December 2019.

Daiwa Next Bank, Ltd. received the award for its contribution to SDGs, because Daiwa Next Bank, Ltd. provides “ ‘Ouen’ (Supporting) Term Deposits” in which the bank donate an amount calculated by multiplying the balance of the ‘Ouen’ (Supporting) Term Deposits by a certain rate to organizations or activities chosen by the customer.



< Left to third: President of Daiwa Next Bank (at the time)>

(Note) Japan SDGs Award was established at the Third SDGs Promotion Headquarters meeting in June 2017 in an attempt to promote a wide range of actions for sustainable development.



SDG Bonds

In addition to underwriting and selling Green Bonds, the Company has further expanded the handling of SDGs Bonds, such as Social Bonds and Sustainability Bonds.

The cumulative sales share of SDGs Bonds for individuals in the domestic market remained at a high level of 49% as of the end of March 2020.

Main SDG Bonds

- Green Bonds: Bonds which raise funds for green projects to solve environmental problems.
- Social Bonds: Bonds which raise funds for social projects to contribute to solving social issues such as welfare and education.
- Sustainability Bonds: Bonds which raise funds for both green and social projects.



Investment in Renewable Energy

Daiwa Energy & Infrastructure Co. Ltd. aims to solve social issues by establishing a new energy system through investment in renewable energy.

On June 2019, in addition to investment in domestic solar power plants etc., Daiwa Energy & Infrastructure Co. Ltd. invested in Swimsol GmbH, which operates an offshore solar power generation business in Maldives to contribute to providing clean power sources on the islands.



<Floating, offshore SolarSea® photovoltaics>



Entry into tomato produce business

Daiwa Food & Agriculture Co. Ltd. aims to contribute to solving social issues in the fields of agriculture and food in Japan by promoting the industrialization of agriculture through pursuing large scale and efficiency.

Daiwa Food & Agriculture Co. Ltd. entered into the large-scale cultivation tomato production business, with an external company that has the knowhow to produce tomatoes, through capital participation in a corporation qualified to own cropland in Kawanishi-cho, Yamagata.



<Tomato cultivation in Kawanishi-cho>

Consolidated balance sheets

(Millions of yen)

	Fiscal 2019, As of Mar. 31, 2020,	[References] Fiscal 2018, As of Mar. 31, 2019,
<i>Assets</i>		
Current assets:	22,846,637	20,405,580
Cash and deposits	3,964,512	4,153,271
Cash segregated as deposits	415,953	324,559
Notes and accounts receivable-trade	18,427	18,741
Securities	873,064	812,341
Trading products:	8,027,289	6,716,066
Trading securities and other	4,300,600	3,785,250
Derivatives	3,726,689	2,930,815
Operational investment securities	202,557	110,034
Allowance for investment loss	(1,160)	(155)
Operating loans	1,768,471	1,564,856
Work in process	609	901
Margin transaction assets:	114,384	175,034
Loans on margin transactions	105,203	157,309
Cash collateral pledged for securities borrowing on margin transactions	9,180	17,724
Loans secured by securities:	6,685,756	5,973,771
Cash collateral pledged for securities borrowed	4,813,361	5,119,636
Loans on Gensaki transactions	1,872,394	854,135
Advances paid	25,682	28,503
Short-term loans receivable	3,087	350
Accrued income	36,483	39,229
Other	711,935	488,391
Allowance for doubtful accounts	(415)	(317)
Non-current assets:	975,462	721,126
Property, plant and equipment:	309,166	168,089
Buildings	115,882	44,864
Machinery and equipment	8,004	-
Equipment	19,153	19,666
Land	127,751	69,521
Construction in progress	38,375	34,037
Intangible assets:	124,115	115,937
Goodwill	13,629	10,605
Leasehold right	3,217	3,217
Software	77,985	76,491
Other	29,283	25,622
Investments and other assets:	542,179	437,100
Investment securities	491,660	374,484
Long-term loans receivable	5,915	5,505
Guarantee deposits	17,877	17,448
Deferred tax assets	17,125	6,915
Other	10,042	33,408
Allowance for doubtful accounts	(440)	(662)
Total assets	23,822,099	21,126,706

(Millions of yen)

	Fiscal 2019, As of Mar. 31, 2020,	[References] Fiscal 2018, As of Mar. 31, 2019,
<i>Liabilities</i>		
Current liabilities:	19,918,716	17,081,971
Notes and accounts payable-trade	8,938	7,116
Trading products:	5,362,261	4,747,777
Trading securities and other	1,805,910	2,040,196
Derivatives	3,556,351	2,707,580
Trade date accrual	544,689	255,804
Margin transaction liabilities:	59,256	69,981
Borrowings on margin transactions	3,994	3,675
Cash received for securities lending on margin transactions	55,261	66,306
Loans payable secured by securities:	7,198,730	5,947,969
Cash received on debt credit transaction of securities	4,839,095	4,934,115
Borrowings on Gensaki transaction	2,359,635	1,013,853
Deposits from banking business	4,037,201	3,632,575
Deposits received	353,943	276,700
Guarantee deposits received	414,641	372,591
Short-term loans payable	1,276,948	1,341,415
Commercial papers	178,000	100,000
Current portion of bonds	277,852	190,772
Income taxes payable	7,403	5,978
Provision for bonuses	26,747	28,436
Other	172,101	104,852
Non-current liabilities:	2,641,697	2,784,365
Bonds payable	1,379,226	1,361,918
Long-term loans payable	1,183,272	1,336,787
Deferred tax liabilities	4,369	6,071
Net defined benefit liabilities	44,359	43,441
Provision for loss on litigation	1,570	25,573
Other	28,900	10,572
Reserves under special laws:	3,918	3,938
Reserve for financial products transaction liabilities	3,918	3,938
Total liabilities	22,564,333	19,870,276
<i>Net assets</i>		
Shareholders' equity:	1,202,310	1,196,476
Capital stock	247,397	247,397
Capital surplus	230,808	230,633
Retained earnings	834,442	805,761
Treasury shares	(110,351)	(87,320)
Deposit for subscriptions to treasury shares	13	5
Accumulated other comprehensive income:	7,703	48,000
Valuation difference on available-for-sale securities	26,853	47,668
Deferred gains or losses on hedges	(13,592)	(5,611)
Foreign currency translation adjustment	(5,556)	5,942
Subscription rights to shares	8,901	8,741
Non-controlling interests	38,849	3,211
Total net assets	1,257,766	1,256,430
Total liabilities and net assets	23,822,099	21,126,706

Consolidated statements of income

(Millions of yen)

	Fiscal 2019, Apr. 1, 2019, - Mar. 31, 2020,	[References] Fiscal 2018, Apr. 1, 2018, - Mar. 31, 2019,
Operating revenue:	672,287	720,586
Commission received:	266,574	283,027
Commission to consignees	56,503	58,336
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	29,818	41,810
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	23,254	26,047
Other fees received	156,997	156,833
Net trading income	93,802	92,218
Net gain on private equity and other securities	14	(232)
Financial revenue	258,122	291,005
Other operating revenue	53,772	54,567
Financial expenses	209,916	242,468
Other operating expenses	36,110	36,876
Net operating revenue	426,259	441,240
Selling, general and administrative expenses:	371,970	373,914
Trading related expenses	68,891	71,933
Personnel expenses	184,032	185,436
Real estate expenses	36,647	37,394
Office cost	25,969	26,518
Depreciation	30,813	25,343
Taxes and dues	10,529	10,740
Provision of allowance for doubtful accounts	170	84
Other	14,917	16,461
Operating income	54,288	67,326
Non-operating income:	17,465	16,562
Dividend income	5,062	4,844
Share of profit of entities accounted for using equity method	8,586	8,397
Foreign exchange gains	-	172
Other	3,816	3,147
Non-operating expenses:	1,470	729
Interest expenses	269	27
Foreign exchange losses	123	-
Loss on investments in partnership	207	-
Bond issuance cost	128	85
Other	741	616
Ordinary income	70,283	83,159
Extraordinary income:	37,476	14,320
Gain on sales of non-current assets	8,749	149
Gain on sales of investment securities	12,442	13,128
Gain on step acquisitions	4,642	-
Gain on change in equity	11,413	-
Reversal of reserve for financial products transaction liabilities	19	6
Gain on reversal of subscription rights to shares	-	688
Compensation for transfer	-	347
Other	208	-
Extraordinary loss:	22,930	2,396
Loss on sales and retirement of non-current assets	609	430
Impairment loss	1,283	-
Loss on valuation of investment securities	8,114	526
Loss on change in equity	-	178
Office transfer expenses	-	592
Cost of product compensation related	-	631
Structural reform cost	12,500	-
Other	422	37
Income before income taxes	84,828	95,083
Income taxes-current	26,087	27,664
Income taxes-deferred	(2,524)	3,587
Profit	61,265	63,832
Profit attributable to non-controlling interests	918	18
Profit attributable to owners of parent	60,346	63,813

Balance sheet

(Millions of yen)

	Fiscal 2019, As of Mar. 31, 2020,
<i>Assets</i>	
Current assets:	374,709
Cash and deposits	40,719
Short-term loans receivable	309,807
Accounts receivable	17,952
Accrued income	3,999
Other	2,231
Non-current assets:	2,185,247
Property, plant and equipment:	81,366
Buildings	378
Equipment	2,354
Land	6,895
Construction in progress	71,738
Intangible assets:	9,078
Software	6,793
Other	2,284
Investments and other assets:	2,094,802
Investment securities	153,909
Stock of subsidiaries and affiliates	887,688
Investments in other securities of subsidiaries and affiliates	161,602
Long-term loans receivable	884,120
Guarantee deposits	5,349
Other	2,363
Allowance for doubtful accounts	(231)
Total assets	2,559,957

(Millions of yen)

	Fiscal 2019, As of Mar. 31, 2020,
<i>Liabilities</i>	
Current liabilities:	390,938
Short-term loans payable	219,379
Current portion of bonds	127,496
Accrued expenses	4,379
Loans payable secured by securities	34,366
Income taxes payable	379
Provision for bonuses	656
Other	4,279
Non-current liabilities:	1,275,877
Bonds payable	782,154
Long-term loans payable	486,487
Deferred tax liabilities	5,413
Other	1,821
Total liabilities	1,666,815
<i>Net assets</i>	
Shareholders' equity:	874,095
Capital stock	247,397
Capital surplus:	226,751
Legal capital surplus	226,751
Retained earnings:	510,283
Legal retained earnings	45,335
Other retained earnings	464,947
Reserve for advanced depreciation	1,860
Retained earnings brought forward	463,087
Treasury shares	(110,351)
Deposit for subscriptions to treasury shares	13
Valuation and translation adjustments:	10,144
Valuation difference on available-for-sale securities	10,068
Deferred gains or losses on hedges	75
Subscription rights to shares	8,901
Total net assets	893,141
Total liabilities and net assets	2,559,957

Statement of income

(Millions of yen)

	Fiscal 2019, Apr. 1, 2019, - Mar. 31, 2020,
Operating revenue:	75,682
Dividends from subsidiaries and affiliates	63,986
Interest on loans receivable from subsidiaries and affiliates	11,619
Other	76
Operating expenses:	32,558
Selling, general and administrative expenses:	19,984
Trading related expenses	2,168
Personnel expenses	5,435
Real estate expenses	1,840
Office cost	3,893
Depreciation	2,594
Taxes and dues	1,969
Other	2,081
Financial expenses	12,574
Operating income	43,124
Non-operating income:	6,854
Dividend income	4,561
Compensation income	1,394
Other	899
Non-operating expenses:	1,258
Bond issuance cost	1,090
Other	168
Ordinary income	48,720
Extraordinary income:	12,417
Gain on sales of investment securities	12,417
Extraordinary loss:	7,805
Loss on sales of investment securities	17
Loss on valuation of investment securities	7,752
Other	36
Income before income taxes	53,331
Income taxes-current	744
Income taxes-deferred	454
Profit	52,132

Independent Auditor's Report

The Board of Directors
Daiwa Securities Group Inc.

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and a summary of significant accounting policies and other explanatory information of Daiwa Securities Group Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 444-4 of the Companies Act.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the audit committee 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we

exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Kanako Ogura
Designated Engagement Partner
Certified Public Accountant

Tomomi Mase
Designated Engagement Partner
Certified Public Accountant

Koji Fukai
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 12, 2020

Independent Auditor's Report

The Board of Directors
Daiwa Securities Group Inc.

Opinion

We have audited the financial statements, which comprise 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. ("the Company") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

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 the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the audit committee 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 misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we

exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Kanako Ogura
Designated Engagement Partner
Certified Public Accountant

Tomomi Mase
Designated Engagement Partner
Certified Public Accountant

Koji Fukai
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 12, 2020

Audit Report

The Audit Committee has audited the execution of duties by the Directors and the Corporate Executive Officers for the 83rd fiscal year from April 1, 2019 to March 31, 2020. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

The Audit Committee has audited 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 system (internal control systems) organized based on such resolutions, by receiving the report on the situation of the development and maintenance of the systems from the Directors, the Corporate Executive Officers and the employee at fixed intervals, demanding explanation as needed, expressing an opinion and also by the following methods.

- ① In conformity with the audit standard of the audit committee decided by the committee and in accordance with audit policies, assignment of duties, etc. and cooperating with the internal control department, 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 business and assets. As to subsidiaries, the Audit Committee communicated and exchanged information with and, when necessary, received reports of business from subsidiaries' Directors and Audit & Supervisory Board Member, etc..
- ② The Audit Committee observed and verified whether the independent auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee also received reports from the independent auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. Further, the Audit Committee received notification from the independent 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 Council on October 28, 2005). When necessary, the Audit Committee requested explanations regarding the notification.

Based on the methods above, the Audit Committee has examined the business report and its 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) and 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 its supplementary schedules.

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 fraudulent and none of their actions materially 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 was appropriate, the contents of the business report regarding internal control systems was appropriate, and, furthermore, all actions of Directors and Corporate Executive Officers with respect to executing internal control systems were carried out appropriately.
- (2) Results of the audit of the consolidated statutory report

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

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

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

May 13, 2020

Audit Committee
Daiwa Securities Group Inc.

Committee Chairperson
Ikuo Nishikawa

Committee Member
Sachiko Hanaoka

Committee Member
Michiaki Ogasawara

Committee Member
Eriko Kawai

Committee Member
Katsuyuki Nishikawa

(Note) Mr. Ikuo Nishikawa, Mr. Michiaki Ogasawara, Ms. Eriko Kawai and Mr. Katsuyuki Nishikawa are the outside directors provided under the provisions of Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.