

Report Regarding Situation of Soundness in Management

Qualitative Disclosure (Consolidated)

1. Scope of Consolidation

A). Discrepancy in the scope of consolidation defined under consolidated financial statement reported and that for consolidated capital adequacy ratio calculation.

Not applicable.

B). Number of consolidated subsidiaries, and company names and businesses of major consolidated subsidiaries.

Number of consolidated subsidiaries: 60 companies

Company Name	Business
Daiwa Securities Co. Ltd. (Note 1)	Securities related business Investment advisory and agency business
Daiwa Securities Capital Markets Co. Ltd. (Note 1)	Securities related business
Daiwa Asset Management Co. Ltd.	Investment management business Investment advisory and agency business
Daiwa Institute of Research Holdings Ltd.	Integration and management of subsidiaries
Daiwa Institute of Research Ltd.	Information Service
Daiwa Securities Business Center Co. Ltd.	Back office operation
Daiwa Property Co., Ltd.	Lending and borrowing of real estates
Daiwa Corporate Investment Co., Ltd.	Venture capital business
Daiwa Institute of Research Business Innovation	Information Service
Daiwa Next Bank, Ltd.	Banking business
Daiwa Securities SMBC Principal Investments Co.	Principal investment business
Daiwa PI Partners Co. Ltd.	Principal investment business
Daiwa Real Estate Asset Management Co., Ltd.	Investment management business Investment advisory and agency business
Daiwa Office Investment Corporation	Investment in specified assets
Daiwa Capital Markets Europe Limited	Securities related business
Daiwa Capital Markets Asia Holding B.V.	Integration and management of subsidiaries
Daiwa Capital Markets Hong Kong Limited	Securities related business
Daiwa Capital Markets Singapore Limited	Securities related business
Daiwa Capital Markets America Holdings Inc.	Integration and management of subsidiaries
Daiwa Capital Markets America Inc.	Securities related business

(Note 1) Daiwa Securities Co. Ltd and Daiwa Securities Capital Markets Co. Ltd merged on April 1, 2012 as Daiwa Securities Co. Ltd.

C). Number of affiliated companies engage in financial activities, company names, and core businesses of major affiliated companies that engaged in financial activities under the provision of Article 9 of the Consolidated Capital Adequacy Ratio Notification published by Japan FSA.

No company is subject to proportionate consolidation methods.

D). Number of companies subject to the deduction, the names of major companies, and main businesses subject to the capital deduction specified under the provision of Article 8 Paragraph 1 (ii), (a)-(c) of the Consolidated Capital Adequacy Ratio Notification published by Japan FSA.

Number of companies subject to the deductions: 25 companies

Company Name	Business
Daiwa Asset Management (India) Private Limited	Investment management and advisory business

E). Overview of the restrictions on the transfer of funds and regulatory capital within Group companies

There is no specific restriction set forth regarding the transfer of funds and regulatory capital within Group companies.