April 28, 2016

Daiwa Securities Group Inc.

Report Regarding Situation of Soundness in Management as of December 31, 2015

In accordance with the Financial Instruments and the Exchange Act Article 57-17, 'Notification, etc., of Documents Describing Status of Soundness in Management,' Daiwa Securities Group Inc. reports situation of soundness in management as of December 31, 2015.

(Unit: 1 Million Yen)

	December 2015
1. Consolidated Total Capital Ratio	21.8 %
2. Consolidated Tier 1 Capital Ratio	21.3 %
3. Consolidated Common Equity Tier 1 Capital Ratio	20.9 %
4. Total Qualifying Capital	1,196,449
5. Tier 1 Capital	1,166,224
6. Common Equity Tier1	1,147,272
7. Total Capital Requirements	437,363

8. Composition of capital disclosure

(Unit: 1 Million Yen)

Basel Ⅲ template number	Items		December 2015	Exclusion under transitional arrangements
Common Equity Tier 1 capital: Instruments and reserves		(1)		
1a+2-1c-26	Shareholders' equity		1,130,339	
1a	Common stock and capital surplus		479,244	
2	Retained earnings		662,628	
1c	Treasury stock (△)		11,533	
26	Planned distributions (△)		-	
	Others		-	
1b	Stock subscription rights		8,442	
3	Accumulated other comprehensive income (and other reserves)		52,612	78,918
5	Minority interest after adjustments		-	
	Common Equity Tier 1 capital under transitional Basel Ⅲ rules		-	
	Minority interest		-	
6	Common Equity Tier 1 capital before regulatory adjustments	(a)	1,191,393	
Common Equity Tier 1 capital: regulatory adjustments		(2)		
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)		33,389	50,083
8	Goodwill (net of related tax liability)		3,428	5,142
9	Other intangibles other than mortgage-servicing rights(net of related tax liability)		29,960	44,941
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		88	132
11	Cash-flow hedge reserve		△61	△91
12	Shortfall of allowance to expected losses		-	-
13	Securitization gain on sale (as set out in paragraph 562 of Basel II framework)		-	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities		-	-
15	Defined-benefit pension fund net assets		-	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		139	209
17	Reciprocal cross-holdings in common equity		-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		10,565	15,848
19+20+21	Amount exceeding the 10% threshold		-	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		-	-
20	Mortgage servicing rights (amount above 10% threshold)		-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		-	-
22	Amount exceeding the 15% threshold		-	-
23	of which: significant investments in the common stock of financials		-	-
24	of which: mortgage servicing rights		-	-
25	of which: deferred tax assets arising from temporary differences		-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		-	
28	Total regulatory adjustments to Common equity Tier 1	(b)	44,121	
Common Equity Tier 1 capital				
29	Common Equity Tier 1 capital (CET1) ((a) - (b))	(c)	1,147,272	

(Unit: 1 Million Yen)

Basel Ⅲ template number		Items		December 2015	Exclusion under transitional arrangements
Additional Tier 1 capital:instruments			(3)		
30	31a	Shareholders' equity		-	
	31b	Stock subscription rights		-	
	32	Liabilities		-	
		Instruments issued by Special Purpose Companies		-	
34-35		Minority interest after adjustments		-	
33+35		Tier 1 capital under Basel II included in Additional Tier 1 capital under transitional Basel Ⅲ rules		-	
33		Capital instruments issued by Daiwa Securities Group Inc. and its Special Purpose Companies		-	
35		Capital instruments issued by consolidated subsidiaries and affiliates (excluding Special Purpose Companies of Daiwa Securities Group Inc.)		-	
		Additional Tier 1 capital under transitional Basel Ⅲ rules		25,395	
		Foreign currency translation adjustment		25,395	
36		Additional Tier 1 capital before regulatory adjustments	(d)	25,395	
Additional Tier 1 capital: regulatory adjustments					
37		Investments in own Additional Tier 1 instruments		-	-
38		Reciprocal cross-holdings in Additional Tier 1 instruments		-	-
39		Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		1,301	1,952
40		Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		-	-
		Regulatory adjustments of additional Tier 1 capital under transitional Basel Ⅲ rules		5,142	
		Goodwill (net of related tax liability)		5,142	
42		Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-	
43		Total regulatory adjustments to Additional Tier 1 capital	(e)	6,444	
Additional Tier 1 capital					
44		Additional Tier 1 capital ((d) - (e))	(f)	18,951	
Tier 1 capital					
45		Tier 1 capital ((c) + (f))	(g)	1,166,224	
Tier 2 capital: instruments and allowance			(4)		
46		Shareholders' equity		-	
		Stock subscription rights		-	
		Liabilities		-	
		Capital instruments issued by Special Purpose Companies		-	
48-49		Minority interest after adjustments		-	
47+49		Tier 2 capital under Basel II included in Tier 2 capital under transitional Basel Ⅲ rules		-	-
47		Capital instruments issued by Daiwa Securities Group Inc. and its Special Purpose Companies		-	-
49		Capital instruments issued by consolidated subsidiaries and affiliates (excluding Special Purpose Companies of Daiwa Securities Group Inc.)		-	-
50		General allowance included and eligible allowance in Tier 2 capital		-	
50a		General allowance		-	
50b		Eligible allowance		-	
		Tier 2 capital under transitional Basel Ⅲ rules		36,663	
		Unrealized holding gain or loss on securities and cash flow hedge reserve		36,663	
51		Tier 2 capital before regulatory adjustments	(h)	36,663	

(Unit: 1 Million Yen, %)

Basel Ⅲ template number	Items		December 2015	Exclusion under transitional arrangements
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments		-	-
53	Reciprocal cross-holdings in Tier 2 instruments		-	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		6,438	9,657
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		-	-
	Tier 2 capital adjustments under transitional Basel Ⅲ rules		-	
57	Total regulatory adjustments to Tier 2 capital	(i)	6,438	
Tier 2 capital				
58	Tier 2 capital ((h) - (i))	(j)	30,225	
Total capital				
59	Total capital ((g)＋(j))	(k)	1,196,449	
Risk weighted assets		(5)		
	Amount of risk weighted assets under transitional Basel Ⅲ rules		72,531	
	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		27,457	
	Intangible assets(other than Goodwill)		44,941	
	Deferred tax assets excluding assets arising from temporary differences(net of related tax liability)		132	
60	Total risk weighted assets	(l)	5,467,048	
Consolidated capital adequacy ratio				
61	Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))		20.9%	
62	Tier 1 (as a percentage of risk weighted assets) ((g) / (l))		21.3%	
63	Total capital (as a percentage of risk weighted assets) ((k) / (l))		21.8%	
Amounts below the thresholds for deduction (before risk weighting)		(6)		
72	Non-significant investments in the capital of other financials		118,642	
73	Significant investments in the common stock of financials		37,181	
74	Mortgage servicing rights (net of related tax liability)		-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)		6,753	
Applicable caps on the inclusion of allowance in Tier 2		(7)		
76	Allowance eligible for inclusion in Tier 2 in respect of exposures subject to Standardised approach (prior to application of cap)		-	
77	Cap on inclusion of allowance in Tier 2 under Standardised approach		-	
78	Allowance eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		-	
79	Cap for inclusion of allowance in Tier 2 under internal ratings-based approach		-	
Capital instruments subject to phase out arrangements		(8)		
82	Current cap on AT1 instruments subject to Phase out arrangements		-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		-	
84	Current cap on T2 instruments subject to Phase out arrangements		-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		-	

9. The amount of each account in Balance sheet as in published statement and the reference number in composition of capital disclosure under the assumption of the financial statement under the regulatory scope of consolidation complying the Capital Adequacy Ratio Accord item 3

(Unit: 1 Million Yen)

Reference number in composition of capital disclosure		Balance sheets as in published statements	Under regulatory scope of consolidation
	Assets		
	Current assets		
	Cash and deposits	3,427,408	3,427,408
	Cash segregated as deposits	360,264	360,264
	Notes and accounts receivable-trade	16,364	16,364
18, 39, 54, 72, 73	Short-term investment securities	2,259,662	2,259,662
16, 18, 39, 54, 72, 73	Trading products	8,243,934	8,243,934
18, 39, 54, 72, 73	Operational investment securities	118,704	118,704
	Allowance for investment loss	△ 10,959	△ 10,959
	Operating loans	423,826	423,826
	Work in process	1,271	1,271
	Margin transaction assets	240,705	240,705
	Loans secured by securities	6,868,596	6,868,596
	Advances paid	12,666	12,666
	Short-term loans receivable	447	447
	Accrued income	32,485	32,485
10, 75	Deferred tax assets	4,975	4,975
	Other current assets	437,154	437,154
	Allowance for doubtful accounts	△ 348	△ 348
	Total current assets	22,437,160	22,437,160
	Noncurrent assets		
	Property, plant and equipment	123,247	123,247
	Intangible assets	83,472	83,472
8	Goodwill	8,570	8,570
9	Others	74,902	74,902
	Investments and other assets	382,878	382,878
18, 39, 54, 72, 73	Investment securities	350,712	350,712
10, 75	Deferred tax assets	1,999	1,999
	Others	30,165	30,165
	Total noncurrent assets	589,599	589,599
	Total assets	23,026,759	23,026,759

(Unit: 1 Million Yen)

Reference number in composition of capital disclosure		Balance sheets as in published statements	Under regulatory scope of consolidation
	Liabilities		
	Current liabilities		
	Notes and accounts payable-trade	5,231	5,231
	Trading products	5,185,972	5,185,972
	Trading date accrual	571,556	571,556
	Margin transaction liabilities	39,859	39,859
	Loans payable secured by securities	7,845,435	7,845,435
	Deposits from banking business	3,169,123	3,169,123
	Deposits received	342,286	342,286
	Guarantee deposits received	524,904	524,904
	Short-term loans payable	959,050	959,050
	Commercial paper	279,650	279,650
	Current portion of bonds	244,842	244,842
	Income taxes payable	29,937	29,937
	Deferred tax liabilities	4,070	4,070
	Provision for bonuses	19,854	19,854
	Other current liabilities	244,070	244,070
	Noncurrent liabilities		
	Bonds payable	1,185,736	1,185,736
	Long-term loans payable	943,363	943,363
	Deferred tax liabilities	27,058	27,058
	Net defined benefit liabilities	37,877	37,877
	Provision for loss on litigation	1,945	1,945
	Other noncurrent liabilities	6,404	6,404
	Reserves under the special laws	3,928	3,928
	Total liabilities	21,672,161	21,672,161
	Net assets		
	Shareholders' equity		
1a	Common stock	247,397	247,397
1a	Capital surplus	231,847	231,847
2	Retained earnings	662,628	662,628
1c	Treasury stock	△ 11,533	△ 11,533
1c	Advances on subscription of treasury stock	0	0
	Total shareholders' equity	1,130,340	1,130,340
	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	111,856	111,856
11	Deferred gains or losses on hedges	△ 22,652	△ 22,652
	Foreign currency translation adjustment	42,326	42,326
3	Total accumulated other comprehensive income	131,530	131,530
1b	Subscription rights to shares	8,442	8,442
34-35, 48-49	Minority interests	84,285	84,285
	Total net assets	1,354,598	1,354,598

10. Overview of main features of regulatory capital instruments

1	Issuer	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	Japanese Law
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group
7	Instrument type (types to be specified by each jurisdiction)	Common stock
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)	
	Consolidated Capital Adequacy Ratio	1,130,339 million Yen
9	Par value of instrument	—
10	Accounting classification	
	Consolidated balance sheets	Shareholders' equity
11	Original date of issuance	—
12	Perpetual or dated	NA
13	Original maturity date	—
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	—
16	Subsequent call dates, if applicable	—
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	—
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	—
25	If convertible, fully or partially	—
26	If convertible, conversion rate	—
27	If convertible, mandatory or optional conversion	—
28	If convertible, specify instrument type convertible into	—
29	If convertible, specify issuer of instrument it converts into	—
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	—
32	If write-down, full or partial	—
33	If write-down, permanent or temporary	—
34	If temporary write-down, description of write-up mechanism	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2006	Stock subscription right series 3
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	253 million Yen	1,172 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2006	September 4, 2006
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2026	June 23, 2016
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2007	Stock subscription right series 4
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	274 million Yen	819 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2007	September 3, 2007
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2027	June 22, 2017
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2008	Stock subscription right series 5
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	262 million Yen	642 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2008	September 8, 2008
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2028	June 20, 2018
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2009	Stock subscription right series 6
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	323 million Yen	327 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2009	November 9, 2009
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2029	June 19, 2019
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2010	Stock subscription right series 7
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	366 million Yen	356 million Yen
9	Par value of instrument	–	–
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2010	September 1, 2010
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2030	June 25, 2020
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	–	–
16	Subsequent call dates, if applicable	–	–
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	–	–
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	–	–
25	If convertible, fully or partially	–	–
26	If convertible, conversion rate	–	–
27	If convertible, mandatory or optional conversion	–	–
28	If convertible, specify instrument type convertible into	–	–
29	If convertible, specify issuer of instrument it converts into	–	–
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	–	–
32	If write-down, full or partial	–	–
33	If write-down, permanent or temporary	–	–
34	If temporary write-down, description of write-up mechanism	–	–
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	–	–

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2011	Stock subscription right series 8
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	422 million Yen	468 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2011	September 5, 2011
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2031	June 24, 2021
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in February 2013	Stock subscription right series 9
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	458 million Yen	808 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 12, 2013	February 12, 2013
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2032	June 26, 2022
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in February 2014	Stock subscription right series 10
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	376 million Yen	508 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 10, 2014	February 10, 2014
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2033	June 25, 2023
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in February 2015	Stock subscription right series 11
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	389 million Yen	212 million Yen
9	Par value of instrument	－	－
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 9, 2015	February 9, 2015
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2034	June 25, 2024
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	－	－
16	Subsequent call dates, if applicable	－	－
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	－	－
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	－	－
25	If convertible, fully or partially	－	－
26	If convertible, conversion rate	－	－
27	If convertible, mandatory or optional conversion	－	－
28	If convertible, specify instrument type convertible into	－	－
29	If convertible, specify issuer of instrument it converts into	－	－
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	－	－
32	If write-down, full or partial	－	－
33	If write-down, permanent or temporary	－	－
34	If temporary write-down, description of write-up mechanism	－	－
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	－	－

11. Details of main features of regulatory capital instruments

The details are the same with the overview as the regulatory capital instruments held by the Group are all common equity.

12. Composition of leverage ratio disclosure

(Unit: 1 Million Yen, %)

Basel Ⅲ template number (2)	Basel Ⅲ template number (1)	Items		December 2015	September 2015
On-balance sheet exposures			(1)		
1		On-balance sheet items before adjustments		12,818,250	12,401,980
1a	1	Total Assets in the consolidated balance sheet		23,026,759	23,183,801
1b	2	Total Assets held by group companies which are not included in the scope of consolidated leverage ratio		0	0
1c	7	Total Assets held by group companies which are included in the scope of consolidated leverage ratio(except for the asset included in the total asset in the consolidated balance sheet)		0	0
1d	3	Assets other than the adjustments that are excluded from the total assets in the consolidated balance sheet.		10,208,509	10,781,821
2	7	Common Equity Tier 1 capital: regulatory adjustments		50,565	44,994
3		Total on-balance sheet exposures (excluding derivatives and SFTs)	(A)	12,767,685	12,356,986
Derivative exposures			(2)		
4		Replacement cost associated with all derivatives transactions		647,239	653,346
5		Add-on amounts for PFE associated with all derivatives transactions		1,163,620	1,143,833
				211,383	224,344
6		Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework		0	0
7		Deductions of receivables assets for cash variation margin provided in derivatives transactions)		104,888	78,646
8		Exempted CCP leg of client-cleared trade exposures			
9		Adjusted effective notional amount of written credit derivatives		2,230,502	2,689,060
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives		1,789,565	2,215,227
11	4	Total derivative exposures (sum of lines 4 to 10)	(B)	2,358,291	2,416,710
Securities financing transaction exposures			(3)		
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		8,267,795	8,786,479
13		Netted amounts of cash payables and cash receivables of gross SFT assets		1,449,141	1,312,471
14		CCR exposure for SFT assets		175,027	156,420
15		Agent transaction exposures			
16	5	Total securities financing transaction exposures (sum of lines 12 to 15)	(C)	6,993,681	7,630,428
Other off-balance sheet exposures			(4)		
17		Off-balance sheet exposure at gross notional amount		52,351	47,946
18		Adjustments for conversion to credit equivalent amounts		12,110	8,092
19	6	Off-balance sheet items	(D)	40,241	39,854
Capital and total exposures			(5)		
20		Tier 1 capital	(E)	1,166,224	1,143,101
21	8	Total exposures (A)+(B)+(C)+(D)	(F)	22,159,898	22,443,978
22		Basel III consolidated leverage ratio(E)/ (F)		5.26%	5.09%

13. Reasons for significant differences in the consolidated leverage ratio over previous quarter

There are no significant differences in the consolidated leverage ratio over previous quarter.

End