

July 27, 2016

Daiwa Securities Group Inc.

Report Regarding Consolidated Capital Adequacy Ratio
And Consolidated Leverage Ratio
Situation of Soundness in Management as of March 31, 2016

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 March 31, 2016.

Composition of capital disclosure

(Unit: 1 Million Yen)

Basel III template number	Items	March 2016	Exclusion under transitional arrangements
Common Equity Tier 1 capital: Instruments and reserves (1)			
1a+2-1c-26	Shareholders' equity	1,112,948	
1a	Common stock and capital surplus	479,286	
2	Retained earnings	683,939	
1c	Treasury stock (△)	29,970	
26	Planned distributions (△)	20,306	
	Others	-	
1b	Stock subscription rights	8,958	
3	Accumulated other comprehensive income (and other reserves)	51,944	34,629
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)	1,173,852	
Common Equity Tier 1 capital: regulatory adjustments (2)			
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)	50,927	33,951
8	Goodwill (net of related tax liability)	4,783	3,188
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	46,144	30,763
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	317	211
11	Cash-flow hedge reserve	△254	△169
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)	111	74
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)	9,428	6,285
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)	60,531	
Common Equity Tier 1 capital			
29	Common Equity Tier 1 capital (CET1) ((a) - (b)) (c)	1,113,321	

(Unit: 1 Million Yen)

Basel III template number	Items	March 2016	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	8,433	
	Foreign currency translation adjustment	8,433	
36	Additional Tier 1 capital before regulatory adjustments (d)	8,433	
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)	1,128	752
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	3,188	
	Goodwill (net of related tax liability)	3,188	
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)	4,317	
Additional Tier 1 capital			
44	Additional Tier 1 capital ((d) - (e)) (f)	4,115	
Tier 1 capital			
45	Tier 1 capital ((c) + (f)) (g)	1,117,436	
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	18,976	
	Unrealized holding gain or loss on securities and cash flow hedge reserve	18,976	
51	Tier 2 capital before regulatory adjustments (h)	18,976	

(Unit: 1 Million Yen, %)

Basel III template number	Items	March 2016	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)	9,539	6,359
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)	9,539	-
Tier 2 capital			
58	Tier 2 capital ((h) - (i)) (j)	9,437	-
Total capital			
59	Total capital ((g) + (j)) (k)	1,126,874	-
Risk weighted assets (5)			
	Amount of risk weighted assets under transitional Basel III rules	44,372	-
	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)	13,397	-
	Intangible assets (other than Goodwill)	30,763	-
	Deferred tax assets excluding assets arising from temporary differences (net of related tax liability)	211	-
60	Total risk weighted assets (l)	5,291,324	-
Consolidated capital adequacy ratio			
61	Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))	21.0%	-
62	Tier 1 (as a percentage of risk weighted assets) ((g) / (l))	21.1%	-
63	Total capital (as a percentage of risk weighted assets) ((k) / (l))	21.2%	-
Amounts below the thresholds for deduction (before risk weighting) (6)			
72	Non-significant investments in the capital of other financials	112,331	-
73	Significant investments in the common stock of financials	35,574	-
74	Mortgage servicing rights (net of related tax liability)	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	14,552	-
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 Standardized approach (prior to application of cap)	-	-
77	Cap on inclusion of allowance in Tier 2 under Standardized 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)	-	-

Qualitative Disclosure (Consolidated)

1. Scope of Consolidation

A). Discrepancy and the reason in the scope of consolidation defined under consolidated financial statements 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: 50 companies

March 2016	
Major Consolidated Subsidiaries	Businesses
Daiwa Securities Co. Ltd.	Securities related businesses
	Investment advisory and agency businesses
Daiwa Asset Management Co. Ltd.	Investment management businesses
	Investment advisory and agency businesses
Daiwa Institute of Research Holdings Ltd.	Integration and management of subsidiaries
Daiwa Securities Business Center Co. Ltd.	Back office operations
Daiwa Property Co., Ltd.	Lending and borrowing of real estates
Daiwa Next Bank, Ltd.	Banking businesses
Daiwa Institute of Research Ltd.	Information services
Daiwa Institute of Research Business Innovation Ltd.	Information services
Daiwa Corporate Investment Co., Ltd.	Investment businesses
Daiwa PI Partners Co. Ltd.	Investment businesses
Daiwa Securities SMBC Principal Investments Co. Ltd.	Investment businesses
Daiwa Real Estate Asset Management Co., Ltd.	Investment management businesses
	Investment advisory and agency businesses
Daiwa Capital Markets Europe Limited	Securities related businesses
Daiwa Capital Markets Asia Holding B.V.	Integration and management of subsidiaries
Daiwa Capital Markets Hong Kong Limited	Securities related businesses
Daiwa Capital Markets Singapore Limited	Securities related businesses
Daiwa Capital Markets America Holdings Inc.	Integration and management of subsidiaries
Daiwa Capital Markets America Inc.	Securities-related businesses

C). Number of affiliated companies engaged in financial activities, company names, total assets as well as net assets on balance sheets, and 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). Company names, total assets as well as net assets on balance sheets, and business of companies which belong to Daiwa Group but are not included under the scope of consolidation in the financial statements; and companies which are included under the scope of consolidation in the financial statements but do not belong to Daiwa Group

Not applicable.

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.

2. Overview of Capital Adequacy Assessment Methods

The Group sets forth “The Rules of Economic Capital Management” and “The Rules of Regulatory Capital Management”, and assesses capital adequacy from economic capital as well as regulatory capital point of views.

<Economic Capital>

The Group allocates economic capital toward major Group companies within Risk Appetite Framework. Allocated amount takes into account of the capital buffer of which reserved for stress events. Economic capital allocated toward major companies is decided based upon historical risk amount, business plan/budget, and so on.

The company computes group companies’ risk associated with businesses, and assesses its capital adequacy by confirming if such result falls within the range of allocated economic capital.

<Regulatory Capital>

The Group monitors regulatory capital against the alert level which is set well above the minimum regulatory capital ratio, sets alert level for internal management to evaluate the capital adequacy periodically.

3. Credit Risk

A). Overview of risk management policies and procedures

<Credit Risk Management Policy>

The Group's credit risk is consisted of counterparty credit risk and issuer risk.

For counterparty credit risk, the Group assigns the counterparty a credit limit, and monitors regularly. Additionally, the Group assigns limit counterparty group level. The Group also monitors issuer risk related to the market instruments position held as a result of market making activities. The Group conducts various activities including product offering, asset management/investment, and due to this, exposure associated with various financial instruments as well as transactions occasionally concentrate toward a particular counterparty group. Because unforeseen severe loss may be incurred as a result of credit deterioration of the particular counterparty group, the Group assigns credit limit on cumulative exposure amount and monitors regularly.

<Allowance for Doubtful Account>

In order to prepare for the loss from bad debts on loan and others, allowance for doubtful accounts are provided for probable losses on loans and receivables, based on the actual historical default rate for normal claims, and based on individually assessed amounts for doubtful and default loans.

<Calculation of Credit Risk Asset>

Credit risk exposures are being calculated in the Standardized Approach.

B). The Name of the External Credit Assessment Institutions (hereunder ECAIs) used when determining the risk weight

Following ECAIs are used to determine the risk weight.

- Rating & Investment Information, Inc.
- Japan Credit Rating Agency, Ltd.
- Moody's Investors Service, Inc.
- Standard & Poor's Rating Services

4. Overview of Policy and Procedure for the Credit Risk Mitigation Techniques

<The policy of Credit Risk Mitigation Techniques>

Collateral is used for the Credit Risk Mitigation Techniques (hereunder CRM Techniques). Types of collaterals are generally cash or high liquid securities. Received collateral is valued mark to market daily and monitored against exposures. In addition, balance and type of collaterals taken are also subject to the monitoring.

For derivative and repo transactions, bilateral netting agreements are generally set. For transaction where legally enforceable bilateral netting arrangement exists, the CRM Techniques are applied.

The Group uses the Comprehensive Approach for the CRM Techniques.

5. Overview of Policies and Procedures for the Counterparty Credit Risk Management of Derivative and Long Settlement Transactions

For derivative transactions, credit review of counterparty is conducted in advance, and credit limit is assigned when the credit soundness is confirmed. Exposure amount and collateral value are calculated and compared daily; accordingly, collateral is pledged or accepted. Likewise, for long settlement transactions, credit review of counterparty is required and transaction can only be conducted if the credit limit is assigned.

Credit limits of the counterparty are reviewed periodically. In addition, for uncollateralized exposures, allowance amount is calculated based upon allowance percentage that is set in accordance with the Group's internal credit rating and maturity of transaction.

Risk capital is allocated based upon the credit VaR, and reviewed semiannually. Upon the time when own credit rating downgraded, additional collateral will be required. The Group carefully monitors the additional collateral amount and accordingly, such amount falls into the allowable level.

6. Securitization Exposures

A). Overview of risk management policies and characteristics of other risks

The Group is involved in securitization transactions as an investor, and accordingly holds securitization products under investment and trading accounts. Outstanding exposures and credit soundness of securitization products are periodically monitored by independent risk control departments.

B). Overview of monitoring framework of the regulation set forth under the provision of Article 227 Paragraph 4(iii)-(vi) of the Consolidated Capital Adequacy Ratio Notification

Periodical monitoring of securitization exposures are being conducted in order to adequately grasp comprehensive risk characteristics of securitization exposures including risk characteristics of underlying asset, performance related information of underlying assets, and the scheme of the securitization transaction.

C). Policies when securitization transactions are used for CRM Techniques purpose

Not applicable.

D). Method of calculating credit risk asset

The standardized approach is used in order to calculate credit risk amount.

E). Method of calculating market risk amount

For general market risk, the internal model is used, for specific risk, the standardized approach is used.

F). Engagement to the securitization transaction through Special Purpose Entity, if applied type of SPE and the exposure

Not applicable.

G). The name of the Group company that holds securitization exposure when securitization transaction is engaged by the subsidiary of Group company (excluding consolidated subsidiaries) and affiliated Group company (including securitization transaction engaged by the Group through SPEs)

Not applicable.

H). Accounting policy applied for the securitization transaction

The Group complies with Accounting Standard Board of Japan Statement No. 10, “Accounting Standard for Financial Instruments” in recognizing, evaluating, and booking the occurrence or extinguishment of financial assets or liabilities related to securitization transactions.

I). ECAs used when determining the risk weight

Following ECAs are used in order to determine the risk weight for the securitization exposures.

- Rating & Investment Information, Inc.
- Japan Credit Rating Agency, Ltd.
- Moody’s Investors Service, Inc.
- Standard & Poor’s Rating Services
- Fitch Ratings Ltd.

J). Overview if the Group uses the Internal Assessment Approach

Not applicable.

K). Overview if significant change in quantitative information is observed

Not applicable.

7. Market Risk

A). Overview of risk management policies and procedures

Within trading businesses, the Group engages in hedging activities in order to control profit and loss fluctuations. Toward this end, as hedging activities may not properly work under stress circumstances, taking account of financial soundness, business plan/budget subject to hedging activities, and so on, limits are assigned aiming estimated loss computed in VaR (maximum loss anticipated at specified confidence level) and various stress tests fall within the Group's capital. In addition, limits are assigned toward positions, sensitivities, and others. The Group's Risk Management division monitors group-wide market risk condition, and reports managements daily.

B). Methods used for calculation of market risk

i). Internal models approach

General market risk for Daiwa Securities Co. Ltd., and foreign subsidiaries

ii). Standardized approach

Specific risk

General market risk that is not included in above query "i"

C). The method in order to adequately evaluate price in accordance with characteristics of the product/transaction, with recognizing the assumed holding period and the inability to close the positions within the period

The Group sets forth the policies and operational manual regarding valuation. The independent risk control department from the department which engages with trading businesses carefully analyzes and reviews the relevancy of value and valuation method, and such results are periodically reviewed by the external audit.

D). Overview and the explanation of internal model and explanation of back-testing and stress test

The Group applies VaR that implies maximum loss anticipated at specified confidence level and stress VaR that implies maximum loss anticipated at specified confidence level in a given stress time frame under the Interval Model-based Approach. The Group applies historical simulation method that uses historical market fluctuations as a scenario. In addition, in order to test accuracy of VaR figures, the Group conducts back-testing so as to reconcile VaR against actual profit and loss figures. Likewise, stress test is being conducted in order to grasp possible loss incurred as a result of historical and hypothetical stress events.

E). Overview of the model used when incremental risk is measured by internal model

Not applicable.

F). Overview of the model used when comprehensive risk is measured by internal model

Not applicable.

G). Assumptions and the methods in internal capital adequacy assessment of market risk

Historical simulation model that uses historical market scenario is used. Assumptions of historical simulation model are stated as followings:

i). VaR

- Holding Period: 10 business days
- Observation Period: 520 business days
- Confidence Level: 99%

ii). Stress VaR

- Holding Period: 10 business days
- Observation Period: Stress period 260 business days
- Confidence Level: 99%

8. Operational Risk

A). Risk management policies and procedures

As the Group's business becomes more sophisticated, diversified, and systemized, various risks may potentially be incurred, and thus, importance of operational risks management becoming important year by year. The Group's major subsidiary companies engage in RCSA (Risk Control Self-Assessment) in compliance with operational risk management rule, and adequately manage operational risk. In addition, due to the diversifying nature of its business, the Group also sets rigid rules concerning authority, automates office work processes to reduce human error, prepares business manuals, and takes other necessary measures. Each Group company strives to reduce operational risk according to the nature of its own business.

B). Methods for the calculation of operational risk amount

The Basic Indicator Approach is used for the calculation of operational risk amount.

9. Overview of Risk Management Policy and Procedure for Equity Exposure on Non Trading Accounts

In addition to trading businesses, the Group possesses investment securities for investment as well as business relation purposes. Because those financial instruments have distinct risk profiles for each product, the Group conducts adequate credit as well as market risk managements including measurement of risk by the profile.

For the consolidated subsidiaries, the scopes of the risk management are assets and liabilities. For the affiliated companies, the scopes of the risk management are equity exposures. Those are subject to the risk management in each classification.

Also, marketable available-for-sale securities are stated at their fair values based on quoted market consolidated closing prices (the unrealized gain or loss is fully recognized, and the cost of products sold is mainly pursuant to moving average method). Non-marketable available-for-sale securities are carried at cost by moving average method.

10. Interest Rate Risk under Non Trading Accounts

A). Overview of risk management policies and procedures

In regard to non-trading accounts of the Group, most interest rate risk arises from the assets and liabilities held by Daiwa Next Bank, Ltd.

Daiwa Next Bank, Ltd. complies with management rules of market risk and manages the risk of incurring losses from changes in the value of assets and liabilities or in the net incomes.

Middle and back offices, which are independent from front office, are set, and it acts as a system of checks and balances. In addition, the ALM committee is periodically held and discussed regarding the management and operation of market and liquidity risks as well as the management of assets, liabilities, and capital efficiencies.

B). Overview of management's method for measuring interest rate risk under non trading accounts

i). Financial assets and liabilities (exclude financial assets and liabilities held by subsidiaries engaged in the banking business)

Financial assets and liabilities that are resulted by interest rate risk are bonds and notes and long-term loans payable. The change in fair value is calculated under assumption of changes in interest rate for 10 basis points (0.1%).

ii). Financial assets and liabilities held by subsidiaries engaged in the banking business

For the financial assets and liabilities in the subsidiaries engaged in the banking business, market risk amount is measured in a change of economic value used the 99th percentile of observed interest rate changes using a year holding period and 5 years of observations. It is used for quantitative analysis to manage risk of change in an interest rate. For calculating the amount of changes, the balances of the financial assets and liabilities are classified in each period. The changes of interest rate in each period are applied. For those currency positions which consists less than 5% of gross asset or liability, upward and downward rate shocks of 200 basis points (2%) is uniformly applied in a parallel move, and changes are being calculated.

11. The amount of each account in balance sheets as in published statements and the reference number in composition of capital disclosure under the assumptions of the financial statements under the regulatory scope of consolidation complying with 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	3,334,784	3,334,784
	Cash segregated as deposits	323,761	323,761
	Notes and accounts receivable-trade	17,090	17,090
18, 39, 54, 72, 73	Short-term investment securities	2,091,090	2,091,090
16, 18, 39, 54, 72, 73	Trading products	7,501,242	7,501,242
18, 39, 54, 72, 73	Operational investment securities	127,210	127,210
	Allowance for investment loss	△ 11,053	△ 11,053
	Operating loans	432,785	432,785
	Work in process	503	503
	Margin transaction assets	203,376	203,376
	Loans secured by securities	5,250,135	5,250,135
	Advances paid	20,670	20,670
	Short-term loans receivable	288	288
	Accrued income	33,574	33,574
10, 75	Deferred tax assets	9,401	9,401
	Other current assets	517,421	517,421
	Allowance for doubtful accounts	△ 722	△ 722
	Total current assets	19,851,563	19,851,563
	Noncurrent assets		
	Property, plant and equipment	124,562	124,562
	Intangible assets	84,879	84,879
8	Goodwill	7,972	7,972
9	Others	76,906	76,906
	Investments and other assets	359,812	359,812
18, 39, 54, 72, 73	Investment securities	324,456	324,456
10, 75	Deferred tax assets	5,679	5,679
	Others	29,676	29,676
	Total noncurrent assets	569,255	569,255
	Total assets	20,420,818	20,420,818

(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	6,413	6,413
	Trading products	5,300,861	5,300,861
	Trading date accrual	427,257	427,257
	Margin transaction liabilities	54,387	54,387
	Loans payable secured by securities	5,901,794	5,901,794
	Deposits from banking business	2,928,630	2,928,630
	Deposits received	214,498	214,498
	Guarantee deposits received	512,426	512,426
	Short-term loans payable	820,019	820,019
	Commercial paper	137,720	137,720
	Current portion of bonds	232,594	232,594
	Income taxes payable	40,498	40,498
	Deferred tax liabilities	2,293	2,293
	Provision for bonuses	30,058	30,058
	Other current liabilities	218,411	218,411
	Noncurrent liabilities		
	Bonds payable	1,204,711	1,204,711
	Long-term loans payable	1,004,988	1,004,988
	Deferred tax liabilities	19,151	19,151
	Net defined benefit liabilities	38,417	38,417
	Provision for loss on litigation	2,174	2,174
	Other noncurrent liabilities	6,532	6,532
	Reserves under the special laws	3,970	3,970
	Total liabilities	19,107,812	19,107,812
	Net assets		
	Shareholders' equity		
1a	Common stock	247,397	247,397
1a	Capital surplus	231,889	231,889
2	Retained earnings	683,939	683,939
1c	Treasury stock	△ 29,970	△ 29,970
1c	Advances on subscription of treasury stock	2	2
	Total shareholders' equity	1,133,257	1,133,257
	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	98,483	98,483
11	Deferred gains or losses on hedges	△ 32,992	△ 32,992
	Foreign currency translation adjustment	21,082	21,082
3	Total accumulated other comprehensive income	86,574	86,574
1b	Subscription rights to shares	8,958	8,958
34-35, 48-49	Minority interests	84,214	84,214
	Total net assets	1,313,005	1,313,005

Quantitative Disclosure (Consolidated)

1. The name as well as the total amount that is lower than required capital for Daiwa Group's subsidiary within subsidiaries that are classified as significant investments in the capital of financial institutions.
Not applicable.

2. Capital adequacy

Capital requirements for credit risk

(Unit: 1 Million Yen)

	March 2016
On-balance transactions	105,551
1.Cash	-
2.Japanese government and central bank	-
3.Non-Japanese sovereign and central bank	49
4.Bank for International Settlements (BIS)	-
5.Japanese local public authorities	-
6.Non-Japanese public sector entities (excluding sovereign)	74
7.Multilateral Development Banks (MDBs)	-
8.Japan Finance Organization for Municipalities (JFM)	1,048
9.Japanese government-sponsored entities	1,924
10.Three major local public corporations of Japan	-
11.Financial institutions and securities firms	10,490
12.Corporates	25,106
13.SMEs and individuals (risk weight 75% applied)	-
14.Residential mortgage loans	-
15.Projects including acquisition of real estate properties	247
16.Past due exposures for three months or more	18
17.Cash items in process of collection	-
18.Exposures secured by Credit Guarantee Association in Japan	-
19.Exposures secured by Enterprise Turnaround Initiative Corporation of Japan	-
20.Equities	26,150
21.Others	16,175
22.Securitizations (as an originator)	-
23.Securitizations (not as an originator)	5,198
24.Fund	19,066

(Unit:1Million Yen)

	March 2016
Off-balance transactions	55,489
1.Unconditionally or automatically cancellable commitments	-
2.Commitments with an original maturity up to one year	66
3.Short-term self-liquidating trade letters of credit arising from the movement of goods	-
4.Certain transaction-related contingent items	-
5.Note Issuance Facilities (NIFs) and Revolving Underwriting Facilities (RUFs)	-
6.Commitments with an original maturity over one year	-
7.Commitments-related the IRB Approach	-
8.Direct credit substitutes and acceptances	165
9.Sale and repurchase agreements and asset sales with recourse	-
10.Forward asset purchases, forward deposits and partly-paid shares and securities	-
11.Lending or posting of securities as collateral	18,137
12.Derivative transactions	36,767
13.Long settlement transactions	13
14.Unsettled transactions	166
15. Securitization exposure qualifies as an 'eligible liquidity facility' or an 'eligible servicer cash advance facility'	-
16.Others (Securitization off-balance transactions)	173
CVA risk capital charge	64,688
Exposures to Central Counterparties(CCPs)	2,427
Total capital requirements for credit risk	228,157

※ There is no applicable credit risk exposure which is calculated under IRB approach.

Capital requirements for market risk

(Unit:1Million Yen)

	March 2016
Standardized approach	59,865
Interest rate risk	48,779
Equity risk	8,018
Foreign exchange risk	2,952
Commodities risk	0
Option transactions	-
Internal models approach	48,982
Total capital requirements for market risk	108,848

Capital requirements for operational risk

(Unit:1Million Yen)

	March 2016
Basic indicator approach	86,300
Standardized approach	-
Advanced measurement approach	-
Total capital requirements for operational risk	86,300

Total capital requirements

(Unit:1Million Yen)

	March 2016
Credit risk	228,157
Market risk	108,848
Operational risk	86,300
Total capital requirements	423,305

3. Credit risk exposures (excluding exposures under IRB approach and securitization exposures)

Exposures by geographical area, industry, and residual contractual maturity

【March 2016】

(Unit:1Million Yen)

		Credit risk exposures						Past due exposures for three months or more
			Loans	Repo	Derivatives	Securities	Others (※)	
	Japan	17,071,205	137,851	4,521,984	5,616,805	2,463,261	4,331,302	224
	Overseas	9,686,528	12,981	9,290,339	122,935	7,849	252,421	36
Total (by area)		26,757,733	150,832	13,812,324	5,739,741	2,471,111	4,583,723	260
	Sovereign	6,053,610	6,476	1,398,750	71,221	1,714,086	2,863,075	1
	Financial institutions	7,493,716	4,130	3,205,193	3,627,949	52,209	604,234	2
	Corporate	5,279,806	43,823	4,386,200	471,949	256,958	120,874	226
	Individuals	291,947	96,401	-	223	-	195,322	30
	CCPs	6,595,624	-	4,822,179	1,568,396	-	205,048	-
	Others	1,043,027	-	-	-	447,857	595,170	-
Total (by industry)		26,757,733	150,832	13,812,324	5,739,741	2,471,111	4,583,723	260
	≤ 1year	12,518,221	103,866	12,137,051	85,366	31,078	160,858	
	> 1year ≤ 3years	649,822	1	-	478,340	171,447	33	
	> 3year ≤ 5years	949,035	-	-	914,231	34,803	-	
	> 5year ≤ 7years	4,382,328	7	-	3,484,757	897,563	-	
	> 7year	1,035,591	143	-	776,483	258,964	-	
	Indeterminate	7,222,734	46,814	1,675,272	562	1,077,253	4,422,831	
Total (by maturity)		26,757,733	150,832	13,812,324	5,739,741	2,471,111	4,583,723	

※ Including deposits, properties and equipment, intangible assets.

Year-end balance and changes of general and specific allowances for credit loss, and allowances to specific foreign obligations

(Unit:1Million Yen)

Type of allowances	Geographic area	March 2016	Changes
General allowance		-	-
Specific allowance	Japan	13,255	Δ 25,951
	Overseas	74	Δ 6
Allowance to specific foreign obligations		-	-
Type of allowance	Industry		
General allowance		-	-
Specific allowance	Sovereign	-	-
	Financial Institutions	-	-
	Corporate	506	Δ 636
	Individuals	2	Δ 0
	Others	12,820	Δ 25,322
Allowance to specific foreign obligations		-	-

Loan write-off by industry

Not applicable.

Exposure by risk weight after Credit Risk Mitigation (CRM) Techniques

(Unit:1Million Yen)

Risk weight		March 2016		
		Exposure amounts		
			Application of external rating	Others
	0%	4,619,979	596,277	4,023,702
	2%	490,207	-	490,207
	10%	166,855	-	166,855
	20%	2,225,369	1,916,478	308,891
	35%	-	-	-
	50%	225,964	225,219	745
	75%	-	-	-
	100%	1,076,306	41,037	1,035,269
	150%	259	130	129
	250%	49,658	-	49,658
	1250%	166	-	166
	Other	178,467	-	178,467
Total		9,033,235	2,779,142	6,254,093

4. Credit Risk Mitigation (CRM) Techniques
Exposure for which CRM Techniques are applied

(Unit:1Million Yen)

Type	March 2016
Cash	7,539,657
Debts	6,008,272
Equities	410,756
Mutual funds	-
Eligible Financial Collateral Total	13,958,686

5. Counterparty risk for derivative transactions and long settlement transactions
The credit-equivalent amounts are calculated by applying the Current-Exposure Method
【March 2016】

(Unit:1Million Yen)

	Gross replacement cost	Gross add-on	Credit equivalent amounts
Foreign exchanges	848,026	669,192	1,517,219
Interest rates	2,183,768	1,052,156	3,235,925
Equities	349,536	244,740	594,276
Other commodities	-	-	-
Credit derivatives	24,516	368,124	392,641
Total (A)	3,405,848	2,334,214	5,740,062
Benefit through close-out netting agreements (B)			3,847,651
Credit equivalent amounts after netting (C=A-B)			1,892,410
Credit Risk Mitigation benefits (D)			400,528
Cash			346,759
Debts			43,864
Equities			9,904
Mutual funds			-
Credit equivalent amounts after netting and CRM benefits (C-D)			1,491,882

Notional amount of credit derivatives subject to the calculation of the credit equivalent amounts
【March 2016】

(Unit:1Million Yen)

Credit derivatives type	Notional amounts	
	Protection bought	Protection sold
Credit default swaps	2,280,179	2,200,308

Notional amount of credit derivatives used for CRM purpose
Not applicable.

6. Securitization exposures

A). Securitization exposures for calculating credit risk asset as an originator

Not applicable.

B). Securitization exposures for calculating credit risk asset as an investor

i). Underlying assets

【March 2016】

(Unit: 1 Million Yen)

Underlying assets		Exposure amounts		Risk weight 1250%	
			Resecuritization		Resecuritization
	Loans and receivables	335,755	-	-	-
	Real estate	-	-	-	-
	Equities	-	-	-	-
	Others	-	-	-	-
Total		335,755	-	-	-

ii). Exposures balance and capital requirements by risk weight

【March 2016】

(Unit: 1 Million Yen)

Risk weight		Exposure amounts		Capital requirements	
			Resecuritization		Resecuritization
	≤ 20%	335,755	-	5,372	-
	> 20% ≤ 50%	-	-	-	-
	> 50% ≤ 100%	-	-	-	-
	> 100% ≤ 350%	-	-	-	-
	> 350% < 1250%	-	-	-	-
	1250%	-	-	-	-
Total		335,755	-	5,372	-

iii). The presence of resecritized exposures subject to the CRM method, and the breakdown by guarantor or by the risk weight segments of guarantors.

Not applicable.

C). Securitization exposures for calculating market risk as an originator

Not applicable.

D). Securitization exposures for calculating market risk asset as an investor

i). Underlying assets

【March 2016】

(Unit:1Million Yen)

Underlying assets		Exposure amounts		Risk weight 100%	
			Resecuritization		Resecuritization
	Loans and receivables	9,164	-	-	-
	Real estate	-	-	-	-
	Equities	-	-	-	-
	Others	-	-	-	-
Total		9,164	-	-	-

ii). Exposure balance and capital requirements by risk weight

【March 2016】

(Unit:1Million Yen)

Risk weight		Exposure amounts		Capital requirements	
			Resecuritization		Resecuritization
	≤ 3.2%	9,164	-	146	-
	> 3.2% ≤ 8%	-	-	-	-
	> 8% ≤ 18%	-	-	-	-
	> 18% ≤ 52%	-	-	-	-
	> 52% < 100%	-	-	-	-
	100%	-	-	-	-
Total		9,164	-	146	-

iii). The total amount of securitization exposures subject to the comprehensive risk calculation

Not applicable.

7. Market risk

Internal models approach Value at Risk (VaR) results

<Calculation method>

Historical Simulation Method

Holding period: 10 business days and a 99% confidence level

【March 2016】

(Unit:1Million Yen)

	VaR	Stress VaR
Amount as of March 2016	3,938	8,935
Maximum	10,511	31,036
Average	4,822	11,135
Minimum	2,840	7,806

Excess number of back-testing	3 times
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※ Back-testing

Comparing VaR for a one-day holding period with daily profit and loss is conducted in order to verify the accuracy of the VaR model.

The excess number of back-testing is the number of times that losses exceeded VaR over a given holding period.

8. Equity exposure on non-trading accounts

A). Booking and market values on consolidated balance sheets

(Unit:1Million Yen)

	March 2016	
	Consolidated balance sheets amount	Market value
Listed equity exposure	178,491	178,491
Others	95,852	

※ Investment-related equity exposure for which it is difficult to obtain market value is not included hereby.

B). Gains and losses from sales and write-off on equity exposures

(Unit:1Million Yen)

March 2016		
Gains on sales	Losses on sales	Write-off
20,456	1,098	608

C). Unrealized gains or losses recognized on the consolidated balance sheets and not on the consolidated income statement

(Unit:1Million Yen)

	March 2016
Unrealized gains / losses	78,758

※ Only securities which have adequate market values are disclosed hereby.

D). Unrealized gains or losses not recognized on the consolidated balance sheets and the consolidated income statement

(Unit:1Million Yen)

	March 2016
Unrealized gains / losses	97,791

※ Only securities which have adequate market values are disclosed hereby.

E). Equity exposure amounts which are subject to the Supplementary Provision Article 6 of the Consolidated Capital Adequacy Ratio Notification published by Japan FSA, and which are sectioned by portfolio
Not applicable.

9. Credit risk exposure calculation set forth under Article 144 of the Consolidated Capital Adequacy Ratio Notification published by Japan FSA is applied
Not applicable.

10. Gain or loss in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk under non trading accounts

【March 2016】

Interest rate risk under non trading accounts

- i). Financial asset and liability except for those possessed by the Group companies that transact banking business under the assumption of a change in interest rate for 10 basis point (i.e. 0.1%), we anticipate that the market value of “Bonds payable” and “Long-term loans payable” to change approximately 2.3 billion yen
- ii). Financial assets and liabilities possessed by the Group companies that transact banking business under the assumption of a change in interest rate and all the other risks fixed: we anticipate the market value to be reduced by 1.9 billion yen.

Consolidated Leverage Ratio

1. Composition of Consolidated Leverage Ratio

(Unit: 1 Million Yen, %)

Basel III template number (2)	Basel III template number (1)	Items	March 2016	March 2015
On-balance sheet exposures (1)				
1		On-balance sheet items before adjustments	11,191,385	12,708,538
1a	1	Total Assets in the consolidated balance sheet	20,420,818	23,001,585
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.	9,229,433	10,293,047
2	7	Common Equity Tier 1 capital: regulatory adjustments	64,848	49,132
3		Total on-balance sheet exposures (excluding derivatives and SFTs) (A)	11,126,537	12,659,406
Derivative exposures (2)				
4		Replacement cost associated with all derivatives transactions	656,938	741,458
5		Add-on amounts for PFE associated with all derivatives transactions	1,144,044	1,151,023
			279,118	207,600
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	149,476	59,640
8		Exempted CCP leg of client-cleared trade exposures		
9		Adjusted effective notional amount of written credit derivatives	2,200,308	3,097,826
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives	1,753,296	2,674,233
11	4	Total derivative exposures (sum of lines 4 to 10) (B)	2,377,636	2,464,034
Securities financing transaction exposures (3)				
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	6,531,364	8,634,359
13		Netted amounts of cash payables and cash receivables of gross SFT assets	1,569,600	1,959,973
14		CCR exposure for SFT assets	140,262	240,088
15		Agent transaction exposures		
16	5	Total securities financing transaction exposures (sum of lines 12 to 15) (C)	5,102,026	6,914,474
Other off-balance sheet exposures (4)				
17		Off-balance sheet exposure at gross notional amount	56,650	44,073
18		Adjustments for conversion to credit equivalent amounts	8,499	7,203
19	6	Off-balance sheet items (D)	48,151	36,870
Capital and total exposures (5)				
20		Tier 1 capital (E)	1,117,436	1,172,794
21	8	Total exposures (A)+(B)+(C)+(D) (F)	18,654,350	22,074,784
22		Basel III consolidated leverage ratio(E)/ (F)	5.99%	5.31%

2. Reasons for significant differences in the consolidated leverage ratio over previous year

There was a significant difference in the consolidated leverage ratio over previous year.

The reason of the difference is due to decrease of “total exposures” by 3,420,434 million yen. Decrease in total exposure is due to decrease in “On-balance sheet exposure amount” and “securities financing transaction exposure amount” by 1,532,869 million yen and 1,812,448 million yen respectively.

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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)	
	Consolidated Capital Adequacy Ratio	1,112,948 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	233 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	254 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	238 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	313 million Yen	322 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	357 million Yen	340 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	417 million Yen	495 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	458 million Yen	877 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	376 million Yen	574 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	389 million Yen	270 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	—	—

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 2016	Stock subscription right series 12
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	385 million Yen	19 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 8, 2016	February 8, 2016
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2035	June 24, 2025
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	—	—

End