October 28, 2016

Daiwa Securities Group Inc.

Report Regarding Situation of Soundness in Management as of June 30, 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 June 30, 2016.

(Unit: 1 Million Yen)

	June 2016
1. Consolidated Total Capital Ratio	22.4 %
2. Consolidated Tier 1 Capital Ratio	22.2 %
3. Consolidated Common Equity Tier 1 Capital Ratio	22.2 %
4. Total Qualifying Capital	1,119,172
5. Tier 1 Capital	1,106,760
6. Common Equity Tier1	1,106,760
7. Total Capital Requirements	398,512

8. Composition of capital disclosure

（Unit: 1 Million Yen）

Basel Ⅲ template number	Items		June 2016	Exclusion under transitional arrangements
Common Equity Tier 1 capital: Instruments and reserves		(1)		
1a+2-1c-26	Shareholders' equity		1,137,854	
1a	Common stock and capital surplus		479,281	
2	Retained earnings		688,499	
1c	Treasury stock（△）		29,926	
26	Planned distributions（△）		-	
	Others		-	
1b	Stock subscription rights		7,957	
3	Accumulated other comprehensive income (and other reserves)		22,482	14,988
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)	1,168,294	
Common Equity Tier 1 capital: regulatory adjustments		(2)		
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)		50,963	33,975
8	Goodwill (net of related tax liability)		4,398	2,932
9	Other intangibles other than mortgage-servicing rights(net of related tax liability)		46,565	31,043
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		258	172
11	Cash-flow hedge reserve		△217	△145
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)		131	87
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)		3,389	2,259
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		7,008	
28	Total regulatory adjustments to Common equity Tier 1	(b)	61,534	
Common Equity Tier 1 capital				
29	Common Equity Tier 1 capital (CET1) ((a) - (b))	(c)	1,106,760	

(Unit: 1 Million Yen)

Basel Ⅲ template number		Items	June 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	Δ3,640	
		Foreign currency translation adjustment	Δ3,640	
36		Additional Tier 1 capital before regulatory adjustments (d)	Δ3,640	
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)	436	290
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	2,932	
		Goodwill (net of related tax liability)	2,932	
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)	3,368	
Additional Tier 1 capital				
44		Additional Tier 1 capital ((d) - (e)) (f)	-	
Tier 1 capital				
45		Tier 1 capital ((c) + (f)) (g)	1,106,760	
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	15,129	
		Unrealized holding gain or loss on securities and cash flow hedge reserve	15,129	
51		Tier 2 capital before regulatory adjustments (h)	15,129	

(Unit: 1 Million Yen, %)

Basel Ⅲ template number	Items		June 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)		2,718	1,812
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)	2,718	
Tier 2 capital				
58	Tier 2 capital ((h) - (i))	(j)	12,411	
Total capital				
59	Total capital ((g)＋(j))	(k)	1,119,172	
Risk weighted assets		(5)		
	Amount of risk weighted assets under transitional Basel Ⅲ rules		35,578	
	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)		4,362	
	Intangible assets(other than Goodwill)		31,043	
	Deferred tax assets excluding assets arising from temporary differences(net of related tax liability)		172	
60	Total risk weighted assets	(l)	4,981,401	
Consolidated capital adequacy ratio				
61	Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))		22.2%	
62	Tier 1 (as a percentage of risk weighted assets) ((g) / (l))		22.2%	
63	Total capital (as a percentage of risk weighted assets) ((k) / (l))		22.4%	
Amounts below the thresholds for deduction (before risk weighting)		(6)		
72	Non-significant investments in the capital of other financials		109,805	
73	Significant investments in the common stock of financials		29,115	
74	Mortgage servicing rights (net of related tax liability)		-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)		10,156	
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	3,533,795	3,533,795
	Cash segregated as deposits	282,791	282,791
	Notes and accounts receivable-trade	15,186	15,186
18, 39, 54, 72, 73	Short-term investment securities	2,033,230	2,033,230
16, 18, 39, 54, 72, 73	Trading products	9,146,721	9,146,721
18, 39, 54, 72, 73	Operational investment securities	121,689	121,689
	Allowance for investment loss	△ 11,030	△ 11,030
	Operating loans	431,895	431,895
	Work in process	864	864
	Margin transaction assets	187,329	187,329
	Loans secured by securities	4,575,351	4,575,351
	Advances paid	23,014	23,014
	Short-term loans receivable	514	514
	Accrued income	28,797	28,797
10, 75	Deferred tax assets	4,430	4,430
	Other current assets	503,894	503,894
	Allowance for doubtful accounts	△ 689	△ 689
	Total current assets	20,877,787	20,877,787
	Noncurrent assets		
	Property, plant and equipment	123,068	123,068
	Intangible assets	84,939	84,939
8	Goodwill	7,330	7,330
9	Others	77,608	77,608
	Investments and other assets	334,112	334,112
18, 39, 54, 72, 73	Investment securities	298,444	298,444
10, 75	Deferred tax assets	6,157	6,157
	Others	29,510	29,510
	Total noncurrent assets	542,120	542,120
	Total assets	21,419,907	21,419,907

(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	4,634	4,634
	Trading products	5,341,178	5,341,178
	Trading date accrual	1,950,572	1,950,572
	Margin transaction liabilities	58,202	58,202
	Loans payable secured by securities	5,577,068	5,577,068
	Deposits from banking business	2,887,258	2,887,258
	Deposits received	266,356	266,356
	Guarantee deposits received	532,946	532,946
	Short-term loans payable	749,102	749,102
	Commercial paper	101,850	101,850
	Current portion of bonds	209,955	209,955
	Income taxes payable	4,931	4,931
	Deferred tax liabilities	2,159	2,159
	Provision for bonuses	12,314	12,314
	Other current liabilities	164,810	164,810
	Noncurrent liabilities		
	Bonds payable	1,220,156	1,220,156
	Long-term loans payable	1,004,862	1,004,862
	Deferred tax liabilities	13,186	13,186
	Net defined benefit liabilities	38,900	38,900
	Provision for loss on litigation	1,975	1,975
	Other noncurrent liabilities	6,210	6,210
	Reserves under the special laws	3,970	3,970
	Total liabilities	20,152,603	20,152,603
	Net assets		
	Shareholders' equity		
1a	Common stock	247,397	247,397
1a	Capital surplus	231,884	231,884
2	Retained earnings	688,499	688,499
1c	Treasury stock	△ 29,926	△ 29,926
1c	Advances on subscription of treasury stock	-	-
	Total shareholders' equity	1,137,854	1,137,854
	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	83,290	83,290
11	Deferred gains or losses on hedges	△ 36,718	△ 36,718
	Foreign currency translation adjustment	△ 9,100	△ 9,100
3	Total accumulated other comprehensive income	37,471	37,471
1b	Subscription rights to shares	7,957	7,957
34-35, 48-49	Minority interests	84,020	84,020
	Total net assets	1,267,304	1,267,304

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	1,137,854 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.
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	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2006
8	Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date)	
	Consolidated Capital Adequacy Ratio	231 million Yen
9	Par value of instrument	—
10	Accounting classification	
	Consolidated balance sheets	Stock subscription right
11	Original date of issuance	July 1, 2006
12	Perpetual or dated	Dated
13	Original maturity date	June 30, 2026
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 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	254 million Yen	811 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	238 million Yen	637 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	313 million Yen	319 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	355 million Yen	333 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	—	—

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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	413 million Yen	483 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	453 million Yen	947 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	372 million Yen	640 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	328 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 recognised in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	385 million Yen	48 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	—	—

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		June 2016	March 2016
On-balance sheet exposures			(1)		
1		On-balance sheet items before adjustments		12,318,006	11,191,385
1a	1	Total Assets in the consolidated balance sheet		21,419,907	20,420,818
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.		9,101,901	9,229,433
2	7	Common Equity Tier 1 capital: regulatory adjustments		64,902	64,848
3		Total on-balance sheet exposures (excluding derivatives and SFTs)	(A)	12,253,104	11,126,537
Derivative exposures			(2)		
4		Replacement cost associated with all derivatives transactions		614,211	656,938
5		Add-on amounts for PFE associated with all derivatives transactions		1,160,338	1,144,044
				336,539	279,118
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)		206,495	149,476
8		Exempted CCP leg of client-cleared trade exposures			
9		Adjusted effective notional amount of written credit derivatives		1,871,956	2,200,308
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives		1,425,735	1,753,296
11	4	Total derivative exposures (sum of lines 4 to 10)	(B)	2,350,814	2,377,636
Securities financing transaction exposures			(3)		
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		5,811,584	6,531,364
13		Netted amounts of cash payables and cash receivables of gross SFT assets		1,354,168	1,569,600
14		CCR exposure for SFT assets		149,350	140,262
15		Agent transaction exposures			
16	5	Total securities financing transaction exposures (sum of lines 12 to 15)	(C)	4,606,766	5,102,026
Other off-balance sheet exposures			(4)		
17		Off-balance sheet exposure at gross notional amount		55,238	56,650
18		Adjustments for conversion to credit equivalent amounts		11,108	8,499
19	6	Off-balance sheet items	(D)	44,130	48,151
Capital and total exposures			(5)		
20		Tier 1 capital	(E)	1,106,760	1,117,436
21	8	Total exposures (A)+(B)+(C)+(D)	(F)	19,254,814	18,654,350
22		Basel III consolidated leverage ratio(E)/ (F)		5.74%	5.99%

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