January 30, 2017

Daiwa Securities Group Inc.

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

# Composition of Capital Disclosure

(Unit: 1 Million Yen)

| Basel Ⅲ template number | Items | | September 2016 | Exclusion under transitional arrangements |
|---|---|---|---|---|
| Common Equity Tier 1 capital: Instruments and reserves | | (1) | | |
| 1a+2-1c-26 | Shareholders' equity | | 1,146,824 | |
| 1a | Common stock and capital surplus | | 479,151 | |
| 2 | Retained earnings | | 718,943 | |
| 1c | Treasury stock (△) | | 29,254 | |
| 26 | Planned distributions (△) | | 22,016 | |
| | Others | | - | |
| 1b | Stock subscription rights | | 8,059 | |
| 3 | Accumulated other comprehensive income (and other reserves) | | 22,083 | 14,722 |
| 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) | 1,176,967 | |
| Common Equity Tier 1 capital: regulatory adjustments | | (2) | | |
| 8+9 | Intangible assets other than mortgage-servicing rights (net of related tax liability) | | 51,787 | 34,525 |
| 8 | Goodwill (net of related tax liability) | | 4,173 | 2,782 |
| 9 | Other intangibles other than mortgage-servicing rights(net of related tax liability) | | 47,613 | 31,742 |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | | 231 | 154 |
| 11 | Cash-flow hedge reserve | | △195 | △130 |
| 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) | | 171 | 114 |
| 17 | Reciprocal cross-holdings in common equity | | - | - |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | | 10,297 | 6,865 |
| 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 | | 11,398 | |
| 28 | Total regulatory adjustments to Common equity Tier 1 | (b) | 73,692 | |
| Common Equity Tier 1 capital | | | | |
| 29 | Common Equity Tier 1 capital (CET1) ((a) - (b)) | (c) | 1,103,274 | |

（Unit: 1 Million Yen）

| Basel Ⅲ template number | | Items | September 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 | △6,540 | |
| | | Foreign currency translation adjustment | △6,540 | |
| 36 | | Additional Tier 1 capital before regulatory adjustments (d) | △6,540 | |
| 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) | 2,076 | 1,384 |
| 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 | 2,782 | |
| | | Goodwill (net of related tax liability) | 2,782 | |
| 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) | 4,858 | |
| Additional Tier 1 capital | | | | |
| 44 | | Additional Tier 1 capital ((d) - (e)) (f) | - | |
| Tier 1 capital | | | | |
| 45 | | Tier 1 capital ((c) + (f)) (g) | 1,103,274 | |
| 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 | 16,207 | |
| | | Unrealized holding gain or loss on securities and cash flow hedge reserve | 16,207 | |
| 51 | | Tier 2 capital before regulatory adjustments (h) | 16,207 | |

(Unit: 1 Million Yen, %)

| Basel Ⅲ template number | Items | | September 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) | | 8,242 | 5,495 |
| 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) | 8,242 | |
| Tier 2 capital | | | | |
| 58 | Tier 2 capital ((h) - (i)) | (j) | 7,965 | |
| Total capital | | | | |
| 59 | Total capital ((g)＋(j)) | (k) | 1,111,239 | |
| Risk weighted assets | | (5) | | |
| | Amount of risk weighted assets under transitional Basel Ⅲ rules | | 45,641 | |
| | 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) | | 13,744 | |
| | Intangible assets(other than Goodwill) | | 31,742 | |
| | Deferred tax assets excluding assets arising from temporary differences(net of related tax liability) | | 154 | |
| 60 | Total risk weighted assets | (l) | 4,977,599 | |
| Consolidated capital adequacy ratio | | | | |
| 61 | Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l)) | | 22.1% | |
| 62 | Tier 1 (as a percentage of risk weighted assets) ((g) / (l)) | | 22.1% | |
| 63 | Total capital (as a percentage of risk weighted assets) ((k) / (l)) | | 22.3% | |
| Amounts below the thresholds for deduction (before risk weighting) | | (6) | | |
| 72 | Non-significant investments in the capital of other financials | | 110,502 | |
| 73 | Significant investments in the common stock of financials | | 40,081 | |
| 74 | Mortgage servicing rights (net of related tax liability) | | - | |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | | 12,813 | |
| 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) | | - | |

## Scope of Consolidation

1. 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.

2. Number of consolidated subsidiaries, and company names and businesses of major consolidated subsidiaries.

   Number of consolidated subsidiaries: 54 companies

<table>
<tr><th colspan="2">September 2016</th></tr>
<tr><th>Major Consolidated Subsidiaries</th><th>Businesses</th></tr>
<tr><td rowspan="2">Daiwa Securities Co. Ltd.</td><td>Securities related businesses</td></tr>
<tr><td>Investment advisory and agency businesses</td></tr>
<tr><td rowspan="2">Daiwa Asset Management Co. Ltd.</td><td>Investment management businesses</td></tr>
<tr><td>Investment advisory and agency businesses</td></tr>
<tr><td>Daiwa Institute of Research Holdings Ltd.</td><td>Integration and management of subsidiaries</td></tr>
<tr><td>Daiwa Securities Business Center Co. Ltd.</td><td>Back office operations</td></tr>
<tr><td>Daiwa Property Co., Ltd.</td><td>Lending and borrowing of real estates</td></tr>
<tr><td>Daiwa Next Bank, Ltd.</td><td>Banking businesses</td></tr>
<tr><td>Daiwa Institute of Research Ltd.</td><td>Information services</td></tr>
<tr><td>Daiwa Institute of Research Business Innovation Ltd.</td><td>Information services</td></tr>
<tr><td>Daiwa Corporate Investment Co., Ltd.</td><td>Investment businesses</td></tr>
<tr><td>Daiwa PI Partners Co. Ltd.</td><td>Investment businesses</td></tr>
<tr><td>Daiwa Securities SMBC Principal Investments Co. Ltd.</td><td>Investment businesses</td></tr>
<tr><td rowspan="2">Daiwa Real Estate Asset Management Co., Ltd.</td><td>Investment management businesses</td></tr>
<tr><td>Investment advisory and agency businesses</td></tr>
<tr><td>Daiwa Capital Markets Europe Limited</td><td>Securities related businesses</td></tr>
<tr><td>Daiwa Capital Markets Hong Kong Limited</td><td>Securities related businesses</td></tr>
<tr><td>Daiwa Capital Markets Singapore Limited</td><td>Securities related businesses</td></tr>
<tr><td>Daiwa Capital Markets America Holdings Inc.</td><td>Integration and management of subsidiaries</td></tr>
<tr><td>Daiwa Capital Markets America Inc.</td><td>Securities-related businesses</td></tr>
</table>

3. 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 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.

4. 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.

5. 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.

The amount of each account in balance sheets as in the published statements and the reference number in the 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 | 3,551,431 | 3,551,431 |
| | Cash segregated as deposits | 327,521 | 327,521 |
| | Notes and accounts receivable-trade | 14,567 | 14,567 |
| 18, 39, 54, 72, 73 | Short-term investment securities | 1,884,250 | 1,884,250 |
| 16, 18, 39, 54, 72, 73 | Trading products | 7,028,640 | 7,028,640 |
| 18, 39, 54, 72, 73 | Operational investment securities | 134,148 | 134,148 |
| | Allowance for investment loss | △ 11,372 | △ 11,372 |
| | Operating loans | 486,664 | 486,664 |
| | Work in process | 1,097 | 1,097 |
| | Margin transaction assets | 190,714 | 190,714 |
| | Loans secured by securities | 5,355,831 | 5,355,831 |
| | Advances paid | 16,955 | 16,955 |
| | Short-term loans receivable | 658 | 658 |
| | Accrued income | 29,841 | 29,841 |
| 10, 75 | Deferred tax assets | 7,779 | 7,779 |
| | Other current assets | 452,107 | 452,107 |
| | Allowance for doubtful accounts | △ 645 | △ 645 |
| | Total current assets | 19,470,191 | 19,470,191 |
| | Noncurrent assets | | |
| | Property, plant and equipment | 122,417 | 122,417 |
| | Intangible assets | 86,312 | 86,312 |
| 8 | Goodwill | 6,956 | 6,956 |
| 9 | Others | 79,356 | 79,356 |
| | Investments and other assets | 342,721 | 342,721 |
| 18, 39, 54, 72, 73 | Investment securities | 308,501 | 308,501 |
| 10, 75 | Deferred tax assets | 5,420 | 5,420 |
| | Others | 28,798 | 28,798 |
| | Total noncurrent assets | 551,451 | 551,451 |
| | Total assets | 20,021,642 | 20,021,642 |

(Unit: 1 Million Yen)

| Reference number in composition of capital disclosure | | Balance sheets as in published statements | Under regulatory scope of consolidation |
|---|---|---|---|
| | Liabilities | | |
| | Current liabilities | | |
| | Notes and accounts payable-trade | 5,062 | 5,062 |
| | Trading products | 4,913,273 | 4,913,273 |
| | Trading date accrual | 508,631 | 508,631 |
| | Margin transaction liabilities | 62,626 | 62,626 |
| | Loans payable secured by securities | 6,161,208 | 6,161,208 |
| | Deposits from banking business | 2,814,623 | 2,814,623 |
| | Deposits received | 242,792 | 242,792 |
| | Guarantee deposits received | 447,058 | 447,058 |
| | Short-term loans payable | 827,015 | 827,015 |
| | Commercial paper | - | - |
| | Current portion of bonds | 275,339 | 275,339 |
| | Income taxes payable | 14,854 | 14,854 |
| | Deferred tax liabilities | 1,623 | 1,623 |
| | Provision for bonuses | 23,389 | 23,389 |
| | Other current liabilities | 148,697 | 148,697 |
| | Noncurrent liabilities | | |
| | Bonds payable | 1,257,591 | 1,257,591 |
| | Long-term loans payable | 958,097 | 958,097 |
| | Deferred tax liabilities | 10,706 | 10,706 |
| | Net defined benefit liabilities | 39,468 | 39,468 |
| | Provision for loss on litigation | 1,697 | 1,697 |
| | Other noncurrent liabilities | 6,159 | 6,159 |
| | Reserves under the special laws | 3,970 | 3,970 |
| | Total liabilities | 18,723,886 | 18,723,886 |
| | Net assets | | |
| | Shareholders' equity | | |
| 1a | Common stock | 247,397 | 247,397 |
| 1a | Capital surplus | 231,754 | 231,754 |
| 2 | Retained earnings | 718,943 | 718,943 |
| 1c | Treasury stock | △ 29,254 | △ 29,254 |
| 1c | Advances on subscription of treasury stock | 5 | 5 |
| | Total shareholders' equity | 1,168,845 | 1,168,845 |
| | Accumulated other comprehensive income | | |
| | Valuation difference on available-for-sale securities | 85,702 | 85,702 |
| 11 | Deferred gains or losses on hedges | △ 32,547 | △ 32,547 |
| | Foreign currency translation adjustment | △ 16,350 | △ 16,350 |
| 3 | Total accumulated other comprehensive income | 36,805 | 36,805 |
| 1b | Subscription rights to shares | 8,059 | 8,059 |
| 34-35, 48-49 | Minority interests | 84,045 | 84,045 |
| | Total net assets | 1,297,756 | 1,297,756 |

**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:1Milion Yen, %)

| | September 2016 |
|---|---:|
| On-balance transactions | 99,562 |
| 1.Cash | - |
| 2.Japanese government and central bank | - |
| 3.Non-Japanese sovereign and central bank | 45 |
| 4.Bank for International Settlements (BIS) | - |
| 5.Japanese local public authorities | - |
| 6.Non-Japanese public sector entities (excluding sovereign) | 142 |
| 7.Multilateral Development Banks (MDBs) | - |
| 8.Japan Finance Organization for Municipalities (JFM) | 944 |
| 9.Japanese government-sponsored entities | 1,425 |
| 10.Three major local public corporations of Japan | - |
| 11.Financial institutions and securities firms | 9,601 |
| 12.Corporates | 20,209 |
| 13.SMEs and individuals (risk weight 75% applied) | - |
| 14.Residential mortgage loans | - |
| 15.Projects including acquisition of real estate properties | 80 |
| 16.Past due exposures for three months or more | 11 |
| 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 | 26,299 |
| 21.Others | 15,706 |
| 22.Securitizations (as an originator) | - |
| 23.Securitizations (not as an originator) | 5,823 |
| 24.Fund | 19,269 |

(Unit:1Milion Yen, %)

| | September 2016 |
|---|---|
| Off-balance transactions | 49,299 |
| 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 | 137 |
| 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 | 17,474 |
| 12.Derivative transactions | 31,418 |
| 13.Long settlement transactions | 26 |
| 14.Unsettled transactions | 3 |
| 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 | 56,546 |
| Exposures to Central Counterparties(CCPs) | 2,200 |
| Total capital requirements for credit risk | 207,607 |

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

## Capital requirements for market risk

(Unit:1Milion Yen, %)

| | September 2016 |
|---|---|
| Standardized approach | 54,187 |
| Interest rate risk | 42,568 |
| Equity risk | 9,003 |
| Foreign exchange risk | 2,498 |
| Commodities risk | 0 |
| Option transactions | - |
| Internal models approach | 52,720 |
| Total capital requirements for market risk | 106,907 |

## Capital requirements for operational risk

(Unit:1Milion Yen, %)

| | September 2016 |
|---|---|
| Basic indicator approach | 83,692 |
| Standardized approach | - |
| Advanced measurement approach | - |
| Total capital requirements for operational risk | 83,692 |

Total capital requirements

(Unit:1Milion Yen, %)

| | | September 2016 |
|---|---|---|
| | Credit risk | 207,607 |
| | Market risk | 106,907 |
| | Operational risk | 83,692 |
| Total capital requirements | | 398,206 |

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

Exposures by geographical area, industry, and residual contractual maturity

【September 2016】

(Unit:1Milion Yen, %)

| | | Credit risk exposures | | | | | | Past due exposures for three months or more |
|---|---|---|---|---|---|---|---|---|
| | | | Loans | Repo | Derivatives | Securities | Others (※) | |
| | Japan | 17,092,906 | 128,069 | 4,494,616 | 5,681,231 | 2,270,986 | 4,518,002 | 185 |
| | Overseas | 9,267,504 | 22,603 | 8,896,581 | 106,063 | 7,049 | 235,206 | 12 |
| Total (by area) | | 26,360,411 | 150,673 | 13,391,197 | 5,787,295 | 2,278,035 | 4,753,208 | 197 |
| | Sovereign | 6,438,768 | 5,353 | 1,629,224 | 61,028 | 1,660,212 | 3,082,950 | - |
| | Financial institutions | 7,958,454 | 4,131 | 3,988,863 | 3,347,357 | 31,171 | 586,931 | - |
| | Corporate | 5,019,366 | 44,166 | 4,309,630 | 389,734 | 154,334 | 121,499 | 186 |
| | Individuals | 275,319 | 97,021 | - | 420 | - | 177,877 | 10 |
| | CCPs | 5,632,298 | - | 3,463,479 | 1,988,755 | - | 180,063 | - |
| | Others | 1,036,202 | - | - | - | 432,316 | 603,886 | - |
| Total (by industry) | | 26,360,411 | 150,673 | 13,391,197 | 5,787,295 | 2,278,035 | 4,753,208 | 197 |
| | ≦1year | 12,511,009 | 95,578 | 11,986,567 | 252,505 | 42,388 | 133,968 | |
| | ＞1year≦3years | 354,750 | - | - | 210,215 | 144,534 | - | |
| | ＞3year≦5years | 1,567,091 | - | - | 1,044,084 | 523,007 | - | |
| | ＞5year≦7years | 3,827,631 | 6 | - | 3,539,881 | 287,743 | - | |
| | ＞7year | 1,170,035 | 109 | - | 735,450 | 434,475 | - | |
| | Indeterminate | 6,929,893 | 54,978 | 1,404,630 | 5,158 | 845,886 | 4,619,239 | |
| Total (by maturity) | | 26,360,411 | 150,673 | 13,391,197 | 5,787,295 | 2,278,035 | 4,753,208 | |

※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:1Milion Yen, %)

| Type of allowances | Changes | September 2016 | Changes |
|---|---|---|---|
| General allowance | | – | – |
| Specific allowance | Japan | 13,780 | 525 |
| | Overseas | 307 | 233 |
| Allowance to specific foreign obligations | | - | |
| Type of allowance | Industry | | |
| General allowance | | - | - |
| Specific allowance | Sovereign | - | - |
| | Financial Institutions | - | - |
| | Corporate | 514 | 8 |
| | Individuals | 242 | 239 |
| | Others | 13,330 | 510 |
| Allowance to specific foreign obligations | | - | - |

Loan write-off by industry
Not applicable.

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

(Unit:1Milion Yen, %)

| Risk weight | September 2016 | | |
|---|---|---|---|
| | Exposure amounts | | |
| | | Application of external rating | Others |
| 0% | 4,823,397 | 742,131 | 4,081,265 |
| 2% | 529,883 | - | 529,883 |
| 10% | 124,753 | - | 124,753 |
| 20% | 2,132,131 | 1,821,213 | 310,917 |
| 35% | - | - | - |
| 50% | 122,871 | 122,588 | 282 |
| 75% | 10 | - | 10 |
| 100% | 953,751 | 34,447 | 919,304 |
| 150% | 196 | 89 | 107 |
| 250% | 40,037 | - | 40,037 |
| 1250% | 1 | - | 1 |
| Other | 165,970 | - | 165,970 |
| Total | 8,893,006 | 2,720,470 | 6,172,536 |

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

Exposure for which CRM Techniques are applied

(Unit:1Milion Yen, %)

| Type | | September 2016 |
|---|---|---|
| | Cash | 7,261,089 |
| | Debts | 5,760,855 |
| | Equities | 440,999 |
| | Mutual funds | - |
| Eligible Financial Collateral Total | | 13,462,945 |
| | Guarantees | - |
| | Credit derivatives | - |
| Guarantees and Credit Derivatives Total | | - |

## 5. Counterparty risk for derivative transactions and long settlement transactions

The credit-equivalent amounts are calculated by applying the Current-Exposure Method.

【September 2016】

(Unit:1Milion Yen, %)

| | | Gross replacement cost | Gross add-on | Credit equivalent amounts |
|---|---|---|---|---|
| | Foreign exchanges | 574,457 | 660,820 | 1,235,278 |
| | Interest rates | 2,367,701 | 1,227,228 | 3,594,929 |
| | Equities | 331,993 | 282,531 | 614,524 |
| | Other commodities | - | - | - |
| | Credit derivatives | 24,694 | 318,469 | 343,163 |
| Total (A) | | 3,298,846 | 2,489,048 | 5,787,895 |
| Benefit through close-out netting agreements (B) | | | | 3,987,276 |
| Credit equivalent amounts after netting (C=A-B) | | | | 1,800,618 |
| Credit Risk Mitigation benefits (D) | | | | 337,594 |
| | Cash | | | 280,355 |
| | Debts | | | 45,848 |
| | Equities | | | 11,389 |
| | Mutual funds | | | - |
| Credit equivalent amounts after netting and CRM benefits (C-D) | | | | 1,463,024 |

Notional amount of credit derivatives subject to the calculation of the credit equivalent amounts

【September 2016】

(Unit:1Milion Yen, %)

| Credit derivatives type | September 2016 | |
|---|---|---|
| | Notional amounts | |
| | Protection bought | Protection sold |
| Credit default swaps | 1,985,397 | 1,911,714 |

Notional amount of credit derivatives used for CRM purpose
Not applicable

6. Securitization exposures

(1) Securitization exposures for calculating credit risk asset as an originator
Not applicable

(2) Securitization exposures for calculating credit risk asset as an investor

i Underlying assets

【September 2016】

(Unit:1Milion Yen, %)

| Underlying assets | September 2016 | | | |
|---|---|---|---|---|
| | Exposure amounts | | Risk weight 1250% | |
| | | Resecuritization | | Resecuritization |
| Loans and receivables | 374,789 | − | − | − |
| Real estate | - | − | − | − |
| Equities | - | − | − | − |
| Others | - | − | − | − |
| Total | 374,789 | − | − | − |

ii Exposures balance and capital requirements by risk weight

【September 2016】

(Unit:1Milion Yen, %)

| Risk weight | September 2016 | | | |
|---|---|---|---|---|
| | Exposure amounts | | Capital requirements | |
| | | Resecuritization | | Resecuritization |
| ≦20% | 374,789 | - | 5,996 | - |
| ＞20%≦50% | - | - | - | - |
| ＞50%≦100% | - | - | - | - |
| ＞100%≦350% | - | - | - | - |
| ＞350%<1250% | - | - | - | - |
| 1250% | - | - | - | - |
| Total | 374,789 | - | 5,996 | - |

iii The presence of resecuritized exposures subject to the CRM method, and the breakdown by guarantor or by the risk weight segments of guarantors.
Not applicable

(3) Securitization exposures for calculating market risk as an originator
Not applicable

(4) Securitization exposures for calculating market risk asset as an investor

i Underlying assets

【September 2016】

(Unit:1Milion Yen, %)

| Underlying assets | | September 2016 | | | |
|---|---|---|---|---|---|
| | | Exposure amounts | | Risk weight 100% | |
| | | | Resecuritization | | Resecuritization |
| | Loans and receivables | 5,475 | – | – | – |
| | Real estate | - | – | – | – |
| | Equities | - | – | – | – |
| | Others | - | – | – | – |
| Total | | 5,475 | – | – | – |

ii Exposure balance and capital requirements by risk weight

【September 2016】

| Risk weight | | September 2016 | | | |
|---|---|---|---|---|---|
| | | Exposure amounts | | Capital requirements | |
| | | | Resecuritization | | Resecuritization |
| | ≦3.2% | 5,475 | - | 87 | - |
| | ＞3.2%≦8% | - | - | - | - |
| | ＞8%≦18% | - | - | - | - |
| | ＞18%≦52% | - | - | - | - |
| | ＞52%<100% | - | - | - | - |
| | 100% | - | - | - | - |
| Total | | 5,475 | - | 87 | - |

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

【September 2016】

(Unit:1Milion Yen, %)

| | September 2016 | |
|---|---|---|
| | VaR | Stress VaR |
| Amount as of September 2016 | 3,794 | 9,418 |
| Maximum | 15,065 | 18,178 |
| Average | 5,567 | 11,414 |
| Minimum | 2,583 | 4,909 |

| | |
|---|---|
| Excess number of backtesting | 2 times |

※ Backtesting

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 backtesting is the number of times that losses exceeded VaR over a given holding period.

8. Equity exposure on non trading accounts

(1) Booking and market values on consolidated balance sheets

(Unit:1Milion Yen, %)

| | September 2016 | |
|---|---|---|
| | Consolidated balance sheets amount | Market value |
| Listed equity exposure | 161,667 | 161,667 |
| Others | 107,095 | |

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

(2) Gains and losses from sales and write-off on equity exposures

(Unit:1Milion Yen, %)

| September 2016 | | |
|---|---|---|
| Gains on sales | Losses on sales | Write-off |
| 6,946 | 21 | 544 |

(3) Unrealized gains or losses recognized on the consolidated balance sheets and not on the consolidated income statement

(Unit:1Milion Yen, %)

| | September 2016 |
|---|---|
| Unrealized gains / losses | 65,757 |

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

(4) Unrealized gains or losses not recognized on the consolidated balance sheets nor the consolidated income statement

(Unit:1Milion Yen, %)

| | September 2016 |
|---|---|
| Unrealized gains / losses | 82,651 |

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

(5) 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

【September 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 the market value of 'Bonds payable' and 'Long-term loans payable' to change approximately 3.9 billion yen.

ii Financial assets and liabilities possessed by the Group companies that transact banking business under assumption of a change in interest rate and all the other risks fixed: we anticipate the market value to be reduced by 2.2 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 | | September 2016 | September 2015 |
|---|---|---|---|---|---|
| On-balance sheet exposures | | | (1) | | |
| 1 | | On-balance sheet items before adjustments | | 10,759,269 | 12,401,980 |
| 1a | 1 | Total Assets in the consolidated balance sheet | | 20,021,642 | 23,183,801 |
| 1b | 2 | Total Assets held by group companies which are not included in the scope of consolidated leverage ratio | | 0 | 0 |
| 1c | 7 | Total Assets held by group companies which are included in the scope of consolidated leverage ratio(except for the asset included in the total asset in the consolidated balance sheet) | | 0 | 0 |
| 1d | 3 | Assets other than the adjustments that are excluded from the total assets in the consolidated balance sheet. | | 9,262,373 | 10,781,821 |
| 2 | 7 | Common Equity Tier 1 capital: regulatory adjustments | | 78,550 | 44,994 |
| 3 | | Total on-balance sheet exposures (excluding derivatives and SFTs) | (A) | 10,680,719 | 12,356,986 |
| Derivative exposures | | | (2) | | |
| 4 | | Replacement cost associated with all derivatives transactions | | 530,622 | 653,346 |
| 5 | | Add-on amounts for PFE associated with all derivatives transactions | | 1,194,999 | 1,143,833 |
| | | | | 312,589 | 224,344 |
| 6 | | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | | 0 | 0 |
| 7 | | Deductions of receivables assets for cash variation margin provided in derivatives transactions) | | 158,287 | 78,646 |
| 8 | | Exempted CCP leg of client-cleared trade exposures | | | |
| 9 | | Adjusted effective notional amount of written credit derivatives | | 1,911,714 | 2,689,060 |
| 10 | | Adjusted effective notional offsets and add-on deductions for written credit derivatives | | 1,442,694 | 2,215,227 |
| 11 | 4 | Total derivative exposures (sum of lines 4 to 10) | (B) | 2,348,943 | 2,416,710 |
| Securities financing transaction exposures | | | (3) | | |
| 12 | | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | | 6,290,515 | 8,786,479 |
| 13 | | Netted amounts of cash payables and cash receivables of gross SFT assets | | 1,068,573 | 1,312,471 |
| 14 | | CCR exposure for SFT assets | | 132,816 | 156,420 |
| 15 | | Agent transaction exposures | | | |
| 16 | 5 | Total securities financing transaction exposures (sum of lines 12 to 15) | (C) | 5,354,758 | 7,630,428 |
| Other off-balance sheet exposures | | | (4) | | |
| 17 | | Off-balance sheet exposure at gross notional amount | | 60,908 | 47,946 |
| 18 | | Adjustments for conversion to credit equivalent amounts | | 15,459 | 8,092 |
| 19 | 6 | Off-balance sheet items | (D) | 45,449 | 39,854 |
| Capital and total exposures | | | (5) | | |
| 20 | | Tier 1 capital | (E) | 1,103,274 | 1,143,101 |
| 21 | 8 | Total exposures (A)+(B)+(C)+(D) | (F) | 18,429,869 | 22,443,978 |
| 22 | | Basel III consolidated leverage ratio(E)/ (F) | | 5.98% | 5.09% |

### 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 4,014,109 million yen. Decrease in total exposure is due to decrease in "On-balance sheet exposure amount" and "securities financing transaction exposure amount" by 1,676,267 million yen and 2,275,670 million yen respectfully.

## 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 | 1,146,824 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 | 316 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 | 323 million Yen |
| 9 | Par value of instrument | ― | ― |
| 10 | Accounting classification | | |
| | Consolidated balance sheets | Stock subscription right | Stock subscription right |
| 11 | Original date of issuance | July 1, 2010 | September 1, 2010 |
| 12 | Perpetual or dated | Dated | Dated |
| 13 | Original maturity date | June 30, 2030 | June 25, 2020 |
| 14 | Issuer call subject to prior supervisory approval | NA | NA |
| 15 | Optional call date, contingent call dates and redemption amount | ― | ― |
| 16 | Subsequent call dates, if applicable | ― | ― |
| | Coupons / dividends | | |
| 17 | Fixed or floating dividend/coupon | Floating | Floating |
| 18 | Coupon rate and any related index | ― | ― |
| 19 | Existence of a dividend stopper | NA | NA |
| 20 | Fully discretionary, partially discretionary or mandatory | Fully discretionary | Fully discretionary |
| 21 | Existence of step up or other incentive to redeem | NA | NA |
| 22 | Noncumulative or cumulative | NA | NA |
| 23 | Convertible or non-convertible | NA | NA |
| 24 | If convertible, conversion trigger(s) | ― | ― |
| 25 | If convertible, fully or partially | ― | ― |
| 26 | If convertible, conversion rate | ― | ― |
| 27 | If convertible, mandatory or optional conversion | ― | ― |
| 28 | If convertible, specify instrument type convertible into | ― | ― |
| 29 | If convertible, specify issuer of instrument it converts into | ― | ― |
| 30 | Write-down feature | NA | NA |
| 31 | If write-down, write-down trigger(s) | ― | ― |
| 32 | If write-down, full or partial | ― | ― |
| 33 | If write-down, permanent or temporary | ― | ― |
| 34 | If temporary write-down, description of write-up mechanism | ― | ― |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Debts | Debts |
| 36 | Non-compliant transitioned features | NA | NA |
| 37 | If yes, specify non-compliant features | ― | ― |

| | | | |
|---|---|---|---|
| 1 | Issuer | Daiwa Securities Group Inc. | Daiwa Securities Group Inc. |
| 2 | Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement) | NA | NA |
| 3 | Governing law(s) of the instrument | Japanese Law | Japanese Law |
| | Regulatory treatment | | |
| 4 | Transitional Basel III rules | Common Equity Tier 1 capital | Common Equity Tier 1 capital |
| 5 | Post-transitional Basel III rules | Common Equity Tier 1 capital | Common Equity Tier 1 capital |
| 6 | Eligible at solo/group/group&solo | Daiwa Securities Group Inc. | Daiwa Securities Group Inc. |
| 7 | Instrument type (types to be specified by each jurisdiction) | Stock subscription right issued in July 2011 | Stock subscription right series 8 |
| 8 | Amount recognised in regulatory capital (Currency in millions, as of the most recent reporting date) | | |
| | Consolidated Capital Adequacy Ratio | 409 million Yen | 381 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 | 1016 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 | 707 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 | 386 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 | 76 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