April 28, 2017

Daiwa Securities Group Inc.

Report Regarding Situation of Soundness in Management as of December 31, 2016

In accordance with the Financial Instruments and the Exchange Act Article 57-17, 'Notification, etc., of Documents Describing Status of Soundness in Management,' Daiwa Securities Group Inc. reports situation of soundness in management as of December 31, 2016.

(Unit: 1 Million Yen)

	December 2016
1. Consolidated Total Capital Ratio	22.9 %
2. Consolidated Tier 1 Capital Ratio	22.7 %
3. Consolidated Common Equity Tier 1 Capital Ratio	22.7 %
4. Total Qualifying Capital	1,169,917
5. Tier 1 Capital	1,162,500
6. Common Equity Tier1	1,162,359
7. Total Capital Requirements	408,568

8. Composition of capital disclosure

(Unit: 1 Million Yen)

Basel Ⅲ template number	Items		December 2016	Exclusion under transitional arrangements
Common Equity Tier 1 capital: Instruments and reserves		(1)		
1a+2-1c-26	Shareholders' equity		1,173,748	
1a	Common stock and capital surplus		479,106	
2	Retained earnings		723,618	
1c	Treasury stock (△)		28,976	
26	Planned distributions (△)		-	
	Others		-	
1b	Stock subscription rights		8,213	
3	Accumulated other comprehensive income (and other reserves)		48,534	32,356
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)	1,230,497	
Common Equity Tier 1 capital: regulatory adjustments		(2)		
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)		53,116	35,411
8	Goodwill (net of related tax liability)		4,104	2,736
9	Other intangibles other than mortgage-servicing rights(net of related tax liability)		49,012	32,674
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		186	124
11	Cash-flow hedge reserve		△124	△82
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)		121	81
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)		14,836	9,891
19+20+21	Amount exceeding the 10% threshold		-	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		-	-
20	Mortgage servicing rights (amount above 10% threshold)		-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		-	-
22	Amount exceeding the 15% threshold		-	-
23	of which: significant investments in the common stock of financials		-	-
24	of which: mortgage servicing rights		-	-
25	of which: deferred tax assets arising from temporary differences		-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		-	
28	Total regulatory adjustments to Common equity Tier 1	(b)	68,138	
Common Equity Tier 1 capital				
29	Common Equity Tier 1 capital (CET1) ((a) - (b))	(c)	1,162,359	

(Unit: 1 Million Yen)

Basel Ⅲ template number		Items	December 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	5,283	
		Foreign currency translation adjustment	5,283	
36		Additional Tier 1 capital before regulatory adjustments (d)	5,283	
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)	2,405	1,603
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	2,736	
		Goodwill (net of related tax liability)	2,736	
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)	5,142	
Additional Tier 1 capital				
44		Additional Tier 1 capital ((d) - (e)) (f)	140	
Tier 1 capital				
45		Tier 1 capital ((c) + (f)) (g)	1,162,500	
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	16,976	
		Unrealized holding gain or loss on securities and cash flow hedge reserve	16,976	
51		Tier 2 capital before regulatory adjustments (h)	16,976	

(Unit: 1 Million Yen, %)

Basel Ⅲ template number	Items		December 2016	Exclusion under transitional arrangements
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments		-	-
53	Reciprocal cross-holdings in Tier 2 instruments		-	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		9,559	6,372
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		-	-
	Tier 2 capital adjustments under transitional Basel Ⅲ rules		-	
57	Total regulatory adjustments to Tier 2 capital	(i)	9,559	
Tier 2 capital				
58	Tier 2 capital ((h) - (i))	(j)	7,417	
Total capital				
59	Total capital ((g)＋(j))	(k)	1,169,917	
Risk weighted assets		(5)		
	Amount of risk weighted assets under transitional Basel Ⅲ rules		50,667	
	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)		17,868	
	Intangible assets(other than Goodwill)		32,674	
	Deferred tax assets excluding assets arising from temporary differences(net of related tax liability)		124	
60	Total risk weighted assets	(l)	5,107,101	
Consolidated capital adequacy ratio				
61	Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))		22.7%	
62	Tier 1 (as a percentage of risk weighted assets) ((g) / (l))		22.7%	
63	Total capital (as a percentage of risk weighted assets) ((k) / (l))		22.9%	
Amounts below the thresholds for deduction (before risk weighting)		(6)		
72	Non-significant investments in the capital of other financials		117,401	
73	Significant investments in the common stock of financials		33,078	
74	Mortgage servicing rights (net of related tax liability)		-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)		9,253	
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	3,665,549	3,665,549
	Cash segregated as deposits	325,629	325,629
	Notes and accounts receivable-trade	15,775	15,775
18, 39, 54, 72, 73	Short-term investment securities	1,880,300	1,880,300
16, 18, 39, 54, 72, 73	Trading products	6,860,985	6,860,985
18, 39, 54, 72, 73	Operational investment securities	125,972	125,972
	Allowance for investment loss	△ 11,043	△ 11,043
	Operating loans	680,483	680,483
	Work in process	1,109	1,109
	Margin transaction assets	183,380	183,380
	Loans secured by securities	5,570,919	5,570,919
	Advances paid	25,503	25,503
	Short-term loans receivable	1,482	1,482
	Accrued income	31,770	31,770
10, 75	Deferred tax assets	4,578	4,578
	Other current assets	583,386	583,386
	Allowance for doubtful accounts	△ 502	△ 502
	Total current assets	19,945,280	19,945,280
	Noncurrent assets		
	Property, plant and equipment	125,131	125,131
	Intangible assets	88,528	88,528
8	Goodwill	6,840	6,840
9	Others	81,687	81,687
	Investments and other assets	364,721	364,721
18, 39, 54, 72, 73	Investment securities	330,735	330,735
10, 75	Deferred tax assets	4,985	4,985
	Others	28,999	28,999
	Total noncurrent assets	578,381	578,381
	Total assets	20,523,661	20,523,661

(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	5,767	5,767
	Trading products	4,748,362	4,748,362
	Trading date accrual	36,463	36,463
	Margin transaction liabilities	67,843	67,843
	Loans payable secured by securities	6,684,199	6,684,199
	Deposits from banking business	3,081,426	3,081,426
	Deposits received	303,308	303,308
	Guarantee deposits received	445,080	445,080
	Short-term loans payable	1,049,468	1,049,468
	Commercial paper	-	-
	Current portion of bonds	279,911	279,911
	Income taxes payable	4,239	4,239
	Deferred tax liabilities	1,762	1,762
	Provision for bonuses	19,718	19,718
	Other current liabilities	181,549	181,549
	Noncurrent liabilities		
	Bonds payable	1,237,741	1,237,741
	Long-term loans payable	960,302	960,302
	Deferred tax liabilities	15,456	15,456
	Net defined benefit liabilities	40,051	40,051
	Provision for loss on litigation	1,789	1,789
	Other noncurrent liabilities	8,193	8,193
	Reserves under the special laws	3,970	3,970
	Total liabilities	19,176,608	19,176,608
	Net assets		
	Shareholders' equity		
1a	Common stock	247,397	247,397
1a	Capital surplus	231,709	231,709
2	Retained earnings	723,618	723,618
1c	Treasury stock	△ 28,976	△ 28,976
1c	Advances on subscription of treasury stock	15	15
	Total shareholders' equity	1,173,764	1,173,764
	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	71,436	71,436
11	Deferred gains or losses on hedges	△ 3,753	△ 3,753
	Foreign currency translation adjustment	13,208	13,208
3	Total accumulated other comprehensive income	80,890	80,890
1b	Subscription rights to shares	8,213	8,213
34-35, 48-49	Minority interests	84,183	84,183
	Total net assets	1,347,052	1,347,052

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	Daiwa Securities Group Inc.
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	1,173,748 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	227 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	309 million Yen	310 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	349 million Yen	313 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	407 million Yen	349 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	451 million Yen	1,085 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	370 million Yen	773 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	443 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	105 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		December 2016	September 2016
On-balance sheet exposures			(1)		
1		On-balance sheet items before adjustments		11,270,191	10,759,269
1a	1	Total Assets in the consolidated balance sheet		20,523,661	20,021,642
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.		9,253,470	9,262,373
2	7	Common Equity Tier 1 capital: regulatory adjustments		73,280	78,550
3		Total on-balance sheet exposures (excluding derivatives and SFTs)	(A)	11,196,911	10,680,719
Derivative exposures			(2)		
4		Replacement cost associated with all derivatives transactions		528,223	530,622
5		Add-on amounts for PFE associated with all derivatives transactions		1,205,161	1,194,999
				353,183	312,589
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)		196,686	158,287
8		Exempted CCP leg of client-cleared trade exposures			
9		Adjusted effective notional amount of written credit derivatives		1,751,521	1,911,714
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives		1,355,007	1,442,694
11	4	Total derivative exposures (sum of lines 4 to 10)	(B)	2,286,395	2,348,943
Securities financing transaction exposures			(3)		
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		6,661,781	6,290,515
13		Netted amounts of cash payables and cash receivables of gross SFT assets		1,402,436	1,068,573
14		CCR exposure for SFT assets		186,145	132,816
15		Agent transaction exposures			
16	5	Total securities financing transaction exposures (sum of lines 12 to 15)	(C)	5,445,490	5,354,758
Other off-balance sheet exposures			(4)		
17		Off-balance sheet exposure at gross notional amount		64,883	60,908
18		Adjustments for conversion to credit equivalent amounts		13,979	15,459
19	6	Off-balance sheet items	(D)	50,904	45,449
Capital and total exposures			(5)		
20		Tier 1 capital	(E)	1,162,500	1,103,274
21	8	Total exposures (A)+(B)+(C)+(D)	(F)	18,979,700	18,429,869
22		Basel III consolidated leverage ratio(E)/ (F)		6.12%	5.98%

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