July 27, 2017

Daiwa Securities Group Inc.

Report Regarding Consolidated Capital Adequacy Ratio And Consolidated Leverage Ratio Situation of Soundness in Management as of March 31, 2017

In accordance with the Financial Instruments and the Exchange Act Article 57-17, “Notification, etc. of Documents Describing Status of Soundness in Management”, Daiwa Securities Group Inc. reports situation of soundness in management as of March 31, 2017.

Composition of capital disclosure

（Unit: 1 Million Yen）

Basel Ⅲ template number	Items	March 2017	Exclusion under transitional arrangements
Common Equity Tier 1 capital: Instruments and reserves	(1)		
1a+2-1c-26	Shareholders' equity	1,161,825	
1a	Common stock and capital surplus	478,109	
2	Retained earnings	718,238	
1c	Treasury stock（△）	12,719	
26	Planned distributions（△）	21,804	
	Others	-	
1b	Stock subscription rights	8,729	
3	Accumulated other comprehensive income (and other reserves)	53,803	13,450
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)	1,224,357	
Common Equity Tier 1 capital: regulatory adjustments	(2)		
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)	72,477	18,119
8	Goodwill (net of related tax liability)	4,882	1,220
9	Other intangibles other than mortgage-servicing rights(net of related tax liability)	67,595	16,898
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	307	76
11	Cash-flow hedge reserve	△143	△35
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)	240	60
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)	13,775	3,443
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	6,507	
28	Total regulatory adjustments to Common equity Tier 1 (b)	93,163	
Common Equity Tier 1 capital			
29	Common Equity Tier 1 capital (CET1) ((a) - (b)) (c)	1,131,194	

(Unit: 1 Million Yen)

Basel Ⅲ template number		Items		March 2017	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		1,466	
		Foreign currency translation adjustment		1,379	
36		Additional Tier 1 capital before regulatory adjustments	(d)	1,466	
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)		2,987	746
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		1,220	
		Goodwill (net of related tax liability)		1,220	
42		Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		3,765	
43		Total regulatory adjustments to Additional Tier 1 capital	(e)	7,973	
Additional Tier 1 capital					
44		Additional Tier 1 capital ((d) - (e))	(f)	-	
Tier 1 capital					
45		Tier 1 capital ((c) + (f))	(g)	1,131,194	
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		7,354	
		Unrealized holding gain or loss on securities and cash flow hedge reserve		7,354	
51		Tier 2 capital before regulatory adjustments	(h)	7,354	

(Unit: 1 Million Yen, %)

Basel Ⅲ template number	Items		March 2017	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)		11,120	2,780
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)	11,120	
Tier 2 capital				
58	Tier 2 capital ((h) - (i))	(j)	-	
Total capital				
59	Total capital ((g)＋(j))	(k)	1,131,194	
Risk weighted assets		(5)		
	Amount of risk weighted assets under transitional Basel Ⅲ rules		23,946	
	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		6,970	
	Intangible assets(other than Goodwill)		16,898	
	Deferred tax assets excluding assets arising from temporary differences(net of related tax liability)		76	
60	Total risk weighted assets	(l)	4,996,323	
Consolidated capital adequacy ratio				
61	Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))		22.6%	
62	Tier 1 (as a percentage of risk weighted assets) ((g) / (l))		22.6%	
63	Total capital (as a percentage of risk weighted assets) ((k) / (l))		22.6%	
Amounts below the thresholds for deduction (before risk weighting)		(6)		
72	Non-significant investments in the capital of other financials		114,670	
73	Significant investments in the common stock of financials		35,849	
74	Mortgage servicing rights (net of related tax liability)		-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)		12,435	
Applicable caps on the inclusion of allowance in Tier 2		(7)		
76	Allowance eligible for inclusion in Tier 2 in respect of exposures subject to Standardized approach (prior to application of cap)		-	
77	Cap on inclusion of allowance in Tier 2 under Standardized approach		-	
78	Allowance eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		-	
79	Cap for inclusion of allowance in Tier 2 under internal ratings-based approach		-	
Capital instruments subject to phase out arrangements		(8)		
82	Current cap on AT1 instruments subject to Phase out arrangements		-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		-	
84	Current cap on T2 instruments subject to Phase out arrangements		-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		-	

Qualitative Disclosure (Consolidated)

1. Scope of Consolidation

A). Discrepancy and the reason in the scope of consolidation defined under consolidated financial statements reported and that for consolidated capital adequacy ratio calculation

Not applicable.

B). Number of consolidated subsidiaries, and company names and businesses of major consolidated subsidiaries

Number of consolidated subsidiaries: 52 companies

March 2017	
Major Consolidated Subsidiaries	Businesses
Daiwa Securities Co. Ltd.	Securities-related businesses
	Investment advisory and agency businesses
Daiwa Asset Management Co. Ltd.	Investment management businesses
	Investment advisory and agency businesses
Daiwa Institute of Research Holdings Ltd.	Integration and management of subsidiaries
Daiwa Securities Business Center Co. Ltd.	Back office operations
Daiwa Property Co., Ltd.	Lending and borrowing of real estate
Daiwa Next Bank, Ltd.	Banking businesses
Daiwa Institute of Research Ltd.	Information services
Daiwa Institute of Research Business Innovation Ltd.	Information services
Daiwa Corporate Investment Co., Ltd.	Investment businesses
Daiwa PI Partners Co. Ltd.	Investment businesses
Daiwa Securities SMBC Principal Investments Co. Ltd.	Investment businesses
Daiwa Real Estate Asset Management Co., Ltd.	Investment management businesses
	Investment advisory and agency businesses
Daiwa Capital Markets Europe Limited	Securities-related businesses
Daiwa Capital Markets Hong Kong Limited	Securities-related businesses
Daiwa Capital Markets Singapore Limited	Securities-related businesses
Daiwa Capital Markets America Holdings Inc.	Integration and management of subsidiaries
Daiwa Capital Markets America Inc.	Securities-related businesses

C). Number of affiliated companies engaged in financial activities, company names, total assets as well as net assets on balance sheets, and businesses of major affiliated companies that engaged in financial activities under the provision of Article 9 of the Consolidated Capital Adequacy Ratio Notification published by Japan FSA

No company is subject to proportionate consolidation methods.

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

Not applicable.

E). Overview of the restrictions on the transfer of funds and regulatory capital within Group companies

There is no specific restriction set forth regarding the transfer of funds and regulatory capital within Group companies.

2. Overview of Capital Adequacy Assessment Methods

The Group sets forth "The Rules of Economic Capital Management" and "The Rules of Regulatory Capital Management", and assesses capital adequacy from economic capital as well as regulatory capital points of view.

<Economic Capital>

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

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

<Regulatory Capital>

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

3. Credit Risk

A). Overview of risk management policies and procedures

<Credit Risk Management Policy >

The Group's credit risk consists of counterparty credit risk and issuer risk.

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

<Allowance for Doubtful Accounts>

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

<Calculation of Credit Risk Asset>

Credit risk exposures are being calculated in the Standardized Approach.

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

The following ECAIs are used to determine the risk weight.

・Rating & Investment Information, Inc.
・Japan Credit Rating Agency, Ltd.
・Moody's Investors Service, Inc.
・S&P Global Ratings

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

<The policy of Credit Risk Mitigation Techniques>

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

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

The Group uses the Comprehensive Approach for the CRM Techniques.

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

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

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

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

6. Securitization Exposures

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

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

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

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

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

Not applicable.

D). Method of calculating credit risk asset

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

E). Method of calculating market risk amount

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

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

Not applicable.

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

Not applicable.

H). Accounting policy applied for the securitization transaction

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

I). ECAIs used when determining the risk weight

The following ECAIs are used in order to determine the risk weight for the securitization exposures.

・Rating & Investment Information, Inc.
・Japan Credit Rating Agency, Ltd.
・Moody's Investors Service, Inc.
・S&P Global Ratings
・Fitch Ratings Ltd.

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

Not applicable.

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

Not applicable.

7. Market Risk

A). Overview of risk management policies and procedures

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

B). Methods used for calculation of market risk

i). Internal models approach

General market risk for Daiwa Securities Co. Ltd., Daiwa Next Bank Ltd. (for trading), and foreign subsidiaries

ii). Standardized approach

Specific risk

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

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

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

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

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

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

Not applicable.

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

Not applicable.

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

A historical simulation model that uses a historical market scenario is used. Assumptions of the historical simulation model are stated as follows:

i). VaR

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

ii). Stress VaR

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

8. Operational Risk

A). Risk management policies and procedures

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

B). Methods for the calculation of operational risk amount

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

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

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

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

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

10. Interest Rate Risk under Non-Trading Accounts

A). Overview of risk management policies and procedures

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

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

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

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

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

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

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

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

11. The amount of each account in the balance sheets as in published statements and the reference number in composition of capital disclosure under the assumptions of the financial statements under the regulatory scope of consolidation complying with the Capital Adequacy Ratio Accord item 3

（Unit: 1 Million Yen）

Reference number in composition of capital disclosure		Balance sheets as in published statements	Under regulatory scope of consolidation
	Assets		
	Current assets		
	Cash and deposits	3,828,674	3,828,674
	Cash segregated as deposits	336,338	336,338
	Notes and accounts receivable-trade	16,649	16,649
18, 39, 54, 72, 73	Short-term investment securities	1,742,127	1,742,127
16, 18, 39, 54, 72, 73	Trading products	6,546,229	6,546,229
18, 39, 54, 72, 73	Operational investment securities	125,040	125,040
	Allowance for investment loss	△ 11,052	△ 11,052
	Operating loans	655,709	655,709
	Work in process	1,285	1,285
	Margin transaction assets	202,530	202,530
	Loans secured by securities	5,305,518	5,305,518
	Advances paid	26,345	26,345
	Short-term loans receivable	606	606
	Accrued income	35,380	35,380
10, 75	Deferred tax assets	8,023	8,023
	Other current assets	440,034	440,034
	Allowance for doubtful accounts	△ 502	△ 502
	Total current assets	19,258,940	19,258,940
	Noncurrent assets		
	Property, plant and equipment	124,980	124,980
	Intangible assets	90,596	90,596
8	Goodwill	6,103	6,103
9	Others	84,492	84,492
	Investments and other assets	352,779	352,779
18, 39, 54, 72, 73	Investment securities	318,751	318,751
10, 75	Deferred tax assets	4,796	4,796
	Others	29,231	29,231
	Total noncurrent assets	568,356	568,356
	Total assets	19,827,296	19,827,296

（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	8,166	8,166
	Trading products	4,658,595	4,658,595
	Trading date accrual	216,836	216,836
	Margin transaction liabilities	62,377	62,377
	Loans payable secured by securities	6,018,813	6,018,813
	Deposits from banking business	2,985,733	2,985,733
	Deposits received	256,873	256,873
	Guarantee deposits received	418,039	418,039
	Short-term loans payable	918,954	918,954
	Commercial paper	-	-
	Current portion of bonds	278,237	278,237
	Income taxes payable	15,084	15,084
	Deferred tax liabilities	1,790	1,790
	Provision for bonuses	30,872	30,872
	Other current liabilities	137,494	137,494
	Noncurrent liabilities		
	Bonds payable	1,219,344	1,219,344
	Long-term loans payable	1,179,264	1,179,264
	Deferred tax liabilities	10,234	10,234
	Net defined benefit liabilities	39,791	39,791
	Provision for loss on litigation	15,903	15,903
	Other noncurrent liabilities	7,527	7,527
	Reserves under the special laws	3,929	3,929
	Total liabilities	18,483,863	18,483,863
	Net assets		
	Shareholders' equity		
1a	Common stock	247,397	247,397
1a	Capital surplus	230,712	230,712
2	Retained earnings	718,238	718,238
1c	Treasury stock	△ 12,719	△ 12,719
1c	Advances on subscription of treasury stock	7	7
	Total shareholders' equity	1,183,636	1,183,636
	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	59,922	59,922
11	Deferred gains or losses on hedges	435	435
	Foreign currency translation adjustment	6,896	6,896
3	Total accumulated other comprehensive income	67,254	67,254
1b	Subscription rights to shares	8,729	8,729
34-35, 48-49	Minority interests	83,813	83,813
	Total net assets	1,343,433	1,343,433

Quantitative Disclosure (Consolidated)

1. The name as well as the total amount that is lower than the 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:1Million Yen)

	March 2017
On-balance transactions	99,389
1.Cash	-
2.Japanese government and central bank	-
3.Non-Japanese sovereign and central bank	44
4.Bank for International Settlements (BIS)	-
5.Japanese local public authorities	-
6.Non-Japanese public sector entities (excluding sovereign)	67
7.Multilateral Development Banks (MDBs)	-
8.Japan Finance Organization for Municipalities (JFM)	1,038
9.Japanese government-sponsored entities	1,920
10.Three major local public corporations of Japan	-
11.Financial institutions and securities firms	10,661
12.Corporates	18,599
13.SMEs and individuals (risk weight 75% applied)	-
14.Residential mortgage loans	-
15.Projects including acquisition of real estate properties	165
16.Past due exposures for three months or more	18
17.Cash items in process of collection	-
18.Exposures secured by Credit Guarantee Association in Japan	-
19.Exposures secured by Enterprise Turnaround Initiative Corporation of Japan	-
20.Equities	24,671
21.Others	14,672
22.Securitizations (as an originator)	-
23.Securitizations (not as an originator)	8,867
24.Fund	18,662

(Unit:1Million Yen)

	March 2017
Off-balance transactions	49,795
1.Unconditionally or automatically cancellable commitments	-
2.Commitments with an original maturity up to one year	63
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	190
7.Commitments-related the IRB Approach	-
8.Direct credit substitutes and acceptances	151
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	19,803
12.Derivative transactions	28,897
13.Long settlement transactions	1
14.Unsettled transactions	515
15. Securitization exposure qualifies as an 'eligible liquidity facility' or an 'eligible servicer cash advance facility'	-
16.Others (Securitization off-balance transactions)	172
CVA risk capital charge	54,178
Exposures to Central Counterparties(CCPs)	3,011
Total capital requirements for credit risk	206,374

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

Capital requirements for market risk

(Unit:1Million Yen)

	March 2017
Standardized approach	66,963
Interest rate risk	45,279
Equity risk	14,731
Foreign exchange risk	6,841
Commodities risk	-
Option transactions	-
Internal models approach	43,303
Total capital requirements for market risk	110,267

Capital requirements for operational risk

(Unit:1Million Yen)

	March 2017
Basic indicator approach	83,063
Standardized approach	-
Advanced measurement approach	-
Total capital requirements for operational risk	83,063

Total capital requirements

(Unit:1Million Yen)

		March 2017
	Credit risk	206,374
	Market risk	110,267
	Operational risk	83,063
Total capital requirements		399,704

3. Credit risk exposures (excluding exposures under IRB approach and securitization exposures)
Exposures by geographical area, industry, and residual contractual maturity

【March 2017】

(Unit:1Million Yen)

	Credit risk exposures						Past due exposures for three months or more
		Loans	Repo	Derivatives	Securities	Others (※)	
Japan	17,918,452	101,488	5,661,878	5,264,874	2,096,383	4,793,826	177
Overseas	9,241,519	29,289	8,841,502	91,594	14,864	264,268	38
Total (by area)	27,159,971	130,778	14,503,381	5,356,469	2,111,247	5,058,095	215
Sovereign	6,713,246	4,568	1,799,540	60,021	1,542,640	3,306,476	-
Financial institutions	7,565,993	2,808	3,946,968	2,933,512	33,811	648,893	-
Corporate	4,992,905	25,403	4,331,420	374,586	125,951	135,542	151
Individuals	290,381	94,565	-	222	-	195,593	64
CCPs	6,572,403	-	4,425,451	1,988,126	-	158,825	-
Others	1,025,042	3,432	-	-	408,844	612,764	-
Total (by industry)	27,159,971	130,778	14,503,381	5,356,469	2,111,247	5,058,095	215
≦1year	13,209,828	87,325	12,580,814	303,874	96,516	141,298	
＞1year≦3years	334,698	2,729	-	203,857	128,110	-	
＞3year≦5years	1,297,717	2	-	710,348	587,366	-	
＞5year≦7years	3,526,047	-	-	3,483,091	42,956	-	
＞7years	1,313,163	95	-	645,453	667,614	-	
Indeterminate	7,478,516	40,624	1,922,567	9,844	588,683	4,916,796	
Total (by maturity)	27,159,971	130,778	14,503,381	5,356,469	2,111,247	5,058,095	

※ Including deposits, properties and equipment, intangible assets.

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

(Unit:1Million Yen)

Type of allowances	Geographic area	March 2017	Changes
General allowance		–	–
Specific allowance	Japan	13,378	124
	Overseas	168	94
Allowance to specific foreign obligations		-	-
Type of allowance	Industry		
General allowance		-	-
Specific allowance	Sovereign	-	-
	Financial Institutions	-	-
	Corporate	430	△ 75
	Individuals	130	128
	Others	12,985	165
Allowance to specific foreign obligations		-	-

Loan write-off by industry

Not applicable.

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

(Unit:1Million Yen)

Risk weight	March 2017		
	Exposure amounts		
		Application of external rating	Others
0%	4,857,155	611,539	4,245,616
2%	650,691	-	650,691
10%	184,238	-	184,238
20%	2,261,055	1,939,610	321,444
35%	-	-	-
50%	83,613	83,612	-
75%	-	-	-
100%	943,093	17,769	925,324
150%	464	70	394
250%	35,845	-	35,845
1250%	1,927	-	1,927
Other	169,911	-	169,911
Total	9,187,996	2,652,603	6,535,393

4. Credit Risk Mitigation (CRM) Techniques

Exposure for which CRM Techniques are applied

(Unit:1Million Yen)

Type		March 2017
	Cash	7,834,301
	Debts	6,125,537
	Equities	563,183
	Mutual funds	-
Eligible Financial Collateral Total		14,523,022

5. Counterparty risk for derivative transactions and long settlement transactions

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

【March 2017】

(Unit:1Million Yen)

		Gross replacement cost	Gross add-on	Credit equivalent amounts
	Foreign exchanges	549,356	694,656	1,244,012
	Interest rates	1,758,105	1,388,164	3,146,269
	Equities	311,746	286,321	598,068
	Other commodities	-	-	-
	Credit derivatives	26,967	341,165	368,132
Total (A)		2,646,175	2,710,306	5,356,482
Benefit through close-out netting agreements (B)				3,518,884
Credit equivalent amounts after netting (C=A-B)				1,837,597
Credit Risk Mitigation benefits (D)				282,057
	Cash			225,405
	Debts			46,306
	Equities			10,345
	Mutual funds			-
Credit equivalent amounts after netting and CRM benefits (C-D)				1,555,539

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

【March 2017】

(Unit:1Million Yen)

Credit derivatives type	Notional amounts	
	Protection bought	Protection sold
Credit default swaps	1,928,377	1,964,204

Notional amount of credit derivatives used for CRM purpose

Not applicable.

6. Securitization exposures

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

Not applicable.

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

i).Underlying assets

【March 2017】

(Unit:1Million Yen)

Underlying assets		Exposure amounts		Risk weight 1250%	
			Resecuritization		Resecuritization
	Loans and receivables	564,952	–	–	–
	Real estate	-	–	–	–
	Equities	-	–	–	–
	Others	-	–	–	–
Total		564,952	–	–	–

ii). Exposures balance and capital requirements by risk weight

【March 2017】

(Unit:1Million Yen)

Risk weight		Exposure amounts		Capital requirements	
			Resecuritization		Resecuritization
	≦20%	564,952	-	9,039	-
	＞20%≦50%	-	-	-	-
	＞50%≦100%	-	-	-	-
	＞100%≦350%	-	-	-	-
	＞350%<1250%	-	-	-	-
	1250%	-	-	-	-
Total		564,952	-	9,039	-

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.

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

i). Total underlying assets

【by March 2017】

(Unit:1Million Yen)

Underlying assets		Underlying assts amount			Assets held for the purpose of securitization
			Traditional	Synthetic	
	Loans and receivables	-	-	-	–
	Real estate	-	-	-	–
	Equities	-	-	-	–
	Others	12,911	12,911	-	–
Total		12,911	12,911	-	–

ii). Overview of securitization exposure, profit and loss recognized, and breakdown of major underlying assets by category

【From March 2016 to March 2017】

(Unit:1Million Yen)

Underlying assets		Exposure amounts	Profit and loss
	Loans and receivables	-	-
	Real estate	-	-
	Equities	-	-
	Others	12,911	0
Total		12,911	0

iii). Breakdown of major underlying assets by category

【March 2017】

(Unit:1Million Yen)

Underlying assets		Exposure amounts		Risk Weight 100%	
			Resecuritization		Resecuritization
	Loans and receivables	-	-	-	-
	Real estate	-	-	-	-
	Equities	-	-	-	-
	Others	911	-	857	-
Total		911	-	857	-

iv). Balance and capital requirements by category of risk weight

【March 2017】

(Unit:1Million Yen)

Risk weight		Exposure amounts		Capital requirements	
			Resecuritization		Resecuritization
	≦3.2%	53	-	0	-
	＞3.2% ≦8%	-	-	-	-
	＞8%≦ 18%	-	-	-	-
	＞18%≦ 52%	-	-	-	-
	＞52%≦100%	-	-	-	-
	100%	857	-	857	-
Total		911	-	857	-

v). Total securitization exposure subject to the comprehensive risk calculation

Not applicable.

vi). Amount of capital increased due to securitization transaction, and breakdown of major underlying assets by category

【March 2017】

(Unit:1Million Yen)

Underlying assets		Increased Capital
	Loans and receivables	-
	Real estate	-
	Equities	-
	Others	0
Total		0

vii). Securitization exposure with early redemption clause

Not applicable.

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

i). Underlying assets

【March 2017】

(Unit:1Million Yen)

Underlying assets		Exposure amounts		Risk weight 100%	
			Resecuritization		Resecuritization
	Loans and receivables	13,017	−	−	−
	Real estate	-	−	−	−
	Equities	-	−	−	−
	Others	-	−	−	−
Total		13,017	−	−	−

ii). Exposure balance and capital requirements by risk weight

【March 2017】

(Unit:1Million Yen)

Risk weight		Exposure amounts		Capital requirements	
			Resecuritization		Resecuritization
	≦3.2%	13,017	-	208	-
	＞3.2%≦8%	-	-	-	-
	＞8%≦18%	-	-	-	-
	＞18%≦52%	-	-	-	-
	＞52%<100%	-	-	-	-
	100%	-	-	-	-
Total		13,017	-	208	-

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

Not applicable.

7. Market risk

Internal models approach Value at Risk (VaR) results

<Calculation method>

Historical Simulation Method

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

【March 2017】

(Unit:1Million Yen)

	VaR	Stress VaR
Amount as of March 2017	4,867	7,744
Maximum	15,065	18,178
Average	5,382	11,002
Minimum	2,583	4,909

Excess number of back-testing	3 times

※ Back-testing

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

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

8. Equity exposure on non-trading accounts

A). Booking and market values on consolidated balance sheets

(Unit:1Million Yen)

	March 2017	
	Consolidated balance sheets amount	Market value
Listed equity exposure	152,405	152,405
Others	102,290	

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

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

(Unit:1Million Yen)

March 2017		
Gains on sales	Losses on sales	Write-off
22,523	529	58

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

(Unit:1Million Yen)

	March 2017
Unrealized gains / losses	69,497

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

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

(Unit:1Million Yen)

	March 2017
Unrealized gains / losses	74,450

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

E). Equity exposure amounts which are subject to the Supplementary Provision Article 6 of the Consolidated Capital Adequacy Ratio Notification published by Japan FSA, and which are sectioned by portfolio

Not applicable.

9. Credit risk exposure calculation set forth under Article 144 of the Consolidated Capital Adequacy Ratio Notification published by Japan FSA is applied

Not applicable.

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

【March 2017】

Interest rate risk under non-trading accounts

i). Financial assets and liabilities except for those held by the Group companies that transact banking business under the assumption of a change in interest rate by 10 basis points (i.e. 0.1%), we anticipate that the market value of "Bonds payable" and "Long-term loans payable" to change by approximately 3.6 billion yen.

ii). Financial assets and liabilities held by the Group companies that transact banking business under the assumption of a change in the interest rate while all the other risks are fixed: we anticipate the market value to be reduced by 1.5 billion yen.

Consolidated Leverage Ratio

1. Composition of Consolidated Leverage Ratio

(Unit: 1 Million Yen, %)

Basel Ⅲ template number (2)	Basel Ⅲ template number (1)	Items		March 2017	March 2016
On-balance sheet exposures			(1)		
1		On-balance sheet items before adjustments		11,334,368	11,191,385
1a	1	Total Assets in the consolidated balance sheet		19,827,296	20,420,818
1b	2	Total Assets held by group companies which are not included in the scope of the consolidated leverage ratio		-	-
1c	7	Total Assets held by group companies which are included in the scope of the consolidated leverage ratio (except for the assets included in the total assets in the consolidated balance sheet)		-	-
1d	3	Assets other than the adjustments that are excluded from the total assets in the consolidated balance sheet.		8,492,928	9,229,433
2	7	Common Equity Tier 1 capital: regulatory adjustments		101,137	64,848
3		Total on-balance sheet exposures (excluding derivatives and SFTs)	(A)	11,233,231	11,126,537
Derivative exposures			(2)		
4		Replacement cost associated with all derivatives transactions		500,144	656,938
5		Add-on amounts for PFE associated with all derivatives transactions		1,303,547	1,144,044
				254,647	279,118
6		Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework		-	-
7		Deductions of receivables assets for cash variation margin provided in derivatives transactions)		125,683	149,476
8		Exempted CCP leg of client-cleared trade exposures			
9		Adjusted effective notional amount of written credit derivatives		1,964,204	2,200,308
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives		1,693,399	1,753,296
11	4	Total derivative exposures (sum of lines 4 to 10)	(B)	2,203,460	2,377,636
Securities financing transaction exposures			(3)		
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		6,792,105	6,531,364
13		Netted amounts of cash payables and cash receivables of gross SFT assets		1,335,036	1,569,600
14		CCR exposure for SFT assets		153,878	140,262
15		Agent transaction exposures			
16	5	Total securities financing transaction exposures (sum of lines 12 to 15)	(C)	5,610,947	5,102,026
Other off-balance sheet exposures			(4)		
17		Off-balance sheet exposure at gross notional amount		53,673	56,650
18		Adjustments for conversion to credit equivalent amounts		10,673	8,499
19	6	Off-balance sheet items	(D)	43,000	48,151
Capital and total exposures			(5)		
20		Tier 1 capital	(E)	1,131,194	1,117,436
21	8	Total exposures (A)+(B)+(C)+(D)	(F)	19,090,638	18,654,350
22		Basel III consolidated leverage ratio(E)/ (F)		5.92%	5.99%

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

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

Overview of main features of regulatory capital instruments

1	Issuer	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	Japanese Law
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group
7	Instrument type (types to be specified by each jurisdiction)	Common stock
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)	
	Consolidated Capital Adequacy Ratio	1,161,825 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)	
	Consolidated Capital Adequacy Ratio	209 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	244 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	228 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 recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	299 million Yen	291 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2009	November 9, 2009
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2029	June 19, 2019
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2010	Stock subscription right series 7
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	347 million Yen	291 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2010	September 1, 2010
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2030	June 25, 2020
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2011	Stock subscription right series 8
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	397 million Yen	304 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2011	September 5, 2011
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2031	June 24, 2021
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in February 2013	Stock subscription right series 9
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	448 million Yen	1,155 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 12, 2013	February 12, 2013
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2032	June 26, 2022
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in February 2014	Stock subscription right series 10
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	370 million Yen	839 million Yen
9	Par value of instrument	―	―
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 10, 2014	February 10, 2014
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2033	June 25, 2023
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	―	―
16	Subsequent call dates, if applicable	―	―
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	―	―
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	―	―
25	If convertible, fully or partially	―	―
26	If convertible, conversion rate	―	―
27	If convertible, mandatory or optional conversion	―	―
28	If convertible, specify instrument type convertible into	―	―
29	If convertible, specify issuer of instrument it converts into	―	―
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	―	―
32	If write-down, full or partial	―	―
33	If write-down, permanent or temporary	―	―
34	If temporary write-down, description of write-up mechanism	―	―
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	―	―

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in February 2015	Stock subscription right series 11
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	389 million Yen	501 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 9, 2015	February 9, 2015
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2034	June 25, 2024
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	—	—
16	Subsequent call dates, if applicable	—	—
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	—	—
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	—	—
25	If convertible, fully or partially	—	—
26	If convertible, conversion rate	—	—
27	If convertible, mandatory or optional conversion	—	—
28	If convertible, specify instrument type convertible into	—	—
29	If convertible, specify issuer of instrument it converts into	—	—
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	—	—
32	If write-down, full or partial	—	—
33	If write-down, permanent or temporary	—	—
34	If temporary write-down, description of write-up mechanism	—	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in February 2016	Stock subscription right series 12
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	385 million Yen	134 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	–	–

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 2017	Stock subscription right series 13
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	406 million Yen	34 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, 2017	February 8, 2017
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2036	June 27, 2026
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