

July 30, 2018

Daiwa Securities Group Inc.

Report Regarding Consolidated Capital Adequacy Ratio
And Consolidated Leverage Ratio
Situation of Soundness in Management as of March 31, 2018

In accordance with the Financial Instruments and Exchange Act Article 57-17, “Notification, etc. of Documents Describing Status of Soundness in Management”, Daiwa Securities Group Inc. reports the situation of soundness in management as of March 31, 2018.

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Key Metrics (at consolidated group level)

(Millions of yen , %)

Basel III template number		March 2018	December 2017	September 2017	June 2017	March 2017
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	1,142,340	1,142,707	1,134,487	1,140,227	1,131,194
2	Tier 1	1,142,340	1,142,707	1,134,487	1,140,227	1,131,194
3	Total capital	1,142,340	1,142,707	1,134,487	1,140,227	1,131,194
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	5,125,879	5,257,936	5,106,753	5,043,690	4,996,323
5	CET1 ratio (%)	22.28%	21.73%	22.21%	22.60%	22.64%
6	Tier 1 ratio (%)	22.28%	21.73%	22.21%	22.60%	22.64%
7	Total capital ratio (%)	22.28%	21.73%	22.21%	22.60%	22.64%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.87%	1.25%	1.25%	1.25%	1.25%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.37%	0.25%	0.25%	0.25%	0.25%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.25%	1.50%	1.50%	1.50%	1.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	14.28%	13.73%	14.21%	14.60%	14.64%
Leverage ratio						
13	Total leverage ratio exposure measure	20,358,038	20,987,142	19,524,574	18,979,308	19,090,638
14	Leverage ratio (%) including the impact of any applicable temporary exemption of central bank reserves	5.61%	5.44%	5.81%	6.00%	5.92%

Composition of Capital Disclosure

(Millions of yen , %)

Basel III template number	Items	Group Consolidated Quarter-End	Exclusion under transitional arrangements
Common Equity Tier 1 capital: Instruments and reserves (1)			
1a+2-1c-26	Shareholders' equity	1,185,256	
1a	Common stock and capital surplus	478,111	
2	Retained earnings	785,730	
1c	Treasury stock (Δ)	54,306	
26	Planned distributions (Δ)	24,279	
	Others	-	
1b	Stock subscription rights	8,790	
3	Accumulated other comprehensive income (and other reserves)	63,597	-
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)	1,257,644	
Common Equity Tier 1 capital: regulatory adjustments (2)			
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)	105,776	-
8	Goodwill (net of related tax liability)	11,170	-
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	94,605	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	580	-
11	Cash-flow hedge reserve	▲ 127	-
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)	428	-
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)	4,629	-
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	4,016	
28	Total regulatory adjustments to Common equity Tier 1 (b)	115,303	
Common Equity Tier 1 capital			
29	Common Equity Tier 1 capital (CET1) ((a) - (b)) (c)	1,142,340	

(Millions of yen, %)

Basel III template number	Items	Group Consolidated Quarter-End	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	-	
	Foreign currency translation adjustment	-	
36	Additional Tier 1 capital before regulatory adjustments (d)	-	
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)	769	-
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	-	
	Goodwill (net of related tax liability)	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	3,246	
43	Total regulatory adjustments to Additional Tier 1 capital (e)	4,016	
Additional Tier 1 capital			
44	Additional Tier 1 capital ((d) - (e)) (f)	-	
Tier 1 capital			
45	Tier 1 capital ((c) + (f)) (g)	1,142,340	
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	-	
	Capital instruments	-	
	Unrealized holding gain or loss on securities and cash flow hedge reserve	-	
51	Tier 2 capital before regulatory adjustments (h)	-	

(Millions of yen, %)

Basel III template number	Items	Group Consolidated Quarter-End	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)	3,246	-
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	-	-
	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
57	Total regulatory adjustments to Tier 2 capital (i)	3,246	-
Tier 2 capital			
58	Tier 2 capital ((h) - (i)) (j)	-	-
Total capital			
59	Total capital ((g) + (j)) (k)	1,142,340	-
Risk weighted assets (5)			
	Amount of risk weighted assets under transitional Basel III rules	-	-
	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)	-	-
	Intangible assets (other than goodwill)	-	-
	Deferred tax assets excluding assets arising from temporary differences (net of related tax liability)	-	-
60	Total risk weighted assets (l)	5,125,879	-
Consolidated capital adequacy ratio			
61	Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))	22.28%	-
62	Tier 1 (as a percentage of risk weighted assets) ((g) / (l))	22.28%	-
63	Total capital (as a percentage of risk weighted assets) ((k) / (l))	22.28%	-
Amounts below the thresholds for deduction (before risk weighting) (6)			
72	Non-significant investments in the capital of other financials	115,098	-
73	Significant investments in the common stock of financials	33,651	-
74	Mortgage servicing rights (net of related tax liability)	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	12,283	-
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 under the provision of Article 3 of the Consolidated Capital Adequacy Ratio Notification published by Japan FSA(hereunder the Notification).

Not applicable.

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

Number of consolidated subsidiaries: 59 companies

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 Capital Holdings	Integration and management of subsidiaries
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 Notification .

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(hereunder the 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 the Group

Not applicable.

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

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

<Stress Testing>

The Group uses the stress testing method to perform analysis on the impact to the soundness of the Group while in a stressed situation, validate the relevancy of plans from the angle of the economic capital and the regulatory capital as well as evaluate the capability of risk taking. The experts and relevant departments conduct discussions on analyzing both the inside and outside environments to make multiple scenarios for the stress test.

3. Overview of the risk characteristics, and the policies, procedures and organizations of the Group-wide risk management

The Group has introduced the Risk Appetite Framework (hereunder RAF) to strengthen risk governance from the management level.

Under the RAF, according to the liquidity and capital adequacy, the Group adopts appropriate risk appetite metrics and sets the acceptable level of risk, and keeps conducting management and monitoring them.

The Group has facilitated documentation of the risk appetite statement for this framework, also instilled the risk appetite in the Group and improved the level of business and risk management, as well as fostered a culture of risk management.

Based on the RAF, the Group's board has established "Risk Management Rules" to define the basic policies of risk management, which target risk types, as well as the officer or department in charge of each major risk. The basic policies are clarified as the following items:

- a. Active involvement of executives in risk management.
- b. Enhancement of risk management organization in accordance with each type of risk.
- c. Grasp of entire risk based on enterprise risk management, enhancement of capital adequacy and ensuring soundness related to liquidity.
- d. Clarification of risk management process.

Furthermore, in order to construct an effective risk governance structure, the Group has established guidelines for "The Three Lines of Defense" model and has developed a framework for risk management.

4. Credit risk

A). Overview of the risk characteristics and the policies, procedures and organizations of risk management

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

For counterparty credit risk, the Group assigns a credit limit to each counterparty group, and monitors regularly. Additionally, the Group measures the aggregated counterparty risk. 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 group. 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 a cumulative exposure amount and monitors regularly.

B). Overview of accounting allowance and write-off standards

In order to prepare for the loss from bad debts on loans and others, allowances are provided, based on the historical default rate for normal claims, and based on individually assessed amounts for doubtful and default loans.

The subsidiary bank classifies the normal claims by category, according to the "Practical Guidelines on Self-Assessment of Assets of Financial Institutions of Banks and Others and Impairment of Bankruptcy and Allowance for Allowance for Doubtful Accounts" (JICPA Bankruptcy Audit Special Committee Report No. 4 July 4, 2012), and records them on an expected loss ratio basis. For doubtful debts, the estimated amount of collateral disposal and the estimated amount of recoverable amount due to guarantees are deducted from the amount of claims, and the remaining amount is recognized as deemed necessary. For loans to bankrupt borrowers and real bankrupt obligors, the remaining amount is deducted from the amount of claims by deducting the expected disposal amount of collateral and the estimated recoverable amount due to guarantees. Based on the self-assessment criteria of assets, the sales department and credit examination department conducts assessments for all claims and assets.

C). Use of the External Credit Assessment Institutions (hereunder ECAIs) for determining the risk weight under the standardized approach

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

5. Overview of the risk characteristics and the policies, procedures and organization for the Credit Risk Mitigation (hereunder CRM) techniques (excluding credit risk mitigation-related derivative and repo-style transactions)

Collateral is used for the CRM techniques. Types of collateral 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 collateral taken are also subject to the monitoring.

6. Overview of the risk characteristics and the policies, procedures and organization for the counterparty credit risk management of derivative and repo-style transactions (including CRM-related transactions)

For derivative and repo-style 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.

Collateral is used for the CRM techniques. Types of collateral are generally cash or high liquid securities.

Received collateral is valued mark to market daily and monitored against exposures. In addition, balance by types of collateral is also subject to the monitoring.

For derivative and repo-style 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.

Upon the time when its 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.

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.

7. Securitization exposures

A). Overview of the risk characteristics and the policies, procedures and organization for risk management

The Group is involved in securitization transactions generally as an investor, and, accordingly, holds securitization products under investment and trading accounts. These securitization products include market risk, credit risk, as well as risks related to the assets, stratified/tranched structure and other. 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 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). List of special purpose entities (hereunder SPEs) where the Group acts as sponsor, indicating whether the Group consolidates the SPEs into its scope of regulatory consolidation, and affiliated entities that the Group manages or advises and that invest either in the securitization exposures that the Group has securitized or in SPEs that the Group sponsors

Not applicable.

D). List of entities to which the Group provides implicit support and the associated capital impact for each of them

Not applicable.

E). 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.

F). Names of ECAs used for securitizations and the type of securitization exposures for which each agency is used

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

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

G). Overview of the process for implementing the Basel Internal Assessment Approach if applicable

Not applicable.

8. Market risk

A). Overview of the risk characteristics and the policies, procedures and organization for the risk management

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 at the 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). Overview and the scope of application of Internal Model Approach (hereunder IMA)

The Group applies VaR that implies maximum loss anticipated at a specified confidence level and stress VaR that implies maximum loss anticipated at a specified confidence level in a given stress time frame under the IMA. 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.

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

	VaR	Stressed VaR
Holding period	10 business days	
Observation period	520 business days	260 business days (Stressed period)
Confidence level	99%	
Historical data updating frequency	Daily	
Historical data weighting	None	
Aggregation approach	By the historical simulation date	
Valuation approach	Basically use full valuation approach, but use sensitivity approach for specific products(ex. Over-the-counter derivatives)	
Methodology of simulating potential movements in risk factors	Use absolute return for general interest, and use relative return for equity of exchange interest	

IMA is applied to general market risk which includes Daiwa Securities Co. Ltd., overseas subsidiaries and Daiwa Next Bank, Ltd. (trading book).

9. 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.

10. Overview of the risk characteristics and the policies, procedures and organization for the exposure of the investments or equities subject to credit risk

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. These are subject to 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.

11. Interest rate risk

A). Overview of risk management policies and procedures

In the scope of market risk management, the Group calculates changes in Economic Value of Equity (hereunder EVE) and Net Interest Income (hereunder NII) to reflect the interest rate risk that arises from the non-trading transactions. The result is reported in the group's risk management meeting.

B). Overview of the method for measuring interest rate risk

For financial assets and financial liabilities owned by major subsidiaries and Daiwa Securities Group Inc., based on the shock scenario of interest rate fluctuation assuming certain stress every quarter, the Group computes changes in EVE and NII. In all financial assets and liabilities held by the Group, bonds and long-term debts are mainly subject to interest rate risk.

12. The amount of each account in the balance sheets as in published statements and the reference number in composition of capital disclosure

(Millions of 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	3,694,283	3,694,283
	Cash segregated as deposits	348,912	348,912
	Notes and accounts receivable-trade	19,479	19,479
18, 39, 54, 72, 73	Short-term investment securities	987,210	987,210
16, 18, 39, 54, 72, 73	Trading products	6,667,033	6,667,033
	Trading date accrual	-	-
18, 39, 54, 72, 73	Operational investment securities	115,332	115,332
	Allowance for investment loss	▲ 505	▲ 505
	Operating loans	1,442,939	1,442,939
	Work in process	479	479
	Margin transaction assets	262,963	262,963
	Loans secured by securities	6,496,752	6,496,752
	Advances paid	17,549	17,549
	Short-term loans receivable	388	388
	Accrued income	35,880	35,880
10, 75	Deferred tax assets	9,021	9,021
	Other current assets	390,020	390,020
	Allowance for doubtful accounts	▲ 244	▲ 244
	Total current assets	20,487,498	20,487,498
	Noncurrent assets		
	Property, plant and equipment	124,190	124,190
	Intangible assets	105,776	105,776
8	Goodwill	11,170	11,170
9	Others	94,605	94,605
	Investments and other assets	424,278	424,278
18, 39, 54, 72, 73	Investment securities	367,196	367,196
10, 75	Deferred tax assets	3,843	3,843
	Others	53,239	53,239
	Total noncurrent assets	654,245	654,245
	Total deferred charges	-	-
	Total assets	21,141,743	21,141,743

(Millions of 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	7,065	7,065
	Trading products	5,030,817	5,030,817
	Trading date accrual	407,184	407,184
	Margin transaction liabilities	71,344	71,344
	Loans payable secured by securities	5,775,897	5,775,897
	Deposits from banking business	3,388,444	3,388,444
	Deposits received	256,858	256,858
	Guarantee deposits received	420,039	420,039
	Short-term loans payable	1,091,771	1,091,771
	Commercial paper	105,000	105,000
	Current portion of bonds	261,494	261,494
	Income taxes payable	9,211	9,211
	Deferred tax liabilities	1,099	1,099
	Provision for bonuses	34,862	34,862
	Other current liabilities	175,115	175,115
	Noncurrent liabilities		
	Bonds payable	1,315,349	1,315,349
	Long-term loans payable	1,327,780	1,327,780
	Deferred tax liabilities	14,805	14,805
	Net defined benefit liabilities	41,758	41,758
	Provision for loss on litigation	24,485	24,485
	Negative goodwill	-	-
	Other noncurrent liabilities	6,889	6,889
	Reserves under the special laws	3,945	3,945
	Total liabilities	19,771,223	19,771,223
	Net assets		
	Shareholders' equity		
1a	Common stock	247,397	247,397
1a	Capital surplus	230,713	230,713
2	Retained earnings	785,730	785,730
1c	Treasury stock	▲ 54,310	▲ 54,310
1c	Advances on subscription of treasury stock	3	3
	Total shareholders' equity	1,209,535	1,209,535
	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	61,176	61,176
11	Deferred gains or losses on hedges	▲ 129	▲ 129
	Foreign currency translation adjustment	2,550	2,550
3	Total accumulated other comprehensive income	63,597	63,597
1b	Subscription rights to shares	8,790	8,790
34-35, 48-49	Minority interests	88,596	88,596
	Total net assets	1,370,520	1,370,520

13. Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Please refer to the comments under Quantitative Disclosure (Consolidated), 4. Other quantitative disclosure, LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements.

Quantitative Disclosure (Consolidated)

- List of the Group's subsidiaries applicable to "significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation", the capital of which is less than the capital requirement, as well as the total amount of deficit.

Not applicable.

- Credit risk (excluding counterparty credit risk and securitization)

A). Breakdown of exposures by geographical areas, industry and residual maturity

【March 2018】

(Millions of yen)

		Credit risk exposures			
			Loans	Securities	Others
	Japan	5,604,819	751,323	973,771	3,879,725
	Overseas	320,531	34,892	29,153	256,484
Total (by area)		5,925,350	786,216	1,002,924	4,136,210
	Sovereign	4,345,865	646,375	610,979	3,088,510
	Financial institutions	703,002	-	30,505	672,496
	Corporate	294,251	130,733	63,517	100,000
	Individuals	-	-	-	-
	CCPs	53	-	-	53
	Others	582,178	9,107	297,922	275,149
Total (by industry)		5,925,350	786,216	1,002,924	4,136,210
	< 1 year	274,135	95,953	125,563	52,618
	> 1 year ≤ 3 years	48,008	-	48,008	-
	> 3 years ≤ 5 years	121,696	-	121,696	-
	> 5 years ≤ 7 years	107,973	-	107,973	-
	> 7 years	265,900	-	265,900	-
	Indeterminate	5,107,635	690,262	333,781	4,083,591
Total (by maturity)		5,925,350	786,216	1,002,924	4,136,210

B). Amounts of impaired exposures (according to the definition used by the Group for accounting purposes) and related allowances and write-offs, broken down by geographical areas and industry (under the provision of Article 183 Paragraph 1(i)-(iv) of the Notification)

(Millions of yen)

Type of allowances	Geographic area	March 2018	Changes
General allowance		-	-
Specific allowance	Japan	493	▲ 12,885
	Overseas	205	37
Allowance to specific foreign obligations		-	-
Type of allowance	Industry	March 2018	Changes
General allowance		-	-
Specific allowance	Sovereign	-	-
	Financial Institutions	-	-
	Corporate	579	18
	Individuals	-	-
	Others	119	▲ 12,866
Allowance to specific foreign obligations		-	-

C). Aging analysis of accounting past-due exposures

(Millions of yen)

		Past due exposures				
		< 1month	≥ 1 month < 2 months	≥ 2 months < 3 months	≥ 3 months	
	Japan	92	1	10	-	80
	Overseas	531	132	3	-	395
Total (by area)		624	134	13	-	475
	Sovereign	-	-	-	-	-
	Financial institutions	-	-	-	-	-
	Corporate	624	134	13	-	475
	Individuals	-	-	-	-	-
	CCPs	-	-	-	-	-
	Others	-	-	-	-	-
Total (by industry)		624	134	13	-	475

D). Breakdown of restructured exposures between impaired and not impaired exposures

Not applicable.

3. Amount of exposure of which the risk weight cannot be directly determined due to multiple assets and transactions backed

(Millions of yen)

	Exposures
Total	717,507

4. Other quantitative disclosures

OV1: Overview of RWA

(Millions of yen)

Basel III template number		RWA		Minimum capital requirements	
		March 2018	March 2017	March 2018	March 2017
1	Credit risk (excluding counterparty credit risk) (CCR)	903,175		72,254	
2	Of which standardized approach (SA)	747,448		59,795	
3	Of which internal rating-based (IRB) approach	-		-	
	Of which significant investments	-		-	
	Of which exposures for estimated residual value of lease	-		-	
	Others	155,726		12,458	
4	Counterparty credit risk	1,261,575		100,926	
5	Of which standardized approach for counterparty credit risk (SA-CCR)	-		-	
	Of which current exposure method (CEM)	330,889		26,471	
6	Of which internal model method (IMM)	-		-	
	Of which credit valuation adjustment (CVA) risk	564,809		45,184	
	Of which exposures to central counterparties (CCPs)	27,929		2,234	
	Others	337,948		27,035	
7	Equity positions under market-based approach	-		-	
	Exposures backed by multiple assets and transactions	301,418		24,113	
	Exposures under Article 144 of the Notification	-		-	
11	Settlement risk	391		31	
12	Securitization exposures in banking book	138,181		11,054	
13	Of which IRB ratings-based approach (RBA)	-		-	
14	Of which IRB Supervisory Formula Approach (SFA)	-		-	
15	Of which SA/simplified supervisory formula approach (SSFA)	138,181		11,054	
	Of which 1250% risk weight applied	-		-	
16	Market risk	1,461,548		116,923	
17	Of which standardized approach (SA)	860,281		68,822	
18	Of which internal model approaches (IMM)	601,266		48,101	
19	Operational risk	1,028,878		82,310	
20	Of which Basic Indicator Approach	1,028,878		82,310	
21	Of which Standardized Approach	-		-	
22	Of which Advanced Measurement Approach	-		-	
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	30,709		2,456	
	Amounts included in risk weighted asset due to transitional arrangements	-		-	
24	Floor adjustment	-		-	
25	Total	5,125,879		410,070	

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

(Millions of yen)

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework ¹	Subject to counterparty credit risk framework	Subject to the securitization framework ²	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
1	Cash and deposits	3,694,283	3,694,273	-	-	218,385	-
2	Cash segregated as deposits	348,912	348,912	-	-	16,105	-
3	Notes and accounts receivable-trade	19,479	19,375	-	-	-	-
4	Short-term investment securities	987,210	957,191	-	18,096	424,477	-
5	Trading products	6,667,033	-	2,355,646	-	6,671,802	▲ 4,769
6	Trading date accrual	-	-	-	-	-	-
7	Operational investment securities	115,332	115,332	-	-	15,025	-
8	Allowance for investment loss	▲ 505	▲ 505	-	-	-	-
9	Operating loans	1,442,939	780,887	-	662,051	528,799	-
10	Work in process	479	479	-	-	-	-
11	Margin transaction assets	262,963	-	262,963	-	-	-
12	Loans secured by securities	6,496,752	-	7,235,571	-	2,937,968	-
13	Advances paid	17,549	17,548	-	-	102	-
14	Short-term loans receivable	388	388	-	-	81	-
15	Accrued income	35,880	34,990	-	-	20,297	-
16	Deferred tax assets	9,021	9,021	-	-	51	-
17	Other current assets	390,020	170,854	202,600	-	70,406	13,417
18	Allowance for doubtful accounts	▲ 244	▲ 133	-	-	-	-
19	Total current assets	20,487,498	6,148,616	10,056,782	680,147	10,903,498	8,647
20	Property, plant and equipment	124,190	-	-	-	3,408	120,782
21	Intangible assets	105,776	-	-	-	10,113	95,663
22	Goodwill	11,170	-	-	-	7,079	4,091
23	Others	94,605	-	-	-	3,034	91,571
24	Investments and other assets	424,278	424,355	-	-	53,601	-
25	Investment securities	367,196	367,196	-	-	25,414	-
26	Deferred tax assets	3,843	3,926	-	-	3,054	-
27	Others	53,239	53,232	-	-	25,133	-
28	Total noncurrent assets	654,245	424,355	-	-	67,122	216,445
29	Total deferred assets	-	-	-	-	-	-
30	Total assets	21,141,743	6,572,972	10,056,782	680,147	10,970,620	225,093

1 Amount of "Subject to credit risk framework" excludes amounts of "Subject to counterparty credit risk framework" and "Subject to the securitization framework".

2 Amount of "Subject to the securitization framework" excludes amount of "Subject to the market risk framework".

(Millions of yen)

		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
				Subject to credit risk framework ¹	Subject to counterparty credit risk framework	Subject to the securitization framework ²	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	Liabilities							
31	Notes and accounts payable-trade	7,065	-	-	-	-	-	7,065
32	Trading products	5,030,817	-	2,117,532	-	5,007,437	-	-
33	Trading date accrual	407,184	803	18,808	-	13,909	387,572	-
34	Margin transaction liabilities	71,344	-	71,344	-	-	-	-
35	Loans payable secured by securities	5,775,897	-	6,514,876	-	4,187,775	-	-
36	Deposits from banking business	3,388,444	-	-	-	300,540	3,087,904	-
37	Deposits received	256,858	-	-	-	43,673	213,185	-
38	Guarantee deposits received	420,039	-	-	-	3,293	416,746	-
39	Short-term loans payable	1,091,771	-	-	-	58,275	1,033,496	-
40	Commercial paper	105,000	-	-	-	-	105,000	-
41	Current portion of bonds	261,494	-	-	-	-	261,494	-
42	Income taxes payable	9,211	-	-	-	-	9,211	-
43	Deferred tax liabilities	1,099	-	-	-	-	1,099	-
44	Provision for bonuses	34,862	-	-	-	11,515	23,347	-
45	Other current liabilities	175,115	805	16,180	-	98,125	158,002	-
46	Bonds payable	1,315,349	-	-	-	42,187	1,273,162	-
47	Long-term loans payable	1,327,780	-	-	-	-	1,327,780	-
48	Deferred tax liabilities	14,805	-	-	-	-	14,805	-
49	Net defined benefit liabilities	41,758	-	-	-	-	41,758	-
50	Provision for loss on litigation	24,485	-	-	-	22,517	1,968	-
51	Negative goodwill	-	-	-	-	-	-	-
52	Other noncurrent liabilities	6,889	-	-	-	991	5,898	-
53	Reserves under the special laws	3,945	-	-	-	-	3,945	-
54	Total liabilities	19,771,223	1,608	8,738,742	-	9,790,238	8,373,447	-

¹ Amount of "Subject to credit risk framework" excludes amounts of "Subject to counterparty credit risk framework" and "Subject to the securitization framework".

² Amount of "Subject to the securitization framework" excludes amount of "Subject to the market risk framework".

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

(Millions of yen)

		Total	Items subject to:			
			Credit risk framework ¹	Counterparty credit risk framework ²	Securitization framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	21,141,743	6,572,972	10,056,782	680,147	10,970,620
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	19,771,223	1,608	8,738,742	-	9,790,238
3	Total net amount under regulatory scope of consolidation	1,370,520	6,571,363	1,318,039	680,147	1,180,382
4	Off-balance sheet amounts	167,569	15,945	151,623	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to application of CEM	2,966,663	-	2,966,663	-	-
10	Differences due to netting and CRM for SFTs	14,133,866	-	14,133,866	-	-
11	Other differences	2,637,038	226,657	▲ 180,850	▲ 10,760	-
12	Exposure amounts considered for regulatory purposes	14,009,083	6,706,867	2,440,750	690,908	1,180,382

¹ Amount of "Subject to credit risk framework" excludes amounts of "Subject to counterparty credit risk framework" and "Subject to securitization framework".

² Amount of "Subject to securitization framework" excludes amount of "Subject to market risk framework".

(Note) Differences are mainly due to the following:

- Exposure of derivatives in the trading book is included in both counterparty credit risk and market risk after netting under certain conditions.
- Exposure of SFT assets is computed after netting with SFT liabilities under certain conditions.
- Some off-balance sheet items are included in credit risk.

CR1: Credit quality of assets

(Millions of yen)

		Gross carrying values of		Allowances/ impairments	Net values ¹
		Defaulted exposures	Non- defaulted exposures		
On-balance sheet assets					
1	Loans	-	786,264	48	786,216
2	Debt Securities	-	705,002	-	705,002
3	Other on-balance sheet assets (debt products)	475	3,790,742	1,710	3,789,507
4	Sub-total on-balance sheet assets (1+2+3)	475	5,282,009	1,758	5,280,726
Off-balance sheet assets					
5	Acceptances and guarantees	-	7,691	-	7,691
6	Commitments	-	25,574	-	25,574
7	Sub-total off-balance sheet assets (5+6)	-	33,266	-	33,266
Total					
8	Total (4+7)	475	5,315,276	1,758	5,313,993

¹ "Net values" = "Gross carrying values of defaulted exposures" + "Non-defaulted exposures" - "Allowances/impairments"

CR3: Credit risk mitigation techniques – overview

(Millions of yen)

		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by credit derivatives, of which: secured amount
2	Debt securities	705,002	-	-	-	-
3	Other on-balance sheet assets (debt products)	3,789,508	-	-	-	-
4	Total (1+2+3)	5,230,534	50,192	50,192	-	-
5	Of which defaulted	475	-	-	-	-

CR4: Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

(Millions of yen , %)

	Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	-	-	-	-	-	-
2	Japanese government and central bank	3,807,879	-	3,807,879	-	-	-
3	Non-Japanese sovereign and central bank	195,853	-	195,853	-	59	0.03%
4	Bank for International Settlements (BIS)	-	-	-	-	-	-
5	Japanese local public authorities	35,059	-	35,059	-	-	-
6	Non-Japanese public sector entities (excluding sovereign)	2,409	-	2,409	-	541	22.46%
7	Multilateral Development Banks (MDBs)	10,910	-	10,910	-	-	-
8	Japan Finance Organization for Municipalities (JFM)	28,127	-	28,127	-	5,618	19.97%
9	Japanese government-sponsored entities	265,616	-	265,616	-	29,801	11.22%
10	Three major local public corporations of Japan	8	-	8	-	1	12.50%
11	Financial institutions and securities firms	702,983	19,011	702,983	3,802	152,310	21.55%
12	Corporates	281,613	1,847	231,421	1,847	191,892	82.26%
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-	-
15	Projects including acquisition of real estate properties	9,176	12,410	9,176	8,261	17,437	100.00%
16	Past due exposures for three months or more(excluding residential mortgage loans)	475	-	475	-	713	150.11%
17	Past due exposures for three months or more(residential mortgage loans related)	-	-	-	-	-	-
18	Cash items in process of collection	-	-	-	-	-	-
19	Exposures secured by Credit Guarantee Association in Japan	-	-	-	-	-	-
20	Exposures secured by Enterprise Turnaround Initiative Corporation of Japan	-	-	-	-	-	-
21	Equities (excluding significant investments)	298,609	-	298,609	-	349,071	116.90%
22	Total	5,638,722	33,269	5,588,530	13,910	747,448	13.34%

CR5: Standardized approach – exposures by asset classes and risk weights

(Millions of yen)

	Risk weight	Credit risk exposures (post-CCF and post-CRM)					
		0%	10%	20%	35%	50%	75%
Asset classes							
1	Cash	-	-	-	-	-	-
2	Japanese government and central bank	3,807,879	-	-	-	-	-
3	Non-Japanese sovereign and central bank	195,735	-	1	-	113	-
4	Bank for International Settlements (BIS)	-	-	-	-	-	-
5	Japanese local public authorities	35,059	-	-	-	-	-
6	Non-Japanese public sector entities (excluding sovereign)	-	-	2,334	-	-	-
7	Multilateral Development Banks (MDBs)	10,910	-	-	-	-	-
8	Japan Finance Organization for Municipalities (JFM)	-	72	28,054	-	-	-
9	Japanese government-sponsored entities	-	233,218	32,398	-	-	-
10	Three major local public corporations of Japan	-	-	8	-	-	-
11	Financial institutions and securities firms	-	-	676,781	-	26,100	-
12	Corporates	-	-	36,620	-	24,158	-
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-	-
15	Projects including acquisition of real estate properties	-	-	-	-	-	-
16	Past due exposures for three months or more(excluding residential mortgage loans)	-	-	-	-	-	-
17	Past due exposures for three months or more(residential mortgage loans related)	-	-	-	-	-	-
18	Cash items in process of collection	-	-	-	-	-	-
19	Exposures secured by Credit Guarantee Association in Japan	-	-	-	-	-	-
20	Exposures secured by Enterprise Turnaround Initiative Corporation of Japan	-	-	-	-	-	-
21	Equities (excluding significant investments)	-	-	-	-	-	-
22	Total	4,049,584	233,291	776,198	-	50,373	-

(Millions of yen)

	Asset classes	Credit risk exposures (post-CCF and post-CRM)				
		Risk weight	100%	150%	250%	1250%
1	Cash	-	-	-	-	-
2	Japanese government and central bank	-	-	-	-	3,807,879
3	Non-Japanese sovereign and central bank	2	-	-	-	195,853
4	Bank for International Settlements (BIS)	-	-	-	-	-
5	Japanese local public authorities	-	-	-	-	35,059
6	Non-Japanese public sector entities (excluding sovereign)	74	-	-	-	2,409
7	Multilateral Development Banks (MDBs)	-	-	-	-	10,910
8	Japan Finance Organization for Municipalities (JFM)	-	-	-	-	28,127
9	Japanese government-sponsored entities	-	-	-	-	265,616
10	Three major local public corporations of Japan	-	-	-	-	8
11	Financial institutions and securities firms	3,903	-	-	-	706,785
12	Corporates	172,489	-	-	-	233,268
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-
15	Projects including acquisition of real estate properties	17,437	-	-	-	17,437
16	Past due exposures for three months or more(excluding residential mortgage loans)	-	475	-	-	475
17	Past due exposures for three months or more(residential mortgage loans related)	-	-	-	-	-
18	Cash items in process of collection	-	-	-	-	-
19	Exposures secured by Credit Guarantee Association in Japan	-	-	-	-	-
20	Exposures secured by Enterprise Turnaround Initiative Corporation of Japan	-	-	-	-	-
21	Equities (excluding significant investments)	264,967	-	33,641	-	298,609
22	Total	458,875	475	33,641	-	5,602,441

CCR1 : Analysis of counterparty credit risk (CCR) exposure by approach

(Millions of yen)

		Replacement cost	Add-on	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	-	-		1.4	-	-
	CEM (for derivatives)	480,436	664,416			857,287	330,889
2	Internal Model Method (for derivatives and SFTs)			-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)					583,366	337,948
5	VaR for SFTs					-	-
6	Total						668,837

CCR2 : Credit valuation adjustment (CVA) capital charge

(Millions of yen)

		EAD post-CRM	RWA
1	Total portfolios subject to the Advanced CVA capital charge	-	-
2	(i) VaR component (including the 3×multiplier)	-	-
3	(ii) Stressed VaR component (including the 3×multiplier)	-	-
4	All portfolios subject to the Standardized CVA capital charge	750,831	564,809
5	Total subject to the CVA capital charge	750,831	564,809

CCR3 : Standardized approach – CCR exposures by regulatory portfolio and risk

(Millions of yen)

	Regulatory portfolio	EAD (post-CRM)			
		Risk weight	0%	10%	20%
1	Japanese government and central bank		1,948	-	-
2	Non-Japanese sovereign and central bank		1,564	-	-
3	Bank for International Settlements (BIS)		3,606	-	-
4	Japanese local public authorities		-	-	-
5	Non-Japanese public sector entities (excluding sovereign)		-	-	48,987
6	Multilateral Development Banks (MDBs)		5,183	-	-
7	Japan Finance Organization for Municipalities (JFM)		-	6,700	-
8	Japanese government-sponsored entities		-	5,897	-
9	Three major local public corporations of Japan		-	-	-
10	Financial institutions and securities firms		-	-	866,713
11	Corporates		-	-	8,393
12	SMEs and individuals (risk weight 75% applied)		-	-	-
13	Other assets		-	-	-
14	Total		12,303	12,597	924,094

(Millions of yen)

	Regulatory portfolio	EAD (post-CRM)			
		Risk weight	50%	75%	100%
1	Japanese government and central bank		-	-	-
2	Non-Japanese sovereign and central bank		-	-	-
3	Bank for International Settlements (BIS)		-	-	-
4	Japanese local public authorities		-	-	-
5	Non-Japanese public sector entities (excluding sovereign)		524	-	-
6	Multilateral Development Banks (MDBs)		-	-	-
7	Japan Finance Organization for Municipalities (JFM)		-	-	-
8	Japanese government-sponsored entities		-	-	-
9	Three major local public corporations of Japan		-	-	-
10	Financial institutions and securities firms		198	-	-
11	Corporates		17,074	-	473,860
12	SMEs and individuals (risk weight 75% applied)		-	-	-
13	Other assets		-	-	-
14	Total		17,796	-	473,860

(Millions of yen)

	Regulatory portfolio	Risk weight	EAD (post-CRM)		
			150%	Others	Total credit exposure
1	Japanese government and central bank	-	-	1,948	
2	Non-Japanese sovereign and central bank	-	-	1,564	
3	Bank for International Settlements (BIS)	-	-	3,606	
4	Japanese local public authorities	-	-	-	
5	Non-Japanese public sector entities (excluding sovereign)	-	-	49,512	
6	Multilateral Development Banks (MDBs)	-	-	5,183	
7	Japan Finance Organization for Municipalities (JFM)	-	-	6,700	
8	Japanese government-sponsored entities	-	-	5,897	
9	Three major local public corporations of Japan	-	-	-	
10	Financial institutions and securities firms	-	-	866,911	
11	Corporates	-	-	499,328	
12	SMEs and individuals (risk weight 75% applied)	-	-	-	
13	Other assets	-	-	-	
14	Total	-	-	1,440,653	

CCR5: Composition of collateral for CCR exposure

(Millions of yen)

		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash - domestic currency	13,275	170,599	35,054	204,316	2,289,853	3,796,491
2	Cash - other currencies	67,469	30,294	-	18,210	4,361,124	3,706,506
3	Domestic sovereign debt	10	19,175	-	7,372	2,489,471	2,074,812
4	Other sovereign debt	598	-	-	-	3,380,530	3,194,129
5	Government agency debt	3,490	-	-	-	793,573	1,166,549
6	Corporate bonds	29,081	-	-	-	44,531	183,627
7	Equity securities	16,030	-	53,507	26	775,906	449,301
8	Other collateral	3,583	-	-	-	12,309	110,428
9	Total	133,535	220,068	88,562	229,925	14,147,298	14,681,844

CCR6: Credit derivatives exposures

(Millions of yen)

		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	709,819	893,030
2	Index credit default swaps	724,289	658,238
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	-	-
6	Total notionals	1,434,109	1,551,269
	Fair values		
7	Positive fair value (asset)	517	20,381
8	Negative fair value (liability)	▲ 19,078	▲ 1,781

CCR8: Exposures to central counterparties

(Millions of yen)

		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)		27,929
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	819,245	16,384
3	(i) OTC derivatives	562,055	11,241
4	(ii) Exchange-traded derivatives	112,763	2,255
5	(iii) Securities financing transactions	144,426	2,888
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	93,861	
8	Non-segregated initial margin	48,552	845
9	Pre-funded default fund contributions	38,435	10,698
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

SEC1 : Securitization exposures in the banking book

(Millions of yen)

	Type of underlying assets	Group acts as originator		
		Traditional	Synthetic	Sub-total
1	Retail (total) - of which	-	-	-
2	residential mortgage	-	-	-
3	credit card	-	-	-
4	other retail exposures	-	-	-
5	re-securitization	-	-	-
6	Wholesale (total) - of which	-	-	-
7	loans to corporates	-	-	-
8	commercial mortgage	-	-	-
9	lease and receivables	-	-	-
10	other wholesale	-	-	-
11	re-securitization	-	-	-

	Type of underlying assets	Group acts as sponsor		
		Traditional	Synthetic	Sub-total
1	Retail (total) - of which	-	-	-
2	residential mortgage	-	-	-
3	credit card	-	-	-
4	other retail exposures	-	-	-
5	re-securitization	-	-	-
6	Wholesale (total) - of which	-	-	-
7	loans to corporates	-	-	-
8	commercial mortgage	-	-	-
9	lease and receivables	-	-	-
10	other wholesale	-	-	-
11	re-securitization	-	-	-

	Type of underlying assets	Group acts as investor		
		Traditional	Synthetic	Sub-total
1	Retail (total) - of which	121,027	-	121,027
2	residential mortgage	59,695	-	59,695
3	credit card	550	-	550
4	other retail exposures	60,781	-	60,781
5	re-securitization	-	-	-
6	Wholesale (total) - of which	569,881	-	569,881
7	loans to corporates	-	-	-
8	commercial mortgage	-	-	-
9	lease and receivables	1,526	-	1,526
10	other wholesale	568,355	-	568,355
11	re-securitization	-	-	-

SEC2: Securitization exposures in the trading book

(Millions of yen)

	Type of underlying assets	Group acts as originator		
		Traditional	Synthetic	Sub-total
1	Retail (total) - of which	-	-	-
2	residential mortgage	-	-	-
3	credit card	-	-	-
4	other retail exposures	-	-	-
5	re-securitization	-	-	-
6	Wholesale (total) - of which	2,285	-	2,285
7	loans to corporates	2,285	-	2,285
8	commercial mortgage	-	-	-
9	lease and receivables	-	-	-
10	other wholesale	-	-	-
11	re-securitization	-	-	-

	Type of underlying assets	Group acts as sponsor		
		Traditional	Synthetic	Sub-total
1	Retail (total) - of which	-	-	-
2	residential mortgage	-	-	-
3	credit card	-	-	-
4	other retail exposures	-	-	-
5	re-securitization	-	-	-
6	Wholesale (total) - of which	-	-	-
7	loans to corporates	-	-	-
8	commercial mortgage	-	-	-
9	lease and receivables	-	-	-
10	other wholesale	-	-	-
11	re-securitization	-	-	-

	Type of underlying assets	Group acts as investor		
		Traditional	Synthetic	Sub-total
1	Retail (total) - of which	228	-	228
2	residential mortgage	228	-	228
3	credit card	-	-	-
4	other retail exposures	-	-	-
5	re-securitization	-	-	-
6	Wholesale (total) - of which	-	-	-
7	loans to corporates	-	-	-
8	commercial mortgage	-	-	-
9	lease and receivables	-	-	-
10	other wholesale	-	-	-
11	re-securitization	-	-	-

SEC3: Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor

Not applicable.

SEC4: Securitization exposures in the banking book and associated capital requirements – bank acting as investor

(Millions of yen)

		Total exposures				
		Traditional securitization	Of which securitization			Of which wholesale
			Of which retail underlying			
Exposure values (by RW bands)						
1	≤20% RW	690,908	690,908	690,908	121,027	569,881
2	>20% to 50% RW	-	-	-	-	-
3	>50% to 100% RW	-	-	-	-	-
4	>100% to <1250% RW	-	-	-	-	-
5	1250% RW	-	-	-	-	-
Exposure values (by regulatory approach)						
6	IRB RBA (including IAA)	-	-	-	-	-
7	IRB SFA	-	-	-	-	-
8	SA/SSFA	690,908	690,908	690,908	121,027	569,881
9	1250%	-	-	-	-	-
RWA (by regulatory approach)						
10	IRB RBA (including IAA)	-	-	-	-	-
11	IRB SFA	-	-	-	-	-
12	SA/SSFA	138,181	138,181	138,181	24,205	113,976
13	1250%	-	-	-	-	-
Capital charge after cap						
14	IRB RBA (including IAA)	-	-	-	-	-
15	IRB SFA	-	-	-	-	-
16	SA/SSFA	11,054	11,054	11,054	1,936	9,118
17	1250%	-	-	-	-	-

(Millions of yen)

		Total exposures				
		Traditional securitization			Synthetic securitization	Of which securitization
		Of which re-securitization	Of which senior	Of which non-senior		
Exposure values (by RW bands)						
1	≤20% RW	-	-	-	-	-
2	>20% to 50% RW	-	-	-	-	-
3	>50% to 100% RW	-	-	-	-	-
4	>100% to <1250% RW	-	-	-	-	-
5	1250% RW	-	-	-	-	-
Exposure values(by regulatory approach)						
6	IRB RBA (including IAA)	-	-	-	-	-
7	IRB SFA	-	-	-	-	-
8	SA/SSFA	-	-	-	-	-
9	1250%	-	-	-	-	-
RWA(by regulatory approach)						
10	IRB RBA (including IAA)	-	-	-	-	-
11	IRB SFA	-	-	-	-	-
12	SA/SSFA	-	-	-	-	-
13	1250%	-	-	-	-	-
Capital charge after cap						
14	IRB RBA (including IAA)	-	-	-	-	-
15	IRB SFA	-	-	-	-	-
16	SA/SSFA	-	-	-	-	-
17	1250%	-	-	-	-	-

(Millions of yen)

		Total exposures				
		Synthetic securitization				
		Of which securitization		Of which re- securitization	Of which senior	Of which non-senior
		Of which retail	Of which wholesale			
Exposure values (by RW bands)						
1	≤20% RW	-	-	-	-	-
2	>20% to 50% RW	-	-	-	-	-
3	>50% to 100% RW	-	-	-	-	-
4	>100% to <1250% RW	-	-	-	-	-
5	1250% RW	-	-	-	-	-
Exposure values (by regulatory approach)						
6	IRB RBA (including IAA)	-	-	-	-	-
7	IRB SFA	-	-	-	-	-
8	SA/SSFA	-	-	-	-	-
9	1250%	-	-	-	-	-
RWA (by regulatory approach)						
10	IRB RBA (including IAA)	-	-	-	-	-
11	IRB SFA	-	-	-	-	-
12	SA/SSFA	-	-	-	-	-
13	1250%	-	-	-	-	-
Capital charge after cap						
14	IRB RBA (including IAA)	-	-	-	-	-
15	IRB SFA	-	-	-	-	-
16	SA/SSFA	-	-	-	-	-
17	1250%	-	-	-	-	-

MR1 : Market risk under standardized approach

(Millions of yen)

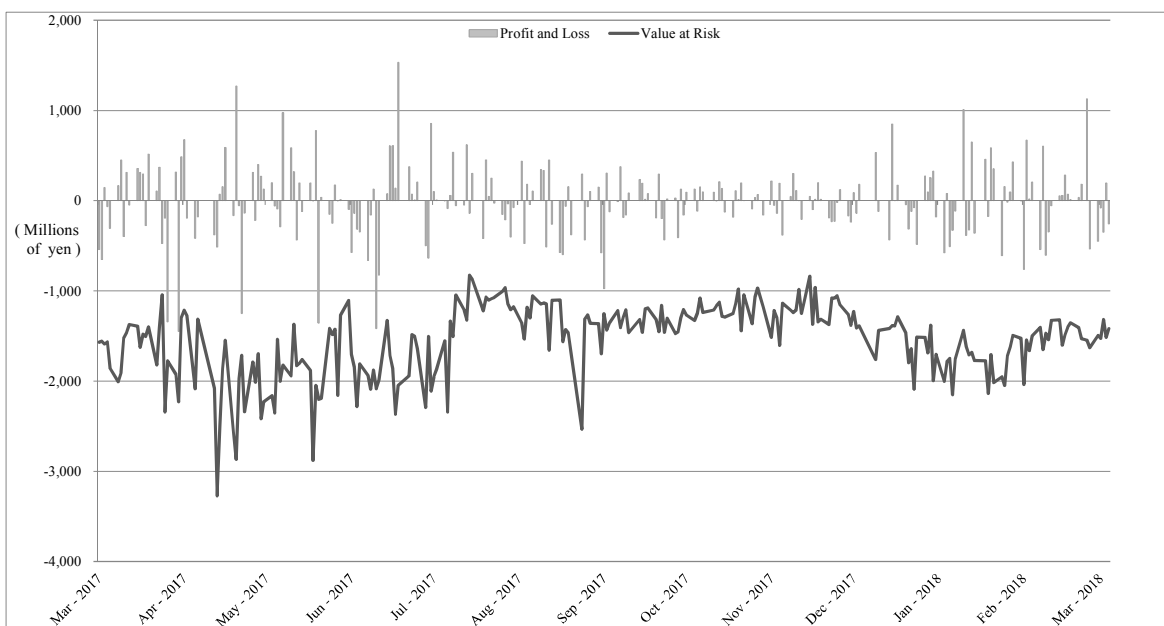
		RWA
1	Interest rate risk (general and specific)	195,739
2	Equity risk (general and specific)	587,857
3	Foreign exchange risk	51,666
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitization	25,017
9	Total	860,281

MR3 : IMA values for trading portfolios

(Millions of yen)

	VaR (10 day 99%) –	
1	Maximum value	11,018
2	Average value	4,782
3	Minimum value	1,546
4	Period end	2,574
	Stressed VaR (10 day 99%)	
5	Maximum value	21,025
6	Average value	9,448
7	Minimum value	3,930
8	Period end	8,542
	Incremental Risk Charge (99.9%)	
9	Maximum value	-
10	Average value	-
11	Minimum value	-
12	Period end	-
	Comprehensive Risk capital charge (99.9%)	
13	Maximum value	-
14	Average value	-
15	Minimum value	-
16	Period end	-
17	Floor (standardized measurement method)	-

MR4: Comparison of VaR estimates with gains/losses



IRRBB1 : Quantitative information on IRRBB

(Millions of yen)

		Δ EVE	
		March 2018	March 2017
1	Parallel up	4,288	
2	Parallel down	30,982	
3	Steepener	11,995	
4	Flattener	520	
5	Short rate up	1,563	
6	Short rate down	28,576	
7	Maximum	30,982	
		March 2018	March 2017
8	Tier 1 capital	1,142,340	

Δ NI is not disclosed because there is only minimal impact from the changes in net income subject to the interest rate risk which occurs from the non-trading business.

Consolidated Leverage Ratio

1. Composition of consolidated leverage ratio

(Millions of yen)

Basel III template number (2)	Basel III template number (1)	Items	March 2018	March 2017
On-balance sheet exposures			(1)	
1		On-balance sheet items before adjustments	11,659,677	11,334,368
1a	1	Total assets in the consolidated balance sheet	21,141,743	19,827,296
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	9,482,066	8,492,928
2	7	Common Equity Tier 1 capital: regulatory adjustments	115,303	101,137
3		Total on-balance sheet exposures (excluding derivatives and SFTs) (A)	11,544,374	11,233,231
Derivative exposures			(2)	
4		Replacement cost associated with all derivatives transactions	432,448	500,144
5		Add-on amounts for PFE associated with all derivatives transactions	1,310,291	1,303,547
		Gross-up for collateral posted in derivative transactions	264,892	254,647
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	118,441	125,683
8		Exempted CCP leg of client-cleared trade exposures		
9		Adjusted effective notional amount of written credit derivatives	1,551,276	1,964,204
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives	1,253,152	1,693,399
11	4	Total derivative exposures (sum of lines 4 to 10) (B)	2,187,314	2,203,460
Securities financing transaction exposures			(3)	
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	7,517,198	6,792,105
13		Netted amounts of cash payables and cash receivables of gross SFT assets	1,156,495	1,335,036
14		CCR exposure for SFT assets	211,873	153,878
15		Agent transaction exposures		
16	5	Total securities financing transaction exposures (sum of lines 12 to 15) (C)	6,572,576	5,610,947
Other off-balance sheet exposures			(4)	
17		Off-balance sheet exposure at gross notional amount	80,259	53,673
18		Adjustments for conversion to credit equivalent amounts	26,485	10,673
19	6	Off-balance sheet items (D)	53,774	43,000
Capital and total exposures			(5)	
20		Tier 1 capital (E)	1,142,340	1,131,194
21	8	Total exposures (A)+(B)+(C)+(D) (F)	20,358,038	19,090,638
22		Basel III consolidated leverage ratio(E)/ (F)	5.61%	5.92%

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

There is no significant difference in the consolidated leverage ratio over the 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	1,185,256 million Yen
9	Par value of instrument	—
10	Accounting classification	
	Consolidated balance sheets	Shareholders' equity
11	Original date of issuance	—
12	Perpetual or dated	NA
13	Original maturity date	—
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	—
16	Subsequent call dates, if applicable	—
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	—
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	—
25	If convertible, fully or partially	—
26	If convertible, conversion rate	—
27	If convertible, mandatory or optional conversion	—
28	If convertible, specify instrument type convertible into	—
29	If convertible, specify issuer of instrument it converts into	—
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	—
32	If write-down, full or partial	—
33	If write-down, permanent or temporary	—
34	If temporary write-down, description of write-up mechanism	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	—

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Japanese Law	Japanese Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2006	Stock subscription right issued in July 2007
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	182 million Yen	228 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2006	July 1, 2007
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2026	June 30, 2027
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	213 million Yen	632 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	283 million Yen	249 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	331 million Yen	243 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	390 million Yen	245 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	445 million Yen	1,004 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	368 million Yen	1,105 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 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	384 million Yen	733 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	383 million Yen	249 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 16, 2016	February 16, 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	404 million Yen	240 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	—	—

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 2018	Stock subscription right series 14
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	435 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, 2018	February 8, 2018
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2037	June 27, 2027
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