February 28, 2014

Daiwa Securities Group Inc.

Report Regarding Situation of Soundness in Management as of December 31, 2013

In accordance with the Financial Instruments and the Exchange Act Article 57-17, “Notification, etc. of Documents Describing Status of Soundness in Management”, Daiwa Securities Group Inc. reports situation of soundness in management as of December 31, 2013.

(Unit : 1 Million Yen)

	December 2013
1. Consolidated Total Capital Ratio	21.9 ％
2. Consolidated Tier 1 Capital Ratio	20.7 ％
3. Consolidated Common Equity Tier 1 Capital Ratio	20.4 ％
4. Total Qualifying Capital	1,113,781
5. Tier 1 Capital	1,052,979
6. Common Equity Tier1	1,033,563
7. Total Capital Requirements	405,154

8. Composition of capital disclosure

(Unit: 1 Million Yen, %)

Items			Exclusion under transitional arrangements	Basel Ⅲ template number
Common Equity Tier 1 capital:instruments and reserves				
Shareholder's Equity		955,306		1a+2-1c-26
	Common stock and capital surplus	478,118		1a
	Retained earnings	495,191		2
	Treasury stock (△)	18,003		1c
	Planned distributions (△)	-		26
	Others	-		
Stock subscription rights		6,800		1b
Accumulated other comprehensive income (and other reserves)		-	105,087	3
Minority interest after adjustments		-		5
Common Equity Tier 1 capital under transitional Basel Ⅲ rules		71,456		
	Minority interest	71,456		
Common Equity Tier 1 capital before regulatory adjustments (a)		1,033,563		6
Common Equity Tier 1 capital: regulatory adjustments				
Intangible assets other than mortgage-servicing rights (net of related tax liability)		-	81,086	8+9
	Goodwill (net of related tax liability)	-	12,718	8
	Other intangibles other than mortgage-servicing rights(net of related tax liability)	-	68,368	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		-	5,000	10
Cash-flow hedge reserve		-	△27	11
Shortfall of allowance to expected losses		-	-	12
Securitization gain on sale (as set out in paragraph 562 of Basel II framework)		-	-	13
Gains and losses due to changes in own credit risk on fair valued liabilities		-	-	14
Defined-benefit pension fund net assets		-	-	15
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		-	210	16
Reciprocal cross-holdings in common equity		-	-	17
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)		-	29,849	18
Amount exceeding the 10% threshold		-	-	19+20+21
	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)	-	-	19
	Mortgage servicing rights (amount above 10% threshold)	-	-	20
	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	21
Amount exceeding the 15% threshold		-	-	22
	of which: significant investments in the common stock of financials	-	-	23
	of which: mortgage servicing rights	-	-	24
	of which: deferred tax assets arising from temporary differences	-	-	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		-		27
Total regulatory adjustments to Common equity Tier 1 (b)		-		28
Common Equity Tier 1 capital				
Common Equity Tier 1 capital (CET1) ((a) - (b)) (c)		1,033,563		29

(Unit: 1 Million Yen, %)

Items			Exclusion under transitional arrangements	Basel Ⅲ template number	
Additional Tier 1 capital:instruments					
Shareholder's Equity		-		31a	30
Stock subscription rights		-		31b	30
Liabilities		-		32	30
Instruments issued by Special Purpose Companies		-			30
Minority interest after adjustments		11,898		34-35	
Tier 1 capital under Basel II included in Additional Tier 1 capital under transitional Basel Ⅲ rules		-		33+35	
	Capital instruments issued by Daiwa Securities Group Inc. and its Special Purpose Companies	-		33	
	Capital instruments issued by consolidated subsidiaries and affiliates (excluding Special Purpose Companies of Daiwa Securities Group Inc.)	-		35	
Additional Tier 1 capital under transitional Basel Ⅲ rules		20,235			
	Minority interest	-			
	Foreign currency translation adjustment	20,235			
Additional Tier 1 capital before regulatory adjustments (d)		32,134		36	
Additional Tier 1 capital: regulatory adjustments					
Investments in own Additional Tier 1 instruments		-	-	37	
Reciprocal cross-holdings in Additional Tier 1 instruments		-	-	38	
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)		-	4,496	39	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		-	1	40	
Regulatory adjustments of additional Tier 1 capital under transitional Basel Ⅲ rules		12,718			
	Goodwill (net of related tax liability)	12,718			
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-		42	
Total regulatory adjustments to Additional Tier 1 capital (e)		12,718		43	
Additional Tier 1 capital					
Additional Tier 1 capital (AT1) ((d) - (e)) (f)		19,416		44	
Tier 1 capital					
Tier 1 capital (T1 = CET1 + AT1) ((c) + (f)) (g)		1,052,979		45	
Tier 2 capital: instruments and allowance					
Shareholder's Equity		-		46	
Stock subscription rights		-		46	
Liabilities		-		46	
Capital instruments issued by Special Purpose Companies		-		46	
Minority interest after adjustments		2,799		48-49	
Tier 2 capital under Basel II included in Tier 2 capital under transitional Basel Ⅲ rules		-	-	47+49	
	Capital instruments issued by Daiwa Securities Group Inc. and its Special Purpose Companies	-	-	47	
	Capital instruments issued by consolidated subsidiaries and affiliates (excluding Special Purpose Companies of Daiwa Securities Group Inc.)	-	-	49	
General allowance included and eligible allowance in Tier2 capital		-		50	
	General allowance	-		50a	
	Eligible allowance	-		50b	
Tier 2 capital under transitional Basel Ⅲ rules		58,001			
	Capital instruments included in Tier 2 capital	-			
	Unrealized holding gain or loss on securities and cash flow hedge reserve	58,001			
Tier 2 capital before regulatory adjustments (h)		60,801		51	

(Unit: 1 Million Yen, ％)

Items		Exclusion under transitional arrangements	Basel Ⅲ template number
Tier 2 capital: regulatory adjustments			
Investments in own Tier 2 instruments	-	-	52
Reciprocal cross-holdings in Tier 2 instruments	-	-	53
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)	-	25,007	54
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	55
Tier 2 capital adjustments under transitional Basel Ⅲ rules	-		
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
Total regulatory adjustments to Tier 2 capital (i)	-		57
Tier 2 capital			
Tier 2 capital (T2) ((h) - (i)) (j)	60,801		58
Total capital			
Total capital (TC = T1 + T2) ((g) + (j)) (k)	1,113,780		59
Risk weighted assets			
Amount of risk weighted assets under transitional Basel Ⅲ rules	132,724		
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)	59,354		
Intangible assets(other than Goodwill)	68,368		
Deferred tax assets excluding assets arising from temporary differences(net of related tax liability)	5,000		
Total risk weighted assets (l)	5,064,431		60
Consolidated capital adequacy ratio			
Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))	20.4%		61
Tier 1 (as a percentage of risk weighted assets) ((g) / (l))	20.7%		62
Total capital (as a percentage of risk weighted assets) ((k) / (l))	21.9%		63
Amounts below the thresholds for deduction (before risk weighting)			
Non-significant investments in the capital of other financials	98,092		72
Significant investments in the common stock of financials	45,898		73
Mortgage servicing rights (net of related tax liability)	-		74
Deferred tax assets arising from temporary differences (net of related tax liability)	5,289		75
Applicable caps on the inclusion of allowance in Tier 2			
Allowance eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-		76
Cap on inclusion of allowance in Tier 2 under standardised approach	-		77
Allowance eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-		78
Cap for inclusion of allowance in Tier 2 under internal ratings-based approach	-		79
Capital instruments subject to phase-out arrangements			
Current cap on AT1 instruments subject to phase out arrangements	-		82
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		83
Current cap on T2 instruments subject to phase out arrangements	-		84
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		85

9. The amount of each account in Balance sheet as in published statement and the reference number in composition of capital disclosure under the assumption of the financial statement under the regulatory scope of consolidation complying the Capital Adequacy Ratio Accord item 3

(Unit: 1 Million Yen)

	Balance Sheet as in published statement	Under regulatory scope of consolidation	Reference number in composition of capital disclosure
Current assets			
Cash and deposits	1,515,294	1,515,294	
Cash segregated as deposits	281,449	281,449	
Notes and accounts receivable-trade	14,320	14,320	
Short-term investment securities	2,548,476	2,548,476	18, 39, 54, 72, 73
Trading products	8,708,355	8,708,355	16, 18, 39, 54, 72, 73
Operational investment securities	146,507	146,507	18, 39, 54, 72, 73
Allowance for investment loss	△ 35,237	△ 35,237	
Operating loans	199,000	199,000	
Work in process	1,257	1,257	
Margin transaction assets	234,308	234,308	
Loans secured by securities	6,183,307	6,183,307	
Advances paid	20,325	20,325	
Short-term loans receivable	1,254	1,254	
Accrued income	34,270	34,270	
Deferred tax assets	6,722	6,722	10, 75
Other current assets	321,706	321,706	
Allowance for doubtful accounts	△ 322	△ 322	
Total current assets	20,180,998	20,180,998	
Noncurrent assets			
Tangible assets	433,813	433,813	
Intangible assets	81,086	81,086	
Goodwill	12,718	12,718	8
Others	68,368	68,368	9
Investments and other assets	251,462	251,462	
Investment securities	214,075	214,075	18, 39, 54, 72, 73
Deferred tax assets	3,568	3,568	10, 75
Others	33,819	33,819	
Total noncurrent assets	766,363	766,363	
Total assets	20,947,361	20,947,361	

(Unit: 1 Million Yen)

	Balance Sheet as in published statement	Under regulatory scope of consolidation	Reference number in composition of capital disclosure
Liabilities			
Current liabilities			
Notes and accounts payable-trade	5057	5,057	
Trading products	5,012,752	5,012,752	
Trading date accrual	38,564	38,564	
Margin transaction liabilities	48,684	48,684	
Loans payable secured by securities	8,081,130	8,081,130	
Deposits from banking business	2,345,005	2,345,005	
Deposits received	276,579	276,579	
Guarantee deposits received	348,071	348,071	
Short-term loans payable	862,328	862,328	
Commercial papers	244,370	244,370	
Current portion of bonds	215,791	215,791	
Income taxes payable	10,210	10,210	
Deferred tax liabilities	21,513	21,513	
Provision for bonuses	22,450	22,450	
Other current liabilities	152,741	152,741	
Noncurrent liabilities			
Bonds payable	1,260,969	1,260,969	
Long-term loans payable	685,639	685,639	
Deferred tax liabilities	18,785	18,785	
Provision for retirement benefits	33,431	33,431	
Provision for loss on litigation	1,990	1,990	
Negative goodwill	4,565	4,565	
Other noncurrent liabilities	17,961	17,961	
Reserves under the special laws	3,197	3,197	
Total liabilities	19,711,793	19,711,793	
Net assets			
Shareholder's equity			
Common stock	247,397	247,397	1a
Capital surplus	230,720	230,720	1a
Retained earnings	495,191	495,191	2
Treasury stock	△ 18,011	△ 18,011	1c
Total shareholder's equity	955,306	955,306	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	86,884	86,884	
Cash flow hedge reserve	△ 2,032	△ 2,032	11
Foreign currency translation adjustment	20,235	20,235	
Total accumulated other comprehensive income	105,087	105,087	3
Stock subscription rights	6,800	6,800	1b
Minority interests	168,374	168,374	34-35, 48-49
Total net assets	1,235,568	1,235,568	

10. Overview of main features of regulatory capital instruments

1	Issuer	Daiwa Securities Group Inc.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	Japanese Law
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1 capital
5	Post-transitional Basel III rules	Common Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group
7	Instrument type (types to be specified by each jurisdiction)	Common stock
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	
	Consolidated Capital Adequacy Ratio	955,306 million Yen
9	Par value of instrument	—
10	Accounting classification	
	Consolidated Balance Sheet	Shareholder's 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 (eg 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	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
5	Post-transitional Basel III rules	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2006	Stock subscription right series 3
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)		
	Consolidated Capital Adequacy Ratio	293 million Yen	1,190 million Yen
9	Par value of instrument	―	―
10	Accounting classification		
	Consolidated Balance Sheet	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2006	September 4, 2006
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2026	June 23, 2016
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 (eg 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	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
5	Post-transitional Basel III rules	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2007	Stock subscription right series 4
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)		
	Consolidated Capital Adequacy Ratio	317 million Yen	832 million Yen
9	Par value of instrument	―	―
10	Accounting classification		
	Consolidated Balance Sheet	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2007	September 3, 2007
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2027	June 22, 2017
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	―	―
16	Subsequent call dates, if applicable	―	―
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	―	―
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	NA
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger (s)	―	―
25	If convertible, fully or partially	―	―
26	If convertible, conversion rate	―	―
27	If convertible, mandatory or optional conversion	―	―
28	If convertible, specify instrument type convertible into	―	―
29	If convertible, specify issuer of instrument it converts into	―	―
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	―	―
32	If write-down, full or partial	―	―
33	If write-down, permanent or temporary	―	―
34	If temporary write-down, description of write-up mechanism	―	―
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debts	Debts
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	―	―

1	Issuer	Daiwa Securities Group Inc.	Daiwa Securities Group Inc.
2	Unique identifier (eg 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	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
5	Post-transitional Basel III rules	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2008	Stock subscription right series 5
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)		
	Consolidated Capital Adequacy Ratio	292 million Yen	706 million Yen
9	Par value of instrument	―	―
10	Accounting classification		
	Consolidated Balance Sheet	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 (eg 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	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
5	Post-transitional Basel III rules	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2009	Stock subscription right series 6
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)		
	Consolidated Capital Adequacy Ratio	353 million Yen	600 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated Balance Sheet	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 (eg 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	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
5	Post-transitional Basel III rules	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2010	Stock subscription right series 7
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)		
	Consolidated Capital Adequacy Ratio	382 million Yen	424 million Yen
9	Par value of instrument	－	－
10	Accounting classification		
	Consolidated Balance Sheet	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 (eg 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	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
5	Post-transitional Basel III rules	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in July 2011	Stock subscription right series 8
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)		
	Consolidated Capital Adequacy Ratio	431 million Yen	252 million Yen
9	Par value of instrument	―	―
10	Accounting classification		
	Consolidated Balance Sheet	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 (eg 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	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
5	Post-transitional Basel III rules	Commom Equity Tier 1 capital	Commom Equity Tier 1 capital
6	Eligible at solo/group/group&solo	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right issued in February 2013	Stock subscription right series 9
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)		
	Consolidated Capital Adequacy Ratio	472 million Yen	254 million Yen
9	Par value of instrument	―	―
10	Accounting classification		
	Consolidated Balance Sheet	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 Office Investment Corporation
2	Unique identifier (eg 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, Additional Tier 1 capital, Tier 2 capital
5	Post-transitional Basel III rules	Additional Tier 1 capital, Tier 2 capital
6	Eligible at solo/group/group&solo	Group
7	Instrument type (types to be specified by each jurisdiction)	Investment unit
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	
	Consolidated Capital Adequacy Ratio	86,155 million Yen
9	Par value of instrument	—
10	Accounting classification	
	Consolidated Balance Sheet	Minority interest
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	—

11. Details of main features of regulatory capital instruments

The details are the same with the overview as the regulatory capital instruments held by the Group are all common equity.

End