October 29, 2018

Daiwa Securities Group Inc.

Report Regarding Consolidated Capital Adequacy Ratio And Consolidated Leverage Ratio Situation of Soundness in Management as of June 30, 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 June 30, 2018.

Note: As at December 26, 2019, figures disclosed are modified.

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Key Metrics (at consolidated group level)

(Millions of yen , %)

Basel III template number		June 2018	March 2018	December 2017	September 2017	June 2017
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	1,123,271	1,133,926	1,131,024	1,140,647	1,143,722
2	Tier 1	1,123,271	1,133,926	1,131,024	1,140,647	1,143,722
3	Total capital	1,123,271	1,133,926	1,131,024	1,140,647	1,143,722
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	5,055,974	5,205,812	5,325,897	5,188,403	5,110,915
Capital ratio						
5	CET1 ratio (%)	22.21%	21.78%	21.23%	21.98%	22.37%
6	Tier 1 ratio (%)	22.21%	21.78%	21.23%	21.98%	22.37%
7	Total capital ratio (%)	22.21%	21.78%	21.23%	21.98%	22.37%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.87%	1.87%	1.25%	1.25%	1.25%
9	Countercyclical buffer requirement (%)	0.01%	0.00%	0.00%	0.00%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.37%	0.37%	0.25%	0.25%	0.25%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.26%	2.25%	1.50%	1.50%	1.50%
12	CET1 available after meeting the bank’s minimum capital requirements (%)	14.21%	13.78%	13.23%	13.98%	14.37%
Leverage ratio						
13	Total leverage ratio exposure measure	19,884,503	20,356,302	21,007,559	19,562,959	18,998,109
14	Leverage ratio (%) including the impact of any applicable temporary exemption of central bank reserves	5.64%	5.57%	5.38%	5.83%	6.02%

Composition of Capital Disclosure

(Millions of yen , %)

Basel III template number	Items		Group Consolidated Quarter-End
Common Equity Tier 1 capital: Instruments and reserves		(1)	
1a+2-1c-26	Shareholders' equity		1,203,899
1a	Common stock and capital surplus		478,111
2	Retained earnings		779,965
1c	Treasury stock (-)		54,176
26	Planned distributions (-)		-
	Others		-
1b	Stock subscription rights		8,286
3	Accumulated other comprehensive income (and other reserves)		70,557
5	Minority interest after adjustments		-
6	Common Equity Tier 1 capital before regulatory adjustments	(a)	1,282,744
Common Equity Tier 1 capital: regulatory adjustments		(2)	
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)		109,874
8	Goodwill (net of related tax liability)		13,099
9	Other intangibles other than mortgage-servicing rights(net of related tax liability)		96,775
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		362
11	Cash-flow hedge reserve		(103)
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)		326
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)		18,889
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		30,123
28	Total regulatory adjustments to Common equity Tier 1	(b)	159,473
Common Equity Tier 1 capital			
29	Common Equity Tier 1 capital (CET1) ((a) - (b))	(c)	1,123,271

(Millions of yen , %)

Basel III template number		Items		Group Consolidated Quarter-End
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.)		-
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)		6,858
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)		-
42		Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		23,264
43		Total regulatory adjustments to Additional Tier 1 capital	(e)	30,123
Additional Tier 1 capital				
44		Additional Tier 1 capital ((d) - (e))	(f)	-
Tier 1 capital				
45		Tier 1 capital ((c) + (f))	(g)	1,123,271
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		-
51		Tier 2 capital before regulatory adjustments	(h)	-

(Millions of yen , %)

Basel III template number	Items		Group Consolidated Quarter-End
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)		23,264
55	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)	23,264
Tier 2 capital			
58	Tier 2 capital ((h) - (i))	(j)	-
Total capital			
59	Total capital ((g) + (j))	(k)	1,123,271
Risk weighted assets		(5)	
60	Total risk weighted assets	(l)	5,055,974
Consolidated capital adequacy ratio			
61	Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))		22.21%
62	Tier 1 (as a percentage of risk weighted assets) ((g) / (l))		22.21%
63	Total capital (as a percentage of risk weighted assets) ((k) / (l))		22.21%
Amounts below the thresholds for deduction (before risk weighting)		(6)	
72	Non-significant investments in the capital of other financials		117,228
73	Significant investments in the common stock of financials		50,650
74	Mortgage servicing rights (net of related tax liability)		-
75	Deferred tax assets arising from temporary differences (net of related tax liability)		4,559
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. 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	4,124,838	4,124,838
	Cash segregated as deposits	329,698	329,698
	Notes and accounts receivable-trade	18,200	18,200
18, 39, 54, 72, 73	Short-term investment securities	1,072,150	1,072,150
16, 18, 39, 54, 72, 73	Trading products	7,404,147	7,404,147
	Trading date accrual	-	-
18, 39, 54, 72, 73	Operational investment securities	104,613	104,613
	Allowance for investment loss	(472)	(472)
	Operating loans	1,606,169	1,606,169
	Work in process	1,145	1,145
	Margin transaction assets	240,099	240,099
	Loans secured by securities	4,765,672	4,765,672
	Advances paid	43,470	43,470
	Short-term loans receivable	1,127	1,127
	Accrued income	41,481	41,481
10, 75	Deferred tax assets	-	-
	Other current assets	406,417	406,417
	Allowance for doubtful accounts	(246)	(246)
	Total current assets	20,158,513	20,158,513
	Noncurrent assets		
	Property, plant and equipment	147,335	147,335
	Intangible assets	107,752	107,752
8	Goodwill	10,977	10,977
9	Others	96,775	96,775
	Investments and other assets	440,249	440,249
8, 18, 39, 54, 72, 73	Investment securities	380,724	380,724
10, 75	Deferred tax assets	4,921	4,921
	Others	54,603	54,603
	Total noncurrent assets	695,338	695,338
	Total deferred charges	-	-
	Total assets	20,853,852	20,853,852

(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	5,437	5,437
	Trading products	4,754,866	4,754,866
	Trading date accrual	478,964	478,964
	Margin transaction liabilities	70,677	70,677
	Loans payable secured by securities	5,316,158	5,316,158
	Deposits from banking business	3,536,229	3,536,229
	Deposits received	338,002	338,002
	Guarantee deposits received	388,122	388,122
	Short-term loans payable	1,234,195	1,234,195
	Commercial paper	150,000	150,000
	Current portion of bonds	228,870	228,870
	Income taxes payable	3,074	3,074
	Deferred tax liabilities	-	-
	Provision for bonuses	11,882	11,882
	Other current liabilities	115,530	115,530
	Noncurrent liabilities		
	Bonds payable	1,327,988	1,327,988
	Long-term loans payable	1,428,330	1,428,330
	Deferred tax liabilities	15,272	15,272
	Net defined benefit liabilities	42,262	42,262
	Provision for loss on litigation	25,098	25,098
	Negative goodwill	-	-
	Other noncurrent liabilities	7,696	7,696
	Reserves under the special laws	3,945	3,945
	Total liabilities	19,482,607	19,482,607
	Net assets		
	Shareholders' equity		
1a	Common stock	247,397	247,397
1a	Capital surplus	230,713	230,713
2	Retained earnings	779,965	779,965
1c	Treasury stock	(54,223)	(54,223)
1c	Advances on subscription of treasury stock	46	46
	Total shareholders' equity	1,203,899	1,203,899
	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	64,908	64,908
11	Deferred gains or losses on hedges	551	551
	Foreign currency translation adjustment	5,097	5,097
3	Total accumulated other comprehensive income	70,557	70,557
1b	Subscription rights to shares	8,286	8,286
34-35, 48-49	Minority interests	88,500	88,500
	Total net assets	1,371,244	1,371,244

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	1,203,899 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	171 million Yen	217 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 issued in July 2009
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	204 million Yen	273 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	July 1, 2009
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 30, 2028	June 30, 2029
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 series 6	Stock subscription right issued in July 2010
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	246 million Yen	321 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	November 9, 2009	July 1, 2010
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 19, 2019	June 30, 2030
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 series 7	Stock subscription right issued in July 2011
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	239 million Yen	385 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	September 1, 2010	July 1, 2011
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 25, 2020	June 30, 2031
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 series 8	Stock subscription right issued in February 2013
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	241 million Yen	442 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	September 5, 2011	February 12, 2013
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 24, 2021	June 30, 2032
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 series 9	Stock subscription right issued in February 2014
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	996 million Yen	368 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 10, 2014
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 26, 2022	June 30, 2033
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 series 10	Stock subscription right issued in February 2015
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	1,157 million Yen	384 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 9, 2015
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 25, 2023	June 30, 2034
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 series 11	Stock subscription right issued in February 2016
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	780 million Yen	383 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 16, 2016
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 25, 2024	June 30, 2035
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 series 12	Stock subscription right issued in February 2017
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	270 million Yen	404 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 8, 2017
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 24, 2025	June 30, 2036
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 series 13	Stock subscription right issued in February 2018
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	278 million Yen	435 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, 2018
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 27, 2026	June 30, 2037
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.	
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	NA	
3	Governing law(s) of the instrument	Japanese Law	
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1 capital	
5	Post-transitional Basel III rules	Common Equity Tier 1 capital	
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.	
7	Instrument type (types to be specified by each jurisdiction)	Stock subscription right series 14	
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	82 million Yen	
9	Par value of instrument	－	
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	
11	Original date of issuance	February 8, 2018	
12	Perpetual or dated	Dated	
13	Original maturity date	June 27, 2027	
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	－	

Quantitative Disclosure (Consolidated)

1. Other quantitative disclosures

OV1 : Overview of RWA

(Millions of yen)

Basel III template number		RWA		Minimum capital requirements	
		June 2018	March 2018	June 2018	March 2018
1	Credit risk (excluding counterparty credit risk) (CCR)	850,303	903,084	68,024	72,246
2	Of which standardized approach (SA)	668,950	747,357	53,516	59,788
3	Of which internal rating-based (IRB) approach	-	-	-	-
	Of which significant investments	-	-	-	-
	Of which exposures for estimated residual value of lease	-	-	-	-
	Others	181,353	155,726	14,508	12,458
4	Counterparty credit risk	1,186,894	1,261,575	94,951	100,926
5	Of which standardized approach for counterparty credit risk (SA-CCR)	-	-	-	-
	Of which current exposure method(CEM)	320,406	330,889	25,632	26,471
6	Of which internal model method (IMM)	-	-	-	-
	Of which credit valuation adjustment (CVA) risk	547,697	564,809	43,815	45,184
	Of which exposures to central counterparties(CCPs)	27,670	27,929	2,213	2,234
	Others	291,119	337,948	23,289	27,035
7	Equity positions under market-based approach	-	-	-	-
	Exposures backed by multiple assets and transactions	316,514	301,418	25,321	24,113
	Exposures under Article 145 of the Notification	-	-	-	-
11	Settlement risk	490	391	39	31
12	Securitization exposures in banking book	149,212	138,181	11,936	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)	149,212	138,181	11,936	11,054
	Of which 1250% risk weight applied	-	-	-	-
16	Market risk	1,412,401	1,457,444	112,992	116,595
17	Of which standardized approach (SA)	897,386	856,504	71,790	68,520
18	Of which internal model approaches (IMM)	515,015	600,940	41,201	48,075
19	Operational risk	1,002,132	1,028,878	80,170	82,310
20	Of which Basic Indicator Approach	1,002,132	1,028,878	80,170	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)	138,025	114,837	11,042	9,187
	Amounts included in RWA due to transitional arrangements	-	-	-	-
24	Floor adjustment	-	-	-	-
25	Total	5,055,974	5,205,812	404,477	416,465

MR2：RWA flow statements of market risk exposures under an IMA

(Millions of yen)

			VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1a	RWA at previous quarter end		189,672	411,268	-	-		600,940
1b	Adjustments to RWA based on the regulatory consolidated capital at previous quarter end		5	4	-	-		4
1c	Amounts of IMA at previous quarter end		34,661	114,056	-	-		148,717
2	Change in reporting period	Movement in risk levels	(7,455)	(46,550)	-	-		(54,005)
3		Model updates/changes	-	-	-	-		-
4		Methodology and policy	-	-	-	-		-
5		Acquisitions and disposals	-	-	-	-		-
6		Foreign exchange movements	-	-	-	-		-
7		Other	-	-	-	-		-
8a	Amounts of IMA at end of reporting period		27,206	67,506	-	-		94,712
8b	Adjustments to RWA based on the regulatory consolidated capital at end of reporting period		6	5	-	-		5
8c	RWA at end of reporting period		176,552	338,463	-	-		515,015

Consolidated Leverage Ratio

1. Composition of consolidated leverage ratio

(Millions of yen)

Basel III template number (2)	Basel III template number (1)	Items		June 2018	March 2018
On-balance sheet exposures			(1)		
1		On-balance sheet items before adjustments		13,000,620	11,659,677
1a	1	Total assets in the consolidated balance sheet		20,853,852	21,141,743
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		7,853,232	9,482,066
2	7	Common Equity Tier 1 capital: regulatory adjustments		136,208	117,039
3		Total on-balance sheet exposures (excluding derivatives and SFTs)	(A)	12,864,412	11,542,638
Derivative exposures			(2)		
4		Replacement cost associated with all derivatives transactions		406,806	432,448
5		Add-on amounts for PFE associated with all derivatives transactions		1,302,834	1,310,291
		Gross-up for collateral posted in derivative transactions		263,352	264,892
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		88,903	118,441
8		Exempted CCP leg of client-cleared trade exposures			
9		Adjusted effective notional amount of written credit derivatives		1,201,463	1,551,276
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives		929,108	1,253,152
11	4	Total derivative exposures (sum of lines 4 to 10)	(B)	2,156,444	2,187,314
Securities financing transaction exposures			(3)		
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		5,997,069	7,517,198
13		Netted amounts of cash payables and cash receivables of gross SFT assets		1,352,924	1,156,495
14		CCR exposure for SFT assets		169,138	211,873
15		Agent transaction exposures			
16	5	Total securities financing transaction exposures (sum of lines 12 to 15)	(C)	4,813,283	6,572,576
Other off-balance sheet exposures			(4)		
17		Off-balance sheet exposure at gross notional amount		82,287	80,259
18		Adjustments for conversion to credit equivalent amounts		31,923	26,485
19	6	Off-balance sheet items	(D)	50,364	53,774
Capital and total exposures			(5)		
20		Tier 1 capital	(E)	1,123,271	1,133,926
21	8	Total exposures (A)+(B)+(C)+(D)	(F)	19,884,503	20,356,302
22		Basel III consolidated leverage ratio(E)/ (F)		5.64%	5.57%

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

There is no significant difference in the consolidated leverage ratio over the previous quarter.

End