

July 31, 2019

Daiwa Securities Group Inc.

Report Regarding Consolidated Capital Adequacy Ratio
and Consolidated Leverage Ratio
Situation of Soundness in Management as of March 31, 2019

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, 2019.

Table of Contents

Table of Contents	2
Key Metrics (at consolidated group level)	3
Composition of Capital Disclosure	4
Qualitative Disclosure (Consolidated)	7
1. Scope of consolidation.....	7
2. Overview of capital adequacy assessment methods	8
3. Overview of the risk characteristics, and the policies, procedures and structure of the Group-wide risk management	9
4. Credit risk.....	16
5. Overview of the risk characteristics and the policies, procedures and structure for Credit Risk Mitigation (hereunder CRM) techniques (excluding credit risk mitigation-related derivative and repo-style transactions).....	17
6. Overview of the risk characteristics and the policies, procedures and structure for the counterparty credit risk management of derivative and repo-style transactions (including CRM-related transactions).....	17
7. Securitization exposures.....	18
8. Market risk	19
9. Operational risk	21
10. Overview of the risk characteristics and the policies, procedures and structure for the exposure of the investments or equities subject to credit risk	21
11. Interest rate risk.....	22
12. Reconciliation of regulatory capital to balance sheet	23
13. Main sources of differences between regulatory exposure amounts and carrying values in financial statements	24
Quantitative Disclosure (Consolidated)	25
1. 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.	25
2. Credit risk (excluding counterparty credit risk and securitization)	25
3. Amount of exposure by approaches for banks’ equity investments in funds.....	27
4. Other quantitative disclosures.....	28
Consolidated Leverage Ratio	53
1. Composition of consolidated leverage ratio	53
2. Reasons for significant differences in the consolidated leverage ratio over previous year	53
Overview of Main Features of Regulatory Capital Instruments	54

Key Metrics (at consolidated group level)

(Millions of yen , %)

Basel III template number		March 2019	December 2018	September 2018	June 2018	March 2018
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	1,092,835	1,085,262	1,111,476	1,134,950	1,142,340
2	Tier 1	1,092,835	1,085,262	1,111,476	1,134,950	1,142,340
3	Total capital	1,092,835	1,085,262	1,111,476	1,134,950	1,142,340
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	4,953,208	4,911,966	5,234,732	4,989,109	5,125,879
5	CET1 ratio (%)	22.06%	22.09%	21.23%	22.74%	22.28%
6	Tier 1 ratio (%)	22.06%	22.09%	21.23%	22.74%	22.28%
7	Total capital ratio (%)	22.06%	22.09%	21.23%	22.74%	22.28%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	1.87%	1.87%	1.87%	1.87%
9	Countercyclical buffer requirement (%)	0.02%	0.02%	0.01%	0.01%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.50%	0.37%	0.37%	0.37%	0.37%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	3.02%	2.27%	2.26%	2.26%	2.25%
12	CET1 available after meeting the bank's minimum capital requirements (%)	14.06%	14.09%	13.23%	14.74%	14.28%
Leverage ratio						
13	Total leverage ratio exposure measure	19,067,611	20,199,002	19,458,472	19,902,398	20,358,038
14	Leverage ratio (%) including the impact of any applicable temporary exemption of central bank reserves	5.73%	5.37%	5.71%	5.70%	5.61%

Composition of Capital Disclosure

CC1: Composition of Capital Disclosure

(Millions of yen, %)

Basel III template number	Items	Group Consolidated Quarter-End	Cross-referenced to CC2
Common Equity Tier 1 capital: Instruments and reserves (1)			
1a+2-1c-26	Shareholders' equity	1,182,379	
1a	Common stock and capital surplus	478,030	(i),(j)
2	Retained earnings	805,761	(k)
1c	Treasury stock (Δ)	87,315	(l),(m)
26	Planned distributions (Δ)	14,096	
	Others	-	
1b	Stock subscription rights	8,741	(p)
3	Accumulated other comprehensive income (and other reserves)	48,000	(o)
5	Minority interest after adjustments	-	
6	Common Equity Tier 1 capital before regulatory adjustments (a)	1,239,122	
Common Equity Tier 1 capital: regulatory adjustments (2)			
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)	115,937	
8	Goodwill (net of related tax liability)	10,605	(e)
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	105,331	(f)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	382	(d),(h)
11	Cash-flow hedge reserve	▲ 141	(n)
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)	196	(b)
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)	11,653	(a),(b),(c),(g)
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	18,258	
28	Total regulatory adjustments to Common equity Tier 1 (b)	146,287	
Common Equity Tier 1 capital			
29	Common Equity Tier 1 capital (CET1) ((a) - (b)) (c)	1,092,835	

(Millions of yen , %)

Basel III template number	Items	Group Consolidated Quarter-End	Cross-referenced to CC2
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	-	(q)
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)	4,233	(a),(b),(c),(g)
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	14,025	
43	Total regulatory adjustments to Additional Tier 1 capital	(e)	18,258
Additional Tier 1 capital			
44	Additional Tier 1 capital ((d) - (e))	(f)	-
Tier 1 capital			
45	Tier 1 capital ((c) + (f))	(g)	1,092,835
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	-	(q)
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	Cross-referenced to CC2
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	14,025	(a),(b),(c),(g)
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions	-	
55	Significant investments in the capital and other TLAC liabilities of 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)	14,025	
Tier 2 capital			
58	Tier 2 capital ((h) - (i)) (j)	-	
Total capital			
59	Total capital ((g) + (j)) (k)	1,092,835	
Risk weighted assets (5)			
60	Total risk weighted assets (l)	4,953,208	
Consolidated capital adequacy ratio			
61	Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))	22.06%	
62	Tier 1 (as a percentage of risk weighted assets) ((g) / (l))	22.06%	
63	Total capital (as a percentage of risk weighted assets) ((k) / (l))	22.06%	
64	CET1 specific buffer requirement	3.02%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.02%	
67	of which: G-SIB/D-SIB additional requirement	0.50%	
68	CET1 available after meeting the minimum capital requirements	14.06%	
Amounts below the thresholds for deduction (before risk weighting) (6)			
72	Non-significant investments in the capital of other financials	112,274	(a),(b),(c),(g)
73	Significant investments in the common stock of financials	43,961	(a),(b),(c),(g)
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	6,533	(d),(h)
Applicable caps on the inclusion of allowance in Tier 2 (7)			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	
77	Cap on inclusion of allowance in Tier 2 under Standardized approach	-	
78	Provisions 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: 60 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 Corporate Investment Co., Ltd.	Investment businesses
Daiwa PI Partners Co. Ltd.	Investment businesses
Daiwa Energy & Infrastructure 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, regulatory capital, and stress testing 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 structure of the Group-wide risk management

The Group has introduced the risk appetite framework to strengthen risk governance from the management level.

Based on the characteristics of various risks held in business, the Group has established basic matters to manage risks appropriately. The risk management structure is established to ensure financial soundness and business adequacy.

<Risk Appetite Framework>

The risk appetite framework defines risk appetite as the type and total amount of risk that should be assumed in order to achieve profit targets and business plans. It is the framework of group-wide risk control.

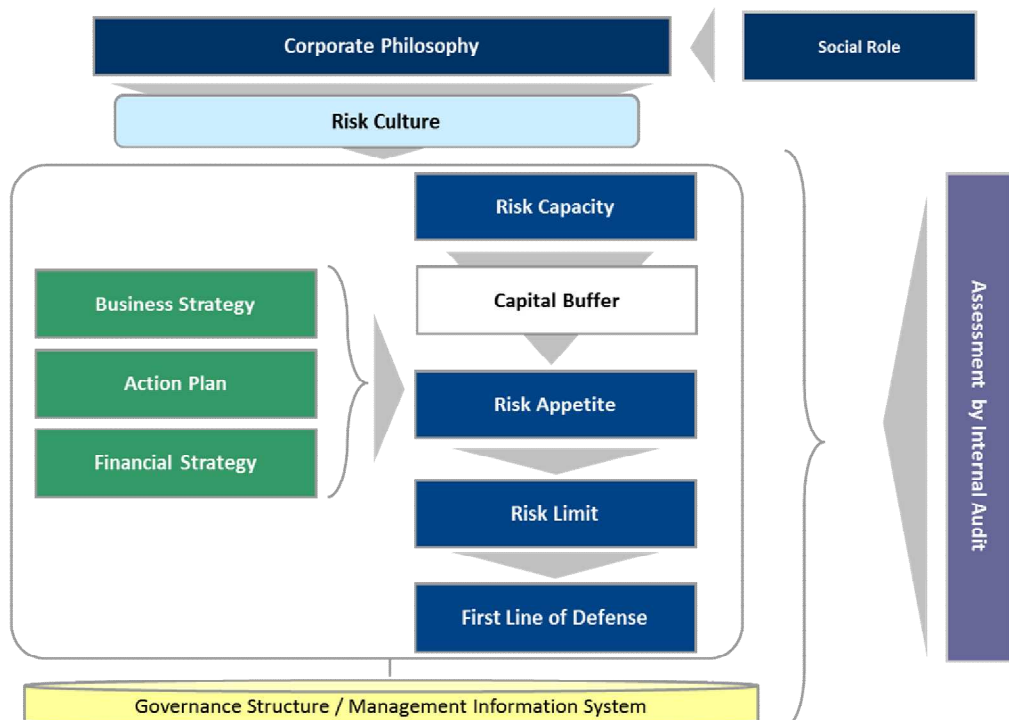
The Group operates the risk appetite framework as described below.

(Overview of Risk Appetite Framework)

According to the liquidity, capital adequacy, concentration risk, and operational risk, as well as its business plan and risk characteristics the Group adopts appropriate risk appetite metrics , sets the acceptable level of risk and the response plan in case of excess, 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 structure, as well as fostered a culture of risk management.

Risk Appetite Framework



The Roles and Responsibilities in the Risk Appetite Framework

-Board of Directors-

Conduct deliberation and determination of risk appetite statements, which include quantitative indicators of risk appetite of the Group.

-Audit Committee-

Perform audit on execution of duties by the Board of Directors and management regarding the risk appetite framework.

-Group Risk Management Committee-

Conduct the Group's risk limits based upon the approved risk appetite.

In addition, properly grasp the status of risks including the situation of risk management structure and the risk limits violation of the group companies.

-CEO-

The CEO is responsible for the Group's overall management, which includes the group-wide business strategies, risk strategies and development and maintains the risk appetite framework.

-COO-

The COO has responsibility to assist the CEO's overall management which is based on the risk appetite framework.

-CFO-

The CFO is responsible for the Group's overall financial management which is based on the risk appetite framework.

-CRO-

Carry out development of the risk appetite statement and obtain board approval for the statement.

In addition, based on the statement, the CRO is responsible for the Group's overall risk management, which includes consolidating and monitoring the risk management structure of each group company.

-CDO-

Based on the risk appetite framework, the CDO has responsibility to manage the overall data governance and the information system.

-Risk Management Department and compliance department of each group company-
As the second line of defense, based on the risk appetite, business size and risk characteristics, consolidate the risk limits for the company.

-Business department of each group company-
As the first line of defense, conduct autonomous risk management.
Detect exceeding of risk limits during daily business. Consolidate the appropriate structure to perform countermeasure analysis and report to the Risk management Department.

- Internal audit department-
As the third line of defense, conduct independent examination and evaluation for the Group's risk management framework. Consolidate an appropriate internal audit structure to verify the effectiveness of the risk appetite framework.

(The operating structure of the risk appetite framework)

The Group's Board of Directors reviews the risk appetite statement on a semi-annual basis.
The risk appetite framework is also reviewed properly when business strategies or capital allocation plans are revised or the external environment changes significantly or great excess occurs on the risk profile.

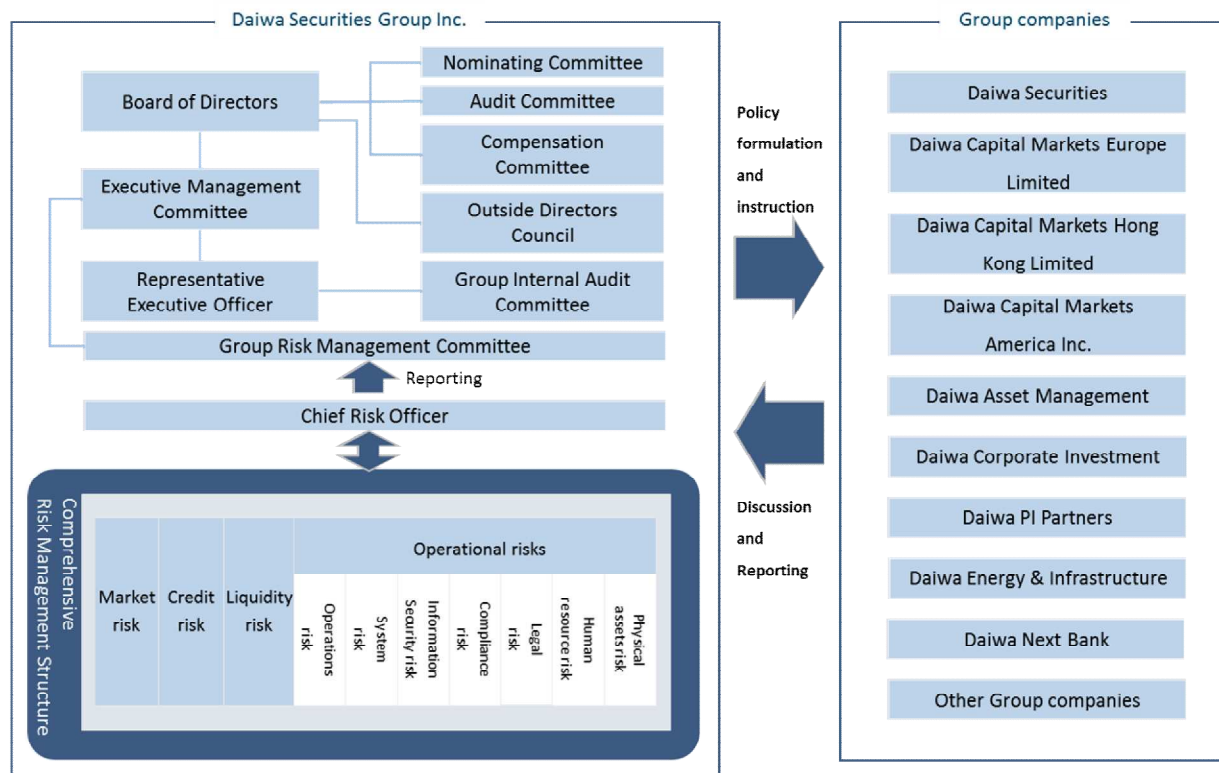
<Risk characteristics and management policy, risk management structure >

The Group is exposed to various risks in management. Of particular importance to the Group are the risks associated with its core securities business. Since the Group temporarily holds product positions for sale using its own account and offers products to customers, it is necessary to introduce liquidity risk including foreign currency, market risk resulting from market fluctuations, credit risk to trading partners and issuers, risk for which hedge does not function and operational risk that inevitably arises in executing business. The Group conducts integrated risk management that measures the impact on capital and liquidity within the Group from a forward-looking perspective.

Based on the risk appetite framework, Daiwa Securities Group Inc. plays a central role in risk governance structure consolidation from the integrated management perspective. The Group Risk Management Committee, which is a subcommittee of the Executive Committee of the Group, performs monitoring on the risk management structure and the status of risks of the group companies, to strengthen the risk management of the entire group.

The contents of each Group Risk Management Committee meeting are reported to the Audit Committee.

Risk Management Structure



In addition, based on the group-wide risk management and the approved risk appetite framework, Group Risk Management Committee established the basic policy of risk management in the "Risk Management Regulations", which includes the following components:

(Basic policy of risk management)

1. Management's proactive involvement in risk management.
2. The structure of a risk management system that responds to features of the risks held by the Group.
3. Understand overall risk based on integrated risk management, secure strong capital and the soundness of liquidity.
4. Clarify the risk management process.

In addition, assign the executive management and department to take charge of managing each risk. Consolidate the risk management structure.

(Definitions of Risks)

-Market risk-

Market risk refers to the risk of incurring losses due to market fluctuations, which affect the value of stock prices, interest rates, foreign exchange rates, and commodity prices, or due to the event of significant market liquidity declining, fluctuations occurring and a trade cannot be concluded or a trade is forced under a disadvantageous condition.

-Credit risk-

Credit risk refers to the risk of losses caused in cases where a counterparty of a trade or the issuer of a financial product held by the Group suffers a default, or credibility deteriorates. The credit risk of the Group's trading activities involves counterparty risk and issuer risk.

-Liquidity risk-

Liquidity risk refers to the risk of suffering losses due to cash management difficulties or having to finance at markedly higher costs than usual as a result of a change in market conditions or a deterioration of Group companies' finances.

-Operational risk-

Operational risk is the risk of losses that occur when internal processes, people, and systems do not perform adequately or do not function; it can also arise from external events.

-Reputational risk-

Reputational risk refers to the possibility of the Group sustaining unforeseen losses and the Group's counterparties being adversely affected due to a deterioration of its reliability, reputation, and assessment caused by the spread of rumors or erroneous information.

-Accounting and tax risk-

Accounting and tax risk is the risk of not conducting appropriate accounting treatment and disclosure in accordance with accounting or taxation standards, laws, and regulations, or of not filing or paying taxes appropriately, as well as the risk of losses arising as a result.

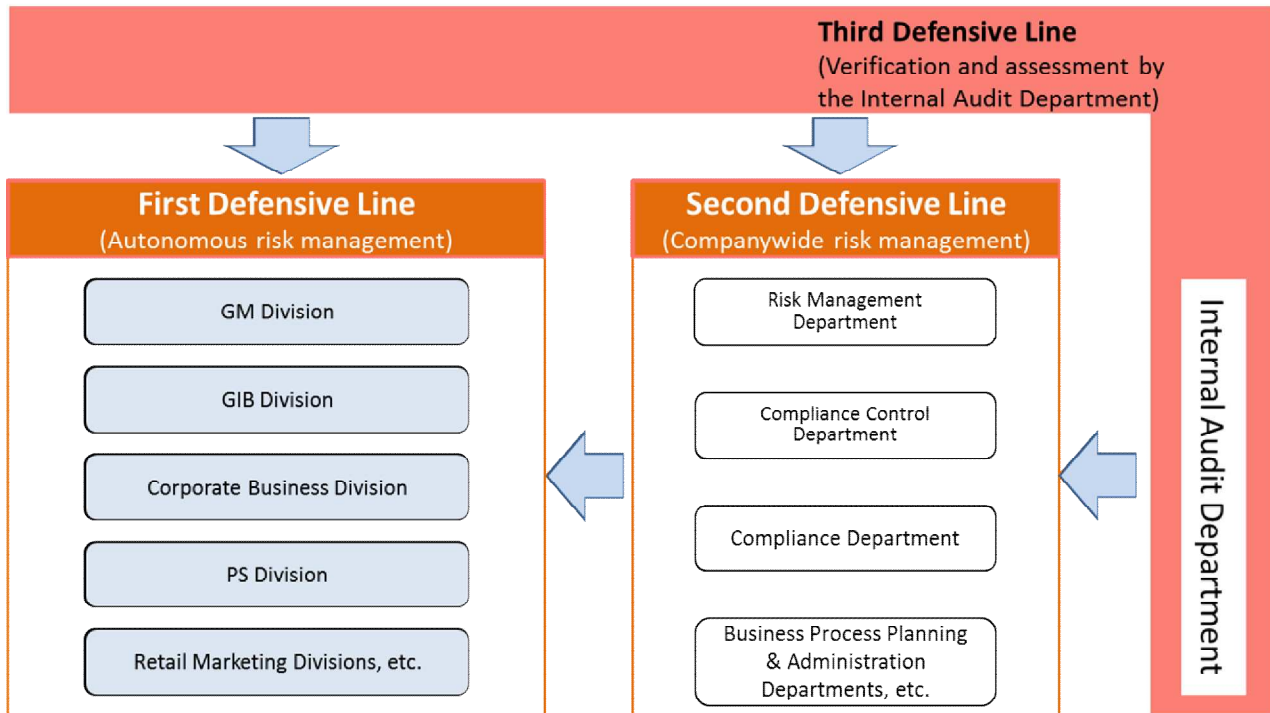
Executive Management, department and committee (to deliberate and decide the policies and specific measures of risk management) in charge of each risk

Risk category	Executive management	Department	Committee
Market risk	CRO	Risk Management Department	Group Risk Management Committee
Credit risk	CRO	Risk Management Department	Group Risk Management Committee
Liquidity risk	CRO	Risk Management Department	Group Risk Management Committee
Operational risk	CRO	Risk Management Department	Group Risk Management Committee
Reputational risk	Executive Managing Director of Corporate Communication Executive Officer responsible for Investor Relations Executive Officer responsible for General Affairs	Corporate Communication Department Investor Relations Office General Affairs Department	Disclosure Committee
Accounting and tax risk	CFO	Finance Department	Group Risk Management Committee

(Three lines of defense)

In order to establish an effective risk governance structure, the Group consolidates the risk management framework based on the “three lines of defense”.

"Three lines of defense" is the concept of clarifying functions, roles and responsibilities in risk management and performing sound management. The first line is autonomous risk management. The second line is group-wide risk management. The third line is internal audit.



4. Credit risk

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

The Group has a structure to appropriately control credit risk. The Group's risk management department measures the amount of credit risk exposure and reports to management daily. In addition, the risk management department also conducts the screening of business partners, setting of credit facilities, measuring the quantity of risk, monitoring of the credit risk situation and reporting to the Group risk management committee.

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 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 the 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 conduct 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 structure for Credit Risk Mitigation (hereunder CRM) techniques (excluding credit risk mitigation-related derivative and repo-style transactions)

A). Overview of the basic characteristics of policies, processes and the usage of netting

In securities-secured loans, loans are made up to the maximum borrowing amount within the market value of the securities received as collateral. After the execution of a loan, a netting agreement is conducted for the amount of the loan and the collateral valuation. Additional collateral is called in response to the deterioration of the ratio of the loan amount to the collateral value. Furthermore, collateral disposal is executed to protect loans when the deterioration is regarded as prolonged.

B). Overview of the basic characteristics of policies and processes of collateral evaluation and collateral management

Collateral is used for CRM techniques. Types of collateral are generally cash or high liquid securities. Eligible collateral type and collateral haircut rate are set in consideration of the creditworthiness and liquidity of each collateral.

The exposure amount and collateral value are, accordingly, calculated and compared daily.

C). Overview of the concentration of market risk and credit risk under applying CRM

Since price fluctuations occur with securities which are posted as collateral, assessment rates are evaluated by such volatility. In order to prevent concentration, for identical securities received from different business partners, an upper limit is set for the number of securities received.

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

A). Policy on how to assign risk capital and credit limits for exposures to counterparties and central clearing houses

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.

B). Overview of the policies of collateral evaluation, collateral management and disposal procedures for collateral, guarantees and netting agreement

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

Eligible collateral type and collateral haircut rate are set in consideration of the creditworthiness and liquidity of each collateral. 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. In the event that a business partner defaults, collateral will be sold in the market for claims protection.

For derivative and repo-style transactions, bilateral netting agreements (ISDA Master Agreement, etc.) and collateral agreement (ISDA CSA, etc.) are generally set. For a transaction where a legally enforceable bilateral netting arrangement exists, CRM techniques are applied. The Group uses the Comprehensive Approach for CRM techniques.

C). Explanation of the impact caused by additional collateral needs to be posted due to the deterioration of the creditworthiness of the Group

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 structure 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 others. 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 226 Paragraph 1(i)-(iv) of the Notification

Based on the regulations, periodical monitoring of securitization exposures is 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 the 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 structure for the risk management

The Group provides market liquidity through the trading businesses and takes the market risk by holding the assets. 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 trading departments conduct monitoring by calculating positions and sensitivities for the purpose of grasping the market risk. In addition, the risk management department monitors the group-wide market risk condition, and reports to management daily.

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

IMA is applied to general market risk and includes Daiwa Securities Co. Ltd., overseas subsidiaries and Daiwa Next Bank, Ltd. (trading book). IMA captures the following market risk factors which are “foreign exchange risk”, “interest rate risk”, “equity risk” and “commodity risk”.

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 timeframe under the IMA. The Group applies the historical simulation method that uses historical market fluctuations as a scenario. 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	

(Supplementary explanation)

- VaR is used for internal management to capture a wide range of market risk, which includes equity-specific risks and credit spread risks.
- VaR is calculated for all 260 business days since April 2, 2007. Take the maximum value of them as the length of the stressed period.
- Since VaR is calculated based on statistical assumptions based on data for a fixed period, stress tests are conducted using scenarios based on both historical and hypothetical stress events.
- 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. Over the last 250 business days of the fiscal year ended March 2019, there was a single VaR breach with a confidence level of 99%.
- The Group's internal model receives an internal audit by the internal audit department once a year, and also receives independent verification by an internal third party on a regular basis.
- There is no Incremental Risk Charge(IRC) nor Comprehensive risk.

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 group companies engage in the following framework 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.

<Operational Risk Management Framework>

The Group adopts RCSA (Risk Control Self-Assessment) as the framework for operational risk management. RCSA is a process which includes the following components: employees have the obligation to identify, grasp, and evaluate themselves according to operational risk. According to analysis of the frequency and the impact of the risk, they evaluate and verify the effectiveness of risk mitigation measures. RCSA is conducted among major consolidated subsidiaries, and the results are reported at the Group Risk Management Meeting.

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 structure for the exposure of the investments or equities subject to credit risk

A). Structure of recognizing, assessing, measuring and reporting risks

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.

B). Risk management policy of subsidiaries' stock, affiliated companies' stock and other securities

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.

C). Accounting policy of valuation of equity exposure

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. Reconciliation of regulatory capital to balance sheet
 CC2 – Reconciliation of regulatory capital to balance sheet

(Millions of yen)

	Balance sheets as in published statements	Under regulatory scope of consolidation	Cross-referenced to CC1
Assets			
Current assets			
Cash and deposits	4,153,271	4,153,271	
Cash segregated as deposits	324,559	324,559	
Notes and accounts receivable-trade	18,741	18,741	
Short-term investment securities (a)	812,341	812,341	18, 39, 54, 72, 73
Trading products (b)	6,716,066	6,716,066	16, 18, 39, 54, 72, 73
Trading date accrual	-	-	
Operational investment securities (c)	110,034	110,034	18, 39, 54, 72, 73
Allowance for investment loss	▲ 155	▲ 155	
Operating loans	1,564,856	1,564,856	
Work in process	901	901	
Margin transaction assets	175,034	175,034	
Loans secured by securities	5,973,771	5,973,771	
Advances paid	28,503	28,503	
Short-term loans receivable	350	350	
Accrued income	39,229	39,229	
Deferred tax assets (d)	-	-	10, 75
Other current assets	488,391	488,391	
Allowance for doubtful accounts	▲ 317	▲ 317	
Total current assets	20,405,580	20,405,580	
Noncurrent assets			
Property, plant and equipment	168,089	168,089	
Intangible assets	115,937	115,937	
Goodwill (e)	10,605	10,605	8
Others (f)	105,331	105,331	9
Investments and other assets	437,100	437,100	
Investment securities (g)	374,484	374,484	18, 39, 54, 72, 73
Deferred tax assets (h)	6,915	6,915	10, 75
Others	55,699	55,699	
Total noncurrent assets	721,126	721,126	
Total deferred charges	-	-	
Total assets	21,126,706	21,126,706	

(Millions of yen)

	Balance sheets as in published statements	Under regulatory scope of consolidation	Cross-referenced to CCI
Liabilities			
Current liabilities			
Notes and accounts payable-trade	7,116	7,116	
Trading products	4,747,777	4,747,777	
Trading date accrual	255,804	255,804	
Margin transaction liabilities	69,981	69,981	
Loans payable secured by securities	5,947,969	5,947,969	
Deposits from banking business	3,632,575	3,632,575	
Deposits received	276,700	276,700	
Guarantee deposits received	372,591	372,591	
Short-term loans payable	1,341,415	1,341,415	
Commercial paper	100,000	100,000	
Current portion of bonds	190,772	190,772	
Income taxes payable	5,978	5,978	
Deferred tax liabilities	-	-	
Provision for bonuses	28,436	28,436	
Other current liabilities	104,852	104,852	
Noncurrent liabilities			
Bonds payable	1,361,918	1,361,918	
Long-term loans payable	1,336,787	1,336,787	
Deferred tax liabilities	6,071	6,071	
Net defined benefit liabilities	43,441	43,441	
Provision for loss on litigation	25,573	25,573	
Negative goodwill	-	-	
Other noncurrent liabilities	10,572	10,572	
Reserves under the special laws	3,938	3,938	
Total liabilities	19,870,276	19,870,276	
Net assets			
Shareholders' equity			
Common stock (i)	247,397	247,397	1a
Capital surplus (j)	230,633	230,633	1a
Retained earnings (k)	805,761	805,761	2
Treasury stock (l)	▲ 87,320	▲ 87,320	1c
Advances on subscription of treasury stock (m)	5	5	1c
Total shareholders' equity	1,196,476	1,196,476	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	47,668	47,668	
Deferred gains or losses on hedges (n)	▲ 5,611	▲ 5,611	11
Foreign currency translation adjustment	5,942	5,942	
Total accumulated other comprehensive income (o)	48,000	48,000	3
Subscription rights to shares (p)	8,741	8,741	1b
Minority interests (q)	3,211	3,211	34-35, 48-49
Total net assets	1,256,430	1,256,430	

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 2019】

(Millions of yen)

		Credit risk exposures			
			Loans	Securities	Others
	Japan	6,088,175	837,642	820,760	4,429,773
	Overseas	337,185	61,902	27,545	247,738
Total (by area)		6,425,360	899,544	848,305	4,677,511
	Sovereign	4,895,836	687,856	539,392	3,668,587
	Financial institutions	597,017	-	19,204	577,813
	Corporate	331,065	200,097	26,570	104,397
	Individuals	-	-	-	-
	CCPs	5,442	-	-	5,442
	Others	595,997	11,590	263,137	321,269
Total (by industry)		6,425,360	899,544	848,305	4,677,511
	< 1 year	230,605	125,416	81,256	23,932
	> 1 year ≤ 3 years	62,717	1,426	61,252	39
	> 3 years ≤ 5 years	90,949	-	90,864	84
	> 5 years ≤ 7 years	89,417	-	89,327	90
	> 7 years	261,487	-	261,416	71
	Indeterminate	5,690,183	772,702	264,187	4,653,294
Total (by maturity)		6,425,360	899,544	848,305	4,677,511

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)

		March 2019		
		Term-end balance	Term-end Allowance	Write-offs for the year
Japan	Japan	655	493	-
	Overseas	2,629	118	-
Total (by area)		3,285	612	-
Sovereign	Sovereign	-	-	-
	Financial institutions	39	-	-
	Corporate	3,051	497	-
	Individuals	-	-	-
	Others	194	115	-
Total (by industry)		3,285	612	-

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	Japan	163	143	10	-	9
	Overseas	673	48	11	-	615
Total (by area)		836	191	21	-	624
Sovereign	Sovereign	-	-	-	-	-
	Financial institutions	49	-	10	-	39
	Corporate	786	191	10	-	584
	Individuals	-	-	-	-	-
	CCPs	-	-	-	-	-
	Others	-	-	-	-	-
Total (by industry)		836	191	21	-	624

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

Not applicable.

3. Amount of exposure by approaches for banks' equity investments in funds

(Millions of yen)

	Exposures
Equity investments in funds (look-through approach)	645,854
Equity investments in funds (mandate-based approach)	60,251
Equity investments in funds (subject to 250% risk weight)	-
Equity investments in funds (subject to 400% risk weight)	-
Equity investments in funds (fall-back approach)	52
Total	706,159

4. Other quantitative disclosures

OV1: Overview of RWA

(Millions of yen)

Basel III template number		RWA		Minimum capital requirements	
		March 2019	March 2018	March 2019	March 2018
1	Credit risk (excluding counterparty credit risk) (CCR)	779,968	903,175	62,397	72,254
2	Of which standardized approach (SA)	581,678	747,448	46,534	59,795
3	Of which internal rating-based (IRB) approach	-	-	-	-
	Of which significant investments	-	-	-	-
	Of which exposures for estimated residual value of lease	-	-	-	-
	Others	198,289	155,726	15,863	12,458
4	Counterparty credit risk	992,548	1,261,575	79,403	100,926
5	Of which standardized approach for counterparty credit risk (SA-CCR)	331,892	-	26,551	-
	Of which current exposure method (CEM)	-	330,889	-	26,471
6	Of which internal model method (IMM)	-	-	-	-
	Of which credit valuation adjustment (CVA) risk	345,076	564,809	27,606	45,184
	Of which exposures to central counterparties (CCPs)	14,842	27,929	1,187	2,234
	Others	300,737	337,948	24,058	27,035
7	Equity positions under market-based approach	-	-	-	-
8	Equity investments in funds (look-through approach)	336,045	301,418	26,883	24,113
9	Equity investments in funds (mandate-based approach)	60,870	-	4,869	-
	Equity investments in funds (subject to 250% risk weight)	-	-	-	-
	Equity investments in funds (subject to 400% risk weight)	-	-	-	-
10	Equity investments in funds (fall-back approach)	653	-	52	-
11	Settlement risk	165	391	13	31
12	Securitization exposures in banking book	145,587	138,181	11,647	11,054
13	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-
14	Of which external ratings-based approach (SEC-ERBA)	145,587	138,181	11,647	11,054
15	Of which standardized approach (SEC-SA)	-	-	-	-
	Of which 1250% risk weight applied	-	-	-	-
16	Market risk	1,536,044	1,461,548	122,883	116,923
17	Of which standardized approach (SA)	838,957	860,281	67,116	68,822
18	Of which internal model approaches (IMM)	697,087	601,266	55,766	48,101
19	Operational risk	975,088	1,028,878	78,007	82,310
20	Of which basic indicator approach	975,088	1,028,878	78,007	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)	126,235	30,709	10,098	2,456
	Amounts included in risk weighted asset due to transitional arrangements	-	-	-	-
24	Floor adjustment	-	-	-	-
25	Total	4,953,208	5,125,879	396,256	410,070

(Millions of yen)

Basel III template number		RWA		Minimum capital requirements	
		March 2019	December 2018	March 2019	December 2018
1	Credit risk (excluding counterparty credit risk) (CCR)	779,968	853,398	62,397	68,271
2	Of which standardized approach (SA)	581,678	675,740	46,534	54,059
3	Of which internal rating-based (IRB) approach	-	-	-	-
	Of which significant investments	-	-	-	-
	Of which exposures for estimated residual value of lease	-	-	-	-
	Others	198,289	177,658	15,863	14,212
4	Counterparty credit risk	992,548	1,183,985	79,403	94,718
5	Of which standardized approach for counterparty credit risk (SA-CCR)	331,892	-	26,551	-
	Of which current exposure method (CEM)	-	310,811	-	24,864
6	Of which internal model method (IMM)	-	-	-	-
	Of which credit valuation adjustment (CVA) risk	345,076	512,779	27,606	41,022
	Of which exposures to central counterparties (CCPs)	14,842	30,519	1,187	2,441
	Others	300,737	329,874	24,058	26,389
7	Equity positions under market-based approach	-	-	-	-
8	Equity investments in funds (look-through approach)	336,045	404,549	26,883	32,363
9	Equity investments in funds (mandate-based approach)	60,870	-	4,869	-
	Equity investments in funds (subject to 250% risk weight)	-	-	-	-
	Equity investments in funds (subject to 400% risk weight)	-	-	-	-
10	Equity investments in funds (fall-back approach)	653	-	52	-
11	Settlement risk	165	109	13	8
12	Securitization exposures in banking book	145,587	140,360	11,647	11,228
13	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-
14	Of which external ratings-based approach (SEC-ERBA)	145,587	140,360	11,647	11,228
15	Of which standardized approach (SEC-SA)	-	-	-	-
	Of which 1250% risk weight applied	-	-	-	-
16	Market risk	1,536,044	1,334,804	122,883	106,784
17	Of which standardized approach (SA)	838,957	847,602	67,116	67,808
18	Of which internal model approaches (IMM)	697,087	487,201	55,766	38,976
19	Operational risk	975,088	981,734	78,007	78,538
20	Of which basic indicator approach	975,088	981,734	78,007	78,538
21	Of which standardized approach	-	-	-	-
22	Of which advanced measurement approach	-	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	126,235	13,023	10,098	1,041
	Amounts included in risk weighted asset due to transitional arrangements	-	-	-	-
24	Floor adjustment	-	-	-	-
25	Total	4,953,208	4,911,966	396,256	392,957

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	4,153,271	4,153,409	-	-	204,662	-	-
2	Cash segregated as deposits	324,559	324,558	-	-	15,554	-	-
3	Notes and accounts receivable-trade	18,741	18,638	-	-	-	-	-
4	Short-term investment securities	812,341	787,637	-	24,704	283,591	-	-
5	Trading products	6,716,066	-	2,796,954	-	6,719,936	▲ 3,870	-
6	Trading date accrual	-	12	-	-	-	-	-
7	Operational investment securities	110,034	110,033	-	-	23,887	-	-
8	Allowance for investment loss	▲ 155	▲ 155	-	-	-	-	-
9	Operating loans	1,564,856	893,659	-	671,197	535,624	-	-
10	Work in process	901	901	-	-	-	-	-
11	Margin transaction assets	175,034	-	175,030	-	-	-	-
12	Loans secured by securities	5,973,771	-	6,365,924	-	3,901,989	-	-
13	Advances paid	28,503	28,501	-	-	107	-	-
14	Short-term loans receivable	350	350	-	-	-	-	-
15	Accrued income	39,229	39,048	-	-	19,699	-	-
16	Deferred tax assets	-	-	-	-	-	-	-
17	Other current assets	488,391	293,116	158,121	-	79,902	30,313	-
18	Allowance for doubtful accounts	▲ 317	▲ 227	-	-	▲ 227	-	-
19	Total current assets	20,405,580	6,649,486	9,496,030	695,901	11,784,724	26,442	-
20	Property, plant and equipment	168,089	168,089	-	-	3,235	-	-
21	Intangible assets	115,937	-	-	-	9,969	115,937	-
22	Goodwill	10,605	-	-	-	2,254	10,605	-
23	Others	105,331	-	-	-	7,715	105,331	-
24	Investments and other assets	437,100	436,999	-	-	60,358	-	-
25	Investment securities	374,484	374,383	-	-	22,374	-	-
26	Deferred tax assets	6,915	6,915	-	-	-	-	-
27	Others	55,699	55,698	-	-	37,984	-	-
28	Total noncurrent assets	721,126	605,088	-	-	73,562	115,937	-
29	Total deferred assets	-	-	-	-	-	-	-
30	Total assets	21,126,706	7,254,576	9,496,030	695,901	11,858,286	142,379	-

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	7,116	-	-	-	-	7,116	
32	Trading products	4,747,777	-	2,638,120	-	4,777,699	-	
33	Trading date accrual	255,804	-	7,683	-	158,041	70,678	
34	Margin transaction liabilities	69,981	-	69,981	-	-	-	
35	Loans payable secured by securities	5,947,969	-	6,344,154	-	4,906,405	-	
36	Deposits from banking business	3,632,575	-	-	-	300,540	3,332,035	
37	Deposits received	276,700	-	-	-	51,965	224,735	
38	Guarantee deposits received	372,591	-	-	-	9,925	362,666	
39	Short-term loans payable	1,341,415	-	-	-	66,577	1,274,838	
40	Commercial paper	100,000	-	-	-	-	100,000	
41	Current portion of bonds	190,772	-	-	-	-	190,772	
42	Income taxes payable	5,978	-	-	-	676	5,302	
43	Deferred tax liabilities	-	-	-	-	-	-	
44	Provision for bonuses	28,436	-	-	-	13,044	15,392	
45	Other current liabilities	104,852	272	17,746	-	49,650	86,832	
46	Bonds payable	1,361,918	-	-	-	44,665	1,317,253	
47	Long-term loans payable	1,336,787	-	-	-	-	1,336,787	
48	Deferred tax liabilities	6,071	-	-	-	1,406	4,665	
49	Net defined benefit liabilities	43,441	-	-	-	-	43,441	
50	Provision for loss on litigation	25,573	-	-	-	23,774	1,799	
51	Negative goodwill	-	-	-	-	-	-	
52	Other noncurrent liabilities	10,572	-	-	-	1,203	9,369	
53	Reserves under the special laws	3,938	-	-	-	-	3,938	
54	Total liabilities	19,870,276	272	9,077,686	-	10,405,570	8,387,627	

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)	20,984,327	7,254,576	9,496,030	695,901	11,858,286
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	11,482,648	272	9,077,686	-	10,405,570
3	Total net amount under regulatory scope of consolidation	9,501,678	7,254,303	418,343	695,901	1,452,715
4	Off-balance sheet amounts	114,960	5,841	109,118	-	-
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	4,859,650	-	4,859,650	-	-
10	Differences due to netting and CRM for SFTs	13,700,864	-	13,700,864	-	-
11	Other differences	▲ 207,129	19,512	▲ 215,736	▲ 10,905	-
12	Exposure amounts considered for regulatory purposes	10,709,038	7,132,430	1,417,085	706,807	1,452,715

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	-	899,592	47	899,544
2	Debt Securities	-	585,167	-	585,167
3	Other on-balance sheet assets (debt products)	624	4,271,267	1,696	4,270,195
4	Sub-total on-balance sheet assets (1+2+3)	624	5,756,026	1,744	5,754,907
	Off-balance sheet assets				
5	Acceptances and guarantees	-	1,817	-	1,817
6	Commitments	-	19,035	-	19,035
7	Sub-total off-balance sheet assets (5+6)	-	20,852	-	20,852
	Total				
8	Total (4+7)	624	5,776,879	1,744	5,775,760

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

CR2: Changes in stock of defaulted loans and debt securities

(Millions of yen)

	Previous reporting period end: September 2018 Current reporting period end: March 2019	Amounts
1	Defaulted loans and debt securities at end of previous reporting period	559
2	Loans and debt securities that have defaulted since the last reporting period	116
3	Changes in loans and debt securities during the reporting period	Returned to non-defaulted status
4		Amounts written off
5		Other changes
6	Defaulted loans and debt securities at end of reporting period (1+2-3-4+5)	624

* 1 Other changes include a decrease due to collection of exposures.

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
1	Loans	793,049	106,494	106,494	-	-
2	Debt securities	585,167	-	-	-	-
3	Other on-balance sheet assets (debt products)	4,270,189	5	5	-	-
4	Total (1+2+3)	5,648,407	106,500	106,500	-	-
5	Of which defaulted	624	-	-	-	-

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	4,516,291	-	4,516,291	-	-	-
3	Non-Japanese sovereign and central bank	131,409	-	131,409	-	30	0.02%
4	Bank for International Settlements (BIS)	-	-	-	-	-	-
5	Japanese local public authorities	2,851	-	2,851	-	-	-
6	Non-Japanese public sector entities (excluding sovereign)	2,760	-	2,760	-	624	22.61%
7	Multilateral Development Banks (MDBs)	157	-	157	-	-	-
8	Japan Finance Organization for Municipalities (JFM)	1,367	-	1,367	-	271	19.82%
9	Japanese government-sponsored entities	240,998	-	240,998	-	26,167	10.86%
10	Three major local public corporations of Japan	-	-	-	-	-	-
11	Financial institutions and securities firms	596,978	19,035	596,978	3,807	127,447	21.21%
12	Corporates	313,020	1,819	206,520	1,819	191,234	91.79%
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-	-
15	Projects including acquisition of real estate properties	11,590	3,663	11,590	3,663	15,253	100.00%
16	Past due exposures for three months or more(excluding residential mortgage loans)	624	-	624	-	936	150.00%
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)	219,713	-	219,713	-	219,713	100.00%
22	Total	6,037,764	24,518	5,931,264	9,289	581,679	9.79%

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	4,516,291	-	-	-	-	-
3	Non-Japanese sovereign and central bank	131,344	-	9	-	55	-
4	Bank for International Settlements (BIS)	-	-	-	-	-	-
5	Japanese local public authorities	2,851	-	-	-	-	-
6	Non-Japanese public sector entities (excluding sovereign)	-	-	2,669	-	-	-
7	Multilateral Development Banks (MDBs)	157	-	-	-	-	-
8	Japan Finance Organization for Municipalities (JFM)	-	17	1,349	-	-	-
9	Japanese government-sponsored entities	-	220,318	20,679	-	-	-
10	Three major local public corporations of Japan	-	-	-	-	-	-
11	Financial institutions and securities firms	-	-	583,041	-	13,811	-
12	Corporates	-	-	17,880	-	5,601	-
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	4,650,644	220,336	625,631	-	19,467	-

(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	-	-	-	-	4,516,291
3	Non-Japanese sovereign and central bank	-	-	-	-	131,409
4	Bank for International Settlements (BIS)	-	-	-	-	-
5	Japanese local public authorities	-	-	-	-	2,851
6	Non-Japanese public sector entities (excluding sovereign)	90	-	-	-	2,760
7	Multilateral Development Banks (MDBs)	-	-	-	-	157
8	Japan Finance Organization for Municipalities (JFM)	-	-	-	-	1,367
9	Japanese government-sponsored entities	-	-	-	-	240,998
10	Three major local public corporations of Japan	-	-	-	-	-
11	Financial institutions and securities firms	3,933	-	-	-	600,785
12	Corporates	184,857	-	-	-	208,339
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-
15	Projects including acquisition of real estate properties	15,253	-	-	-	15,253
16	Past due exposures for three months or more(excluding residential mortgage loans)	-	624	-	-	624
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)	219,713	-	-	-	219,713
22	Total	423,848	624	-	-	5,940,554

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

(Millions of yen)

		Replacement cost	PFE	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	176,760	208,865		1.4	539,877	331,892
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)					481,457	300,737
5	VaR for SFTs					-	-
6	Total						632,629

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	479,924	345,076
5	Total subject to the CVA capital charge	479,924	345,076

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		2,970	-	-
2	Non-Japanese sovereign and central bank		3,235	-	89
3	Bank for International Settlements (BIS)		16,662	-	-
4	Japanese local public authorities		30	-	-
5	Non-Japanese public sector entities (excluding sovereign)		-	-	50,167
6	Multilateral Development Banks (MDBs)		17,302	-	-
7	Japan Finance Organization for Municipalities (JFM)		-	-	4,430
8	Japanese government-sponsored entities		-	2,592	7,988
9	Three major local public corporations of Japan		-	-	-
10	Financial institutions and securities firms		-	-	353,278
11	Corporates		-	-	6,657
12	SMEs and individuals (risk weight 75% applied)		-	-	-
13	Other assets		-	-	-
14	Total		40,201	2,592	422,611

(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		47	-	-
3	Bank for International Settlements (BIS)		-	-	-
4	Japanese local public authorities		-	-	-
5	Non-Japanese public sector entities (excluding sovereign)		142	-	-
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		354	-	-
11	Corporates		15,617	-	539,766
12	SMEs and individuals (risk weight 75% applied)		-	-	-
13	Other assets		-	-	-
14	Total		16,162	-	539,766

(Millions of yen)

	Regulatory portfolio	Risk weight	EAD (post-CRM)		
			150%	Others	Total credit exposure
1	Japanese government and central bank		-	-	2,970
2	Non-Japanese sovereign and central bank		-	-	3,372
3	Bank for International Settlements (BIS)		-	-	16,662
4	Japanese local public authorities		-	-	30
5	Non-Japanese public sector entities (excluding sovereign)		-	-	50,309
6	Multilateral Development Banks (MDBs)		-	-	17,302
7	Japan Finance Organization for Municipalities (JFM)		-	-	4,430
8	Japanese government-sponsored entities		-	-	10,581
9	Three major local public corporations of Japan		-	-	-
10	Financial institutions and securities firms		-	-	353,633
11	Corporates		-	-	562,041
12	SMEs and individuals (risk weight 75% applied)		-	-	-
13	Other assets		-	-	-
14	Total		-	-	1,021,335

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	6,582	140,069	77,963	180,323	2,878,249	2,215,507
2	Cash - other currencies	68,920	27,682	2,089	18,941	4,905,460	4,340,753
3	Domestic sovereign debt	9	20,998	-	7,413	1,396,726	1,472,726
4	Other sovereign debt	566	-	-	-	3,555,600	3,441,955
5	Government agency debt	2,692	-	-	-	899,756	1,509,405
6	Corporate bonds	33,090	-	-	-	63,428	176,111
7	Equity securities	7,444	683	41,497	-	569,099	272,473
8	Other collateral	4,188	-	-	-	28,380	34,927
9	Total	123,494	189,433	121,549	206,678	14,296,703	13,463,860

* Collateral applied to credit risk mitigation techniques

CCR6: Credit derivatives exposures

(Millions of yen)

		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	738,448	907,524
2	Index credit default swaps	309,056	202,926
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	4,725	-
6	Total notionals	1,052,229	1,110,451
	Fair values		
7	Positive fair value (asset)	2,173	14,026
8	Negative fair value (liability)	▲ 14,223	▲ 6,776

CCR8: Exposures to central counterparties

(Millions of yen)

		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)		14,842
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	218,226	4,364
3	(i) OTC derivatives	87,289	1,745
4	(ii) Exchange-traded derivatives	27,854	557
5	(iii) Securities financing transactions	103,082	2,061
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	113,021	
8	Non-segregated initial margin	16,328	330
9	Pre-funded default fund contributions	48,173	10,146
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	135,446	-	135,446
2	residential mortgage	69,742	-	69,742
3	credit card	-	-	-
4	other retail exposures	65,704	-	65,704
5	re-securitization	-	-	-
6	Wholesale (total) - of which	571,360	-	571,360
7	loans to corporates	570,484	-	570,484
8	commercial mortgage	-	-	-
9	lease and receivables	876	-	876
10	other wholesale	-	-	-
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	1,843	-	1,843
7	loans to corporates	1,843	-	1,843
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	4,096	-	4,096
2	residential mortgage	108	-	108
3	credit card	-	-	-
4	other retail exposures	3,988	-	3,988
5	re-securitization	-	-	-
6	Wholesale (total) - of which	3,015	-	3,015
7	loans to corporates	3,015	-	3,015
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 retail underlying	Of which wholesale
Exposure values (by RW bands)						
1	≤20% RW	692,307	692,307	692,307	120,946	571,360
2	>20% to 50% RW	-	-	-	-	-
3	>50% to 100% RW	14,500	14,500	14,500	14,500	-
4	>100% to <1250% RW	-	-	-	-	-
5	1250% RW	-	-	-	-	-
Exposure values (by regulatory approach)						
6	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
7	Of which external ratings-based approach (SEC-ERBA)	706,807	706,807	706,807	135,446	571,360
8	Of which standardized approach (SEC-SA)	-	-	-	-	-
9	Of which 1250% risk weight applied	-	-	-	-	-
RWA (by regulatory approach)						
10	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
11	Of which external ratings-based approach (SEC-ERBA)	145,587	145,587	145,587	31,359	114,228
12	Of which standardized approach (SEC-SA)	-	-	-	-	-
13	Of which 1250% risk weight applied	-	-	-	-	-
Capital charge after cap						
14	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
15	Of which external ratings-based approach (SEC-ERBA)	11,647	11,647	11,647	2,508	9,138
16	Of which standardized approach (SEC-SA)	-	-	-	-	-
17	Of which 1250% risk weight applied	-	-	-	-	-

(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	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
7	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
8	Of which standardized approach (SEC-SA)	-	-	-	-	-
9	Of which 1250% risk weight applied	-	-	-	-	-
RWA (by regulatory approach)						
10	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
11	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
12	Of which standardized approach (SEC-SA)	-	-	-	-	-
13	Of which 1250% risk weight applied	-	-	-	-	-
Capital charge after cap						
14	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
15	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
16	Of which standardized approach (SEC-SA)	-	-	-	-	-
17	Of which 1250% risk weight applied	-	-	-	-	-

(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	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
7	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
8	Of which standardized approach (SEC-SA)	-	-	-	-	-
9	Of which 1250% risk weight applied	-	-	-	-	-
RWA (by regulatory approach)						
10	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
11	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
12	Of which standardized approach (SEC-SA)	-	-	-	-	-
13	Of which 1250% risk weight applied	-	-	-	-	-
Capital charge after cap						
14	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
15	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
16	Of which standardized approach (SEC-SA)	-	-	-	-	-
17	Of which 1250% risk weight applied	-	-	-	-	-

MR1 : Market risk under standardized approach

(Millions of yen)

		RWA
1	Interest rate risk (general and specific)	621,669
2	Equity risk (general and specific)	120,708
3	Foreign exchange risk	74,858
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitization	21,721
9	Total	838,957

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 end of previous year	189,559	411,707	-	-		601,266	
1b	Adjustments to RWA based on the regulatory consolidated capital at end of previous year	5	3	-	-		4	
1c	Amounts of IMA at end of previous year	32,178	106,780	-	-		138,959	
2	Change in reporting period	Movement in risk levels	8,479	48,791	-	-		57,270
3		Model updates/changes	4,335	▲ 13,492	-	-		▲ 9,157
4		Methodology and policy	-	-	-	-		-
5		Acquisitions and disposals	-	-	-	-		-
6		Foreign exchange movements	-	-	-	-		-
7	Other	-	-	-	-		-	
8a	Amounts of IMA at end of reporting period	44,992	142,079	-	-		187,072	
8b	Adjustments to RWA based on the regulatory consolidated capital at end of reporting period	3	3	-	-		3	
8c	RWA at end of reporting period	173,111	523,975	-	-		697,087	

(Millions of yen)

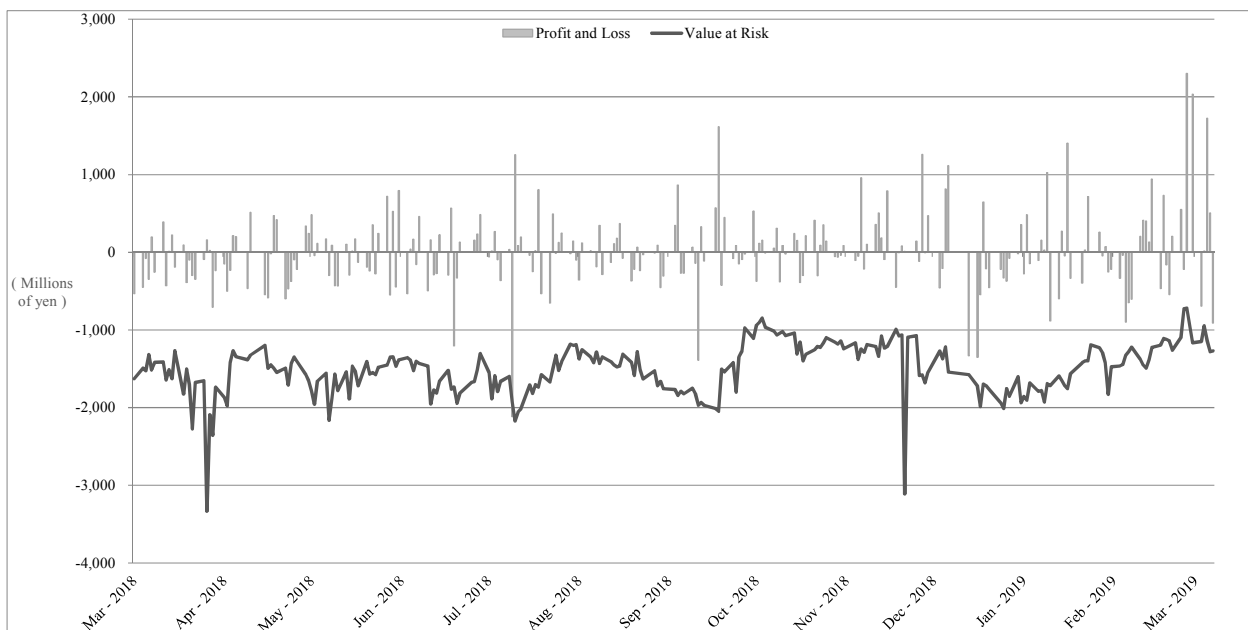
		VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1a	RWA at previous quarter end	176,487	310,714	-	-		487,201
1b	Adjustments to RWA based on the regulatory consolidated capital at previous quarter end	2	1	-	-		1
1c	Amounts of IMA at previous quarter end	64,703	196,079	-	-		260,782
2	Change in reporting period	Movement in risk levels	▲ 19,710	▲ 53,999	-	-	▲ 73,710
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	44,992	142,079	-	-		187,072
8b	Adjustments to RWA based on the regulatory consolidated capital at end of reporting period	3	3	-	-		3
8c	RWA at end of reporting period	173,111	523,975	-	-		697,087

MR3 : IMA values for trading portfolios

(Millions of yen)

	VaR (10 day 99%) –	
1	Maximum value	15,076
2	Average value	5,850
3	Minimum value	1,932
4	Period end	3,969
	Stressed VaR (10 day 99%)	
5	Maximum value	18,297
6	Average value	10,498
7	Minimum value	4,635
8	Period end	12,092
	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 2019	March 2018
1	Parallel up	4,691	4,288
2	Parallel down	32,156	30,982
3	Steepener	1,632	11,995
4	Flattener	430	520
5	Short rate up	1,718	1,563
6	Short rate down	18,699	28,576
7	Maximum	32,156	30,982
8	Tier 1 capital	1,092,835	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.

CCyB1: Geographical distribution of credit exposures used in the countercyclical buffer

(Millions of yen)

Geographical breakdown	Countercyclical capital buffer rate	Risk-weighted assets used in the computation of the countercyclical capital buffer	Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
Hong Kong SAR	2.50%	10,069		
Sweden	2.00%	1,271		
United Kingdom	1.00%	24,383		
Sum		35,724		
Total		1,778,639	0.02%	355

* Basically, Risk-weighted assets used in the computation of the countercyclical capital buffer are calculated on an "ultimate risk" basis. For a part of assets which are difficult to allocate jurisdictions by ultimate risk method, we adopt the jurisdictions which are recorded in balance sheet to the calculation.

Consolidated Leverage Ratio

1. Composition of consolidated leverage ratio

(Millions of yen, %)

Basel III template number (2)	Basel III template number (1)	Items	March 2019	March 2018
On-balance sheet exposures (1)				
1		On-balance sheet items before adjustments	12,041,187	11,659,677
1a	1	Total assets in the consolidated balance sheet	21,126,706	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	9,085,519	9,482,066
2	7	Common Equity Tier 1 capital: regulatory adjustments	146,287	115,303
3		Total on-balance sheet exposures (excluding derivatives and SFTs) (A)	11,894,900	11,544,374
Derivative exposures (2)				
4		Replacement cost associated with all derivatives transactions (with the 1.4 alpha factor applied)	489,419	-
		Replacement cost associated with all derivatives transactions	-	432,448
5		Add-on amounts for PFE associated with all derivatives transactions (with the 1.4 alpha factor applied)	395,086	-
		Add-on amounts for PFE associated with all derivatives transactions	-	1,310,291
		Gross-up for collateral posted in derivative transactions	-	264,892
6		Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
		Gross-up for derivatives cash margin 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	106,899	118,441
8		Exempted CCP leg of client-cleared trade exposures	-	-
9		Adjusted effective notional amount of written credit derivatives	1,110,451	1,551,276
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives	830,277	1,253,152
11	4	Total derivative exposures (B)	1,057,780	2,187,314
Securities financing transaction exposures (3)				
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	6,540,957	7,517,198
13		Netted amounts of cash payables and cash receivables of gross SFT assets	668,826	1,156,495
14		CCR exposure for SFT assets	163,474	211,873
15		Agent transaction exposures	-	-
16	5	Total securities financing transaction exposures (C)	6,035,605	6,572,576
Other off-balance sheet exposures (4)				
17		Off-balance sheet exposure at gross notional amount	122,854	80,259
18		Adjustments for conversion to credit equivalent amounts	43,528	26,485
19	6	Off-balance sheet items (D)	79,326	53,774
Capital and total exposures (5)				
20		Tier 1 capital (E)	1,092,835	1,142,340
21	8	Total exposures (A)+(B)+(C)+(D) (F)	19,067,611	20,358,038
22		Leverage ratio on a consolidated basis (E) / (F)	5.73%	5.61%

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
3a	Other TLAC-eligible instruments governed by foreign 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	1,182,379 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	—
34a	Type of subordination	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	162 million Yen	209 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	196 million Yen	261 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	210 million Yen	307 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	215 million Yen	370 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	218 million Yen	419 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	975 million Yen	358 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	375 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	954 million Yen	376 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	357 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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	432 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	—	—
34a	Type of subordination	—	—
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
3a	Other TLAC-eligible instruments governed by foreign 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 14	Stock subscription right series 15
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	238 million Yen	105 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 8, 2018	August 10, 2018
12	Perpetual or dated	Dated	Dated
13	Original maturity date	June 27, 2027	June 26, 2028
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	—	—
34a	Type of subordination	—	—
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