

July 31, 2020

Daiwa Securities Group Inc.

**Report Regarding Consolidated Capital Adequacy Ratio**  
**and Consolidated Leverage Ratio**  
**Situation of Soundness in Management as of March 31, 2020**

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, 2020.

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## Key Metrics (at consolidated group level)

(Millions of yen , %)

Basel III template number		March 2020	December 2019	September 2019	June 2019	March 2019
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	1,035,250	1,088,942	1,061,011	1,074,541	1,086,889
2	Tier 1	1,171,864	1,088,942	1,061,011	1,074,541	1,086,889
3	Total capital	1,171,864	1,088,942	1,061,011	1,074,541	1,086,889
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	5,536,310	5,593,840	5,572,157	5,089,921	5,020,849
Capital ratio						
5	CET1 ratio (%)	18.69%	19.46%	19.04%	21.11%	21.64%
6	Tier 1 ratio (%)	21.16%	19.46%	19.04%	21.11%	21.64%
7	Total capital ratio (%)	21.16%	19.46%	19.04%	21.11%	21.64%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.03%	0.03%	0.02%	0.02%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.50%	0.50%	0.50%	0.50%	0.50%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	3.00%	3.03%	3.03%	3.02%	3.02%
12	CET1 available after meeting the bank's minimum capital requirements (%)	13.16%	11.46%	11.04%	13.11%	13.64%
Leverage ratio						
13	Total leverage ratio exposure measure	20,200,161	21,601,323	19,417,404	19,816,310	18,674,804
14	Leverage ratio (%) including the impact of any applicable temporary exemption of central bank reserves	5.80%	5.04%	5.46%	5.42%	5.82%

## 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	1,189,921	
1a	Common stock and capital surplus	478,206	(i),(j)
2	Retained earnings	835,727	(k)
1c	Treasury stock ( $\Delta$ )	110,337	(l),(m)
26	Planned distributions ( $\Delta$ )	13,675	
	Others	-	
1b	Stock subscription rights	8,901	(p)
3	Accumulated other comprehensive income (and other reserves)	7,742	(o)
5	Minority interest after adjustments	-	
6	Common Equity Tier 1 capital before regulatory adjustments	(a) 1,206,565	
Common Equity Tier 1 capital: regulatory adjustments		(2)	
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)	159,170	
8	Goodwill (net of related tax liability)	36,261	(e),(g)
9	Other intangibles other than mortgage-servicing rights(net of related tax liability)	122,908	(f)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	569	(d),(h)
11	Cash-flow hedge reserve	2,012	(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	535	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	67	(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)	8,958	(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	-	
28	Total regulatory adjustments to Common equity Tier 1	(b) 171,315	
Common Equity Tier 1 capital			
29	Common Equity Tier 1 capital (CET1) ((a) - (b))	(c) 1,035,250	

(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	138,800	
	Instruments issued by Special Purpose Companies	-	
34-35	Minority interest after adjustments	6,576	(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) 145,376	
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)	3,006	(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	5,756	
43	Total regulatory adjustments to Additional Tier 1 capital	(e) 8,762	
Additional Tier 1 capital			
44	Additional Tier 1 capital ((d) - (e))	(f) 136,613	
Tier 1 capital			
45	Tier 1 capital ((c) + (f))	(g) 1,171,864	
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	1,547	(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) 1,547	

(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)	7,303	(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)	7,303	
Tier 2 capital			
58	Tier 2 capital ((h) - (i)) (j)	-	
Total capital			
59	Total capital ((g) + (j)) (k)	1,171,864	
Risk weighted assets (5)			
60	Total risk weighted assets (l)	5,536,310	
Consolidated capital adequacy ratio			
61	Common Equity Tier 1 (as a percentage of risk weighted assets) ((c) / (l))	18.69%	
62	Tier 1 (as a percentage of risk weighted assets) ((g) / (l))	21.16%	
63	Total capital (as a percentage of risk weighted assets) ((k) / (l))	21.16%	
64	CET1 specific buffer requirement	3.00%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.00%	
67	of which: G-SIB/D-SIB additional requirement	0.50%	
68	CET1 available after meeting the minimum capital requirements	13.16%	
Amounts below the thresholds for deduction (before risk weighting) (6)			
72	Non-significant investments in the capital of other financials	104,420	(a),(b),(c),(g)
73	Significant investments in the common stock of financials	62,626	(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)	16,563	(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).

Differences between those companies belonging to the corporate group ("Daiwa Securities Group", hereunder the Group), subsidiaries as per Ordinance for Enforcement of the Banking Act are included in the scope of consolidated capital adequacy ratio calculation (the regulatory scope of consolidation). The regulatory scope of consolidation has a wider coverage than the scope of consolidation in the financial statements.

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

Number of consolidated subsidiaries: 66 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
Samty Residential Investment Corporation	Investment management for specified assets
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 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

List of subsidiaries not included under the scope of consolidation in the financial statements but belonging to the Group

(Millions of yen)			
Subsidiaries belonging to the Group	Businesses	Total Assets	Net Assets
Daiwa Securities SMBC Principal Investments Co. Ltd.	Investment businesses	1,964	1,955
Nozomi Financial Holdings Co. Ltd.	Integration and management of subsidiaries	1,327	1,212
Nozomi Servicing Co. Ltd.	Debt collection services	1,905	714
Daiwa Investor Relations Co. Ltd.	Research and consulting regarding corporate management policy, finance policy, shareholder policy, corporate image, and IR activities	784	557
DMS Ltd.	Information services	534	439
	Market research and consulting services		
Asian Energy Investments Pte., Ltd.	Investment management businesses	496	430
	Investment advisory and agency businesses		
Daiwa ACA HealthCare Inc.	Investment funds management businesses	255	223
	Asset management business		
	Real estate business		
Daiwa Facilities Co.,Ltd. (Former company name before July 1, 2020: Daiwa Facility Service Co., Ltd.)	Lending and borrowing of real estate	200	200
	Management of real estate		
DS Capital International (NI) Ltd.	Investment management businesses	104	104
Nozomi Finance & Consulting Co. Ltd.	Money lending business	6,351	83
	Consulting services		
Daiwa Corporate Investment Asia Ltd.	Investment businesses	136	75
Hubei Gaohe Fund management Co., Ltd.	Investment management businesses	52	42
	Investment advisory and agency businesses		
NIF Corporate Investments Co. Ltd.	Investment businesses	11	11

There are no companies included under the scope of consolidation in the financial statements but not belonging to the Group.

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>

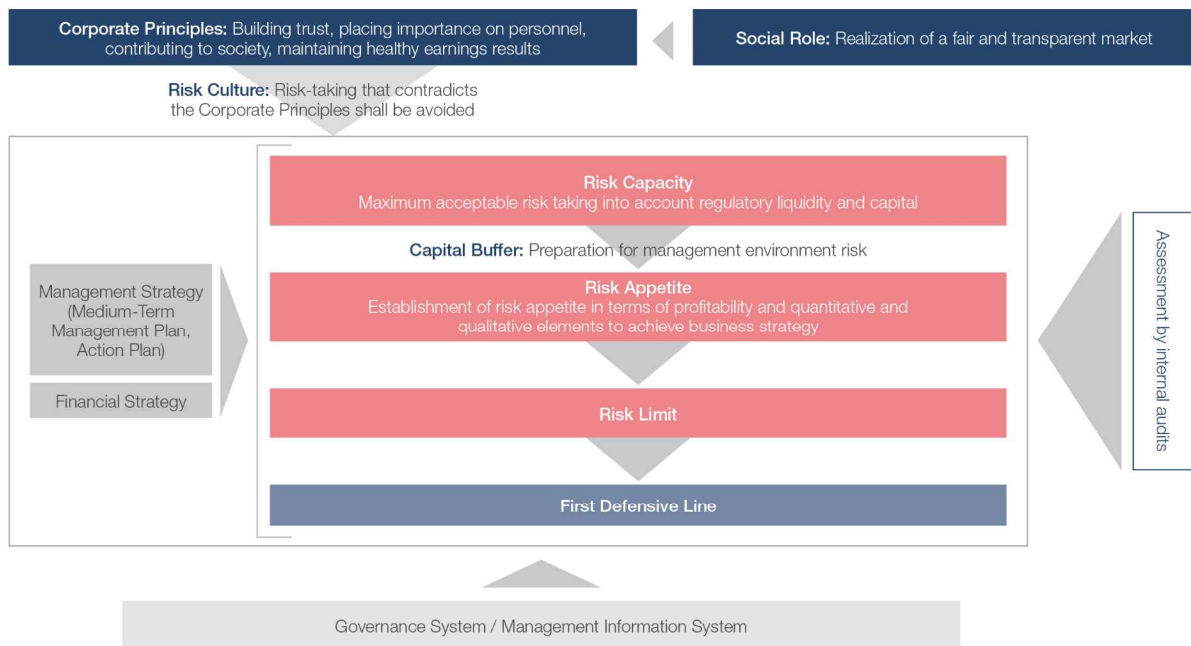
The risk appetite framework defines risk appetite as the type and total amount of risk that should be assumed in order to achieve profit targets and business plans. It is the framework of group-wide risk control.

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, instilled a risk appetite culture in the Group and improved the level of business and risk management systems, as well as fostered a culture of risk management.



## 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 the risk management system 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 system 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 system 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 system to verify the effectiveness of the risk appetite framework.

(The operating structure of the risk appetite framework)

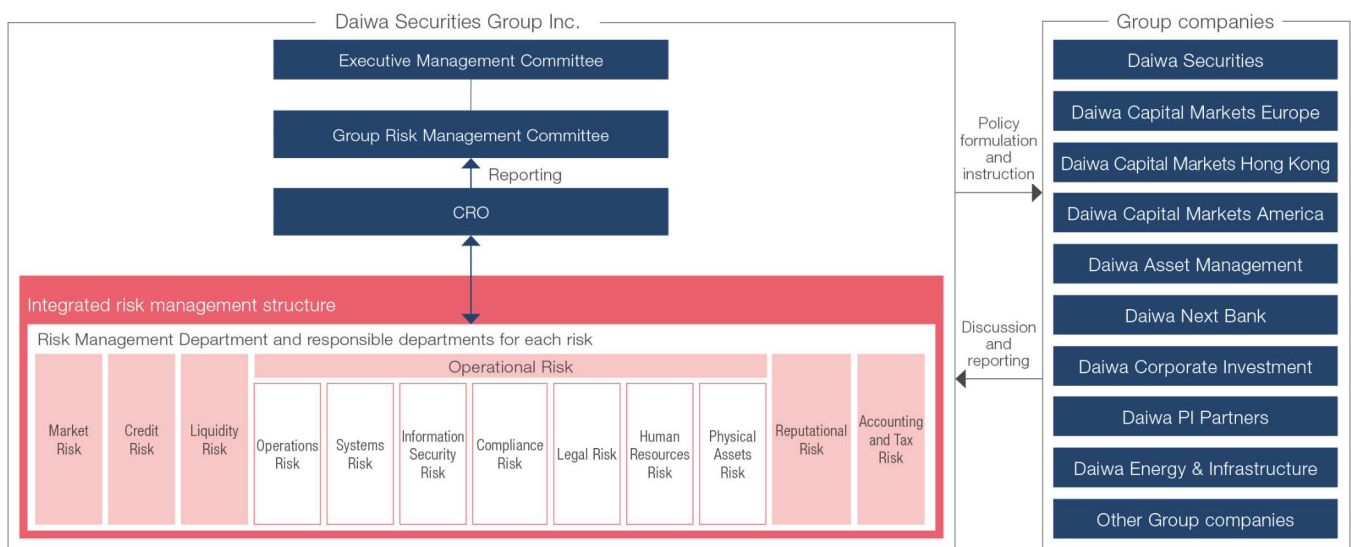
The Group's Board of Directors reviews the risk appetite statement on a semi-annual basis.  
The risk appetite framework is also reviewed properly when business strategies or capital allocation plans are revised or the external environment changes significantly or great excess occurs on the risk profile.

<Risk characteristics and management policy, risk management system >

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 system 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 system 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.



In addition, based on the group-wide risk management and the approved risk appetite framework, the 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 system.

(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.

Note: The Group will establish an investment-related risk management department and nominate an executive officer to enhance the structure of the risk management system.

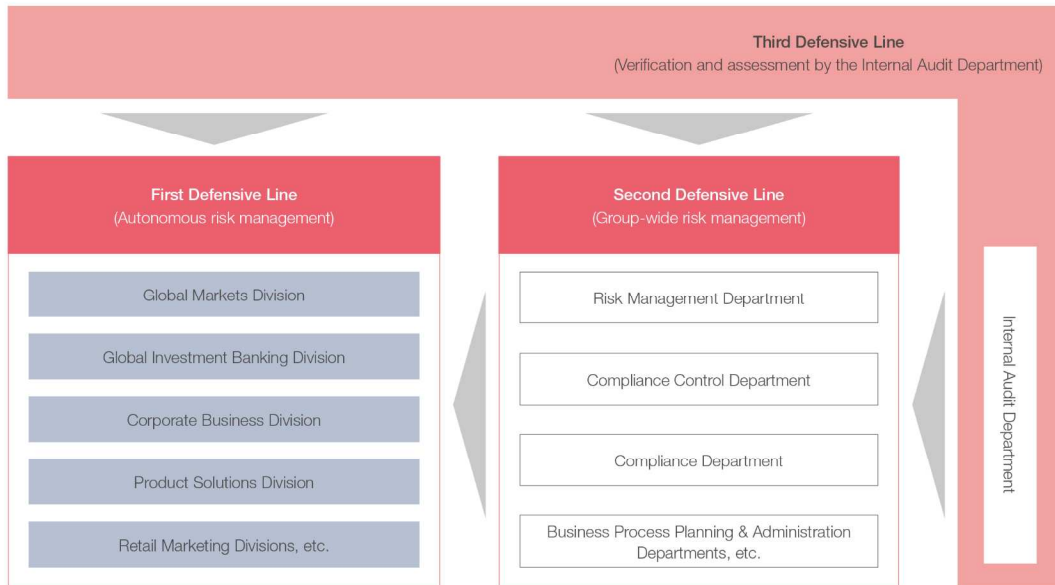
Executive Management, department and committee (to deliberate and decide the policies and specific measures of risk management) in charge of each risk

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 system, 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 March 17, 2020), and records them on an expected loss ratio basis. Based on the self-assessment criteria of assets, the sales department and credit examination department conduct assessments for all claims.

##### 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 potential exposure calculated by simulation and the CDS spread observed in the market.

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, banking and trading business. 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 has been 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 2020, there were 8 times VaR breaches 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 equity exposure associated with investment securities for the purpose of trading business and banking business 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	3,964,512	3,969,510	
Cash segregated as deposits	415,953	415,953	
Notes and accounts receivable-trade	18,427	18,427	
Short-term investment securities (a)	873,064	873,064	8, 18, 39, 54, 72, 73
Trading products (b)	8,027,289	8,027,289	16, 18, 39, 54, 72, 73
Trading date accrual	-	-	
Operational investment securities (c)	202,557	202,557	18, 39, 54, 72, 73
Allowance for investment loss	(1,160)	(1,160)	
Operating loans	1,768,471	1,768,471	
Work in process	609	609	
Margin transaction assets	114,384	114,384	
Loans secured by securities	6,685,756	6,685,756	
Advances paid	25,682	25,682	
Short-term loans receivable	3,087	3,087	
Accrued income	36,483	36,594	
Deferred tax assets (d)	-	-	10, 75
Other current assets	711,935	713,429	
Allowance for doubtful accounts	(415)	(415)	
Total current assets	22,846,637	22,853,241	
Noncurrent assets			
Property, plant and equipment	309,166	313,076	
Intangible assets	124,115	124,176	
Goodwill (e)	13,629	13,629	8
Others (f)	110,486	110,547	9
Investments and other assets	542,179	542,093	
Investment securities (g)	491,660	489,051	8, 18, 39, 54, 72, 73
Deferred tax assets (h)	17,125	17,133	10, 75
Others	33,394	35,907	
Total noncurrent assets	975,462	979,347	
Total deferred charges	-	-	
Total assets	23,822,099	23,832,588	



(Millions of yen)

	Balance sheets as in published statements	Under regulatory scope of consolidation	Cross-referenced to CC1
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable-trade	8,938	8,938	
Trading products	5,362,261	5,362,261	
Trading date accrual	544,689	544,689	
Margin transaction liabilities	59,256	59,256	
Loans payable secured by securities	7,198,730	7,198,730	
Deposits from banking business	4,037,201	4,037,201	
Deposits received	353,943	360,176	
Guarantee deposits received	414,641	414,641	
Short-term loans payable	1,276,948	1,276,948	
Commercial paper	178,000	178,000	
Current portion of bonds	277,852	277,852	
Income taxes payable	7,403	7,428	
Deferred tax liabilities	-	3	
Provision for bonuses	26,747	26,747	
Other current liabilities	172,101	173,255	
<b>Noncurrent liabilities</b>			
Bonds payable	1,379,226	1,379,226	
Long-term loans payable	1,183,272	1,183,613	
Deferred tax liabilities	4,369	4,369	
Net defined benefit liabilities	44,359	44,359	
Provision for loss on litigation	1,570	1,570	
Negative goodwill	-	-	
Other noncurrent liabilities	28,900	29,217	
Reserves under the special laws	3,918	3,918	
<b>Total liabilities</b>	<b>22,564,333</b>	<b>22,572,408</b>	
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Common stock (i)	247,397	247,397	1a
Capital surplus (j)	230,808	230,808	1a
Retained earnings (k)	834,442	835,727	2
Treasury stock (l)	(110,351)	(110,351)	1c
Advances on subscription of treasury stock (m)	13	13	1c
<b>Total shareholders' equity</b>	<b>1,202,310</b>	<b>1,203,595</b>	
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	26,853	26,853	
Deferred gains or losses on hedges (n)	(13,592)	(13,592)	11
Foreign currency translation adjustment	(5,556)	(5,517)	
<b>Total accumulated other comprehensive income (o)</b>	<b>7,703</b>	<b>7,742</b>	<b>3</b>
Subscription rights to shares (p)	8,901	8,901	1b
Minority interests (q)	38,849	39,938	34-35, 48-49
<b>Total net assets</b>	<b>1,257,766</b>	<b>1,260,180</b>	

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 2020】

(Millions of yen)

		Credit risk exposures			
			Loans	Securities	Others
	Japan	6,410,961	1,204,881	1,013,821	4,192,259
	Overseas	453,040	62,130	29,725	361,183
Total (by area)		6,864,002	1,267,011	1,043,546	4,553,443
	Sovereign	5,047,755	960,387	682,224	3,405,143
	Financial institutions	511,820	-	9,634	502,185
	Corporate	433,406	289,912	24,669	118,823
	CCPs	34,648	-	-	34,648
	Others	836,370	16,710	327,017	492,641
Total (by industry)		6,864,002	1,267,011	1,043,546	4,553,443
	< 1 year	320,434	253,228	38,854	28,352
	> 1 year ≤ 3 years	78,800	1	78,773	25
	> 3 years ≤ 5 years	71,663	3	71,641	19
	> 5 years ≤ 7 years	86,167	-	86,133	33
	> 7 years	425,892	-	416,784	9,108
	Indeterminate	5,881,043	1,013,778	351,359	4,515,904
Total (by maturity)		6,864,002	1,267,011	1,043,546	4,553,443

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 2020		
		Term-end balance	Term-end allowance	Write-offs for the year
	Japan	5,022	1,441	-
	Overseas	2,527	354	-
Total (by area)		7,550	1,795	-
	Sovereign	-	-	-
	Financial institutions	34	-	-
	Corporate	2,906	610	-
	Others	4,608	1,185	-
	Total (by industry)	7,550	1,795	-

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	356	252	2	-	101
	Overseas	605	-	-	-	605
Total (by area)		961	252	2	-	706
	Sovereign	-	-	-	-	-
	Financial institutions	34	-	-	-	34
	Corporate	925	252	2	-	670
	CCPs	-	-	-	-	-
	Others	-	-	-	-	-
Total (by industry)		961	252	2	-	706

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)	824,315
Equity investments in funds (mandate-based approach)	74,083
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)	115
Total	898,515

#### 4. Other quantitative disclosures

##### OV1: Overview of RWA

(Millions of yen)

Basel III template number		RWA		Minimum capital requirements	
		March 2020	March 2019	March 2020	March 2019
1	Credit risk (excluding counterparty credit risk) (CCR)	1,065,998	816,153	85,280	65,292
2	Of which standardized approach (SA)	725,737	617,863	58,059	49,429
3	Of which internal rating-based (IRB) approach	-	-	-	-
	Of which significant investments	-	-	-	-
	Of which exposures for estimated residual value of lease	-	-	-	-
	Others	340,260	198,289	27,220	15,863
4	Counterparty credit risk	1,015,852	992,548	81,268	79,403
5	Of which standardized approach for counterparty credit risk (SA-CCR)	427,491	331,892	34,199	26,551
6	Of which internal model method (IMM)	-	-	-	-
	Of which credit valuation adjustment (CVA) risk	347,795	345,076	27,823	27,606
	Of which exposures to central counterparties (CCPs)	15,943	14,842	1,275	1,187
	Others	224,621	300,737	17,969	24,058
7	Equity positions under market-based approach	-	-	-	-
8	Equity investments in funds (look-through approach)	516,553	336,045	41,324	26,883
9	Equity investments in funds (mandate-based approach)	73,154	60,870	5,851	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)	1,443	653	115	52
11	Settlement risk	255	165	20	13
12	Securitization exposures in banking book	119,868	145,587	9,589	11,647
13	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-
14	Of which external ratings-based approach (SEC-ERBA)	117,501	145,587	9,400	11,647
15	Of which standardized approach (SEC-SA)	-	-	-	-
	Of which 1250% risk weight applied	2,367	-	189	-
16	Market risk	1,604,159	1,530,739	128,332	122,459
17	Of which standardized approach (SA)	838,138	838,622	67,051	67,089
18	Of which internal model approaches (IMM)	766,021	692,117	61,281	55,369
19	Operational risk	940,462	975,088	75,237	78,007
20	Of which basic indicator approach	940,462	975,088	75,237	78,007
21	Of which standardized approach	-	-	-	-
22	Of which advanced measurement approach	-	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	198,560	162,995	15,883	13,040
	Amounts included in risk weighted asset due to transitional arrangements	-	-	-	-
24	Floor adjustment	-	-	-	-
25	Total	5,536,310	5,020,849	442,904	401,667

(Millions of yen)

Basel III template number		RWA		Minimum capital requirements	
		March 2020	December 2019	March 2020	December 2019
1	Credit risk (excluding counterparty credit risk) (CCR)	1,065,998	1,207,131	85,280	96,570
2	Of which standardized approach (SA)	725,737	771,368	58,059	61,709
3	Of which internal rating-based (IRB) approach	-	-	-	-
	Of which significant investments	-	-	-	-
	Of which exposures for estimated residual value of lease	-	-	-	-
	Others	340,260	435,763	27,220	34,861
4	Counterparty credit risk	1,015,852	954,297	81,268	76,343
5	Of which standardized approach for counterparty credit risk (SA-CCR)	427,491	335,232	34,199	26,818
6	Of which internal model method (IMM)	-	-	-	-
	Of which credit valuation adjustment (CVA) risk	347,795	333,474	27,823	26,677
	Of which exposures to central counterparties (CCPs)	15,943	19,954	1,275	1,596
	Others	224,621	265,635	17,969	21,250
7	Equity positions under market-based approach	-	-	-	-
8	Equity investments in funds (look-through approach)	516,553	340,116	41,324	27,209
9	Equity investments in funds (mandate-based approach)	73,154	115,166	5,851	9,213
	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)	1,443	2,006	115	160
11	Settlement risk	255	227	20	18
12	Securitization exposures in banking book	119,868	123,921	9,589	9,913
13	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-
14	Of which external ratings-based approach (SEC-ERBA)	117,501	121,525	9,400	9,722
15	Of which standardized approach (SEC-SA)	-	-	-	-
	Of which 1250% risk weight applied	2,367	2,395	189	191
16	Market risk	1,604,159	1,750,411	128,332	140,032
17	Of which standardized approach (SA)	838,138	923,905	67,051	73,912
18	Of which internal model approaches (IMM)	766,021	826,506	61,281	66,120
19	Operational risk	940,462	948,297	75,237	75,863
20	Of which basic indicator approach	940,462	948,297	75,237	75,863
21	Of which standardized approach	-	-	-	-
22	Of which advanced measurement approach	-	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	198,560	152,264	15,883	12,181
	Amounts included in risk weighted asset due to transitional arrangements	-	-	-	-
24	Floor adjustment	-	-	-	-
25	Total	5,536,310	5,593,840	442,904	447,507

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 <sup>1</sup>	Subject to counterparty credit risk framework	Subject to the securitization framework <sup>2</sup>	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital	
Assets								
1	Cash and deposits	3,964,512	3,969,510	3,969,510	-	-	266,392	-
2	Cash segregated as deposits	415,953	415,953	415,953	-	-	27,345	-
3	Notes and accounts receivable-trade	18,427	18,427	18,427	-	-	-	-
4	Short-term investment securities	873,064	873,064	822,958	-	50,105	286,574	-
5	Trading products	8,027,289	8,027,289	-	3,583,933	-	8,030,243	(2,954)
6	Trading date accrual	-	-	203	-	-	8,202	82,302
7	Operational investment securities	202,557	202,557	202,557	-	-	41,960	-
8	Allowance for investment loss	(1,160)	(1,160)	(1,160)	-	-	-	-
9	Operating loans	1,768,471	1,768,471	1,261,788	-	506,682	356,369	-
10	Work in process	609	609	609	-	-	-	-
11	Margin transaction assets	114,384	114,384	-	114,377	-	-	-
12	Loans secured by securities	6,685,756	6,685,756	-	7,369,310	-	3,355,246	-
13	Advances paid	25,682	25,682	25,682	-	-	115	-
14	Short-term loans receivable	3,087	3,087	3,087	-	-	76,582	-
15	Accrued income	36,483	36,594	36,594	-	-	12,757	-
16	Deferred tax assets	-	-	-	-	-	3,859	-
17	Other current assets	711,935	713,429	688,294	12,157	-	79,250	25,134
18	Allowance for doubtful accounts	(415)	(415)	(415)	-	-	(289)	-
19	Total current assets	22,846,637	22,853,241	7,444,088	11,079,779	556,787	12,544,610	104,482
20	Property, plant and equipment	309,166	313,076	313,076	-	-	19,328	-
21	Intangible assets	124,115	124,176	-	-	-	7,694	124,176
22	Goodwill	13,629	13,629	-	-	-	5,585	13,629
23	Others	110,486	110,547	-	-	-	2,109	110,547
24	Investments and other assets	542,179	542,093	541,745	-	189	35,149	8
25	Investment securities	491,660	489,051	488,861	-	189	29,219	-
26	Deferred tax assets	17,125	17,133	17,125	-	-	1,985	8
27	Others	33,394	35,907	35,758	-	-	3,944	-
28	Total noncurrent assets	975,462	979,347	854,822	-	189	62,172	124,184
29	Total deferred assets	-	-	-	-	-	-	-
30	Total assets	23,822,099	23,832,588	8,298,911	11,079,779	556,976	12,606,783	228,667

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

<sup>2</sup> 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 <sup>1</sup>	Subject to counterparty credit risk framework	Subject to the securitization framework <sup>2</sup>	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Liabilities								
31	Notes and accounts payable-trade	8,938	8,938	-	-	-	-	8,938
32	Trading products	5,362,261	5,362,261	-	3,499,169	-	5,362,261	-
33	Trading date accrual	544,689	544,689	-	8,919	-	366,700	-
34	Margin transaction liabilities	59,256	59,256	-	59,252	-	-	-
35	Loans payable secured by securities	7,198,730	7,198,730	-	7,883,771	-	4,681,950	-
36	Deposits from banking business	4,037,201	4,037,201	-	-	-	-	4,037,201
37	Deposits received	353,943	360,176	-	-	-	74,939	360,176
38	Guarantee deposits received	414,641	414,641	-	17,057	-	4,469	-
39	Short-term loans payable	1,276,948	1,276,948	-	-	-	25,123	1,276,948
40	Commercial paper	178,000	178,000	-	-	-	-	178,000
41	Current portion of bonds	277,852	277,852	-	-	-	-	277,852
42	Income taxes payable	7,403	7,428	-	-	-	1,794	7,428
43	Deferred tax liabilities	-	3	-	-	-	4,064	3
44	Provision for bonuses	26,747	26,747	-	-	-	12,409	26,747
45	Other current liabilities	172,101	173,255	39,350	43,012	-	70,344	131,403
46	Bonds payable	1,379,226	1,379,226	-	-	-	(353)	1,379,226
47	Long-term loans payable	1,183,272	1,183,613	-	-	-	-	1,183,613
48	Deferred tax liabilities	4,369	4,369	-	-	-	5	4,369
49	Net defined benefit liabilities	44,359	44,359	-	-	-	-	44,359
50	Provision for loss on litigation	1,570	1,570	-	-	-	-	1,570
51	Negative goodwill	-	-	-	-	-	-	-
52	Other noncurrent liabilities	28,900	29,217	-	-	-	16,745	13,740
53	Reserves under the special laws	3,918	3,918	-	-	-	-	3,918
54	Total liabilities	22,564,333	22,572,408	39,350	11,511,183	-	10,620,453	8,935,499

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 <sup>1</sup>	Counterparty credit risk framework	Securitization framework <sup>2</sup>	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	23,603,921	8,298,911	11,079,779	556,976	12,606,783
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	13,636,909	39,350	11,511,183	-	10,620,453
3	Total net amount under regulatory scope of consolidation	9,967,012	8,259,561	(431,404)	556,976	1,986,330
4	Off-balance sheet amounts	110,062	19,901	90,160	-	-
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	6,387,645	-	6,387,645	-	-
10	Differences due to netting and CRM for SFTs	16,187,805	-	16,187,805	-	-
11	Other differences	(11,859,661)	(408,406)	(20,573,842)	11,304	-
12	Exposure amounts considered for regulatory purposes	12,086,030	7,871,056	1,660,364	568,280	1,986,330

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 <sup>1</sup>
		Defaulted exposures	Non- defaulted exposures		
	On-balance sheet assets				
1	Loans	-	1,267,055	43	1,267,011
2	Debt securities	-	696,509	-	696,509
3	Other on-balance sheet assets (debt products)	722	4,081,820	2,223	4,080,319
4	Sub-total on-balance sheet assets (1+2+3)	722	6,045,385	2,267	6,043,839
	Off-balance sheet assets				
5	Acceptances and guarantees	-	15,578	-	15,578
6	Commitments	-	19,060	-	19,060
7	Sub-total off-balance sheet assets (5+6)	-	34,639	-	34,639
	Total				
8	Total (4+7)	722	6,080,024	2,267	6,078,479

<sup>1</sup> "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 2019 Current reporting period end: March 2020	Amounts
1	Defaulted loans and debt securities at end of previous reporting period	41
2	Loans and debt securities that have defaulted since the last reporting period	0
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)	722

\* 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	1,133,882	133,129	133,129	-	-
2	Debt securities	696,509	-	-	-	-
3	Other on-balance sheet assets (debt products)	4,080,314	4	4	-	-
4	Total (1+2+3)	5,910,706	133,134	133,134	-	-
5	Of which defaulted	706	-	-	-	-

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	4,612,794	-	4,612,794	-	-	0.00%
3	Non-Japanese sovereign and central bank	167,935	-	167,935	-	91	0.05%
4	Bank for International Settlements (BIS)	-	-	-	-	-	-
5	Japanese local public authorities	-	-	-	-	-	-
6	Non-Japanese public sector entities (excluding sovereign)	1,679	-	1,679	-	409	24.36%
7	Multilateral Development Banks (MDBs)	104	-	104	-	-	0.00%
8	Japan Finance Organization for Municipalities (JFM)	1,203	-	1,203	-	238	19.78%
9	Japanese government-sponsored entities	264,031	-	264,031	-	28,610	10.84%
10	Three major local public corporations of Japan	6	-	6	-	1	16.67%
11	Financial institutions and securities firms	511,786	19,060	511,786	3,812	106,683	20.69%
12	Corporates	414,847	15,579	281,713	14,682	294,287	99.29%
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-	-
15	Projects including acquisition of real estate properties	14,281	2,895	14,281	2,895	17,176	100.00%
16	Past due exposures for three months or more(excluding residential mortgage loans)	706	-	706	-	1,046	148.16%
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)	275,828	2,724	275,828	1,362	277,191	100.00%
22	Total	6,265,205	40,259	6,132,071	22,751	725,737	11.79%

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

(Millions of yen)

		Credit risk exposures (post-CCF and post-CRM)					
		Risk weight					
Asset classes		0%	10%	20%	35%	50%	75%
1	Cash	-	-	-	-	-	-
2	Japanese government and central bank	4,612,794	-	-	-	-	-
3	Non-Japanese sovereign and central bank	167,620	-	219	-	94	-
4	Bank for International Settlements (BIS)	-	-	-	-	-	-
5	Japanese local public authorities	-	-	-	-	-	-
6	Non-Japanese public sector entities (excluding sovereign)	-	-	1,587	-	-	-
7	Multilateral Development Banks (MDBs)	104	-	-	-	-	-
8	Japan Finance Organization for Municipalities (JFM)	-	24	1,179	-	-	-
9	Japanese government-sponsored entities	-	241,954	22,076	-	-	-
10	Three major local public corporations of Japan	-	-	6	-	-	-
11	Financial institutions and securities firms	-	-	510,744	-	636	-
12	Corporates	-	-	1,863	-	1,236	-
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)	-	-	-	-	13	-
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	4,780,519	241,979	537,677	-	1,980	-

(Millions of yen)

Asset classes	Risk weight	Credit risk exposures (post-CCF and post-CRM)				
		100%	150%	250%	1250%	Total
1	Cash	-	-	-	-	-
2	Japanese government and central bank	-	-	-	-	4,612,794
3	Non-Japanese sovereign and central bank	-	-	-	-	167,935
4	Bank for International Settlements (BIS)	-	-	-	-	-
5	Japanese local public authorities	-	-	-	-	-
6	Non-Japanese public sector entities (excluding sovereign)	92	-	-	-	1,679
7	Multilateral Development Banks (MDBs)	-	-	-	-	104
8	Japan Finance Organization for Municipalities (JFM)	-	-	-	-	1,203
9	Japanese government-sponsored entities	-	-	-	-	264,031
10	Three major local public corporations of Japan	-	-	-	-	6
11	Financial institutions and securities firms	4,217	-	-	-	515,598
12	Corporates	293,296	-	-	-	296,396
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-
15	Projects including acquisition of real estate properties	17,176	-	-	-	17,176
16	Past due exposures for three months or more(excluding residential mortgage loans)	-	693	-	-	706
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)	277,191	-	-	-	277,191
22	Total	591,974	693	-	-	6,154,824

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)	233,508	222,878		1.4	638,941	427,491
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)					423,439	224,621
5	VaR for SFTs					-	-
6	Total						652,113

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	578,287	347,795
5	Total subject to the CVA capital charge	578,287	347,795



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

(Millions of yen)

	Regulatory portfolio	Risk weight	EAD (post-CRM)		
			0%	10%	20%
1	Japanese government and central bank		6,755	-	-
2	Non-Japanese sovereign and central bank		40,618	-	2,159
3	Bank for International Settlements (BIS)		40,727	-	-
4	Japanese local public authorities		-	-	-
5	Non-Japanese public sector entities (excluding sovereign)		-	-	29,123
6	Multilateral Development Banks (MDBs)		9,307	-	-
7	Japan Finance Organization for Municipalities (JFM)		-	-	9,486
8	Japanese government-sponsored entities		-	5,336	406
9	Three major local public corporations of Japan		-	-	-
10	Financial institutions and securities firms		-	-	332,828
11	Corporates		-	-	5,483
12	SMEs and individuals (risk weight 75% applied)		-	-	-
13	Other assets		-	-	-
14	Total		97,409	5,336	379,487

(Millions of yen)

	Regulatory portfolio	Risk weight	EAD (post-CRM)		
			50%	75%	100%
1	Japanese government and central bank		-	-	-
2	Non-Japanese sovereign and central bank		46	-	74
3	Bank for International Settlements (BIS)		-	-	-
4	Japanese local public authorities		-	-	-
5	Non-Japanese public sector entities (excluding sovereign)		71	-	-
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		1,204	-	-
11	Corporates		7,609	-	571,141
12	SMEs and individuals (risk weight 75% applied)		-	-	-
13	Other assets		-	-	-
14	Total		8,931	-	571,216

(Millions of yen)

	Regulatory portfolio	EAD (post-CRM)		
		150%	Others	Total credit exposure
	Risk weight			
1	Japanese government and central bank	-	-	6,755
2	Non-Japanese sovereign and central bank	-	-	42,899
3	Bank for International Settlements (BIS)	-	-	40,727
4	Japanese local public authorities	-	-	-
5	Non-Japanese public sector entities (excluding sovereign)	-	-	29,194
6	Multilateral Development Banks (MDBs)	-	-	9,307
7	Japan Finance Organization for Municipalities (JFM)	-	-	9,486
8	Japanese government-sponsored entities	-	-	5,742
9	Three major local public corporations of Japan	-	-	-
10	Financial institutions and securities firms	-	-	334,033
11	Corporates	-	-	584,234
12	SMEs and individuals (risk weight 75% applied)	-	-	-
13	Other assets	-	-	-
14	Total	-	-	1,062,381

## 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	23,611	158,654	181,158	262,257	4,181,819	3,157,753
2	Cash - other currencies	64,974	16,022	2,497	22,584	5,134,591	4,343,763
3	Domestic sovereign debt	215	27,101	-	8,803	2,341,721	2,841,176
4	Other sovereign debt	415	-	-	6,228	3,889,546	4,011,612
5	Government agency debt	1,304	-	-	-	639,519	1,267,750
6	Corporate bonds	35,756	-	-	-	35,592	86,505
7	Equity securities	9,438	637	13,987	105	436,154	173,361
8	Other collateral	3,546	-	-	-	18,314	35,328
9	Total	139,264	202,416	197,643	299,978	16,677,259	15,917,252

\* 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	654,169	887,103
2	Index credit default swaps	564,545	447,780
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	-	-
6	Total notionals	1,218,714	1,334,883
	Fair values		
7	Positive fair value (asset)	9,684	8,897
8	Negative fair value (liability)	(7,746)	(26,746)

CCR8: Exposures to central counterparties

(Millions of yen)

		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)		15,943
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	332,139	6,642
3	(i) OTC derivatives	148,603	2,972
4	(ii) Exchange-traded derivatives	27,816	556
5	(iii) Securities financing transactions	155,720	3,114
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	210,443	
8	Non-segregated initial margin	505	648
9	Pre-funded default fund contributions	54,893	8,652
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	176,297	-	176,297
2	residential mortgage	108,125	-	108,125
3	credit card	-	-	-
4	other retail exposures	68,171	-	68,171
5	re-securitization	-	-	-
6	Wholesale (total) - of which	391,983	-	391,983
7	loans to corporates	391,794	-	391,794
8	commercial mortgage	-	-	-
9	lease and receivables	-	-	-
10	other wholesale	189	-	189
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	1,571	-	1,571
2	residential mortgage	1,571	-	1,571
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	0	-	0
2	residential mortgage	0	-	0
3	credit card	-	-	-
4	other retail exposures	-	-	-
5	re-securitization	-	-	-
6	Wholesale (total) - of which	-	9,504	9,504
7	loans to corporates	-	9,504	9,504
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	
					Of which retail underlying	Of which wholesale
Exposure values (by RW bands)						
1	≤20% RW	553,591	553,591	553,591	161,797	391,794
2	>20% to 50% RW	10,000	10,000	10,000	10,000	-
3	>50% to 100% RW	4,500	4,500	4,500	4,500	-
4	>100% to <1250% RW	-	-	-	-	-
5	1250% RW	189	189	189	-	189
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)	568,091	568,091	568,091	176,297	391,794
8	Of which standardized approach (SEC-SA)	-	-	-	-	-
9	Of which 1250% risk weight applied	189	189	189	-	189
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)	117,501	117,501	117,501	39,142	78,358
12	Of which standardized approach (SEC-SA)	-	-	-	-	-
13	Of which 1250% risk weight applied	2,367	2,367	2,367	-	2,367
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)	9,400	9,400	9,400	3,131	6,268
16	Of which standardized approach (SEC-SA)	-	-	-	-	-
17	Of which 1250% risk weight applied	189	189	189	-	189

(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)	616,981
2	Equity risk (general and specific)	94,757
3	Foreign exchange risk	108,319
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitization	18,080
9	Total	838,138

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	174,078	518,038	-	-		692,117
1b	Adjustments to RWA based on the regulatory consolidated capital at end of previous year	3.48	3.47	-	-		3.48
1c	Amounts of IMA at end of previous year	49,951	149,111	-	-		199,062
2	Change in reporting period	Movement in risk levels	(7,820)	17,674	-	-	9,853
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	42,130	166,785	-	-		208,915
8b	Adjustments to RWA based on the regulatory consolidated capital at end of reporting period	5.20	3.27	-	-		3.66
8c	RWA at end of reporting period	219,240	546,781	-	-		766,021

(Millions of yen)

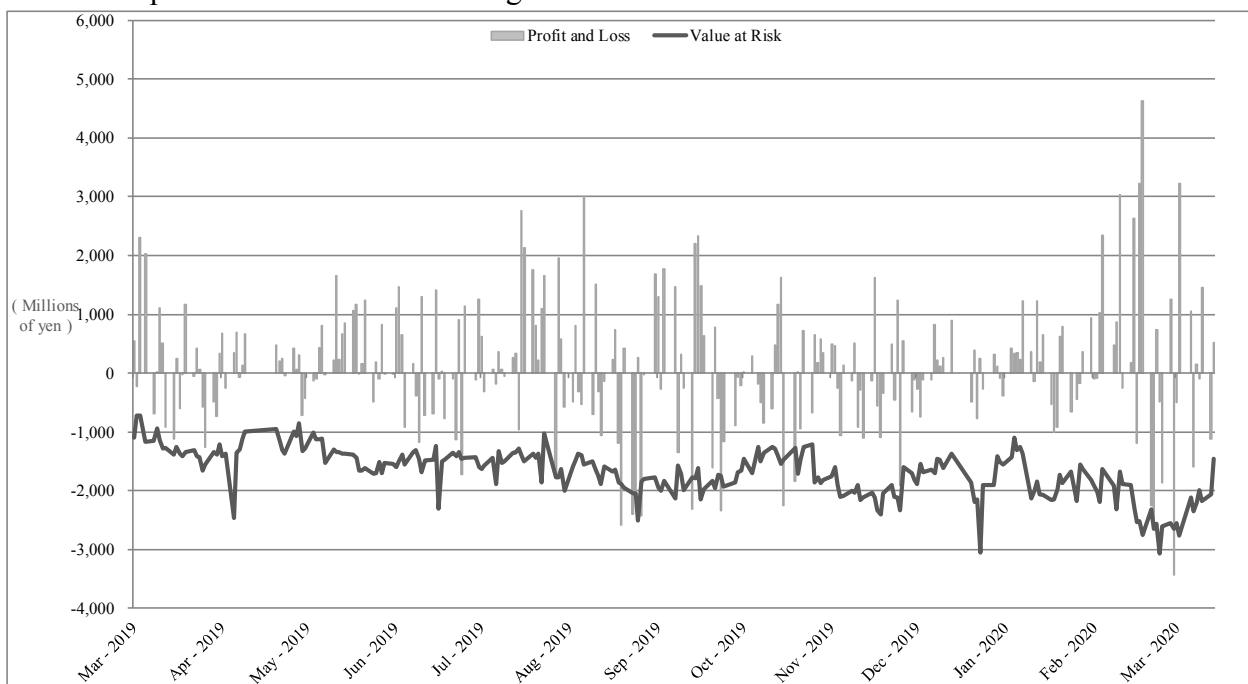
		VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1a	RWA at previous quarter end	211,398	615,107	-	-		826,506
1b	Adjustments to RWA based on the regulatory consolidated capital at previous quarter end	4.56	4.72	-	-		4.68
1c	Amounts of IMA at previous quarter end	46,332	130,112	-	-		176,444
2	Change in reporting period	Movement in risk levels	(4,202)	36,672	-	-	32,470
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	42,130	166,785	-	-		208,915
8b	Adjustments to RWA based on the regulatory consolidated capital at end of reporting period	5.20	3.27	-	-		3.66
8c	RWA at end of reporting period	219,240	546,781	-	-		766,021

## MR3 : IMA values for trading portfolios

(Millions of yen)

	VaR (10 day 99%) –	
1	Maximum value	8,736
2	Average value	4,568
3	Minimum value	2,612
4	Period end	3,370
	Stressed VaR (10 day 99%)	
5	Maximum value	19,606
6	Average value	13,215
7	Minimum value	5,715
8	Period end	13,342
	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)

		ΔEVE	
		March 2020	March 2019
1	Parallel up	4,392	4,691
2	Parallel down	24,566	32,156
3	Steepener	664	1,632
4	Flattener	309	430
5	Short rate up	1,943	1,718
6	Short rate down	14,668	18,699
7	Maximum	24,566	32,156
		March 2020	March 2019
8	Tier 1 capital	1,171,864	1,086,889

ΔNII 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	1.00%	14,913		
Luxembourg	0.25%	2,755		
Germany	0.25%	6		
Sum		17,674		
Total		2,409,513	0.00%	155

\* 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 2020	March 2019
On-balance sheet exposures (1)				
1		On-balance sheet items before adjustments	13,296,069	12,041,187
1a	1	Total assets in the consolidated balance sheet	23,822,099	21,126,706
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)	10,489	-
1d	3	Assets other than the adjustments that are excluded from the total assets in the consolidated balance sheet	10,536,519	9,085,519
2	7	Common Equity Tier 1 capital: regulatory adjustments	171,773	137,328
3		Total on-balance sheet exposures (excluding derivatives and SFTs) (A)	13,124,296	11,903,859
Derivative exposures (2)				
4		Replacement cost associated with all derivatives transactions (with the 1.4 alpha factor applied)	646,487	489,419
5		Add-on amounts for PFE associated with all derivatives transactions (with the 1.4 alpha factor applied)	434,611	395,086
6		Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7		Deductions of receivables assets for cash variation margin provided in derivatives transactions	111,454	106,899
8		Exempted CCP leg of client-cleared trade exposures		
9		Adjusted effective notional amount of written credit derivatives	1,334,883	1,110,451
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives	1,038,287	830,277
11	4	Total derivative exposures (B)	1,266,240	1,057,780
Securities financing transaction exposures (3)				
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	7,782,809	6,540,957
13		Netted amounts of cash payables and cash receivables of gross SFT assets	2,260,394	1,070,592
14		CCR exposure for SFT assets	157,448	163,474
15		Agent transaction exposures		
16	5	Total securities financing transaction exposures (C)	5,679,863	5,633,839
Other off-balance sheet exposures (4)				
17		Off-balance sheet exposure at gross notional amount	205,382	122,854
18		Adjustments for conversion to credit equivalent amounts	75,620	43,528
19	6	Off-balance sheet items (D)	129,762	79,326
Capital and total exposures (5)				
20		Tier 1 capital (E)	1,171,864	1,086,889
21	8	Total exposures (A)+(B)+(C)+(D) (F)	20,200,161	18,674,804
22		Leverage ratio on a consolidated basis (E) / (F)	5.80%	5.82%

### 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	1,189,921 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)	Perpetual Subordinated Bonds
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	130 million Yen	175 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	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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	162 million Yen	229 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	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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 2010	Stock subscription right series 7
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	273 million Yen	171 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2010	September 1, 2010
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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 2011	Stock subscription right series 8
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	356 million Yen	192 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	July 1, 2011	September 5, 2011
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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 February 2013	Stock subscription right series 9
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	410 million Yen	962 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 12, 2013	February 12, 2013
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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 February 2014	Stock subscription right series 10
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	344 million Yen	1,082 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 10, 2014	February 10, 2014
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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 February 2015	Stock subscription right series 11
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	372 million Yen	951 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 9, 2015	February 9, 2015
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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 February 2016	Stock subscription right series 12
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	370 million Yen	472 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 16, 2016	February 16, 2016
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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 February 2017	Stock subscription right series 13
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	398 million Yen	639 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 8, 2017	February 8, 2017
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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 February 2018	Stock subscription right series 14
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	432 million Yen	445 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 8, 2018	February 8, 2018
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
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 15	Stock subscription right series 16
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	264 million Yen	62 million Yen
9	Par value of instrument	—	
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	August 10, 2018	August 15, 2019
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
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)	Perpetual Subordinated Bonds	Perpetual Subordinated Bonds
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	—	—

1	Issuer	Samty Residential Investment Corporation
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	Additional Tier 1 capital Tier 2 capital
5	Post-transitional Basel III rules	Additional Tier 1 capital Tier 2 capital
6	Eligible at solo/group/group&solo	Daiwa Securities Group Inc.
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	Additional Tier 1 capital 6,576 million Yen Tier 2 capital 1,547 million Yen
9	Par value of instrument	—
10	Accounting classification	—
	Consolidated balance sheets	Non-controlling interest
11	Original date of issuance	—
12	Perpetual or dated	NA
13	Original maturity date	—
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	—
16	Subsequent call dates, if applicable	—
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	—
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	—
25	If convertible, fully or partially	—
26	If convertible, conversion rate	—
27	If convertible, mandatory or optional conversion	—
28	If convertible, specify instrument type convertible into	—
29	If convertible, specify issuer of instrument it converts into	—
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	—
32	If write-down, full or partial	—
33	If write-down, permanent or temporary	—
34	If temporary write-down, description of write-up mechanism	—
34a	Type of subordination	—
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual Subordinated Bonds
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)	JP350220AL30	JP350220BL39
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	Additional Tier 1 capital	Additional Tier 1 capital
5	Post-transitional Basel III rules	Additional Tier 1 capital	Additional 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)	Daiwa Securities Group Inc. first series of unsecured perpetual subordinated bonds with optional-redemption clause and write-down clause	Daiwa Securities Group Inc. second series of unsecured perpetual subordinated bonds with optional-redemption clause and write-down clause
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	116,400 million Yen	22,400 million Yen
9	Par value of instrument	125,000 million Yen	25,000 million Yen
10	Accounting classification		
	Consolidated balance sheets	Liabilities	Liabilities
11	Original date of issuance	March 16, 2020	March 16, 2020
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	YES	YES
15	Optional call date, contingent call dates and redemption amount	June 5, 2025 at per Tax event or capital event at per	June 5, 2030 at per Tax event or capital event at per
16	Subsequent call dates, if applicable	Each interest payment date after first call date	Each interest payment date after first call date
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating
18	Coupon rate and any related index	From the day immediately following March 16, 2020 until June 5, 2025 : 1.20% per annum From the day immediately following June 5, 2025 : 6-month euro-yen LIBOR + 1.40%	From the day immediately following March 16, 2020 until June 5, 2030 : 1.39% per annum From the day immediately following June 5, 2030 : 6-month euro-yen LIBOR + 1.50%
19	Existence of a dividend stopper	YES	YES
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	YES	YES
31	If write-down, write-down trigger(s)	Events(1), (2) or (3) below: (1)When the Company's consolidated Common Equity Tier1 capital ratio falls below 5.125%. (2)When the principal amount of and interest on the bonds shall be written down to zero when it is confirmed that the "specified item 2 measures". (3)When the Company becomes subject to bankruptcy and other insolvency proceedings.	Events(1), (2) or (3) below: (1)When the Company's consolidated Common Equity Tier1 capital ratio falls below 5.125%. (2)When the principal amount of and interest on the bonds shall be written down to zero when it is confirmed that the "specified item 2 measures". (3)When the Company becomes subject to bankruptcy and other insolvency proceedings.
32	If write-down, full or partial	Full or Partial	Full or Partial
33	If write-down, permanent or temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	When the Company determines that the principal amount of the bonds that have been written-down be reinstated after prior confirmation of the Financial Services Agency of Japan and any other relevant Japanese governmental organizations that the Company's consolidated Common Equity Tier1 capital ratio remains at a sufficiently high level immediately after giving effect to the relevant reinstatement of the bonds.	When the Company determines that the principal amount of the bonds that have been written-down be reinstated after prior confirmation of the Financial Services Agency of Japan and any other relevant Japanese governmental organizations that the Company's consolidated Common Equity Tier1 capital ratio remains at a sufficiently high level immediately after giving effect to the relevant reinstatement of the bonds.
34a	Type of subordination	Contractual	Contractual
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