

July 31, 2023

Daiwa Securities Group Inc.

Report Regarding Consolidated Capital Adequacy Ratio
and Consolidated Leverage Ratio
Situation of Soundness in Management as of March 31, 2023

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, 2023.

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Key Metrics (at consolidated group level)

KM1: Key metrics

(Millions of yen , %)

Basel III template number		March 2023	December 2022	September 2022	June 2022	March 2022
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	1,240,674	1,250,943	1,258,098	1,246,566	1,189,895
2	Tier 1	1,429,860	1,440,247	1,444,447	1,431,727	1,360,623
3	Total capital	1,439,174	1,449,613	1,444,798	1,437,718	1,360,623
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	6,808,704	6,811,728	6,991,976	7,034,021	6,879,435
Capital ratio						
5	CET1 ratio (%)	18.22%	18.36%	17.99%	17.72%	17.29%
6	Tier 1 ratio (%)	21.00%	21.14%	20.65%	20.35%	19.77%
7	Total capital ratio (%)	21.13%	21.28%	20.66%	20.43%	19.77%
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 (%)	0.04%	0.02%	0.00%	0.00%	0.00%
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)	3.04%	3.02%	3.00%	3.00%	3.00%
12	CET1 available after meeting the bank's minimum capital requirements (%)	13.13%	13.28%	12.66%	12.43%	11.77%
Leverage ratio						
13	Total leverage ratio exposure measure	22,195,226	21,947,493	25,769,677	22,721,653	20,641,305
14	Leverage ratio (%) including the impact of any applicable temporary exemption of central bank reserves	6.44%	6.56%	5.60%	6.30%	6.59%

Composition of Capital Disclosure

CC1: Composition of regulatory capital

(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	1,275,064	
1a	Common stock and capital surplus	477,671	(i),(j)
2	Retained earnings	886,350	(k)
1c	Treasury stock (Δ)	71,522	(l),(m)
26	Planned distributions (Δ)	17,435	
	Others	-	
1b	Stock subscription rights	8,793	(p)
3	Accumulated other comprehensive income (and other reserves)	115,641	(o)
5	Minority interest after adjustments	-	
6	Common Equity Tier 1 capital before regulatory adjustments	(a) 1,399,499	
Common Equity Tier 1 capital: regulatory adjustments		(2)	
8+9	Intangible assets other than mortgage-servicing rights (net of related tax liability)	155,654	
8	Goodwill (net of related tax liability)	48,098	(e),(g)
9	Other intangibles other than mortgage-servicing rights(net of related tax liability)	107,555	(f)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	386	(d),(h)
11	Cash-flow hedge reserve	2,059	(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	561	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	163	(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)	-	(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) 158,825	
Common Equity Tier 1 capital			
29	Common Equity Tier 1 capital (CET1) ((a) - (b))	(c) 1,240,674	

(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	149,600	
	Instruments issued by Special Purpose Companies	-	
34-35	Minority interest after adjustments	39,585	(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) 189,185	
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)	-	(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	-	
43	Total regulatory adjustments to Additional Tier 1 capital	(e) -	
Additional Tier 1 capital			
44	Additional Tier 1 capital ((d) - (e))	(f) 189,185	
Tier 1 capital			
45	Tier 1 capital ((c) + (f))	(g) 1,429,860	
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	9,314	(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) 9,314	

(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)	-	(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)	-	
Tier 2 capital			
58	Tier 2 capital ((h) - (i)) (j)	9,314	
Total capital			
59	Total capital ((g) + (j)) (k)	1,439,174	
Risk-weighted assets (5)			
60	Total risk-weighted assets (l)	6,808,704	
Consolidated capital adequacy ratio			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) ((c) / (l))	18.22%	
62	Tier 1 (as a percentage of risk-weighted assets) ((g) / (l))	21.00%	
63	Total capital (as a percentage of risk-weighted assets) ((k) / (l))	21.13%	
64	CET1 specific buffer requirement	3.04%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.04%	
67	of which: G-SIB/D-SIB additional requirement	0.50%	
68	CET1 available after meeting the minimum capital requirements	13.13%	
Amounts below the thresholds for deduction (before risk weighting) (6)			
72	Non-significant investments in the capital of other financials	118,130	(a),(b),(c),(g)
73	Significant investments in the common stock of financials	91,893	(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)	7,456	(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 Standardized 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).

Subsidiaries defined in Ordinance for Enforcement of the Banking Act are included in the corporate group ("Daiwa Securities Group", hereunder the Group), which is equivalent to 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: 140 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 Ltd	Information services
Daiwa Securities Business Center Co. Ltd.	Back office operations
Daiwa Facilities Co., Ltd.	Lending and borrowing of real estate Management of real estate
Daiwa Next Bank, Ltd.	Banking businesses
Daiwa Corporate Investment Co., Ltd.	Investment businesses
Daiwa PI Partners Co. Ltd.	Investment businesses
Daiwa Energy & Infrastructure Co. Ltd.	Investment businesses
Daiwa Real Estate Asset Management Co., Ltd.	Investment management businesses Investment advisory and agency businesses
Daiwa Securities Realty Co. Ltd.	Real estate-related businesses
Daiwa Office Investment Corporation	Investment management for specified assets
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 Investor Relations Co. Ltd.	Research and consulting regarding corporate management policy, finance policy, shareholder policy, corporate image, and IR activities	702	407
DMS Ltd.	Information services	172	155
	Market research and consulting services		
Asian Energy Investments Pte., Ltd.	Investment management businesses	84	83
	Investment advisory and agency businesses		
Daiwa ACA HealthCare Inc.	Investment funds management businesses	362	329
	Asset management businesses		
	Real estate businesses		
Daiwa Corporate Investment Asia Ltd.	Investment businesses	177	146
ILC inc.	Investment management businesses	213	(215)
	Investment advisory and agency businesses		
Daiwa Asset Management (H.K.) Limited	Investment management businesses	94	81
	Investment advisory and agency businesses		

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 on 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>

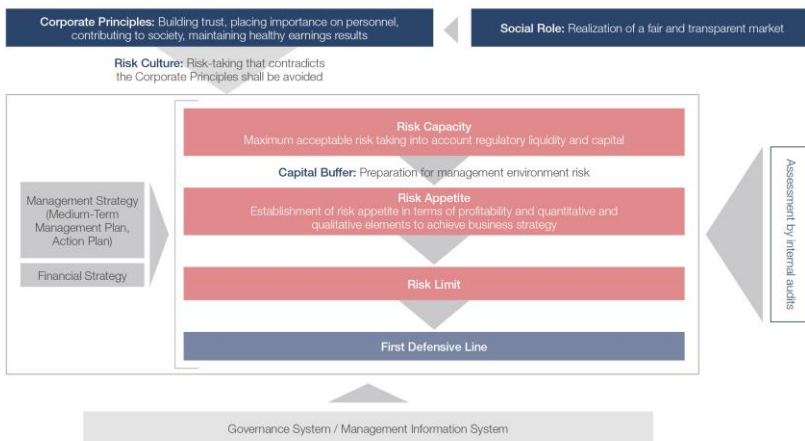
The risk appetite framework defines risk appetite as the type and total amount of risk that should be assumed in order to achieve profit targets and business plans. It is the framework of group-wide risk control.

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, operational risk that inevitably arises in executing business and model risk stemming from the use of decision-making models. The Group is also subject to investment risk due to deterioration in the business performance and credit status of investees, as well as to changes in the market environment, that coincide with the execution of growth investments through a Hybrid Strategy. 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, the group assigns the executive management and department to take charge of managing each risk.

(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.

- Model risk -

Model risk refers to the risk that the Group will suffer losses due to model development, implementation errors, or model misuse.

- Investment risk -

Investment risk refers to the risk that the value of the investment made by the Group will be damaged, that additional funding will be required, or that the return on investment will be lower than expected due to deterioration of the business performance and credit status of the investee changes in the market environment.

-Reputational risk-

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

-Accounting and tax risk-

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

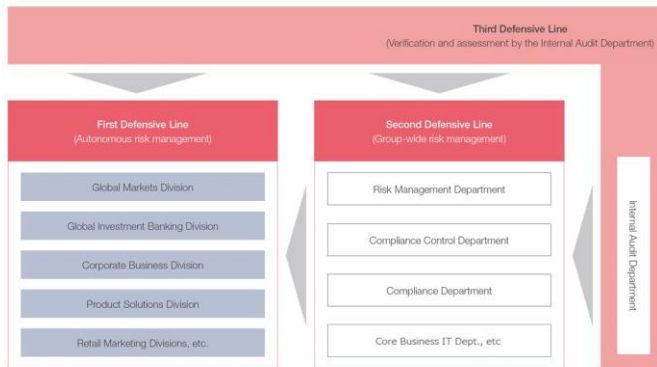
Executive Management, department and committee (to deliberate and decide the policies and specific measures of risk management) in charge of each risk

Risk category	Executive management	Department	Committee
Market risk	CRO	Risk Management Department	Group Risk Management Committee
Credit risk	CRO	Risk Management Department	Group Risk Management Committee
Liquidity risk	CRO	Risk Management Department	Group Risk Management Committee
Operational risk	CRO	Risk Management Department	Group Risk Management Committee
Model risk	CRO	Risk Management Department	Group Risk Management Committee
Investment risk	CRO	Risk Management Department	Group Risk Management Committee
Reputational risk	Executive Managing Director of Corporate Communication Executive Officer responsible for Investor Relations Executive Managing Director of Compliance	Corporate Communication Department Investor Relations Office Compliance Control 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 and cash flow estimation 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 Special Audit Committee for Banks and Other Financial Institutions Report No. 4 October 8, 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
- 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 the event that a business partner defaults, collateral will be sold in the market for claims protection.

For uncollateralized exposures, an allowance amount is calculated based upon the potential exposure calculated by simulation and the CDS spread observed in the market.

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.

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
- S&P Global Ratings

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 and foreign exchange	

(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 2023, there were 4 times VaR was breached 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) or 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

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 (unlisted stocks, etc.) and partnership investment 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	3,866,819	3,867,925	
Cash segregated as deposits	541,629	541,629	
Notes and accounts receivable-trade	22,062	22,062	
Short-term investment securities (a)	1,131,682	1,131,682	8, 18, 39, 54, 72, 73
Trading products (b)	7,625,713	7,625,713	16, 18, 39, 54, 72, 73
Trading date accrual	-	-	
Operational investment securities (c)	127,693	127,693	18, 39, 54, 72, 73
Allowance for investment loss	(70)	(70)	
Operating loans	2,015,034	2,015,034	
Work in process	853	853	
Margin transaction assets	160,255	160,255	
Loans secured by securities	8,341,562	8,341,562	
Advances paid	18,756	18,756	
Short-term loans receivable	810	810	
Accrued income	63,805	63,805	
Deferred tax assets (d)	-	-	10, 75
Other current assets	965,074	965,546	
Allowance for doubtful accounts	(8,822)	(8,822)	
Total current assets	24,872,860	24,874,439	
Noncurrent assets			
Property, plant and equipment	916,873	916,912	
Intangible assets	125,571	125,618	
Goodwill (e)	18,526	18,526	8
Others (f)	107,044	107,091	9
Investments and other assets	497,943	497,553	
Investment securities (g)	455,317	454,876	8, 18, 39, 54, 72, 73
Deferred tax assets (h)	7,840	7,843	10, 75
Others	34,785	34,832	
Total noncurrent assets	1,540,388	1,540,085	
Total deferred charges	-	-	
Total assets	26,413,248	26,414,523	

(Millions of yen)

	Balance sheets as in published statements	Under regulatory scope of consolidation	Cross-referenced to CC1
Liabilities			
Current liabilities			
Notes and accounts payable-trade	8,120	8,120	
Trading products	5,442,548	5,442,548	
Trading date accrual	1,155,831	1,155,831	
Margin transaction liabilities	52,785	52,785	
Loans payable secured by securities	7,929,609	7,929,609	
Deposits from banking business	3,932,761	3,932,761	
Deposits received	430,664	430,670	
Guarantee deposits received	431,383	431,383	
Short-term loans payable	1,292,848	1,293,248	
Commercial paper	261,300	261,300	
Current portion of bonds	485,029	485,029	
Income taxes payable	10,675	10,681	
Deferred tax liabilities	-	-	
Provision for bonuses	33,287	33,287	
Other current liabilities	114,430	114,702	
Noncurrent liabilities			
Bonds payable	1,304,543	1,304,543	
Long-term loans payable	1,706,985	1,706,985	
Deferred tax liabilities	42,280	42,280	
Net defined benefit liabilities	44,309	44,309	
Provision for loss on litigation	169	169	
Negative goodwill	-	-	
Other noncurrent liabilities	53,906	54,042	
Reserves under the special laws	4,287	4,287	
Total liabilities	24,737,758	24,738,579	
Net assets			
Shareholders' equity			
Common stock (i)	247,397	247,397	1a
Capital surplus (j)	230,274	230,274	1a
Retained earnings (k)	886,160	886,330	2
Treasury stock (l)	(71,522)	(71,522)	1c
Advances on subscription of treasury stock (m)	-	-	1c
Total shareholders' equity	1,292,309	1,292,479	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	24,717	24,717	
Deferred gains or losses on hedges (n)	16,028	16,028	11
Foreign currency translation adjustment	74,785	74,804	
Total accumulated other comprehensive income (o)	115,531	115,550	3
Subscription rights to shares (p)	8,793	8,793	1b
Minority interests (q)	258,855	259,119	34-35, 48-49
Total net assets	1,675,489	1,675,943	

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 2023】

(Millions of yen)

	Credit risk exposures			
		Loans	Securities	Others
Japan	7,715,184	1,171,602	1,295,795	5,247,785
Overseas	513,225	77,686	34,562	400,976
Total (by area)	8,228,409	1,249,288	1,330,357	5,648,762
Sovereign	4,613,278	725,240	769,986	3,118,051
Financial institutions	1,156,234	150	56,743	1,099,341
Corporate	759,440	513,103	103,801	142,535
CCPs	38,900	-	-	38,900
Others	1,660,555	10,794	399,826	1,249,934
Total (by industry)	8,228,409	1,249,288	1,330,357	5,648,762
< 1 year	1,208,439	1,023,949	141,215	43,273
> 1 year ≤ 3 years	89,266	773	86,642	1,851
> 3 years ≤ 5 years	127,647	-	126,837	809
> 5 years ≤ 7 years	100,295	-	100,124	171
> 7 years	442,345	-	434,139	8,205
Indeterminate	6,260,415	224,565	441,397	5,594,451
Total (by maturity)	8,228,409	1,249,288	1,330,357	5,648,762

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 2023		
	Term-end balance	Term-end allowance	Write-offs for the year
Japan	803,011	24,380	-
Overseas	10,118	1,091	-
Total (by area)	813,130	25,472	-
Sovereign	3	-	-
Financial institutions	558	-	-
Corporate	798,237	20,983	-
Others	14,330	4,488	-
Total (by industry)	813,130	25,472	-

C). Aging analysis of accounting past-due exposures

(Millions of yen)

	Past due exposures				
		< 1 month	≥ 1 month < 2 months	≥ 2 months < 3 months	≥ 3 months
Japan	26,382	111	124	20	26,126
Overseas	54	-	-	-	54
Total (by area)	26,437	111	124	20	26,181
Sovereign	2	-	-	-	2
Financial institutions	194	-	-	-	194
Corporate	26,240	111	124	20	25,983
CCPs	-	-	-	-	-
Others	-	-	-	-	-
Total (by industry)	26,437	111	124	20	26,181

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)	581,027
Equity investments in funds (mandate-based approach)	25,001
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)	552
Total	606,581

4. Other quantitative disclosures

OV1: Overview of RWA

(Millions of yen)

Basel III template number		RWA		Minimum capital requirements	
		March 2023	March 2022	March 2023	March 2022
1	Credit risk (excluding counterparty credit risk) (CCR)	2,223,767	2,176,777	177,901	174,142
2	Of which standardized approach (SA)	1,077,105	1,067,472	86,168	85,397
3	Of which internal rating-based (IRB) approach	-	-	-	-
	Of which significant investments	-	-	-	-
	Of which exposures for estimated residual value of lease	-	-	-	-
	Others	1,146,661	1,109,305	91,732	88,744
4	Counterparty credit risk	1,280,374	1,296,492	102,429	103,719
5	Of which standardized approach for counterparty credit risk (SA-CCR)	470,396	484,335	37,631	38,746
6	Of which internal model method (IMM)	-	-	-	-
	Of which credit valuation adjustment (CVA) risk	470,559	511,268	37,644	40,901
	Of which exposures to central counterparties (CCPs)	45,942	36,806	3,675	2,944
	Others	293,476	264,082	23,478	21,126
7	Equity positions under market-based approach	-	-	-	-
8	Equity investments in funds (look-through approach)	350,430	310,782	28,034	24,862
9	Equity investments in funds (mandate-based approach)	29,676	21,587	2,374	1,726
	Equity investments in funds (subject to 250% risk weight)	-	32,567	-	2,605
	Equity investments in funds (subject to 400% risk weight)	-	-	-	-
10	Equity investments in funds (fall-back approach)	6,906	6,303	552	504
11	Settlement risk	20	206	1	16
12	Securitization exposures in banking book	165,829	140,647	13,266	11,251
13	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-
14	Of which external ratings-based approach (SEC-ERBA)	165,829	140,647	13,266	11,251
15	Of which standardized approach (SEC-SA)	-	-	-	-
	Of which 1250% risk weight applied	-	-	-	-
16	Market risk	1,444,475	1,669,584	115,558	133,566
17	Of which standardized approach (SA)	787,799	827,455	63,023	66,196
18	Of which internal model approaches (IMM)	656,675	842,128	52,534	67,370
19	Operational risk	1,058,630	1,002,639	84,690	80,211
20	Of which basic indicator approach	1,058,630	1,002,639	84,690	80,211
21	Of which standardized approach	-	-	-	-
22	Of which advanced measurement approach	-	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	248,592	221,847	19,887	17,747
	Amounts included in risk weighted asset due to transitional arrangements	-	-	-	-
24	Floor adjustment	-	-	-	-
25	Total	6,808,704	6,879,435	544,696	550,354

(Millions of yen)

Basel III template number		RWA		Minimum capital requirements	
		March 2023	December 2022	March 2023	December 2022
1	Credit risk (excluding counterparty credit risk) (CCR)	2,223,767	2,198,628	177,901	175,890
2	Of which standardized approach (SA)	1,077,105	1,015,067	86,168	81,205
3	Of which internal rating-based (IRB) approach	-	-	-	-
	Of which significant investments	-	-	-	-
	Of which exposures for estimated residual value of lease	-	-	-	-
	Others	1,146,661	1,183,560	91,732	94,684
4	Counterparty credit risk	1,280,374	1,362,839	102,429	109,027
5	Of which standardized approach for counterparty credit risk (SA-CCR)	470,396	518,362	37,631	41,469
6	Of which internal model method (IMM)	-	-	-	-
	Of which credit valuation adjustment (CVA) risk	470,559	531,551	37,644	42,524
	Of which exposures to central counterparties (CCPs)	45,942	30,842	3,675	2,467
	Others	293,476	282,083	23,478	22,566
7	Equity positions under market-based approach	-	-	-	-
8	Equity investments in funds (look-through approach)	350,430	284,615	28,034	22,769
9	Equity investments in funds (mandate-based approach)	29,676	24,651	2,374	1,972
	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)	6,906	6,689	552	535
11	Settlement risk	20	25	1	2
12	Securitization exposures in banking book	165,829	158,006	13,266	12,640
13	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-
14	Of which external ratings-based approach (SEC-ERBA)	165,829	158,006	13,266	12,640
15	Of which standardized approach (SEC-SA)	-	-	-	-
	Of which 1250% risk weight applied	-	-	-	-
16	Market risk	1,444,475	1,517,694	115,558	121,415
17	Of which standardized approach (SA)	787,799	780,895	63,023	62,471
18	Of which internal model approaches (IMM)	656,675	736,798	52,534	58,943
19	Operational risk	1,058,630	1,023,317	84,690	81,865
20	Of which basic indicator approach	1,058,630	1,023,317	84,690	81,865
21	Of which standardized approach	-	-	-	-
22	Of which advanced measurement approach	-	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	248,592	235,261	19,887	18,820
	Amounts included in risk weighted asset due to transitional arrangements	-	-	-	-
24	Floor adjustment	-	-	-	-
25	Total	6,808,704	6,811,728	544,696	544,938

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

(Millions of yen)

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:					
			Subject to credit risk framework ¹	Subject to counterparty credit risk framework	Subject to the securitization framework ²	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital	
Assets								
1	Cash and deposits	3,866,819	3,867,925	3,867,926	-	-	313,725	-
2	Cash segregated as deposits	541,629	541,629	541,629	-	-	25,355	-
3	Notes and accounts receivable-trade	22,062	22,062	22,062	-	-	75	-
4	Short-term investment securities	1,131,682	1,131,682	1,067,272	-	64,409	485,153	-
5	Trading products	7,625,713	7,625,713	-	2,100,042	-	7,627,902	(2,189)
6	Trading date accrual	-	-	-	2,827	-	11,119	-
7	Operational investment securities	127,693	127,693	119,383	-	-	65,155	-
8	Allowance for investment loss	(70)	(70)	(70)	-	-	-	-
9	Operating loans	2,015,034	2,015,034	1,263,257	-	751,776	596,312	-
10	Work in process	853	853	853	-	-	-	-
11	Margin transaction assets	160,255	160,255	-	160,255	-	-	-
12	Loans secured by securities	8,341,562	8,341,562	-	8,341,562	-	4,649,900	-
13	Advances paid	18,756	18,756	18,756	-	-	177	-
14	Short-term loans receivable	810	810	810	-	-	26,772	-
15	Accrued income	63,805	63,805	61,589	-	-	26,492	-
16	Deferred tax assets	-	-	-	-	-	0	-
17	Other current assets	965,074	965,546	795,069	53,699	-	114,090	15,567
18	Allowance for doubtful accounts	(8,822)	(8,822)	(8,705)	-	-	(396)	-
19	Total current assets	24,872,860	24,874,439	7,749,836	10,658,387	816,186	13,941,838	13,378
20	Property, plant and equipment	916,873	916,912	916,913	-	-	25,189	-
21	Intangible assets	125,571	125,618	-	-	-	7,742	125,618
22	Goodwill	18,526	18,526	-	-	-	3,655	18,526
23	Others	107,044	107,091	-	-	-	4,087	107,092
24	Investments and other assets	497,943	497,553	473,672	1,131	-	110,576	3
25	Investment securities	455,317	454,876	433,551	-	-	71,300	-
26	Deferred tax assets	7,840	7,843	7,840	-	-	2,330	3
27	Others	34,785	34,832	32,280	1,131	-	36,946	-
28	Total noncurrent assets	1,540,388	1,540,085	1,390,586	1,131	-	143,508	125,621
29	Total deferred assets	-	-	-	-	-	-	-
30	Total assets	26,413,248	26,414,523	9,140,422	10,659,518	816,186	14,085,347	139,000

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

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

(Millions of yen)

		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
				Subject to credit risk framework ¹	Subject to counterparty credit risk framework	Subject to the securitization framework ²	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	Liabilities							
31	Notes and accounts payable-trade	8,120	8,120	-	-	-	-	8,120
32	Trading products	5,442,548	5,442,548	-	1,983,931	-	5,442,548	-
33	Trading date accrual	1,155,831	1,155,831	3,014	-	-	550,048	34,095
34	Margin transaction liabilities	52,785	52,785	-	52,785	-	-	-
35	Loans payable secured by securities	7,929,609	7,929,609	-	7,929,609	-	6,054,615	-
36	Deposits from banking business	3,932,761	3,932,761	-	-	-	-	3,932,761
37	Deposits received	430,664	430,670	-	-	-	41,191	430,671
38	Guarantee deposits received	431,383	431,383	-	14,008	-	2,054	431,383
39	Short-term loans payable	1,292,848	1,293,248	-	-	-	116,807	1,293,248
40	Commercial paper	261,300	261,300	-	-	-	-	261,300
41	Current portion of bonds	485,029	485,029	-	-	-	-	485,029
42	Income taxes payable	10,675	10,681	-	-	-	545	10,681
43	Deferred tax liabilities	-	-	-	-	-	-	-
44	Provision for bonuses	33,287	33,287	-	-	-	17,973	33,287
45	Other current liabilities	114,430	114,702	21	29,180	-	66,011	92,064
46	Bonds payable	1,304,543	1,304,543	-	-	-	720	1,304,543
47	Long-term loans payable	1,706,985	1,706,985	-	-	-	-	1,706,985
48	Deferred tax liabilities	42,280	42,280	-	-	-	10	42,167
49	Net defined benefit liabilities	44,309	44,309	-	-	-	-	44,309
50	Provision for loss on litigation	169	169	-	-	-	-	169
51	Negative goodwill	-	-	-	-	-	-	-
52	Other noncurrent liabilities	53,906	54,042	-	-	-	11,950	39,861
53	Reserves under the special laws	4,287	4,287	-	-	-	-	4,287
54	Total liabilities	24,737,758	24,738,579	3,036	10,009,513	-	12,304,479	10,154,968

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

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

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

(Millions of yen)

		Total	Items subject to:			
			Credit risk framework ¹	Counterparty credit risk framework	Securitization framework ²	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	26,275,524	9,140,422	10,659,518	816,186	14,085,347
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	14,583,611	3,036	10,009,513	-	12,304,479
3	Total net amount under regulatory scope of consolidation	11,691,913	9,137,385	650,004	816,186	1,780,867
4	Off-balance sheet amounts	778,258	45,715	732,542	-	-
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	3,004,694	-	3,004,694	-	-
10	Differences due to netting and CRM for SFTs	18,848,188	-	18,848,188	-	-
11	Other differences	(8,298,201)	(385,791)	1,539,116	16,913	-
12	Exposure amounts considered for regulatory purposes	14,332,940	8,797,310	2,921,663	833,099	1,780,867

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

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

(Note) Differences are mainly due to the following:

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

CR1: Credit quality of assets

(Millions of yen)

		Gross carrying values of		Allowances/ impairments	Net values ¹
		Defaulted exposures	Non- defaulted exposures		
	On-balance sheet assets				
1	Loans	150	1,258,560	9,421	1,249,288
2	Debt securities	-	903,585	-	903,585
3	Other on-balance sheet assets (debt products)	26,178	3,995,299	2,202	4,019,275
4	Sub-total on-balance sheet assets (1+2+3)	26,328	6,157,445	11,624	6,172,149
	Off-balance sheet assets				
5	Acceptances and guarantees	-	35,659	-	35,659
6	Commitments	-	-	-	-
7	Sub-total off-balance sheet assets (5+6)	-	35,659	-	35,659
	Total				
8	Total (4+7)	26,328	6,193,105	11,624	6,207,809

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

CR2: Changes in stock of defaulted loans and debt securities

(Millions of yen)

	Previous reporting period end: September 2022 Current reporting period end: March 2023	Amounts
1	Defaulted loans and debt securities at end of previous reporting period	28,146
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Changes in loans and debt securities during the reporting period	-
4	Returned to non-defaulted status	-
5	Amounts written off	-
5	Other changes ¹	(1,817)
6	Defaulted loans and debt securities at end of reporting period (1+2-3-4+5)	26,328

* 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	990,845	258,443	258,443	-	-
2	Debt securities	831,263	72,321	-	72,321	-
3	Other on-balance sheet assets (debt products)	4,019,252	22	22	-	-
4	Total (1+2+3)	5,841,361	330,787	258,465	72,321	-
5	Of which defaulted	26,181	-	-	-	-

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

(Millions of yen , %)

	Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	-	-	-	-	-	-
2	Japanese government and central bank	3,991,289	-	3,991,289	-	-	0.00%
3	Non-Japanese sovereign and central bank	168,598	-	168,598	-	11	0.01%
4	Bank for International Settlements (BIS)	-	-	-	-	-	-
5	Japanese local public authorities	17,268	-	17,268	-	-	0.00%
6	Non-Japanese public sector entities (excluding sovereign)	3,910	-	3,910	-	821	21.00%
7	Multilateral Development Banks (MDBs)	1,837	-	1,837	-	-	0.00%
8	Japan Finance Organization for Municipalities (JFM)	14,799	-	14,799	-	2,958	19.99%
9	Japanese government-sponsored entities	415,570	-	415,570	-	36,158	8.70%
10	Three major local public corporations of Japan	0	-	0	-	0	20.00%
11	Financial institutions and securities firms	1,157,146	86	1,157,146	86	235,208	20.33%
12	Corporates	717,593	15,207	459,127	15,207	434,627	91.63%
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-	-
15	Projects including acquisition of real estate properties	10,815	50	10,815	50	10,866	100.00%
16	Past due exposures for three months or more(excluding residential mortgage loans)	26,181	-	26,181	-	39,271	150.00%
17	Past due exposures for three months or more(residential mortgage loans related)	-	-	-	-	-	-
18	Cash items in process of collection	-	-	-	-	-	-
19	Exposures secured by Credit Guarantee Association in Japan	-	-	-	-	-	-
20	Exposures secured by Enterprise Turnaround Initiative Corporation of Japan	-	-	-	-	-	-
21	Equities (excluding significant investments)	308,455	17,336	308,455	8,668	317,182	100.02%
22	Total	6,833,467	32,680	6,575,002	24,012	1,077,105	16.32%

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

(Millions of yen)

	Risk weight	Credit risk exposures (post-CCF and post-CRM)					
		0%	10%	20%	35%	50%	75%
Asset classes							
1	Cash	-	-	-	-	-	-
2	Japanese government and central bank	3,991,289	-	-	-	-	-
3	Non-Japanese sovereign and central bank	168,573	-	5	-	18	-
4	Bank for International Settlements (BIS)	-	-	-	-	-	-
5	Japanese local public authorities	17,268	-	-	-	-	-
6	Non-Japanese public sector entities (excluding sovereign)	-	-	3,861	-	-	-
7	Multilateral Development Banks (MDBs)	1,837	-	-	-	-	-
8	Japan Finance Organization for Municipalities (JFM)	-	13	14,785	-	-	-
9	Japanese government-sponsored entities	72,321	324,911	18,337	-	-	-
10	Three major local public corporations of Japan	-	-	0	-	-	-
11	Financial institutions and securities firms	-	-	1,152,171	-	575	-
12	Corporates	-	-	14,332	-	56,484	-
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-	-
15	Projects including acquisition of real estate properties	-	-	-	-	-	-
16	Past due exposures for three months or more(excluding residential mortgage loans)	-	-	-	-	-	-
17	Past due exposures for three months or more(residential mortgage loans related)	-	-	-	-	-	-
18	Cash items in process of collection	-	-	-	-	-	-
19	Exposures secured by Credit Guarantee Association in Japan	-	-	-	-	-	-
20	Exposures secured by Enterprise Turnaround Initiative Corporation of Japan	-	-	-	-	-	-
21	Equities (excluding significant investments)	-	-	-	-	-	-
22	Total	4,251,291	324,925	1,203,494	-	57,078	-

(Millions of yen)

	Risk weight	Credit risk exposures (post-CCF and post-CRM)				
		100%	150%	250%	1250%	Total
Asset classes						
1	Cash	-	-	-	-	-
2	Japanese government and central bank	-	-	-	-	3,991,289
3	Non-Japanese sovereign and central bank	0	-	-	-	168,598
4	Bank for International Settlements (BIS)	-	-	-	-	-
5	Japanese local public authorities	-	-	-	-	17,268
6	Non-Japanese public sector entities (excluding sovereign)	48	-	-	-	3,910
7	Multilateral Development Banks (MDBs)	-	-	-	-	1,837
8	Japan Finance Organization for Municipalities (JFM)	-	-	-	-	14,799
9	Japanese government-sponsored entities	-	-	-	-	415,570
10	Three major local public corporations of Japan	-	-	-	-	0
11	Financial institutions and securities firms	4,486	-	-	-	1,157,233
12	Corporates	403,518	-	-	-	474,335
13	SMEs and individuals (risk weight 75% applied)	-	-	-	-	-
14	Residential mortgage loans	-	-	-	-	-
15	Projects including acquisition of real estate properties	10,866	-	-	-	10,866
16	Past due exposures for three months or more(excluding residential mortgage loans)	-	26,181	-	-	26,181
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)	317,117	-	-	5	317,123
22	Total	736,038	26,181	-	5	6,599,014

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)	228,947	406,636		1.4	889,817	470,396
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)					1,068,519	293,476
5	VaR for SFTs					-	-
6	Total						763,872

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	805,965	470,559
5	Total subject to the CVA capital charge	805,965	470,559

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

(Millions of yen)

		EAD (post-CRM)		
		0%	10%	20%
	Risk weight			
	Regulatory portfolio			
1	Japanese government and central bank	581,572	-	-
2	Non-Japanese sovereign and central bank	14,109	-	9,454
3	Bank for International Settlements (BIS)	36,544	-	-
4	Japanese local public authorities	3,677	-	-
5	Non-Japanese public sector entities (excluding sovereign)	-	-	38,580
6	Multilateral Development Banks (MDBs)	14,364	-	-
7	Japan Finance Organization for Municipalities (JFM)	-	-	1,421
8	Japanese government-sponsored entities	-	12,248	15,576
9	Three major local public corporations of Japan	-	-	-
10	Financial institutions and securities firms	-	-	578,567
11	Corporates	-	-	10,073
12	SMEs and individuals (risk weight 75% applied)	-	-	-
13	Other assets	-	-	-
14	Total	650,267	12,248	653,673

(Millions of yen)

		EAD (post-CRM)		
		50%	75%	100%
	Risk weight			
	Regulatory portfolio			
1	Japanese government and central bank	-	-	-
2	Non-Japanese sovereign and central bank	609	-	-
3	Bank for International Settlements (BIS)	-	-	-
4	Japanese local public authorities	-	-	-
5	Non-Japanese public sector entities (excluding sovereign)	1,288	-	-
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	51	-	-
11	Corporates	19,013	-	620,689
12	SMEs and individuals (risk weight 75% applied)	-	-	-
13	Other assets	-	-	-
14	Total	20,963	-	620,689

(Millions of yen)

	Regulatory portfolio	EAD (post-CRM)		
		150%	Others	Total credit exposure
	Risk weight			
1	Japanese government and central bank	-	-	581,572
2	Non-Japanese sovereign and central bank	-	-	24,172
3	Bank for International Settlements (BIS)	-	-	36,544
4	Japanese local public authorities	-	-	3,677
5	Non-Japanese public sector entities (excluding sovereign)	-	-	39,868
6	Multilateral Development Banks (MDBs)	-	-	14,364
7	Japan Finance Organization for Municipalities (JFM)	-	-	1,421
8	Japanese government-sponsored entities	-	-	27,825
9	Three major local public corporations of Japan	-	-	-
10	Financial institutions and securities firms	-	-	578,619
11	Corporates	494	-	650,271
12	SMEs and individuals (risk weight 75% applied)	-	-	-
13	Other assets	-	-	-
14	Total	494	-	1,958,336

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	46,393	212,347	82,650	341,035	3,056,225	3,922,128
2	Cash - other currencies	4,560	71,716	2,400	13,713	7,074,224	6,170,850
3	Domestic sovereign debt	13,826	26,101	8,934	1,358	3,117,146	2,472,074
4	Other sovereign debt	3,745	-	-	-	5,443,102	5,813,717
5	Government agency debt	816	-	-	-	699,615	1,423,953
6	Corporate bonds	66,784	-	-	-	24,295	105,842
7	Equity securities	24,846	1,769	-	64,956	532,104	428,644
8	Other collateral	3,200	-	-	-	39,854	856,067
9	Total	164,173	311,933	93,984	421,064	19,986,567	21,193,277

* 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	598,317	963,381
2	Index credit default swaps	1,495,783	1,422,978
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	-	-
6	Total notionals	2,094,100	2,386,360
	Fair values		
7	Positive fair value (asset)	9,941	21,383
8	Negative fair value (liability)	(19,540)	(23,934)

CCR8: Exposures to central counterparties

(Millions of yen)

		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)		45,942
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	789,836	15,728
3	(i) OTC derivatives	259,039	5,180
4	(ii) Exchange-traded derivatives	276,067	5,521
5	(iii) Securities financing transactions	254,729	5,026
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	103,639	
8	Non-segregated initial margin	18,710	374
9	Pre-funded default fund contributions	51,139	29,839
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	293,110	-	293,110
2	residential mortgage	148,380	-	148,380
3	credit card	-	-	-
4	other retail exposures	144,730	-	144,730
5	re-securitization	-	-	-
6	Wholesale (total) - of which	539,988	-	539,988
7	loans to corporates	539,988	-	539,988
8	commercial mortgage	-	-	-
9	lease and receivables	-	-	-
10	other wholesale	-	-	-
11	re-securitization	-	-	-

SEC2: Securitization exposures in the trading book

(Millions of yen)

	Type of underlying assets	Group acts as originator		
		Traditional	Synthetic	Sub-total
1	Retail (total) - of which	809	-	809
2	residential mortgage	809	-	809
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	-	-	-
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	-	-	-

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	832,599	832,599	832,599	292,610	539,988
2	>20% to 50% RW	500	500	500	500	-
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)	833,099	833,099	833,099	293,110	539,988
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)	165,829	165,829	165,829	57,831	107,997
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)	13,266	13,266	13,266	4,626	8,639
16	Of which standardized approach (SEC-SA)	-	-	-	-	-
17	Of which 1250% risk weight applied	-	-	-	-	-

(Millions of yen)

		Total exposures				
		Traditional securitization			Synthetic securitization	Of which securitization
		Of which re-securitization	Of which senior	Of which non-senior		
Exposure values (by RW bands)						
1	≤20% RW	-	-	-	-	-
2	>20% to 50% RW	-	-	-	-	-
3	>50% to 100% RW	-	-	-	-	-
4	>100% to <1250% RW	-	-	-	-	-
5	1250% RW	-	-	-	-	-
Exposure values (by regulatory approach)						
6	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
7	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
8	Of which standardized approach (SEC-SA)	-	-	-	-	-
9	Of which 1250% risk weight applied	-	-	-	-	-
RWA (by regulatory approach)						
10	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
11	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
12	Of which standardized approach (SEC-SA)	-	-	-	-	-
13	Of which 1250% risk weight applied	-	-	-	-	-
Capital charge after cap						
14	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
15	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
16	Of which standardized approach (SEC-SA)	-	-	-	-	-
17	Of which 1250% risk weight applied	-	-	-	-	-

(Millions of yen)

		Total exposures				
		Synthetic securitization				
		Of which securitization		Of which re-securitization	Of which senior	Of which non-senior
		Of which retail	Of which wholesale			
Exposure values (by RW bands)						
1	≤20% RW	-	-	-	-	-
2	>20% to 50% RW	-	-	-	-	-
3	>50% to 100% RW	-	-	-	-	-
4	>100% to <1250% RW	-	-	-	-	-
5	1250% RW	-	-	-	-	-
Exposure values (by regulatory approach)						
6	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
7	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
8	Of which standardized approach (SEC-SA)	-	-	-	-	-
9	Of which 1250% risk weight applied	-	-	-	-	-
RWA (by regulatory approach)						
10	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
11	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
12	Of which standardized approach (SEC-SA)	-	-	-	-	-
13	Of which 1250% risk weight applied	-	-	-	-	-
Capital charge after cap						
14	Of which internal ratings-based approach (SEC-IRBA) or internal assessment approach (IAA)	-	-	-	-	-
15	Of which external ratings-based approach (SEC-ERBA)	-	-	-	-	-
16	Of which standardized approach (SEC-SA)	-	-	-	-	-
17	Of which 1250% risk weight applied	-	-	-	-	-

MR1 : Market risk under standardized approach

(Millions of yen)

		RWA
1	Interest rate risk (general and specific)	499,078
2	Equity risk (general and specific)	87,293
3	Foreign exchange risk	194,325
4	Commodity risk	885
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitization	6,217
9	Total	787,799

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	284,666	557,461	-	-		842,128
1b	Adjustments to RWA based on the regulatory consolidated capital at end of previous year	2.54	3.70	-	-		3.20
1c	Amounts of IMA at end of previous year	111,927	150,524	-	-		262,452
2	Change in reporting period	Movement in risk levels	(71,198)	(18,506)	-	-	(89,705)
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	40,728	132,018	-	-		172,747
8b	Adjustments to RWA based on the regulatory consolidated capital at end of reporting period	4.14	3.69	-	-		3.80
8c	RWA at end of reporting period	168,932	487,742	-	-		656,675

(Millions of yen)

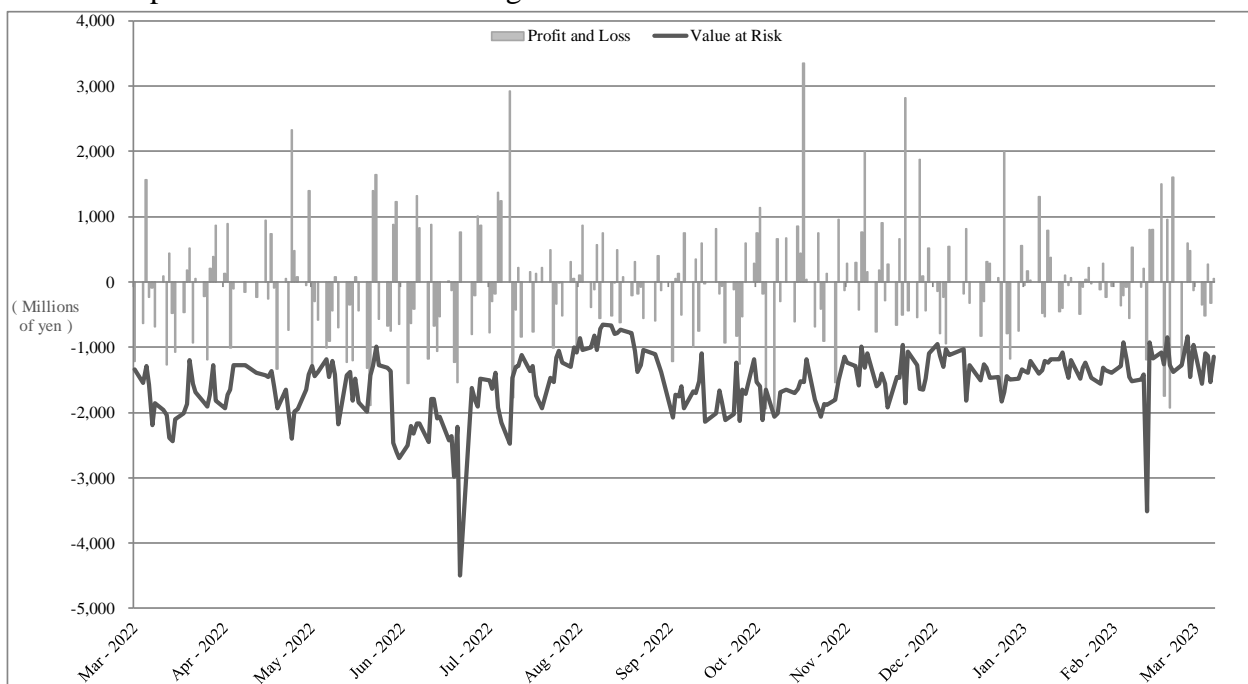
		VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1a	RWA at previous quarter-end	271,884	464,914	-	-		736,798
1b	Adjustments to RWA based on the regulatory consolidated capital at previous quarter-end	4.73	3.42	-	-		3.81
1c	Amounts of IMA at previous quarter-end	57,444	135,862	-	-		193,306
2	Change in reporting period	Movement in risk levels	(16,715)	(3,843)	-	-	(20,558)
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	40,728	132,018	-	-		172,747
8b	Adjustments to RWA based on the regulatory consolidated capital at end of reporting period	4.14	3.69	-	-		3.80
8c	RWA at end of reporting period	168,932	487,742	-	-		656,675

MR3 : IMA values for trading portfolios

(Millions of yen)

	VaR (10 day 99%) –	
1	Maximum value	16,820
2	Average value	4,870
3	Minimum value	1,466
4	Period end	2,474
	Stressed VaR (10 day 99%)	
5	Maximum value	21,694
6	Average value	10,119
7	Minimum value	2,031
8	Period end	9,553
	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 2023	March 2022
1	Parallel up	8,343	4,792
2	Parallel down	20,114	23,103
3	Steepener	10,375	3,556
4	Flattener	454	1,351
5	Short rate up	1,033	2,059
6	Short rate down	13,420	13,881
7	Maximum	20,114	23,103
		March 2023	March 2022
8	Tier 1 capital	1,429,860	1,360,623

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
Australia	1.00%	25,337		
Germany	0.75%	4,969		
Hong Kong SAR	1.00%	11,525		
Luxembourg	0.50%	13,335		
United Kingdom	1.00%	111,191		
Sum		166,359		
Total		3,312,458	0.04%	3,256

* 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 the ultimate risk method, we adopt the jurisdictions which are recorded in the 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 2023	March 2022
On-balance sheet exposures			(1)	
1		On-balance sheet items before adjustments	12,575,527	12,944,685
1a	1	Total assets in the consolidated balance sheet	23,326,212	23,623,674
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)	1,275	1,679
1d	3	Assets other than the adjustments that are excluded from the total assets in the consolidated balance sheet	10,751,960	10,680,668
2	7	Tier 1 capital: regulatory adjustments	156,204	181,137
3		Total on-balance sheet exposures (excluding derivatives and SFTs) (A)	12,419,323	12,763,548
Derivative exposures			(2)	
4		Replacement cost associated with all derivatives transactions (with the 1.4 alpha factor applied)	810,369	644,629
5		Add-on amounts for PFE associated with all derivatives transactions (with the 1.4 alpha factor applied)	835,622	868,986
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	26,952	157,909
8		Exempted CCP leg of client-cleared trade exposures		
9		Adjusted effective notional amount of written credit derivatives	2,386,360	2,042,008
10		Adjusted effective notional offsets and add-on deductions for written credit derivatives	1,974,603	1,689,958
11	4	Total derivative exposures (B)	2,030,796	1,707,756
Securities financing transaction exposures			(3)	
12		Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	10,031,640	9,902,828
13		Netted amounts of cash payables and cash receivables of gross SFT assets	2,564,118	4,032,415
14		CCR exposure for SFT assets	170,862	209,387
15		Agent transaction exposures		
16	5	Total securities financing transaction exposures (C)	7,638,384	6,079,800
Other off-balance sheet exposures			(4)	
17		Off-balance sheet exposure at gross notional amount	152,809	148,589
18		Adjustments for conversion to credit equivalent amounts	46,086	58,388
19	6	Off-balance sheet items (D)	106,723	90,201
Capital and total exposures			(5)	
20		Tier 1 capital (E)	1,429,859	1,360,623
21	8	Total exposures (A)+(B)+(C)+(D) (F)	22,195,226	20,641,305
22		Leverage ratio on a consolidated basis (E) / (F)	6.44%	6.59%
Leverage ratio (including amount of the central bank reserves)			(6)	
		Total exposures (F)	22,195,226	20,641,305
		Amount of the central bank reserves	3,087,036	3,907,415
		Total exposures (including amount of the central bank reserves) (F')	25,282,262	24,548,720
		Leverage ratio (including amount of the central bank reserves) (E) / (F')	5.65%	5.54%

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

CCA: 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	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	1,275,064 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 and redemption amount	—
	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	69 million Yen	87 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 and redemption amount	—	—
	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	82 million Yen	155 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 and redemption amount	—	—
	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 issued in July 2011
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	207 million Yen	291 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	July 1, 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 and redemption amount	—	—
	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 issued in February 2014
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	375 million Yen	304 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 12, 2013	February 10, 2014
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date and redemption amount	—	—
	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 10	Stock subscription right issued in February 2015
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	1,020 million Yen	345 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 10, 2014	February 9, 2015
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date and redemption amount	—	—
	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 11	Stock subscription right issued in February 2016
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	887 million Yen	356 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 9, 2015	February 16, 2016
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date and redemption amount	—	—
	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 12	Stock subscription right issued in February 2017
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	445 million Yen	387 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 16, 2016	February 8, 2017
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date and redemption amount	—	—
	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 13	Stock subscription right issued in February 2018
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	812 million Yen	421 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 8, 2017	February 8, 2018
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date and redemption amount	—	—
	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 14	Stock subscription right series 15
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	823 million Yen	739 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Stock subscription right	Stock subscription right
11	Original date of issuance	February 8, 2018	August 10, 2018
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date and redemption amount	—	—
	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 16	Stock subscription right series 17
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	343 million Yen	323 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 15, 2019	August 17, 2020
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date and redemption amount	—	—
	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 18	Stock subscription right series 19
8	Amount recognized in regulatory capital (Currency in millions, as of the most recent reporting date)		
	Consolidated Capital Adequacy Ratio	164 million Yen	150 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 13, 2021	August 15, 2022
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date and redemption amount	—	—
	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 Office Investment Corporation	Samty Residential Investment Corporation
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	Additional Tier 1 capital Tier 2 capital	Additional Tier 1 capital Tier 2 capital
5	Post-transitional Basel III rules	Additional Tier 1 capital Tier 2 capital	Additional Tier 1 capital Tier 2 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)	Common stock	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 30,345 million Yen Tier 2 capital 7,140 million Yen	Additional Tier 1 capital 9,240 million Yen Tier 2 capital 2,174 million Yen
9	Par value of instrument	—	—
10	Accounting classification		
	Consolidated balance sheets	Non-controlling interest	Non-controlling interest
11	Original date of issuance	—	—
12	Perpetual or dated	NA	NA
13	Original maturity date	—	—
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date and redemption amount	—	—
	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)	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	124,600 million Yen	25,000 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 and redemption amount	June 5, 2025 at par	June 5, 2030 at par
	Contingent call dates and redemption amount	Tax event or Regulatory event at par	Tax event or Regulatory event at par
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 Tier 1 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 Tier 1 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 Tier 1 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 Tier 1 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	—	—