

October 31, 2022

Daiwa Securities Group Inc.

**Report Regarding Consolidated Liquidity Coverage Ratio
and Consolidated Net Stable Funding Ratio**

Situation of Soundness in Liquidity Management as of First Quarter in Fiscal Year 2022

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 liquidity management as of the first quarter in fiscal year 2022.

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Key Metrics (at consolidated group level)

KM1: Key Metrics

(Unit :1 Million Yen,%)

| | | First Quarter in Fiscal Year 2022 | Fourth Quarter in Fiscal Year 2021 | Third Quarter in Fiscal Year 2021 | Second Quarter in Fiscal Year 2021 | First Quarter in Fiscal Year 2021 |
|---------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| Consolidated liquidity coverage ratio | | | | | | |
| 15 | Total high quality liquid assets | 2,447,045 | 2,642,117 | 2,615,330 | 2,666,490 | 2,673,653 |
| 16 | Total net cash outflows | 1,733,889 | 1,772,313 | 1,797,829 | 1,709,909 | 1,749,312 |
| 17 | Consolidated liquidity coverage ratio | 141.1% | 149.0% | 145.4% | 155.9% | 152.8% |
| Consolidated net stable funding ratio | | | | | | |
| 18 | Total available stable funding | 8,629,425 | 8,480,413 | 8,267,404 | 8,815,759 | |
| 19 | Total required stable funding | 6,045,794 | 5,713,587 | 5,457,139 | 5,490,069 | |
| 20 | Consolidated net stable funding ratio | 142.7% | 148.4% | 151.4% | 160.5% | |

Quantitative Disclosure (Consolidated)

1. Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit :1 Million Yen,%)

| Items | | First Quarter in Fiscal Year 2022 | | Fourth Quarter in Fiscal Year 2021 | |
|--|---|-----------------------------------|----------------|------------------------------------|----------------|
| High Quality Liquid Assets (1) | | | | | |
| 1 | Total high quality liquid assets | 2,447,045 | | 2,642,117 | |
| Cash Outflows (2) | | | | | |
| | | Unweighted Value | Weighted Value | Unweighted Value | Weighted Value |
| 2 | Retail deposits and deposits from small business customers | 2,051,536 | 205,153 | 2,048,566 | 204,856 |
| 3 | Stable deposits | - | - | - | - |
| 4 | Less stable deposits | 2,051,536 | 205,153 | 2,048,566 | 204,856 |
| 5 | Unsecured wholesale funding | 2,725,239 | 1,420,547 | 2,959,234 | 1,598,964 |
| 6 | Operational deposits | - | - | - | - |
| 7 | Unsecured wholesale funding other than operational deposits and unsecured debt | 2,629,085 | 1,324,393 | 2,875,435 | 1,515,165 |
| 8 | Unsecured debt | 96,154 | 96,154 | 83,799 | 83,799 |
| 9 | Secured funding | 10,190,337 | 283,345 | 9,355,219 | 246,124 |
| 10 | Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities | 393,847 | 393,847 | 276,720 | 276,720 |
| 11 | Outflows related to derivative exposures | 369,620 | 369,620 | 254,869 | 254,869 |
| 12 | Outflows related to loss of funding on debt products | - | - | - | - |
| 13 | Outflows related to credit and liquidity facilities | 24,227 | 24,227 | 21,851 | 21,851 |
| 14 | Other contractual funding obligations | 4,865,112 | 1,101,398 | 5,241,067 | 973,870 |
| 15 | Other contingent funding obligations | 249,130 | 237,935 | 233,337 | 222,006 |
| 16 | Total cash outflows | 3,642,228 | | 3,522,543 | |
| Cash Inflows (3) | | | | | |
| | | Unweighted Value | Weighted Value | Unweighted Value | Weighted Value |
| 17 | Secured lending | 8,442,947 | 189,323 | 7,916,617 | 150,603 |
| 18 | Inflows from fully performing exposures | 617,742 | 559,817 | 603,911 | 531,743 |
| 19 | Other cash inflows | 4,702,618 | 1,159,198 | 5,022,507 | 1,067,883 |
| 20 | Total cash inflows | 1,908,339 | | 1,750,230 | |
| Consolidated Liquidity Coverage Ratio (4) | | | | | |
| 21 | Total high quality liquid assets | 2,447,045 | | 2,642,117 | |
| 22 | Total net cash outflows | 1,733,889 | | 1,772,313 | |
| 23 | Consolidated liquidity coverage ratio | 141.1% | | 149.0% | |
| 24 | Number of data used for calculation of average value | 61 | | 59 | |

2. Quantitative disclosure of consolidated Net Stable Funding Ratio

(Unit:1 Million Yen, %)

| Items | | First Quarter in Fiscal Year 2022 | | | | | Fourth Quarter in Fiscal Year 2021 | | | | |
|---|---|-----------------------------------|------------|-------------------|-----------|----------------|------------------------------------|-----------|-------------------|-----------|----------------|
| | | Unweighted Value | | | | Weighted Value | Unweighted Value | | | | Weighted Value |
| | | Indeterminate | < 6months | ≥ 6months < 1year | ≥ 1year | | Indeterminate | < 6months | ≥ 6months < 1year | ≥ 1year | |
| Available Stable Funding (ASF) (1) | | | | | | | | | | | |
| 1 | Capital | - | - | - | 1,604,576 | 1,604,576 | - | - | - | 1,554,359 | 1,554,359 |
| 2 | Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (excluding the proportion of Tier 2 instruments with residual maturity of less than one year) before the application of capital deductions | - | - | - | 1,604,576 | 1,604,576 | - | - | - | 1,554,359 | 1,554,359 |
| 3 | Other capital instruments that are not included in the above category | - | - | - | - | - | - | - | - | - | - |
| 4 | Funding from retail and small business customers | 2,053,863 | - | - | - | 1,848,477 | 2,050,772 | - | - | - | 1,845,694 |
| 5 | Stable deposits | - | - | - | - | - | - | - | - | - | - |
| 6 | Less stable deposits | 2,053,863 | - | - | - | 1,848,477 | 2,050,772 | - | - | - | 1,845,694 |
| 7 | Wholesale funding | 1,232,566 | 10,299,342 | 736,016 | 2,335,564 | 4,644,821 | 1,483,147 | 9,702,086 | 512,524 | 2,214,951 | 4,589,973 |
| 8 | Operational deposits | - | - | - | - | - | - | - | - | - | - |
| 9 | Other wholesale funding | 1,232,566 | 10,299,342 | 736,016 | 2,335,564 | 4,644,821 | 1,483,147 | 9,702,086 | 512,524 | 2,214,951 | 4,589,973 |
| 10 | Liabilities with matching interdependent assets | - | - | - | - | - | - | - | - | - | - |
| 11 | Other liabilities | 101,448 | 4,645,898 | 124,031 | 774,830 | 531,550 | 103,231 | 4,288,108 | 134,537 | 673,382 | 490,385 |
| 12 | Derivative liabilities | - | - | - | - | - | - | - | - | - | - |
| 13 | All other liabilities and equity not included in the above categories | 101,448 | 4,645,898 | 124,031 | 774,830 | 531,550 | 103,231 | 4,288,108 | 134,537 | 673,382 | 490,385 |
| 14 | Total available stable funding | - | - | - | - | 8,629,425 | - | - | - | - | 8,480,413 |
| Required Stable Funding (RSF) (2) | | | | | | | | | | | |
| 15 | High quality liquid assets | - | - | - | - | 340,964 | - | - | - | - | 362,843 |
| 16 | Deposits held at financial institutions for operational purposes | 60,143 | 4,783 | - | - | 34,855 | 31,554 | 4,283 | - | - | 20,060 |
| 17 | Loans, repo transactions-related assets, securities and other similar assets | 535,072 | 7,745,986 | 759,591 | 2,007,536 | 3,075,534 | 525,374 | 6,669,349 | 645,034 | 1,945,191 | 2,898,848 |
| 18 | Loans to and repo transactions with financial institutions (secured by level 1 assets) | - | 4,527,923 | 11,507 | 3,231 | 153,881 | - | 4,085,150 | 18,322 | 2,736 | 109,177 |
| 19 | Loans to and repo transactions with financial institutions (not included in item 18) | 535,072 | 884,592 | 44,057 | 21,309 | 267,184 | 520,374 | 863,378 | 42,484 | 14,731 | 254,844 |
| 20 | Loans to and repo transactions-related assets (not included in items 18, 19 and 22) | - | 2,271,295 | 291,471 | 1,060,475 | 1,626,181 | - | 1,674,865 | 172,661 | 995,426 | 1,504,947 |
| 21 | With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk | - | 2,035,531 | 141,224 | 8 | 503,191 | - | 1,373,293 | 109,569 | 11 | 434,703 |
| 22 | Residential mortgages | - | - | - | - | - | - | - | - | - | - |
| 23 | With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk | - | - | - | - | - | - | - | - | - | - |
| 24 | Securities that are not in default and do not qualify as HQLA and other similar assets | - | 62,176 | 412,556 | 922,521 | 1,028,288 | 5,000 | 45,956 | 411,567 | 932,298 | 1,029,880 |
| 25 | Assets with matching interdependent liabilities | - | - | - | - | - | - | - | - | - | - |
| 26 | Other assets | 41,615 | 500,359 | - | 2,525,209 | 2,483,076 | 46,317 | 462,901 | - | 2,358,868 | 2,327,257 |
| 27 | Physical traded commodities including gold | - | - | - | - | - | - | - | - | - | - |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs (including those that are not recorded on consolidated balance sheet) | - | - | - | 317,328 | 269,729 | - | - | - | 290,804 | 247,184 |
| 29 | Derivative assets | - | - | - | 401,049 | 401,049 | - | - | - | 297,629 | 297,629 |
| 30 | Derivative liabilities (before deduction of variation margin posted) | - | - | - | 33,301 | 33,301 | - | - | - | 25,048 | 25,048 |
| 31 | All other assets not included in the above categories | 41,615 | 500,359 | - | 1,773,531 | 1,778,997 | 46,317 | 462,901 | - | 1,745,387 | 1,757,396 |
| 32 | Off-balance sheet items | - | - | - | 145,611 | 111,359 | - | - | - | 137,033 | 104,574 |
| 33 | Total required stable funding | - | - | - | - | 6,045,794 | - | - | - | - | 5,713,587 |
| 34 | Consolidated net stable funding ratio (NSFR) | - | - | - | - | 142.7% | - | - | - | - | 148.4% |