

April 27, 2023

Daiwa Securities Group Inc.

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

Situation of Soundness in Liquidity Management as of Third 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 third quarter in fiscal year 2022.

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Key Metrics (at consolidated group level)

KM1: Key Metrics

(Unit :1 Million Yen,%)

		Third Quarter in Fiscal Year 2022	Second Quarter in Fiscal Year 2022	First Quarter in Fiscal Year 2022	Fourth Quarter in Fiscal Year 2021	Third Quarter in Fiscal Year 2021
Consolidated liquidity coverage ratio						
15	Total high quality liquid assets	2,757,599	2,593,166	2,447,045	2,642,117	2,615,330
16	Total net cash outflows	1,974,833	1,802,474	1,733,889	1,772,313	1,797,829
17	Consolidated liquidity coverage ratio	139.6%	143.8%	141.1%	149.0%	145.4%
Consolidated net stable funding ratio						
18	Total available stable funding	7,974,379	9,154,147	8,629,425	8,480,413	8,267,404
19	Total required stable funding	5,619,064	6,211,679	6,045,794	5,713,587	5,457,139
20	Consolidated net stable funding ratio	141.9%	147.3%	142.7%	148.4%	151.4%

Quantitative Disclosure (Consolidated)

1. Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit :1 Million Yen,%)

Items		Third Quarter in Fiscal Year 2022		Second Quarter in Fiscal Year 2022	
High Quality Liquid Assets (1)					
1	Total high quality liquid assets	2,757,599		2,593,166	
Cash Outflows (2)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	2,011,028	201,102	2,051,138	205,113
3	Stable deposits	-	-	-	-
4	Less stable deposits	2,011,028	201,102	2,051,138	205,113
5	Unsecured wholesale funding	2,868,498	1,576,148	2,859,910	1,552,073
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	2,759,503	1,467,153	2,763,401	1,455,565
8	Unsecured debt	108,994	108,994	96,508	96,508
9	Secured funding	11,557,511	353,066	10,066,148	349,842
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	522,364	510,682	370,584	368,728
11	Outflows related to derivative exposures	503,207	503,207	346,972	346,972
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	19,157	7,475	23,612	21,756
14	Other contractual funding obligations	4,525,069	1,172,798	5,090,231	1,088,379
15	Other contingent funding obligations	173,557	162,624	189,579	178,581
16	Total cash outflows	3,976,423		3,742,719	
Cash Inflows (3)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	8,149,241	222,042	8,300,082	256,801
18	Inflows from fully performing exposures	620,159	562,033	665,707	600,550
19	Other cash inflows	4,220,862	1,217,514	4,767,324	1,082,892
20	Total cash inflows	2,001,590		1,940,244	
Consolidated Liquidity Coverage Ratio (4)					
21	Total high quality liquid assets	2,757,599		2,593,166	
22	Total net cash outflows	1,974,833		1,802,474	
23	Consolidated liquidity coverage ratio	139.6%		143.8%	
24	Number of data used for calculation of average value	62		62	

2. Quantitative disclosure of consolidated Net Stable Funding Ratio

(Unit:1 Million Yen, %)

Items		Third Quarter in Fiscal Year 2022					Second Quarter in Fiscal Year 2022				
		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	-	-	-	1,596,180	1,596,180	-	-	-	1,618,517	1,618,517
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	-	-	-	1,596,180	1,596,180	-	-	-	1,618,517	1,618,517
3	Other capital instruments that are not included in the above category	-	-	-	-	-	-	-	-	-	-
4	Funding from retail and small business customers	2,005,419	-	-	-	1,804,877	2,001,471	-	-	-	1,801,324
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	2,005,419	-	-	-	1,804,877	2,001,471	-	-	-	1,801,324
7	Wholesale funding	1,201,973	10,169,639	541,582	2,451,626	4,112,416	1,121,737	12,101,776	553,107	2,523,776	5,232,684
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	1,201,973	10,169,639	541,582	2,451,626	4,112,416	1,121,737	12,101,776	553,107	2,523,776	5,232,684
10	Liabilities with matching interdependent assets	-	-	-	-	-	-	-	-	-	-
11	Other liabilities	87,640	4,741,127	126,846	652,250	460,905	98,008	5,643,663	129,809	731,484	501,621
12	Derivative liabilities	-	-	-	-	-	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	87,640	4,741,127	126,846	652,250	460,905	98,008	5,643,663	129,809	731,484	501,621
14	Total available stable funding	-	-	-	-	7,974,379	-	-	-	-	9,154,147
Required Stable Funding (RSF) (2)											
15	High quality liquid assets	-	-	-	-	304,827	-	-	-	-	309,744
16	Deposits held at financial institutions for operational purposes	32,349	4,644	-	-	20,819	53,475	5,068	-	-	31,806
17	Loans, repo transactions-related assets, securities and other similar assets	476,277	7,892,053	683,846	1,802,548	2,703,710	519,520	7,801,891	900,871	1,856,321	3,031,754
18	Loans to and repo transactions with financial institutions (secured by level 1 assets)	-	4,733,656	13,016	4,349	36,413	-	4,603,600	12,683	3,614	159,327
19	Loans to and repo transactions with financial institutions (not included in item 18)	476,277	961,372	26,852	705,405	945,401	519,520	1,173,891	38,071	697,318	981,829
20	Loans to and repo transactions-related assets (not included in items 18, 19 and 22)	-	2,134,609	211,434	457,287	927,857	-	1,984,519	278,500	451,789	980,520
21	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	-	1,769,936	131,298	11,610	290,972	-	1,664,373	202,517	11,612	363,244
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	0	62,416	432,544	635,507	794,039	0	39,881	571,617	703,600	910,078
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other assets	42,185	397,697	-	2,551,018	2,504,785	42,462	483,003	-	2,776,524	2,732,808
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)	-	-	-	247,129	210,060	-	-	-	319,379	271,472
29	Derivative assets	-	-	-	517,355	517,355	-	-	-	540,574	540,574
30	Derivative liabilities (before deduction of variation margin posted)	-	-	-	26,690	26,690	-	-	-	38,066	38,066
31	All other assets not included in the above categories	42,185	397,697	-	1,759,844	1,750,680	42,462	483,003	-	1,878,505	1,882,696
32	Off-balance sheet items	-	-	-	115,771	84,917	-	-	-	135,097	105,562
33	Total required stable funding	-	-	-	-	5,619,064	-	-	-	-	6,211,679
34	Consolidated net stable funding ratio (NSFR)	-	-	-	-	141.9%	-	-	-	-	147.3%