

April 25, 2024

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 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 liquidity management as of the third quarter in fiscal year 2023.

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Key Metrics (at consolidated group level)

KM1: Key Metrics

(Unit: 1 Million Yen,%)

		Third Quarter in Fiscal Year 2023	Second Quarter in Fiscal Year 2023	First Quarter in Fiscal Year 2023	Fourth Quarter in Fiscal Year 2022	Third Quarter in Fiscal Year 2022
Consolidated liquidity coverage ratio						
15	Total high-quality liquid assets	2,930,477	2,933,588	2,729,197	2,902,501	2,757,599
16	Total net cash outflows	2,229,082	2,242,910	2,077,052	2,135,355	1,974,833
17	Consolidated liquidity coverage ratio	131.4%	130.7%	131.3%	135.9%	139.6%
Consolidated net stable funding ratio						
18	Total available stable funding	9,790,218	9,800,455	9,170,359	8,127,042	7,974,379
19	Total required stable funding	6,311,045	6,583,224	6,323,935	5,920,309	5,619,064
20	Consolidated net stable funding ratio	155.1%	148.8%	145.0%	137.2%	141.9%

Quantitative Disclosure (Consolidated)

1. Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit: 1 Million Yen,%)

Items		Third Quarter in Fiscal Year 2023		Second Quarter in Fiscal Year 2023	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets	2,930,477		2,933,588	
Cash Outflows (2)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	2,099,700	209,970	2,107,202	210,720
3	Stable deposits	-	-	-	-
4	Less stable deposits	2,099,700	209,970	2,107,202	210,720
5	Unsecured wholesale funding	3,096,315	1,763,735	3,139,616	1,821,428
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	2,922,562	1,589,982	2,981,124	1,662,936
8	Unsecured debt	173,752	173,752	158,491	158,491
9	Secured funding	12,255,800	588,128	11,980,101	514,327
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	418,081	405,486	470,556	458,582
11	Outflows related to derivative exposures	392,515	392,515	446,204	446,204
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	25,566	12,971	24,352	12,378
14	Other contractual funding obligations	6,635,694	1,178,263	6,294,022	1,161,713
15	Other contingent funding obligations	86,993	75,769	108,479	97,401
16	Total cash outflows	4,221,353		4,264,173	
Cash Inflows (3)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	9,485,853	240,235	8,871,314	224,693
18	Inflows from fully performing exposures	683,256	618,533	602,540	570,546
19	Other cash inflows	5,880,651	1,133,501	5,818,566	1,226,023
20	Total cash inflows	1,992,271		2,021,263	
Consolidated Liquidity Coverage Ratio (4)					
21	Total high-quality liquid assets	2,930,477		2,933,588	
22	Total net cash outflows	2,229,082		2,242,910	
23	Consolidated liquidity coverage ratio	131.4%		130.7%	
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 2023					Second Quarter in Fiscal Year 2023				
		Unweighted Value				Weighted Value	Unweighted Value				Weighted Value
		Indeterminate	< 6 months	≥ 6 months < 1 year	≥ 1 year		Indeterminate	< 6 months	≥ 6 months < 1 year	≥ 1 year	
Available Stable Funding (ASF) (1)											
1	Capital	-	-	-	1,666,572	1,666,572	-	-	-	1,684,377	1,684,377
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	-	-	-	1,666,572	1,666,572	-	-	-	1,684,377	1,684,377
3	Other capital instruments that are not included in the above category	-	-	-	-	-	-	-	-	-	-
4	Funding from retail and small business customers	2,115,901	-	-	-	1,904,311	2,098,234	-	-	-	1,888,410
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	2,115,901	-	-	-	1,904,311	2,098,234	-	-	-	1,888,410
7	Wholesale funding	1,277,511	12,248,138	373,705	3,045,502	5,891,943	1,339,099	13,030,311	385,227	2,800,524	5,895,781
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	1,277,511	12,248,138	373,705	3,045,502	5,891,943	1,339,099	13,030,311	385,227	2,800,524	5,895,781
10	Liabilities with matching interdependent assets	-	-	-	-	-	-	-	-	-	-
11	Other liabilities	81,808	5,166,671	10,665	568,329	327,391	80,506	6,492,577	18,828	579,408	331,885
12	Derivative liabilities	-	-	-	-	-	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	81,808	5,166,671	10,665	568,329	327,391	80,506	6,492,577	18,828	579,408	331,885
14	Total available stable funding	-	-	-	-	9,790,218	-	-	-	-	9,800,455
Required Stable Funding (RSF) (2)											
15	High-quality liquid assets	-	-	-	-	410,249	-	-	-	-	530,524
16	Deposits held at financial institutions for operational purposes	59,373	4,964	-	-	34,650	37,661	5,235	-	-	24,066
17	Loans, repo transactions-related assets, securities and other similar assets	549,997	11,091,604	824,056	2,190,760	3,418,253	603,876	9,965,939	995,750	2,199,854	3,462,913
18	Loans to and repo transactions with financial institutions (secured by level 1 assets)	-	7,842,677	3,422	1,024	34,020	-	6,815,392	6,640	1,250	31,785
19	Loans to and repo transactions with financial institutions (not included in item 18)	549,997	1,331,606	30,068	789,312	1,093,580	603,876	1,447,263	23,981	835,584	1,184,540
20	Loans to and repo transactions-related assets (not included in items 18, 19 and 22)	-	1,861,883	332,842	525,944	1,283,204	-	1,670,290	458,229	498,941	1,235,086
21	With a risk weight of less than or equal to 35% under the Standardized Approach for credit risk	-	1,607,029	240,974	11,608	626,410	-	1,369,721	375,503	6,608	579,769
22	Residential mortgages	-	-	-	-	-	-	-	-	-	-
23	With a risk weight of less than or equal to 35% under the Standardized Approach for credit risk	-	-	-	-	-	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA and other similar assets	0	55,438	457,724	874,480	1,007,449	0	32,994	506,900	864,079	1,011,502
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other assets	41,961	436,937	-	2,378,623	2,354,010	14,208	476,877	120	2,533,602	2,480,246
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)	-	-	-	221,469	188,248	-	-	-	246,170	209,245
29	Derivative assets	-	-	-	408,070	408,070	-	-	-	520,446	520,446
30	Derivative liabilities (before deduction of variation margin posted)	-	-	-	23,224	23,224	-	-	-	30,099	30,099
31	All other assets not included in the above categories	41,961	436,937	-	1,725,860	1,734,468	14,208	476,877	120	1,736,887	1,720,456
32	Off-balance sheet items	-	-	-	130,735	93,878	-	-	-	121,096	85,469
33	Total required stable funding	-	-	-	-	6,311,045	-	-	-	-	6,583,224
34	Consolidated net stable funding ratio (NSFR)	-	-	-	-	155.1%	-	-	-	-	148.8%