

November 9, 2018
Daiwa Securities Group Inc.

Report Regarding Consolidated Liquidity Coverage Ratio
Situation of Soundness in Liquidity Management as of Second Quarter in Fiscal Year 2018

In accordance with the Financial Instruments and the Exchange Act Article 57-17, “Notification, etc. of Documents Describing Status of Soundness in Management”, Daiwa Securities Group Inc. reports situation of soundness in liquidity management as of second quarter in fiscal year 2018.

Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit :1 Million Yen,%)

Items		Second Quarter in Fiscal Year 2018		First Quarter in Fiscal Year 2018	
High Quality Liquid Assets (1)					
1	Total high quality liquid assets	2,675,608		2,688,055	
Cash Outflows (2)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	1,785,663	178,566	1,771,214	177,121
3	Stable deposits	-	-	-	-
4	Less stable deposits	1,785,663	178,566	1,771,214	177,121
5	Unsecured wholesale funding	2,700,096	1,627,673	2,521,352	1,499,742
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	2,624,593	1,552,169	2,449,871	1,428,261
8	Unsecured debt	75,503	75,503	71,481	71,481
9	Secured funding	6,281,435	374,821	5,970,161	414,006
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	258,943	258,943	269,545	269,545
11	Outflows related to derivative exposures	248,436	248,436	259,047	259,047
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	10,507	10,507	10,498	10,498
14	Other contractual funding obligations	3,853,985	1,118,592	4,124,606	1,245,671
15	Other contingent funding obligations	179,948	179,543	156,465	156,056
16	Total cash outflows	3,738,141		3,762,144	
Cash Inflows (3)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	5,213,268	166,450	5,105,562	170,922
18	Inflows from fully performing exposures	621,845	518,503	486,024	451,375
19	Other cash inflows	3,603,673	1,170,069	3,836,059	1,243,618
20	Total cash inflows	1,855,024		1,865,916	
Consolidated Liquidity Coverage Ratio (4)					
21	Total high quality liquid assets	2,675,608		2,688,055	
22	Total net cash outflows	1,883,117		1,896,228	
23	Consolidated liquidity coverage ratio	142.0%		141.7%	
24	Number of data used for calculation of average value	62		62	

(Unit :1 Million Yen,%)

		Second Quarter in Fiscal Year 2018	First Quarter in Fiscal Year 2018	Fourth Quarter in Fiscal Year 2017	Third Quarter in Fiscal Year 2017	Second Quarter in Fiscal Year 2017
Consolidated liquidity coverage ratio						
15	Total high quality liquid assets	2,675,608	2,688,055	2,687,674	2,532,823	2,627,529
16	Total net cash outflows	1,883,117	1,896,228	1,832,879	1,700,070	1,808,991
17	Consolidated liquidity coverage ratio	142.0%	141.7%	146.6%	148.9%	145.2%

Qualitative disclosure of consolidated Liquidity Coverage Ratio

1. Changes in consolidated Liquidity Coverage Ratio over previous quarter

Daiwa Securities Group Inc.'s (the group) total High Quality Liquid Asset (HQLA) was 2,675,608 million Yen, which has decreased by 12,447 million Yen from the previous quarter.

Cash outflow related to unsecured wholesale funding was 1,627,673 million Yen, which has increased by 127,931 million Yen from the previous quarter. Cash outflow related to other contractual funding obligations was 1,118,592 million Yen, which has decreased by 127,079 million Yen from the previous quarter. Cash inflow related to other cash inflows was 1,170,069 million Yen, which has decreased by 73,549 million Yen from the previous quarter. And total net cash out flow was 1,883,117 million Yen, which has decreased by 13,111 million Yen from the previous quarter.

As a result of above mentioned conditions, Daiwa Securities Group Inc.'s consolidated Liquidity Coverage Ratio was 142.0%, which has increased by 0.3 points. Since the first quarter in fiscal year 2015, changes in the ratio are relatively stable.

2. Evaluation of the group's consolidated Liquidity Coverage Ratio

The group sets forth "The Rule of Regulatory Liquidity Management", and not only maintains minimum Liquidity Coverage Ratio, but also sets internal alert level, and periodically reviews as to whether the level of the ratio is above the internal alert level.

The group's consolidated Liquidity Coverage Ratio is above the minimum requirement.

3. Composition of HQLA

There is no significant change in composition of HQLA over previous quarter.

4. Other issues related to the consolidated Liquidity Coverage Ratio

There is no significant item for disclosure.

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