

November 8, 2019
Daiwa Securities Group Inc.

Report Regarding Consolidated Liquidity Coverage Ratio
Situation of Soundness in Liquidity Management as of Second Quarter in Fiscal Year 2019

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 2019.

Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit :1 Million Yen,%)

Items		Second Quarter in Fiscal Year 2019		First Quarter in Fiscal Year 2019	
High Quality Liquid Assets (1)					
1	Total high quality liquid assets	2,662,299		2,674,229	
Cash Outflows (2)		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	1,846,038	184,603	1,817,535	181,753
3	Stable deposits	-	-	-	-
4	Less stable deposits	1,846,038	184,603	1,817,535	181,753
5	Unsecured wholesale funding	2,966,010	1,741,468	2,700,391	1,567,008
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	2,871,565	1,647,023	2,614,324	1,480,941
8	Unsecured debt	94,444	94,444	86,066	86,066
9	Secured funding	6,905,590	359,524	6,744,272	361,627
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	216,605	216,605	212,763	212,763
11	Outflows related to derivative exposures	205,920	205,920	202,243	202,243
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	10,685	10,685	10,520	10,520
14	Other contractual funding obligations	4,777,297	971,231	4,388,012	1,132,269
15	Other contingent funding obligations	108,680	108,100	97,447	97,058
16	Total cash outflows	3,581,534		3,552,481	
Cash Inflows (3)		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	5,342,539	195,937	5,442,897	170,905
18	Inflows from fully performing exposures	495,939	413,376	398,661	357,321
19	Other cash inflows	4,433,741	1,093,671	4,023,773	1,188,847
20	Total cash inflows	1,702,985		1,717,074	
Consolidated Liquidity Coverage Ratio (4)					
21	Total high quality liquid assets	2,662,299		2,674,229	
22	Total net cash outflows	1,878,549		1,835,406	
23	Consolidated liquidity coverage ratio	141.7%		145.7%	
24	Number of data used for calculation of average value	62		59	

(Unit :1 Million Yen,%)

		Second Quarter in Fiscal Year 2019	First Quarter in Fiscal Year 2019	Fourth Quarter in Fiscal Year 2018	Third Quarter in Fiscal Year 2018	Second Quarter in Fiscal Year 2018
Consolidated liquidity coverage ratio						
15	Total high quality liquid assets	2,662,299	2,674,229	2,528,417	2,501,861	2,675,608
16	Total net cash outflows	1,878,549	1,835,406	1,786,074	1,808,314	1,883,117
17	Consolidated liquidity coverage ratio	141.7%	145.7%	141.5%	138.3%	142.0%

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 2,662,299 million Yen, which has decreased by 11,930 million Yen from the previous quarter.

Cash outflow related to unsecured wholesale funding was 1,741,468 million Yen, which has increased by 174,460 million Yen from the previous quarter. Cash outflow related to other contractual funding obligations was 971,231 million Yen, which has decreased by 161,038 million Yen from the previous quarter. Cash inflow related to other cash inflows was 1,093,671 million Yen, which has decreased by 95,176 million Yen from the previous quarter. And total net cash out flow was 1,878,549 million Yen, which has increased by 43,143 million Yen from the previous quarter.

As a result of above mentioned conditions, Daiwa Securities Group Inc.'s consolidated Liquidity Coverage Ratio was 141.7%, which has decreased by 4.0 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.

End