

October 31, 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 First 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 first quarter in fiscal year 2023.

Table of Contents

Key Metrics (at consolidated group level)	3
Quantitative Disclosure (Consolidated)	4
1. Quantitative disclosure of consolidated Liquidity Coverage Ratio.....	4
2. Quantitative disclosure of consolidated Net Stable Funding Ratio.....	5

Key Metrics (at consolidated group level)

KM1: Key Metrics

(Unit: 1 Million Yen,%)

		First Quarter in Fiscal Year 2023	Fourth Quarter in Fiscal Year 2022	Third Quarter in Fiscal Year 2022	Second Quarter in Fiscal Year 2022	First Quarter in Fiscal Year 2022
Consolidated liquidity coverage ratio						
15	Total high-quality liquid assets	2,729,197	2,902,501	2,757,599	2,593,166	2,447,045
16	Total net cash outflows	2,077,052	2,135,355	1,974,833	1,802,474	1,733,889
17	Consolidated liquidity coverage ratio	131.3%	135.9%	139.6%	143.8%	141.1%
Consolidated net stable funding ratio						
18	Total available stable funding	9,170,359	8,127,042	7,974,379	9,154,147	8,629,425
19	Total required stable funding	6,323,935	5,920,309	5,619,064	6,211,679	6,045,794
20	Consolidated net stable funding ratio	145.0%	137.2%	141.9%	147.3%	142.7%

Quantitative Disclosure (Consolidated)

1. Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit: 1 Million Yen,%)

Items		First Quarter in Fiscal Year 2023		Fourth Quarter in Fiscal Year 2022	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets	2,729,197		2,902,501	
Cash Outflows (2)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	2,001,969	200,196	1,986,334	198,633
3	Stable deposits	-	-	-	-
4	Less stable deposits	2,001,969	200,196	1,986,334	198,633
5	Unsecured wholesale funding	2,796,692	1,621,334	2,858,222	1,668,096
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	2,623,023	1,447,665	2,708,959	1,518,833
8	Unsecured debt	173,669	173,669	149,262	149,262
9	Secured funding	10,362,013	416,021	10,126,929	372,093
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	478,299	465,461	459,052	447,984
11	Outflows related to derivative exposures	454,158	454,158	438,832	438,832
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	24,141	11,303	20,220	9,152
14	Other contractual funding obligations	5,535,035	1,175,994	5,258,603	1,083,395
15	Other contingent funding obligations	140,609	129,624	159,219	148,387
16	Total cash outflows	4,008,634		3,918,593	
Cash Inflows (3)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	7,990,846	209,825	8,249,489	207,780
18	Inflows from fully performing exposures	596,037	549,998	561,585	531,003
19	Other cash inflows	5,084,197	1,171,757	4,860,509	1,044,454
20	Total cash inflows	1,931,581		1,783,238	
Consolidated Liquidity Coverage Ratio (4)					
21	Total high-quality liquid assets	2,729,197		2,902,501	
22	Total net cash outflows	2,077,052		2,135,355	
23	Consolidated liquidity coverage ratio	131.3%		135.9%	
24	Number of data used for calculation of average value	62		60	

2. Quantitative disclosure of consolidated Net Stable Funding Ratio

(Unit: 1 Million Yen, %)

Items		First Quarter in Fiscal Year 2023					Fourth Quarter in Fiscal Year 2022				
		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	-	-	-	1,675,086	1,675,086	-	-	-	1,597,999	1,597,999
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	-	-	-	1,675,086	1,675,086	-	-	-	1,597,999	1,597,999
3	Other capital instruments that are not included in the above category	-	-	-	-	-	-	-	-	-	-
4	Funding from retail and small business customers	2,108,378	-	-	-	1,897,540	1,916,602	-	-	-	1,724,942
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	2,108,378	-	-	-	1,897,540	1,916,602	-	-	-	1,724,942
7	Wholesale funding	1,240,422	12,103,795	407,129	2,547,945	5,258,024	1,137,728	9,329,386	488,891	2,544,086	4,421,241
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	1,240,422	12,103,795	407,129	2,547,945	5,258,024	1,137,728	9,329,386	488,891	2,544,086	4,421,241
10	Liabilities with matching interdependent assets	-	-	-	-	-	-	-	-	-	-
11	Other liabilities	85,470	6,410,060	31,577	699,735	339,707	88,131	5,424,644	93,632	684,070	382,858
12	Derivative liabilities	-	-	-	-	-	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	85,470	6,410,060	31,577	699,735	339,707	88,131	5,424,644	93,632	684,070	382,858
14	Total available stable funding	-	-	-	-	9,170,359	-	-	-	-	8,127,042
Required Stable Funding (RSF) (2)											
15	High-quality liquid assets	-	-	-	-	405,980	-	-	-	-	392,137
16	Deposits held at financial institutions for operational purposes	53,445	5,074	-	-	31,797	34,390	4,673	-	-	21,868
17	Loans, repo transactions-related assets, securities and other similar assets	507,029	9,199,483	958,958	2,206,936	3,289,639	564,283	8,181,761	682,913	1,948,565	2,903,861
18	Loans to and repo transactions with financial institutions (secured by level 1 assets)	-	6,148,151	6,167	945	27,760	-	5,160,485	5,843	2,028	39,413
19	Loans to and repo transactions with financial institutions (not included in item 18)	507,029	1,042,616	23,479	798,020	1,071,154	564,283	987,880	20,516	739,434	987,564
20	Loans to and repo transactions-related assets (not included in items 18, 19 and 22)	-	1,975,428	448,148	500,317	1,154,393	-	1,960,421	243,844	481,894	1,013,002
21	With a risk weight of less than or equal to 35% under the Standardized Approach for credit risk	-	1,696,276	351,871	11,605	502,040	-	1,680,309	162,980	11,607	364,750
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	33,288	481,164	907,654	1,036,332	0	72,975	412,710	725,209	863,882
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other assets	13,690	451,042	-	2,567,426	2,511,834	44,817	427,060	-	2,573,683	2,521,300
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)	-	-	-	225,033	191,278	-	-	-	258,869	220,038
29	Derivative assets	-	-	-	577,314	577,314	-	-	-	534,600	534,600
30	Derivative liabilities (before deduction of variation margin posted)	-	-	-	29,667	29,667	-	-	-	22,708	22,708
31	All other assets not included in the above categories	13,690	451,042	-	1,735,412	1,713,575	44,817	427,060	-	1,757,506	1,743,954
32	Off-balance sheet items	-	-	-	119,074	84,680	-	-	-	113,113	81,137
33	Total required stable funding	-	-	-	-	6,323,935	-	-	-	-	5,920,309
34	Consolidated net stable funding ratio (NSFR)	-	-	-	-	145.0%	-	-	-	-	137.2%