

November 10, 2017

Daiwa Securities Group Inc.

Report Regarding Consolidated Liquidity Coverage Ratio

Situation of Soundness in Liquidity Management as of Second Quarter in Fiscal Year 2017

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 2017.

Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit :1 Million Yen,%)

Items		Second Quarter in Fiscal Year 2017		First Quarter in Fiscal Year 2017	
High Quality Liquid Assets (1)					
1	Total high quality liquid assets	2,627,529		2,499,543	
Cash Outflows (2)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	1,650,078	165,007	1,581,207	158,120
3	Stable deposits	-	-	-	-
4	Less stable deposits	1,650,078	165,007	1,581,207	158,120
5	Unsecured wholesale funding	2,419,397	1,434,417	2,178,621	1,280,236
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	2,374,010	1,389,030	2,138,865	1,240,480
8	Unsecured debt	45,387	45,387	39,756	39,756
9	Secured funding	6,775,300	366,831	6,942,826	381,617
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	235,831	235,831	249,561	249,561
11	Outflows related to derivative exposures	225,156	225,156	239,020	239,020
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	10,675	10,675	10,541	10,541
14	Other contractual funding obligations	3,839,519	1,129,263	4,150,377	1,149,996
15	Other contingent funding obligations	155,776	155,017	150,844	150,077
16	Total cash outflows	3,486,369		3,369,610	
Cash Inflows (3)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	5,439,234	136,276	5,298,722	142,692
18	Inflows from fully performing exposures	395,101	394,113	373,983	372,268
19	Other cash inflows	3,517,465	1,146,987	3,972,195	1,140,356
20	Total cash inflows	1,677,377		1,655,317	
Consolidated Liquidity Coverage Ratio (4)					
21	Total high quality liquid assets	2,627,529		2,499,543	
22	Total net cash outflows	1,808,991		1,714,293	
23	Consolidated liquidity coverage ratio	145.2%		145.8%	
24	Number of data used for calculation of average value	62		62	

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 2,627,529 million Yen. From the previous quarter, amount has increased by 127,986 million Yen.

Cash outflow related to unsecured wholesale funding was 1,434,417 million Yen. From the previous quarter, amount has increased by 154,181 million Yen. Cash outflow related to other contractual funding obligations was 1,129,263 million Yen. From the previous quarter, amount has decreased by 20,733 million Yen. Cash inflow related to other cash inflows was 1,146,987 million Yen. From the previous quarter, amount has increased by 6,631 million Yen, and total net cash out flow was 1,808,991 million Yen. From the previous quarter, amount has increased by 94,698 million Yen.

As a result of above mentioned conditions, Daiwa Securities Group Inc.'s consolidated Liquidity Coverage Ratio was 145.2%, the ratio has decreased by 0.6 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