

October 29, 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 First Quarter in Fiscal Year 2024

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 2024.

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Key Metrics (at consolidated group level)

KM1: Key Metrics

(Unit: 1 Million Yen,%)

		First Quarter in Fiscal Year 2024	Fourth Quarter in Fiscal Year 2023	Third Quarter in Fiscal Year 2023	Second Quarter in Fiscal Year 2023	First Quarter in Fiscal Year 2023
Consolidated liquidity coverage ratio						
15	Total high-quality liquid assets	2,635,423	2,886,208	2,930,477	2,933,588	2,729,197
16	Total net cash outflows	2,009,218	2,134,431	2,229,082	2,242,910	2,077,052
17	Consolidated liquidity coverage ratio	131.1%	135.2%	131.4%	130.7%	131.3%
Consolidated net stable funding ratio						
18	Total available stable funding	10,009,914	9,328,809	9,790,218	9,800,455	9,170,359
19	Total required stable funding	7,228,496	6,591,832	6,311,045	6,583,224	6,323,935
20	Consolidated net stable funding ratio	138.4%	141.5%	155.1%	148.8%	145.0%

Quantitative Disclosure (Consolidated)

1. Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit: 1 Million Yen,%)

Items		First Quarter in Fiscal Year 2024		Fourth Quarter in Fiscal Year 2023	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets	2,635,423		2,886,208	
Cash Outflows (2)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	2,079,806	207,980	2,115,561	211,556
3	Stable deposits	-	-	-	-
4	Less stable deposits	2,079,806	207,980	2,115,561	211,556
5	Unsecured wholesale funding	2,975,483	1,617,575	3,117,023	1,739,456
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	2,826,291	1,468,384	2,934,919	1,557,352
8	Unsecured debt	149,191	149,191	182,104	182,104
9	Secured funding	14,267,872	681,353	12,466,372	579,387
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	424,430	411,783	392,457	378,956
11	Outflows related to derivative exposures	401,685	401,685	365,738	365,738
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	22,745	10,098	26,719	13,218
14	Other contractual funding obligations	7,234,388	1,446,447	7,194,005	1,404,219
15	Other contingent funding obligations	76,070	65,021	78,493	67,367
16	Total cash outflows	4,430,163		4,380,944	
Cash Inflows (3)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	11,759,319	292,016	10,801,366	234,894
18	Inflows from fully performing exposures	776,700	667,943	703,070	637,924
19	Other cash inflows	6,687,423	1,460,984	6,458,695	1,373,694
20	Total cash inflows	2,420,944		2,246,512	
Consolidated Liquidity Coverage Ratio (4)					
21	Total high-quality liquid assets	2,635,423		2,886,208	
22	Total net cash outflows	2,009,218		2,134,431	
23	Consolidated liquidity coverage ratio	131.1%		135.2%	
24	Number of data used for calculation of average value	62		58	

2. Quantitative disclosure of consolidated Net Stable Funding Ratio

(Unit: 1 Million Yen, %)

Items		First Quarter in Fiscal Year 2024					Fourth 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	-	-	-	1,754,098	1,754,098	-	-	-	1,693,385	1,693,385
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	-	-	-	1,754,098	1,754,098	-	-	-	1,693,385	1,693,385
3	Other capital instruments that are not included in the above category	-	-	-	-	-	-	-	-	-	-
4	Funding from retail and small business customers	2,116,456	-	-	-	1,904,810	2,089,338	-	-	-	1,880,404
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	2,116,456	-	-	-	1,904,810	2,089,338	-	-	-	1,880,404
7	Wholesale funding	1,567,309	13,160,685	541,781	2,999,282	6,028,806	1,530,173	10,798,165	501,373	3,015,407	5,437,827
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	1,567,309	13,160,685	541,781	2,999,282	6,028,806	1,530,173	10,798,165	501,373	3,015,407	5,437,827
10	Liabilities with matching interdependent assets	-	-	-	-	-	-	-	-	-	-
11	Other liabilities	86,227	6,758,938	9,192	710,450	322,198	86,334	5,726,708	11,531	620,425	317,192
12	Derivative liabilities	-	-	-	-	-	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	86,227	6,758,938	9,192	710,450	322,198	86,334	5,726,708	11,531	620,425	317,192
14	Total available stable funding	-	-	-	-	10,009,914	-	-	-	-	9,328,809
Required Stable Funding (RSF) (2)											
15	High-quality liquid assets	-	-	-	-	564,096	-	-	-	-	447,991
16	Deposits held at financial institutions for operational purposes	67,782	8,725	-	-	42,617	55,997	5,299	-	-	33,297
17	Loans, repo transactions-related assets, securities and other similar assets	603,282	12,121,792	1,167,361	2,464,132	3,946,130	642,825	10,371,632	920,779	2,248,185	3,596,851
18	Loans to and repo transactions with financial institutions (secured by level 1 assets)	-	8,402,798	95,479	1,860	84,370	-	6,987,506	38,058	1,551	45,977
19	Loans to and repo transactions with financial institutions (not included in item 18)	603,282	1,550,458	166,965	813,512	1,228,768	642,825	1,327,771	161,271	837,262	1,222,406
20	Loans to and repo transactions-related assets (not included in items 18, 19 and 22)	-	2,089,914	349,054	628,401	1,439,163	-	1,996,957	235,871	524,839	1,298,174
21	With a risk weight of less than or equal to 35% under the Standardized Approach for credit risk	-	1,779,361	232,435	23,125	668,778	-	1,730,955	138,325	11,609	631,090
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	78,622	555,863	1,020,359	1,193,829	0	59,398	485,579	884,533	1,030,294
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other assets	45,840	441,821	-	2,606,431	2,584,385	44,907	446,735	-	2,433,304	2,414,003
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)	-	-	-	218,482	185,710	-	-	-	223,062	189,602
29	Derivative assets	-	-	-	609,134	609,134	-	-	-	492,212	492,212
30	Derivative liabilities (before deduction of variation margin posted)	-	-	-	29,015	29,015	-	-	-	28,027	28,027
31	All other assets not included in the above categories	45,840	441,821	-	1,749,800	1,760,526	44,907	446,735	-	1,690,003	1,704,162
32	Off-balance sheet items	-	-	-	123,975	91,264	-	-	-	132,370	99,684
33	Total required stable funding	-	-	-	-	7,228,496	-	-	-	-	6,591,832
34	Consolidated net stable funding ratio (NSFR)	-	-	-	-	138.4%	-	-	-	-	141.5%