

January 30, 2025

Daiwa Securities Group Inc.

Report Regarding Consolidated Liquidity Coverage Ratio
and Consolidated Net Stable Funding Ratio

Situation of Soundness in Liquidity Management as of Second 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 second quarter in fiscal year 2024.

Table of Contents

Key Metrics (at consolidated group level)	3
Qualitative Disclosure (Consolidated)	4
1. Qualitative disclosure of consolidated Liquidity Coverage Ratio.....	4
2. Qualitative disclosure of consolidated Net Stable Funding Ratio.....	5
Quantitative Disclosure (Consolidated)	6
1. Quantitative disclosure of consolidated Liquidity Coverage Ratio.....	6
2. Quantitative disclosure of consolidated Net Stable Funding Ratio.....	7

Key Metrics (at consolidated group level)

KM1: Key Metrics

(Unit: 1 Million Yen,%)

		Second Quarter in Fiscal Year 2024	First Quarter in Fiscal Year 2024	Fourth Quarter in Fiscal Year 2023	Third Quarter in Fiscal Year 2023	Second Quarter in Fiscal Year 2023
Consolidated liquidity coverage ratio						
15	Total high-quality liquid assets	2,632,609	2,635,423	2,886,208	2,930,477	2,933,588
16	Total net cash outflows	1,926,313	2,009,218	2,134,431	2,229,082	2,242,910
17	Consolidated liquidity coverage ratio	136.6%	131.1%	135.2%	131.4%	130.7%
Consolidated net stable funding ratio						
18	Total available stable funding	10,476,558	10,009,914	9,328,809	9,790,218	9,800,455
19	Total required stable funding	6,850,600	7,228,496	6,591,832	6,311,045	6,583,224
20	Consolidated net stable funding ratio	152.9%	138.4%	141.5%	155.1%	148.8%

Qualitative Disclosure (Consolidated)

1. Qualitative disclosure of consolidated Liquidity Coverage Ratio

A) Changes in consolidated Liquidity Coverage Ratio over previous quarter

The Group's total High-Quality Liquid Asset (HQLA) was 2,632,609 million yen, a decrease of 2,814 million yen from the previous quarter.

Cash outflows related to unsecured wholesale funding were 1,491,756 million yen, a decrease of 125,819 million yen from the previous quarter. Cash outflows related to secured funding were 759,242 million yen, an increase of 77,889 million yen. Cash inflows related to secured lending were 358,172 million yen, an increase of 66,156 million yen. And cash inflows related to inflows from fully performing exposures were 608,854 million yen, a decrease of 59,089 million yen, thus total net cash outflows were 1,926,313 million yen, a decrease of 82,905 million yen.

As a result of the above-mentioned conditions, the Group's consolidated Liquidity Coverage Ratio was 136.6%, an increase of 5.5 percent. For the past two years, changes in the ratio have been relatively stable.

B) Evaluation of the Group's consolidated Liquidity Coverage Ratio

The Group defines "The Rule of Regulatory Liquidity Management", and not only manages to keep the Liquidity Coverage Ratio above the regulatory limit, but also sets an internal alert level, and periodically reviews whether the ratio is above the internal alert level.

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

C) Composition of HQLA

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

D) Other issues related to the consolidated Liquidity Coverage Ratio

There is no significant item for disclosure.

2. Qualitative disclosure of consolidated Net Stable Funding Ratio

A) Changes in consolidated Net Stable Funding Ratio over previous quarter

The Group's total Available Stable Funding (ASF) was 10,476,558 million yen, an increase of 466,644 million yen from the previous quarter. Funding from retail and small business customers was 1,805,564 million yen, a decrease of 99,246 million yen. And wholesale funding was 6,618,676 million yen, an increase of 589,870 million yen.

Total Required Stable Funding (RSF) was 6,850,600 million yen, a decrease of 377,896 million yen. High-quality liquid assets were 519,885 million yen, a decrease of 44,211 million yen. Loans, repo transactions-related assets, securities and other similar assets were 3,711,460 million yen, a decrease of 234,670 million yen. And other assets were 2,486,288 million yen, a decrease of 98,097 million yen.

As a result of the above-mentioned conditions, the Group's consolidated Net Stable Funding Ratio was 152.9%, an increase of 14.5 percent. The ratio is sufficiently above the minimum requirement.

B) Application of Exception for Interdependent Asset and Liability

Not applicable.

C) Other issues related to the consolidated Net Stable Funding Ratio

There is no significant item for disclosure.

Quantitative Disclosure (Consolidated)

1. Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit: 1 Million Yen,%)

Items		Second Quarter in Fiscal Year 2024		First Quarter in Fiscal Year 2024	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets	2,632,609		2,635,423	
Cash Outflows (2)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	2,047,818	204,781	2,079,806	207,980
3	Stable deposits	-	-	-	-
4	Less stable deposits	2,047,818	204,781	2,079,806	207,980
5	Unsecured wholesale funding	2,784,359	1,491,756	2,975,483	1,617,575
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	2,628,310	1,335,707	2,826,291	1,468,384
8	Unsecured debt	156,048	156,048	149,191	149,191
9	Secured funding	14,012,879	759,242	14,267,872	681,353
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	398,724	385,907	424,430	411,783
11	Outflows related to derivative exposures	375,943	375,943	401,685	401,685
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	22,781	9,964	22,745	10,098
14	Other contractual funding obligations	7,117,972	1,432,782	7,234,388	1,446,447
15	Other contingent funding obligations	75,430	64,251	76,070	65,021
16	Total cash outflows	4,338,722		4,430,163	
Cash Inflows (3)					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	11,506,791	358,172	11,759,319	292,016
18	Inflows from fully performing exposures	689,579	608,854	776,700	667,943
19	Other cash inflows	6,441,651	1,445,382	6,687,423	1,460,984
20	Total cash inflows	2,412,409		2,420,944	
Consolidated Liquidity Coverage Ratio (4)					
21	Total high-quality liquid assets	2,632,609		2,635,423	
22	Total net cash outflows	1,926,313		2,009,218	
23	Consolidated liquidity coverage ratio	136.6%		131.1%	
24	Number of data used for calculation of average value	62		62	

2. Quantitative disclosure of consolidated Net Stable Funding Ratio

(Unit: 1 Million Yen, %)

Items		Second Quarter in Fiscal Year 2024					First Quarter in Fiscal Year 2024				
		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	-	-	-	1,721,302	1,721,302	-	-	-	1,754,098	1,754,098
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	-	-	-	1,721,302	1,721,302	-	-	-	1,754,098	1,754,098
3	Other capital instruments that are not included in the above category	-	-	-	-	-	-	-	-	-	-
4	Funding from retail and small business customers	2,006,183	-	-	-	1,805,564	2,116,456	-	-	-	1,904,810
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	2,006,183	-	-	-	1,805,564	2,116,456	-	-	-	1,904,810
7	Wholesale funding	1,496,354	14,068,831	518,849	2,945,223	6,618,676	1,567,309	13,160,685	541,781	2,999,282	6,028,806
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	1,496,354	14,068,831	518,849	2,945,223	6,618,676	1,567,309	13,160,685	541,781	2,999,282	6,028,806
10	Liabilities with matching interdependent assets	-	-	-	-	-	-	-	-	-	-
11	Other liabilities	77,537	4,809,048	20,637	544,026	331,014	86,227	6,758,938	9,192	710,450	322,198
12	Derivative liabilities	-	-	-	-	-	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	77,537	4,809,048	20,637	544,026	331,014	86,227	6,758,938	9,192	710,450	322,198
14	Total available stable funding	-	-	-	-	10,476,558	-	-	-	-	10,009,914
Required Stable Funding (RSF) (2)											
15	High-quality liquid assets	-	-	-	-	519,885	-	-	-	-	564,096
16	Deposits held at financial institutions for operational purposes	68,540	10,704	-	-	44,975	67,782	8,725	-	-	42,617
17	Loans, repo transactions-related assets, securities and other similar assets	579,280	11,498,339	1,182,228	2,317,937	3,711,460	603,282	12,121,792	1,167,361	2,464,132	3,946,130
18	Loans to and repo transactions with financial institutions (secured by level 1 assets)	-	8,131,927	88,036	2,236	78,236	-	8,402,798	95,479	1,860	84,370
19	Loans to and repo transactions with financial institutions (not included in item 18)	574,848	1,675,161	32,399	817,052	1,179,111	603,282	1,550,458	166,965	813,512	1,228,768
20	Loans to and repo transactions-related assets (not included in items 18, 19 and 22)	-	1,644,410	665,625	546,298	1,410,598	-	2,089,914	349,054	628,401	1,439,163
21	With a risk weight of less than or equal to 35% under the Standardized Approach for credit risk	-	1,374,238	550,033	21,707	724,382	-	1,779,361	232,435	23,125	668,778
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	4,432	46,841	396,168	952,351	1,043,515	0	78,622	555,863	1,020,359	1,193,829
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other assets	44,933	483,237	-	2,525,855	2,486,288	45,840	441,821	-	2,606,431	2,584,385
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)	-	-	-	247,984	210,787	-	-	-	218,482	185,710
29	Derivative assets	-	-	-	397,549	397,549	-	-	-	609,134	609,134
30	Derivative liabilities (before deduction of variation margin posted)	-	-	-	18,414	18,414	-	-	-	29,015	29,015
31	All other assets not included in the above categories	44,933	483,237	-	1,861,908	1,859,538	45,840	441,821	-	1,749,800	1,760,526
32	Off-balance sheet items	-	-	-	121,320	87,988	-	-	-	123,975	91,264
33	Total required stable funding	-	-	-	-	6,850,600	-	-	-	-	7,228,496
34	Consolidated net stable funding ratio (NSFR)	-	-	-	-	152.9%	-	-	-	-	138.4%