

November 10, 2020  
Daiwa Securities Group Inc.

**Report Regarding Consolidated Liquidity Coverage Ratio**  
**Situation of Soundness in Liquidity Management as of Second Quarter in Fiscal Year 2020**

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 2020.

## Quantitative disclosure of consolidated Liquidity Coverage Ratio

(Unit :1 Million Yen,%)

Items		Second Quarter in Fiscal Year 2020		First Quarter in Fiscal Year 2020	
<b>High Quality Liquid Assets (1)</b>					
1	Total high quality liquid assets	2,716,787		2,538,362	
<b>Cash Outflows (2)</b>					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	1,993,739	199,373	1,949,096	194,909
3	Stable deposits	-	-	-	-
4	Less stable deposits	1,993,739	199,373	1,949,096	194,909
5	Unsecured wholesale funding	2,713,263	1,505,112	2,572,204	1,387,171
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	2,585,233	1,377,082	2,454,629	1,269,596
8	Unsecured debt	128,029	128,029	117,575	117,575
9	Secured funding	8,243,318	268,881	7,719,702	296,744
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	237,998	237,998	265,177	265,177
11	Outflows related to derivative exposures	225,461	225,461	252,234	252,234
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	12,537	12,537	12,943	12,943
14	Other contractual funding obligations	5,659,888	985,340	5,856,945	1,005,363
15	Other contingent funding obligations	150,652	138,583	125,935	114,104
16	Total cash outflows	3,335,291		3,263,472	
<b>Cash Inflows (3)</b>					
		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	6,488,529	129,022	5,997,373	143,051
18	Inflows from fully performing exposures	580,633	488,142	516,507	455,509
19	Other cash inflows	5,226,031	1,078,443	5,789,737	1,262,990
20	Total cash inflows	1,695,608		1,861,551	
<b>Consolidated Liquidity Coverage Ratio (4)</b>					
21	Total high quality liquid assets	2,716,787		2,538,362	
22	Total net cash outflows	1,639,682		1,401,920	
23	Consolidated liquidity coverage ratio	165.6%		181.0%	
24	Number of data used for calculation of average value	61		61	

(Unit :1 Million Yen,%)

		Second Quarter in Fiscal Year 2020	First Quarter in Fiscal Year 2020	Fourth Quarter in Fiscal Year 2019	Third Quarter in Fiscal Year 2019	Second Quarter in Fiscal Year 2019
<b>Consolidated liquidity coverage ratio</b>						
15	Total high quality liquid assets	2,716,787	2,538,362	2,351,036	2,356,156	2,662,299
16	Total net cash outflows	1,639,682	1,401,920	1,560,663	1,735,901	1,878,549
17	Consolidated liquidity coverage ratio	165.6%	181.0%	150.6%	135.7%	141.7%

## 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 2,716,787 million Yen, which has increased by 178,425 million Yen from the previous quarter.

Cash outflow related to unsecured wholesale funding was 1,505,112 million Yen, which has increased by 117,941 million Yen from the previous quarter. Cash inflow related to Inflows from fully performing exposures was 488,142 million Yen, which has increased by 32,633 million Yen from the previous quarter. Cash inflow related to other cash inflows was 1,078,443 million Yen, which has decreased by 184,547 million Yen from the previous quarter. And total net cash out flow was 1,639,682 million Yen, which has increased by 237,762 million Yen from the previous quarter.

As a result of above mentioned conditions, Daiwa Securities Group Inc.'s consolidated Liquidity Coverage Ratio was 165.6%, which has decreased by 15.4 points. For the past two years, changes in the ratio were 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.

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