July 31, 2026

Daiwa Securities Group Inc.

Report Regarding Consolidated Liquidity Coverage Ratio and Consolidated Net Stable Funding Ratio Situation of Soundness in Liquidity Management as of Fourth Quarter in Fiscal Year 2025

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 fourth quarter in fiscal year 2025.

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Key Metrics (at consolidated group level)

KM1: Key Metrics

（Unit: 1 Million Yen,%）

		Fourth Quarter in Fiscal Year 2025	Third Quarter in Fiscal Year 2025	Second Quarter in Fiscal Year 2025	First Quarter in Fiscal Year 2025	Fourth Quarter in Fiscal Year 2024
Consolidated liquidity coverage ratio						
15	Total high-quality liquid assets	3,078,444	3,007,888	2,800,581	2,642,797	2,815,464
16	Total net cash outflows	2,446,519	2,242,492	1,970,256	1,908,731	1,970,118
17	Consolidated liquidity coverage ratio	125.8%	134.1%	142.1%	138.4%	142.9%
Consolidated net stable funding ratio						
18	Total available stable funding	10,515,844	11,095,340	11,027,326	10,546,437	10,617,314
19	Total required stable funding	8,589,820	7,491,052	7,047,254	6,912,565	6,687,791
20	Consolidated net stable funding ratio	122.4%	148.1%	156.4%	152.5%	158.7%

Disclosure of Consolidated Liquidity Risk Management

1. Overview of Liquidity Risk Management Policy and Procedure

Daiwa Securities Group Inc. ("the Group")'s funding activities focus on the principle of maintaining a sufficient level of liquidity in a stable and efficient manner to ensure continuous business operations.

The Finance department is designated as a division to manage the Group's funding and takes action proactively to secure a stable funding amount during ordinary times in order to prevent business operations being disrupted in the event of severe changes occurring in the markets, and also manages to diversify maturities and sources of the procurement funds assuming a liquidity crisis when new funding or roll-over is difficult.

The Risk Management department is designated as a division to manage the Group's liquidity risk and monitors the liquidity risk and reports to the board daily by utilizing the risk appetite indicators and liquidity stress test.

The Group strives to construct an appropriate liquidity risk management structure to be able to grasp the situation of the liquidity risk in a timely manner. In addition, the Group developed a contingency funding plan in order to make an appropriate response when liquidity risk becomes evident.

2. Liquidity Risk Management Indicators and other issues related to consolidated Liquidity Risk Management

A) Risk appetite indicators

The Group defines the Liquidity Coverage Ratio and Net Stable Funding Ratio as liquidity risk appetite indicators at the board, and regularly monitors the status of compliance.

B) Liquidity Stress Test

The Group has established a liquidity risk management structure centered on liquidity stress testing in order to ensure that business operations can be maintained even if unsecured funding is not available for a certain period.

As a verification of the sufficiency of short-term unsecured funding, the Group assumes various stress scenarios and confirms on a daily basis that the liquidity portfolio covers the projected cash outflows.

As a verification of the sufficiency of long-term unsecured funding, the Group regularly monitors the amount of stable funding against less-liquid assets during periods of stress.

C) Early Warning Indicator ("EWI")

The Group sets certain thresholds for the indicators and monitors them as EWI to detect quickly if a liquidity risk becomes evident, and seeks to manage the forward-looking funding and liquidity risk.

D) Contingency Funding Plan

The Group recognizes that the occurrence of liquidity risk will have a direct impact on the business failure of financial institutions. Therefore, the Group defines a contingency funding plan in order to make an appropriate response during the time of liquidity crisis. The plan specifies policies of reporting lines and of the securement of funding according to the level of the tightness of the stress due to the internal factors such as the deterioration of the Group's credit, and/or the external factors such as a disturbance in the financial markets.

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 3,078,444 million yen, an increase of 70,556 million yen from the previous quarter.

Cash outflows related to unsecured wholesale funding were 1,675,407 million yen, an increase of 86,766 million yen from the previous quarter. Cash outflows related to secured funding were 1,154,022 million yen, an increase of 177,168 million yen. Cash outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities were 417,600 million yen, an increase of 91,865 million yen. And cash inflows related to secured lending were 540,514 million yen, an increase of 93,669 million yen, thus total net cash outflows were 2,446,519 million yen, an increase of 204,027 million yen.

As a result of the above-mentioned conditions, the Group's consolidated Liquidity Coverage Ratio was 125.8%. 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 10,515,844 million yen, a decrease of 579,496 million yen from the previous quarter. Funding from retail and small business customers was 2,156,368 million yen, an increase of 92,507 million yen. And wholesale funding was 6,146,575 million yen, a decrease of 669,615 million yen.

Total Required Stable Funding (RSF) was 8,589,820 million yen, an increase of 1,098,768 million yen. Loans, repo transactions-related assets, securities and other similar assets were 4,845,206 million yen, an increase of 825,517 million yen. And other assets were 2,902,321 million yen, an increase of 304,182 million yen.

As a result of the above-mentioned conditions, the Group’s consolidated Net Stable Funding Ratio was 122.4%, a decrease of 25.7 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		Fourth Quarter in Fiscal Year 2025		Third Quarter in Fiscal Year 2025	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets	3,078,444		3,007,888	
Cash Outflows (2)		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
2	Retail deposits and deposits from small business customers	2,346,529	234,652	2,220,707	222,070
3	Stable deposits	-	-	-	-
4	Less stable deposits	2,346,529	234,652	2,220,707	222,070
5	Unsecured wholesale funding	3,232,230	1,675,407	3,100,162	1,588,641
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding other than operational deposits and unsecured debt	3,099,879	1,543,056	2,996,532	1,485,012
8	Unsecured debt	132,350	132,350	103,629	103,629
9	Secured funding	15,433,395	1,154,022	15,289,757	976,854
10	Outflows related to derivative exposures, loss of funding on debt products, committed credit and liquidity facilities	427,917	417,600	336,491	325,735
11	Outflows related to derivative exposures	358,086	358,086	274,260	274,260
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Outflows related to credit and liquidity facilities	69,831	59,514	62,231	51,475
14	Other contractual funding obligations	8,569,605	1,899,273	8,458,983	1,838,501
15	Other contingent funding obligations	74,294	62,834	76,065	64,809
16	Total cash outflows		5,443,790		5,016,613
Cash Inflows (3)		Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
17	Secured lending	11,214,660	540,514	11,361,221	446,845
18	Inflows from fully performing exposures	656,128	587,052	581,089	544,047
19	Other cash inflows	7,733,376	1,869,704	7,351,301	1,783,229
20	Total cash inflows		2,997,270		2,774,121
Consolidated Liquidity Coverage Ratio (4)					
21	Total high-quality liquid assets		3,078,444		3,007,888
22	Total net cash outflows		2,446,519		2,242,492
23	Consolidated liquidity coverage ratio		125.8%		134.1%
24	Number of data used for calculation of average value	58		62	

2. Quantitative disclosure of consolidated Net Stable Funding Ratio

(Unit: 1 Million Yen, %)

Items		Fourth Quarter in Fiscal Year 2025					Third Quarter in Fiscal Year 2025				
		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	-	-	-	1,919,701	1,919,701	-	-	-	1,914,185	1,914,185
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	-	-	-	1,919,701	1,919,701	-	-	-	1,914,185	1,914,185
3	Other capital instruments that are not included in the above category	-	-	-	-	-	-	-	-	-	-
4	Funding from retail and small business customers	2,395,964	-	-	-	2,156,368	2,293,179	-	-	-	2,063,861
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	2,395,964	-	-	-	2,156,368	2,293,179	-	-	-	2,063,861
7	Wholesale funding	2,165,888	13,839,966	1,083,601	2,663,111	6,146,575	1,856,999	15,560,698	1,004,472	2,624,949	6,816,190
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	2,165,888	13,839,966	1,083,601	2,663,111	6,146,575	1,856,999	15,560,698	1,004,472	2,624,949	6,816,190
10	Liabilities with matching interdependent assets	-	-	-	-	-	-	-	-	-	-
11	Other liabilities	78,015	5,733,809	16,448	833,763	293,198	77,026	6,304,821	18,412	594,483	301,103
12	Derivative liabilities				276,731					-	
13	All other liabilities and equity not included in the above categories	78,015	5,733,809	16,448	557,032	293,198	77,026	6,304,821	18,412	594,483	301,103
14	Total available stable funding					10,515,844					11,095,340
Required Stable Funding (RSF) (2)											
15	High-quality liquid assets					734,987					753,601
16	Deposits held at financial institutions for operational purposes	43,465	11,991	-	-	27,728	60,625	11,742	-	-	36,183
17	Loans, repo transactions-related assets, securities and other similar assets	611,146	11,506,159	1,227,579	2,996,858	4,845,206	495,615	12,338,142	982,072	2,805,067	4,019,689
18	Loans to and repo transations with financial institutions (secured by level 1 assets)	-	6,873,760	390,950	5,913	201,388	-	8,930,446	111,801	6,627	72,595
19	Loans to and repo transations with financial institutions (not included in item 18)	611,146	2,321,958	44,953	660,111	1,135,231	494,066	1,864,293	47,484	689,190	1,074,612
20	Loans to and repo transations-related assets (not included in items 18, 19 and 22)	-	2,266,914	231,209	958,489	2,034,131	-	1,523,699	345,752	827,018	1,525,213
21	With a risk weight of less than or equal to 35% under the Standardized Approach for credit risk	-	1,725,585	74,475	25,001	846,364	-	1,118,883	93,489	24,844	468,311
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	43,527	560,467	1,372,345	1,474,456	1,549	19,704	477,035	1,282,232	1,347,269
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other assets	41,747	427,350	-	3,031,833	2,902,321	41,921	640,710	-	2,620,519	2,598,139
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)				947,926	805,737				235,842	200,466
29	Derivative assets				-	-				385,103	385,103
30	Derivative liabilities (before deduction of variation margin posted)				67,072	67,072				27,406	27,406
31	All other assets not included in the above categories	41,747	427,350	-	2,016,835	2,029,512	41,921	640,710	-	1,972,168	1,985,164
32	Off-balance sheet items				169,548	79,573				157,757	83,436
33	Total required stable funding					8,589,820					7,491,052
34	Consolidated net stable funding ratio (NSFR)					122.4%					148.1%