European Banks – Credit Update

- HSBC Canada sale to RBC will free up capital but won't quell shareholder's demands for business break-up unless the group becomes consistently more profitable
- Council of Europe Development Bank raises new paid-in capital to address succession of crisis
- Primary market activity for FIGs and SSA slows but benign conditions allow for 2023 pre-funding. FIG lenders, including sub-investment grade issuers, are able to place otherwise challenging sub-debt trades. Secondary market spreads continue to tighten for EUR and USD

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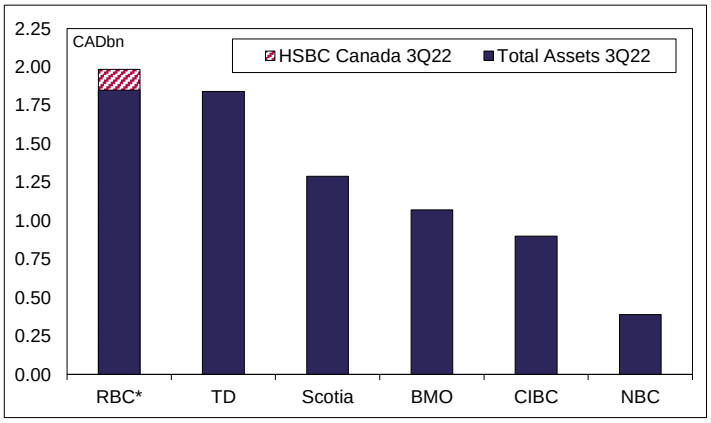
HSBC asset disposals only provides short-term solution to investor demands

Last week, HSBC reached an agreement to sell its Canadian business division to Royal Bank of Canada (RBC) for CAD13.5bn (~USD10bn). According to HSBC's 3Q22 earnings report, HSBC Canada has CAD134bn in total assets, making it the countries seventh largest bank. It has a solid track record of generating profits, predominantly from its commercial banking activities and pre-tax profits over the past five years have consistently registered between CAD800m-1bn with return on tangible equity (RoTE) firmly in the double digits. RBC paid a 30% premium on the consensus market value estimates for HSBC's Canadian business. This underlines the rare opportunity the sale presents Canadian banks to quickly gain market share in what is otherwise a highly concentrated sector. The six largest lenders in Canada account for about 80% of banking assets and given the prevailing sector concentration, the deal is expected to face close regulatory scrutiny. The targeted completion date is late 2023, subject to regulatory approval. The deal will increase RBC's balance sheet to almost CAD2tr, raising its market share by total assets to roughly 25% of the Canadian banking sector. Earnings per share are expected to increase by 6% from 2024 onwards but the acquisition will also reduce RBC's CET1 ratio to 11.5% from currently 13.1%, all else being equal.

Canada banking sector assets by entity - at 3Q22



*Source: Bloomberg; *RBC including HSBC Canada*

Break-up of HSBC remains unlikely despite ongoing shareholder pressure

Given HSBC Canada's status as reliable profit generator, this begs the question why senior management deemed the sale of part of its North American operation necessary. The move forms part of a wider reorganisation of the business by which HSBC is shrinking business lines that are perceived to be bloated or is exiting markets where it is sub-scale compare to local competitors. Ultimately, the UK bank remains under considerable pressure from large institutional shareholders to improve group-wide profitability and ensure regular dividend payouts after it had curtailed payments in 2020. HSBC's largest shareholder, Chinese insurance group Ping An (8.3% stake), has been most vocal about this and has been advocating for a separation of the highly profitable Asia business from the rest of the group. HSBC Asia contributes just under 70% of the group's global profits but the likelihood of a separate listing of HSBC Asia and non-Asian divisions remains low overall in our view. In early November, senior management at Ping An for the first time made public statements about a break up of HSBC, reiterating the need for the business to be competitive again. However, the implied financial upside of such a separation (+20/25% increase in market cap according to Ping An initiated consultation paper) doesn't appear to warrant the risks, such as structural, regulatory and strategic concerns. We expect the USD5.7bn capital gain from the sale of HSBC Canada to fund greater dividend payouts or share buybacks from 2024 onwards. This may temporarily quell some of the de-merger pressure but needs to be matched with longer-term improvements in profitability and cost management in order to satisfy investors. A clear positive from the transaction is that the additional capital generated will add 130bps to the group's current CET1 ratio of 13.4% and bring it closer to its target range of 14-14.5% and to peers.

Further cost savings and business rationalisation

During HSBC's 3Q22 results presentation the bank mentioned USD1bn in costs savings to be achieved in 2023 in order to keep overall costs increases to just 2% in 2023. Senior management have identified additional USD1.7bn in savings on top of existing targets. This includes further portfolio disposals that have resulted in the review of HSBC's consumer business in New Zealand as well as additional 114 branch closures in the UK. The latter would bring the total number of branches to just 327, which is only one-third of what it was at end-2016. The above mentioned cost saving measures and the prospect of increased revenues from the rising rates environment and possible easing of Covid restrictions in China make HSBC's 12% RoTE target in 2023 appear more feasible but still challenging due to increasing recession risks and higher asset quality concerns in select markets.

Council of Europe Development Bank

The Governing Board of the Council of Europe Development Bank (CEB) approved the strengthening of its capital base in response to higher lending demands from a succession of global crises. As part of CEB's new strategic framework 2023-2027 subscribed capital will increase from EUR5.48bn up to EUR9.73bn, while the paid-in capital will increase from EUR0.61bn up to EUR1.81bn. Demands on the development bank increased following the Covid-19 pandemic and Russia's invasion of Ukraine. The humanitarian crisis brought on by the war have resulted in increased initiatives required to assist migrants and their host communities as well as other social challenges across Europe. The strengthening of the capital base with EUR1.2bn in new paid-in capital was agreed by shareholder governments, of which Germany, France, Italy and Spain hold a combined stake of 61% as at 1H22. The improvement in CEB's capital position could play a role in upcoming credit rating decisions from major agencies. CEB is rated 'Aa1/ AA+/ AAA' by Moody's, Fitch and S&P but Fitch is the only agency that currently maintains a positive outlook on the rating. Therefore, Fitch may consider positive rating action in the near-term and as per its July rating action commentary factors that could lead to an upgrade, including improvements in the bank's capitalisation metrics. However, these need to be weighed up against downward pressure on the credit quality of the bank's borrowers. The prospect of Ukraine soon becoming a member state and borrowing from the bank, coupled with large exposure to Turkey may add pressure to capitalisation and asset-quality metrics.

Primary and secondary markets

European **primary market** issuance volumes for SSAs stood at EUR1.1bn over the course of last week, below the market expectations of EUR5-9bn. FIG supply of EUR11.4bn was within the weekly forecast amount of EUR7-11.5bn. The total 2022 year-to-date FIG volume of EUR538bn is 19.3% ahead of last year's issuance volume. SSA volumes, however, remain behind last year's level, down 21% at EUR564bn. For the current week, survey data suggest SSA volumes will range between EUR4.4-8.1bn and FIGs are expected to issue EUR2.5-5.6bn.

Last week, **SSA** primary market activity appeared to have slowed further from down in terms of deal flow, falling below volume expectations for the week. The **International Finance Corporation (IFC)** launched a new GBP600m deal with a short 3-year tenor early last week, upsized from its initial GBP500m target. In recent weeks, Sterling has offered issuers attractive funding conditions in the front-end of the curve compared to other currencies such as U.S. Dollar or Euro. This has attracted a host of SSA issuers, including the EIB, Kommunekredit or KfW. Later that week, IFC also offered a 7-year Kauri bond with a social theme for NZD300m. IFC is a frequent social bond issuer and its social bond programme that was initially launched in 2017 is aligned with IMCA's Social Bond Principles. SSA issuance volumes have slowed noticeably over the last two weeks as issuers have mostly completed their funding programmes. Looking ahead we expect the European Union to place their last syndicated deals of the year this week with details yet to be released. Information around funding volumes for 2023 are also expected to be disclosed in December.

(Table 1) Key Transactions

Bank	Rank	Amount	Maturity	Final Spread (bps)	IPT (bps)	Book Orders
SSA						
IFC	Sr. Unsecured	GBP600m	3Y	G + 90	G + 90	>GBP690m
IFC	Sr. Unsecured (Social)	NZD300m	7Y	MS + 41	MS + 41	n.a.
KBN	Sr. Unsecured (Green)	CAD500m	5Y	MS + 19	MS + 19	>CAD650m
Kommunekredit	Sr. Unsecured (Tap)	EUR300m	May-2026	MS - 7	MS - 7	>EUR300m
FIG (Senior)						
Nationwide	SNP	GBP650m	5NC4	G + 285	G + 315	>GBP3bn
Mediobanca	SP (Sustainable)	EUR500m	6NC5	MS + 195	MS + 225	>EUR1.6bn
Crédit Agricole	SP	JPY35.4bn	3Y	TONA + 58	TONA + 53/58	n.a.
Crédit Agricole	SP	JPY33.1bn	5Y	TONA + 70	TONA + 65/70	n.a.
Crédit Agricole	SNP	JPY17.7bn	4NC3	TONA + 120	TONA + 115/120	n.a.
Crédit Agricole	SNP	JPY10.6bn	6NC5	TONA + 125	TONA + 120/125	n.a.
SocGen	SNP	EUR1.5bn	8NC7	MS + 180	MS + 220	>EUR5.5bn
BPER Banca	SNP	EUR500m	5NC4	MS + 360	MS + 400	>EUR2.1bn
Illimity Bank	SP	EUR300m	3Y	6.625%	7.0%	>EUR500m
Bank of Valetta	SNP	EUR350m	5NC4	10.0%	10.0%	>EUR460m
FIG (Subordinated)						
La Banque Postale	Tier 2	EUR500m	11.25NC6.25	MS + 285	MS + 315	>EUR1.95bn
Investec	Tier 2	GBP350m	10.25NC5.25	9.125%	9.50% / 9.75%	>GBP1.25bn
NatWest	Tier 2	GBP650m	10.5NC5.5	G + 420	G + 445	>GBP2.7bn
Eurobank	Tier 2	EUR300m	10NC5	10.25%	10.50%	>EUR850m

Source BondRadar, Bloomberg.

Funding conditions in **FIG** markets appeared benign as banks continued to place a host of senior and subordinated bonds alike, including deals from sub-investment grade issuers. Daiwa Capital Markets Europe (DCME) acted as joint lead for **Crédit Agricole**. The French bank placed JPY96.8bn in Samurai bonds across four tranches (2x SP and 2x SNP) with short to medium tenors. A potential 10-year SP tranche was dropped, which could be linked to duration concerns of the Japanese investor base and potential built in expectation that the Bank of Japan might ease its yield-curve control in 2Q23 when it selects a new central bank governor in April. Currently the incentive to look at 10-year JPY is limited as the yield on 10-year JGB is only around 25bps. When compared to Crédit Agricole secondary euro-curve the Samurai deal priced with premium as there was some widening in the JPY-EUR spread differential since the deal was launched. Euro spreads tightened over the course of the week on the back of better than expected inflation reports from select European countries. FIG Sterling supply came from **Nationwide** with its first SNP deal in the currency, as it usually looks towards Euros of U.S. Dollar funding in that format. The GBP650m trade with a 5NC4 tenor garnered strong interest and was 4.6x subscribed. The spread tightened 30bps from IPT to G+285bps, pricing flat to fair value. ESG themed debt came from Italy's **Mediobanca**, launching a green SP bon for EUR500m. The 6NC5 tightened by 30bps on the back of strong interest, leaving a new issue premium (NIP) of 10-15bps on the table. This is at a similar level to what we have seen from other top-tier Italian banks in recent weeks. Several subordinated bonds were issued as well, all in Tier 2 format. Notable in this context were the type of issuers, including sub-investment grade **Eurobank** (B+/ B2/ B-) from Greece, as well as further Sterling usage in this space. The EUR300m in Tier 2 from Eurobank further underlined the notion that funding conditions remained benign as we it was the first such deal from a Greek bank since March 2021. 50bps new issue premium is considered a vast improvement over what the issuer would have had to pay earlier in the year. Sterling Tier 2 came from **NatWest** with a GBP650m bond and a 10.5NC5.5 tenor. According to Bloomberg data, this took total Sterling supply from FIGs in November to GBP8.6bn, the highest monthly amount this year. The high subscription level 4.15x helped guided spreads lower by 25bps but also implied further appetite for the currency if conditions remain accommodative.

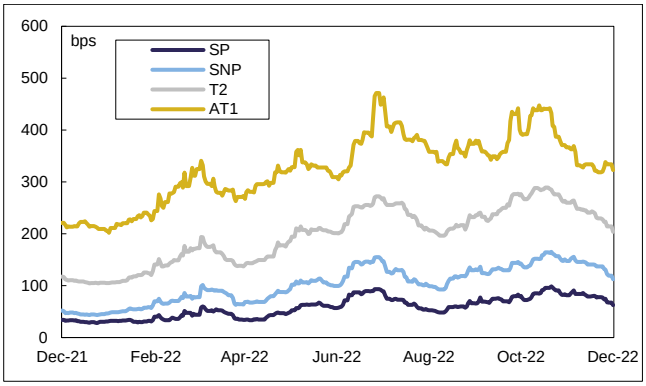
Secondary market spreads were mostly tighter for EUR and USD. CDS indices on European senior (99bps) and subordinated financials (178bps) as measured by iTraxx benchmarks also priced -3bps and -3bps tighter against the previous week's levels.

Secondary market spreads for European financials registered broad spread tightening across payment ranks and tenors with some widening recorded among Swiss entities, due to the impact of Credit Suisse. Markets have been relatively calm and look towards the UK's MPC's policy-setting announcement on 15 December. In the UK Friday's release of the Bank of England's quarterly inflation attitudes survey and the REC/KPMG report on jobs will be closely watched. In the U.S. meanwhile, Fed Chair Jerome Powell provided an unusually clear statement last week on his policy intentions, noting that the pace of tightening would soon slow. At the same time, he emphasized that the Federal Open Market Committee would continue to raise interest rates and that the Committee would likely maintain a restrictive stance for a lengthy period. These statements were seen positive by the market and contributed to the benign conditions, echoed by tightening USD spreads.

Weekly average EUR spreads were tighter with SP (-8.5bps), SNP (-15.3bps) and Tier 2 (-14.9bps). USD average spreads were also tighter throughout the week, with SP (-7.3bps), SNP (-11.3bps) and Tier 2 (-11.4bps). Based on Bloomberg data, 67% of FIG tranches issued in December quoted tighter than launch.

Western European Banks EUR Spreads and Yields

Aggregate EUR Z-spread LTM (bps)



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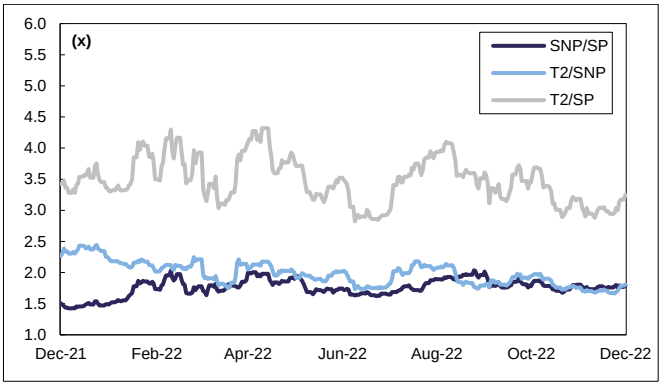


Source: Bloomberg, Daiwa Capital Markets Europe. SP = Senior Preferred/Senior OpCo; SB = Senior Non- Preferred/ Senior HoldCo; T2= Tier 2; AT1 = Additional Tier 1. All figures based on Z to worst spread of public benchmark issuances.

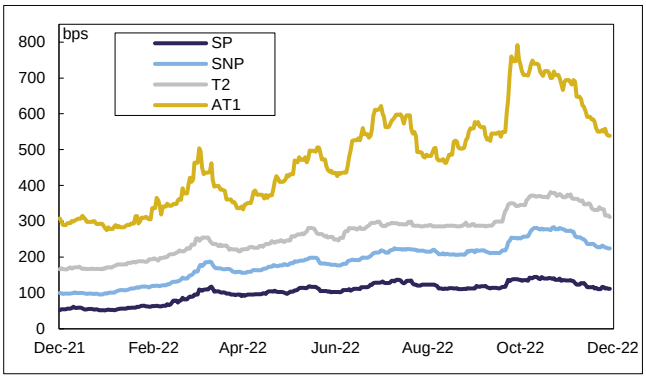
Selected Names

	Sr Preferred/Sr OpCo					Sr Non-Preferred/Sr HoldCo					Tier 2				
	Dur.	Yield	Z	Z 5DΔ	Z YTD	Dur.	Yield	Z	Z 5DΔ	Z YTD	Dur.	Yield	Z	Z 5DΔ	Z YTD
Commerz	3.5	3.2	43.8	-13.2	22.7	3.4	4.5	168.0	-17.5	104.2	3.0	4.1	130.0	-32.4	-11.1
Barclays	1.5	2.9	-16.4	-12.9	-32.4	3.4	4.4	158.4	-19.5	88.3	6.0	7.2	466.6	-16.7	392.9
BBVA	4.0	3.4	68.2	-9.5	-12.3	2.9	3.2	32.5	-15.5	2.8	3.8	4.5	152.2	-30.7	66.9
BFCM	4.3	3.2	49.1	-11.2	14.8	6.2	3.7	109.4	-16.9	62.6	4.2	3.7	101.9	-20.4	4.0
BNPP	2.5	2.8	-1.9	-9.3	-11.2	4.8	3.9	122.1	-16.9	61.3	3.7	3.8	99.1	-24.6	36.4
BPCE	4.0	3.2	46.1	-10.7	8.7	4.6	3.8	110.4	-15.5	48.7	9.6	4.8	121.1	-19.4	53.3
Credit Ag.	3.8	3.2	43.7	-11.5	-0.7	4.9	3.7	100.5	-16.1	46.8	3.2	3.8	95.8	-5.6	26.9
Credit Sui.	4.8	4.7	192.7	-12.4	96.2	4.5	7.8	489.7	24.2	350.0					
Danske	2.2	3.5	59.4	-12.1	34.0	3.3	4.1	121.9	-13.1	70.2	6.4	5.3	241.3	-19.1	148.4
Deutsche	3.5	3.7	88.5	-11.7	17.2	4.0	4.8	210.8	-24.2	120.2	3.0	5.1	232.5	-24.5	59.3
DNB	3.4	3.4	61.8	-7.5	6.7	6.0	3.6	92.3	-12.5	43.6	4.7	5.0	237.7	-12.9	133.4
HSBC	4.7	3.0	32.8	-10.7	6.2	3.8	3.9	125.2	-20.0	45.7	4.3	3.9	93.4	-17.8	44.9
ING	1.8	3.9	71.0	-11.5	-84.4	5.1	3.9	109.6	-17.2	59.1	5.6	4.9	202.9	-17.4	135.5
Intesa	3.7	3.7	78.6	-12.8	16.0	3.1	4.0	125.8	-16.9	37.5	3.8	4.6	178.9	-7.2	2.5
Lloyds	2.0	3.2	27.4	-10.9	26.7	2.5	3.7	94.1	-16.2	30.1	5.2	7.6	472.2	-25.7	447.7
Nordea	3.9	2.8	9.7	-9.1	1.5	5.8	3.3	67.5	-14.5	-1.0	7.1	4.7			40.9
Rabobank	3.2	2.7	-7.9	-8.7	-14.4	4.6	3.6	95.5	-15.0	49.5	5.1	4.3	161.7	-13.4	-20.4
RBS	2.6	4.6	177.7	-13.3	-2.0	4.6	3.6	95.5	-15.0	49.5	5.1	4.3	161.7	-13.4	-20.4
Santander	2.7	3.3	50.0	-9.7	20.1	4.2	3.6	90.6	-17.5	39.9	3.7	3.6	84.3	-21.8	11.8
San UK	2.2	3.0	10.3	-8.9	13.6	3.6	4.4	191.7	-18.5	64.3	3.7	3.6	84.3	-21.8	11.8
SocGen	4.5	3.4	66.8	-11.1	13.1	5.1	4.0	130.8	-16.7	71.8	6.0	5.2	238.9	-20.6	136.5
StanChart	3.2	3.5	73.5	-7.2	28.7	4.7	4.4	163.5	-18.2	109.5	5.3	5.7	287.3	-27.8	176.8
Swedbank	3.3	3.3	52.2	-7.7	12.0	4.2	3.8	108.9	-13.2	55.0	6.6	4.9	216.9	-14.0	13.3
UBS	3.5	3.4	58.3	-8.7	41.7	3.8	3.8	111.0	-12.3	55.5	3.4	5.1	136.5	19.7	33.9
UniCredit	3.4	4.1	127.3	-12.6	77.5	3.4	4.7	188.0	-18.2	72.9	6.0	6.8	386.5	-24.9	184.8

Source: Bloomberg, Daiwa Capital Markets Europe. Dur.= Duration. Yield= Yield to worst (%). Z = Z-Spread to Worst (bps). Z 5DΔ = last 5 days Z-spread net change (bps). Z YTD = year to date Z-Spread net change (bps). Blank cells represent lack of statistically significant data. Figures may not be representative of the whole market.

Western European Banks USD Spreads and Yields

Aggregate USD Z-spread LTM (bps)



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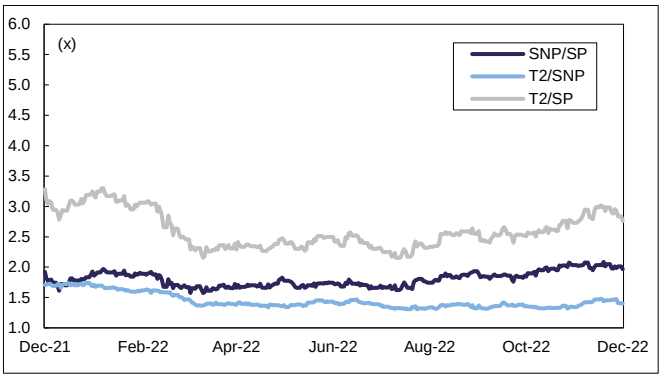

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Selected Names

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Barclays	1.4					4.1	6.3	252.8	-10.1	91.2	4.8	6.6	309.5	-6.3	132.7
BFCM	4.3	3.2	49.1	-11.2	14.8	3.3	6.1	216.0	-22.7	-50.3	4.8	6.6	309.5	-6.3	132.7
BNPP	2.5	2.8	-1.9	-9.3	-11.2	4.5	5.9	197.0	-15.6	92.1	3.7	6.2	258.7	-8.1	127.1
BPCE	4.0	3.2	46.1	-10.7	8.7	4.5	6.1	242.5	-7.7	101.3	3.0	6.9	338.6	-1.5	146.6
Credit Ag.	3.8	3.2	43.7	-11.5	-0.7	3.4	5.6	173.6	-12.4	84.2	6.9	6.4	295.3	-5.5	140.4
Credit Sui.	2.0	7.9	349.8	31.2	291.0	3.1	9.2	485.2	10.5	224.9	2.5	9.3	502.1	-105.1	232.7
Danske	2.2	3.5	59.4	-12.1	34.0	2.8	6.8	259.9	-14.9	113.7	2.5	9.3	502.1	-105.1	232.7
Deutsche	3.5	3.7	88.5	-11.7	17.2	2.8	6.8	259.7	-21.6	166.0	7.1	8.2	478.8	-14.5	260.9
HSBC	4.7	3.0	32.8	-10.7	6.2	3.4	6.2	212.6	-8.0	110.7	8.8	6.6	318.7	-14.6	48.2
ING	1.8	3.9	71.0	-11.5	-84.4	3.8	5.7	198.0	-6.1	66.9	4.5	14.8	881.7	-156.0	726.3
Intesa	3.7	3.7	78.6	-12.8	16.0	6.8	7.7	432.6	-1.1	-15.2	5.0	8.6	512.2	-4.0	202.4
Lloyds	2.3	5.1	75.6	-3.6	-1.1	3.3	6.0	197.2	-8.6	63.0	6.8	6.5	322.2	-8.9	63.2
Nordea	3.9	2.8	9.7	-9.1	1.5	3.8	5.3	159.8	-5.8	32.6	7.0	6.0			-13.7
Rabobank	3.2	2.7	-7.9	-8.7	-14.4	4.1	5.6	178.6	-6.5	77.4	7.6	5.8	219.0	-13.8	84.8
RBS	2.6	4.6	177.7	-13.3	-2.0	4.1	5.6	178.6	-6.5	77.4	7.6	5.8	219.0	-13.8	84.8
Santander	2.7	3.3	50.0	-9.7	20.1	4.0	5.8	219.9	-8.3	92.7	6.8	6.5	314.4	-20.5	140.3
San UK	1.3	5.4	44.0	-8.7	3.5	3.5	6.5	256.3	-13.4	137.4	2.5				127.8
SocGen	4.5	3.4	66.8	-11.1	13.1	3.8	6.3	252.5	-11.8	117.0	3.3	6.7	312.4	-16.0	103.2
StanChart	3.2	3.5	73.5	-7.2	28.7	2.9	6.4	216.9	-11.6	117.9	7.9	6.8	335.8	-16.1	105.8
UBS	2.0	5.2	55.0	-7.8	19.0	3.9	5.7	196.3	-4.7	57.1	7.9	6.8	335.8	-16.1	105.8
UniCredit	3.4	4.1	127.3	-12.6	77.5	3.4				105.8	7.3	9.3	560.0	-13.5	272.3

Source: Bloomberg, Daiwa Capital Markets Europe. Dur.= Duration. Yield= Yield to worst (%). Z = Z-Spread to Worst (bps). Z 5DΔ = last 5 days Z-spread net change (bps). Z YTD = year to date Z-Spread net change (bps). Blank cells represent lack of statistically significant data. Figures may not be representative of the whole market.

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IMPORTANT

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Daiwa Securities Co. Ltd. and Daiwa Securities Group Inc.: Daiwa Securities Co. Ltd. is a subsidiary of Daiwa Securities Group Inc.

Other Disclosures Concerning Individual Issues:
1) As of 26 April 2016, Daiwa Securities Co. Ltd., its parent company Daiwa Securities Group Inc., GMO Financial Holdings, Inc., and its subsidiary GMO CLICK Securities, Inc. concluded a basic agreement for the establishment of a business alliance between the four companies.
As of end-December 2017, Daiwa Securities Group Inc. owned shares in GMO Financial Holdings, Inc. equivalent to approximately 9.3% of the latter's outstanding shares. Given future developments in and benefits from the prospective business alliance, Daiwa Securities Group Inc. could boost its stake in GMO Financial Holdings, Inc. to up to 20% of outstanding shares.

2) Daiwa Real Estate Asset Management is a subsidiary of Daiwa Securities Group Inc. and serves as the asset management company for the following J-REITS: Daiwa Office Investment Corporation (8976), Daiwa Securities Living Investment Corporation (8986).

3) Samty Residential Investment became a consolidated subsidiary of Daiwa Securities Group Inc. effective 10 September 2019.

4) On 30 May 2019, Daiwa Securities Group Inc. formalized an equity/business alliance with Samty, and as of 14 June 2019 it owned 16.95% of shares outstanding in Samty along with convertible bonds with a par value of Y10bn. Conversion of all of said convertible bonds into common shares would bring the stake of Daiwa Securities Group Inc. in Samty to 27.28%.

5) Daiwa Securities Group Inc. and Credit Saison Co., Ltd. entered into a capital and business alliance, effective 5 September 2019. In line with this alliance, Daiwa Securities Group Inc. is to acquire up to 5.01% of Credit Saison's total common shares outstanding (excl. treasury shares; as of 31 Jul 2019).

Notification items pursuant to Article 37 of the Financial Instruments and Exchange Law
(This Notification is only applicable to where report is distributed by Daiwa Securities Co. Ltd.)
If you decide to enter into a business arrangement with our company based on the information described in this report, we ask you to pay close attention to the following items.

- In addition to the purchase price of a financial instrument, our company will collect a trading commission* for each transaction as agreed beforehand with you. Since commissions may be included in the purchase price or may not be charged for certain transactions, we recommend that you confirm the commission for each transaction. In some cases, our company also may charge a maximum of ¥2 million per year as a standing proxy fee for our deposit of your securities, if you are a non-resident.
- For derivative and margin transactions etc., our company may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements**.
- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.
- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by our company.
- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.

* The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.
** The ratio of margin requirements etc. to the amount of the transaction cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with our company.

Corporate Name: Daiwa Securities Co. Ltd.
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