

FY2022 Daiwa Securities Group Management Policies
~ Passion for the Best ~

In fiscal 2021, the stock market reached record levels with the Nikkei average coming to 30,670 yen for the first time in 31 years since August 1990 as the global economy returned to normal and expectations rose for the new administration. On the other hand, it was also a roller coaster year of adjustment due to such factors as the continued spread of COVID-19 and increased geopolitical risks.

In the midst of these circumstances, the Group's Medium-Term Management Plan, "Passion for the Best" 2023, got off to a smooth start in its first year. The pillar of this Medium-Term Management Plan is the shift to a wealth management type business model, and steady progress is being made on that front. At the same time, by promoting a hybrid strategy, the Group was able to create high value-added products and services and diversify its profit structure. It was a year in which we moved steadily forward toward the goal of becoming the best partner for creating the future together ("Be with you") as set forth in the Medium-Term Management Plan.

In fiscal 2022, as the uncertainties in global affairs increase and uneasiness over the COVID-19 pandemic persists, the Group must make efforts to solve issues through the financial and capital markets. This year is the second year of the Medium-Term Management Plan. We will work on further advancing the total assets approach to propose wealth management for solving customer challenges and promote the provision of new management options, including alternative assets created through a hybrid strategy. In addition, by further promoting a hybrid strategy, we will establish a solid revenue model that is less susceptible to the impact of the market environment. At the same time, we aim to further support corporate ESG and SDGs, including support for growing companies contributing to the development of the Japanese economy and transition finance.

The Daiwa Securities Group celebrates its 120th anniversary this year. In addition to expressing our heartfelt gratitude to all of our stakeholders who have supported us since our founding, this provides us with a valuable opportunity to reaffirm the stance of the Daiwa Securities Group, which continues to change with the times.

The entire Daiwa Securities Group will continue to contribute to the development of society and the economy through the financial and capital markets and engage in the creation of a new cycle of funds for the realization of a sustainable and affluent society in order to be a necessary presence for all stakeholders.

Action Plan for Each Business Division

Retail Division

1. Realization of wealth management type business model
2. Provision of products and services that meet customers' needs and expansion of solution business through a total assets approach
3. New business development and improvement of profitability through the use of business alliances with external channels
4. Efforts related to sustainability and making the digital shift in mass marketing and customer support

Asset Management Division

1. Expansion of existing business by strengthening management capability, discovery capability and product arrangement capability
2. Research and development, and commercialization of new businesses, including product development for investing in alternative assets
3. Strengthening of asset management capability and establishment of business foundation in the real estate asset management business
4. Promotion of real estate business such as the expansion of the real estate securitization business through coordination within the Group

Other (Daiwa Institute of Research Group)

1. Establishment of IT service platforms and creation of new value through AI and data science
2. Contribution to the reduction of costs of the Daiwa Securities Group by providing high-quality, stable services at low cost
3. Sales systems based on customer characteristics, high value-added proposal activities by business analysts based on customer needs, expansion of customer base through system solutions including utilization of data science and new technologies, and new business development
4. Enhancement of research quality by creating a virtuous cycle of communication, information gathering and exchange of opinions

Wholesale Division

1. Provision of diverse products and advanced solutions that meet customers' needs
2. Expansion of the brokerage business foundation leveraging highly acclaimed research capabilities
3. Support for the sustainability of companies through the promotion of finance related to SDGs
4. Enhancement of digital human resources and promotion of a data-driven business

Investment Division

1. Discovery of excellent investment opportunities, enhancement of value of investments and strengthening of monitoring systems
2. Promotion of capital recycling model in the energy sector
3. Establishment of ongoing VC fund management business
4. Development of socially meaningful investments conscious of SDGs

Other (Daiwa Next Bank)

1. Provision of competitive interest rates and provision of appealing new products and new services
2. Further strengthening of coordination within the Group and accumulation of projects in the financing business
3. Expansion of working balance centered on securitized products and review of portfolio based on market trends
4. Expansion of balance of Ouen (Supporting) Term Deposits and efforts to promote ESG investment and lending

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