

FY2023 Daiwa Securities Group Management Policies
~ Passion for the Best ~

In fiscal 2022, securities and financial markets underwent sharp fluctuations as the global economy reached a turning point, such as Russia's invasion of Ukraine and the global divide, heightened inflationary pressure and monetary tightening. Amid such difficult conditions, Daiwa Securities Group has proceeded with various measures set forth in the Medium-Term Management Plan, "Passion for the Best" 2023, and it was a year in which certain results were produced. Specifically, the Group has made steady progress in diversification and stabilization of revenue structure through the creation of new products and services by making the transition to the wealth management business model and expanding hybrid business, with results indicating that the Group is moving in the right direction.

Although uncertainty about the future cannot be dispelled in fiscal 2023, which is the final year of the Medium-Term Management Plan, Japan will reach a milestone with the COVID-19 pandemic and also the turning point of a departure from the deflation that has continued for around three decades. Furthermore, government initiatives mentioned in the Doubling Asset-based Incomes Plan, such as the fundamental expansion of NISA and enhancing the convenience of iDeCo, will boost the flow "from savings to investment." The Group will earnestly proceed with the transition to the wealth management business model pursuing "the best interests of customers" without wavering in the face of changes in the environment. In addition, the Group will seek to expand alternative investment opportunities suitable for the needs of a wide range of customers by strengthening hybrid business. Furthermore, we will support initiatives aimed at the resolution of social issues such as transition finance based on the unshaken trend of sustainability.

By simultaneously implementing these initiatives, we will create a revenue structure less impacted by the market environment, and also contribute to the realization of a sustainable and rich society.

Action Plan for Each Business Division

Retail Division

1. Establishment of a wealth management business model
2. Providing products and services that meet diverse 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. R&D 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 alternative business such as real estate 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. Further strengthening of sales systems based on the characteristics of the client companies, providing total solutions ranging from consulting to systems according to customers' needs, expansion of business through solutions requiring advanced knowledge such as data science and cybersecurity
4. Enhancement of research quality by creating a virtuous cycle of communication, information gathering and exchange of opinions

Wholesale Division

1. Providing diverse products and advanced solutions that meet customers' needs
2. Expansion of business through further strengthening of ties with the Retail Division
3. Rebuilding global business aimed to improve income/expenditure structure
4. Supporting companies by promoting sustainable finance
5. Enhancement of digital human resources and promotion of a data-driven business

Investment Division

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

Other (Daiwa Next Bank)

1. Balancing expansion of deposits and profitability
2. Strengthening of coordination within the Group
3. Expansion of the balance of assets under management and diversification of portfolio according to the interest environment in Japan and overseas
4. Ongoing efforts to promote Ouen (Supporting) Term Deposits and ESG investment and lending

End