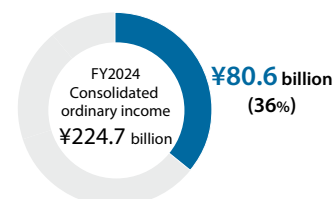


Wealth Management Strategy

The main sources of revenues in the Wealth Management Division are asset-based revenues, mainly wrap fees and investment trust administration fees, as well as product sales commissions related to the management of assets for individual investors and unlisted companies in Japan.

WM Division ordinary income



Junichi Serizawa
Deputy Head of
Wealth Management

The WM Division posted ordinary income of ¥80.6 billion in FY2024, marking a significant 21.8% year-on-year increase. Asset-based revenues reached ¥111.7 billion, exceeding the projections of the Medium-Term Management Plan. The fixed cost coverage ratio for asset-based revenues over a full fiscal year also topped 100% for the first time, reaching 107%. The shift to a wealth management business model that the Group has been pursuing for more than eight years is steadily bearing fruit.

By promoting total asset consulting, we have decisively taken the first step of gaining a deep understanding of our customers and have enhanced the quality of our proposals for improving their portfolios. This has led to an increase in our NPS, an indicator of customer satisfaction, as well as to an expansion of flow revenue and greater asset inflow. We will continue to develop these initiatives, aiming to dramatically expand assets under management through the improvement of customer satisfaction and the entrustment of customers' core assets, by comprehensively grasping customers' total assets, including their non-financial assets.

Main Companies

■ Daiwa Securities Co. Ltd.	(Daiwa Securities) Number of branches and sales offices in Japan 182
■ Daiwa Next Bank, Ltd.	(Daiwa Securities) Number of customer accounts with balance 3,209 thousand
■ Daiwa Connect Securities Co., Ltd.	(Daiwa Next Bank) Balance of deposits ¥4.3 trillion
■ Fintertech Co. Ltd.	(Daiwa Next Bank) Number of accounts 1,894 thousand
■ Retela Crea Securities Co., Ltd.	

Awareness of Environment

- ▷ Growing inflationary pressure
- ▷ Growing needs for asset preservation as people live longer
- ▷ The money shift to the digital native generation in the future, while the current crop of young people has less investment experience
- ▷ Emergence of new products and services using new technology, changes in regulations in response

Strengths

- ▷ Network of 182 sales branches/sales offices and a customer base built up over 123 years since its foundation
- ▷ Highest number of CFPs among financial institutions in Japan
- ▷ Ability to develop and recommend products and services in line with customer needs
- ▷ Ability to provide products such as foreign equities/bonds, IPOs, primary and secondary offerings, through synergies with the GM&IB Division and other divisions

Business Risks

- ▷ Risk of major decline in earnings due to weak demand for securities investment from customers owing to market slump, or investors becoming less inclined to own overall risk
- ▷ Risk of the necessity of fixed costs, such as real estate-related expenses, personnel expenses, or depreciation on systems investments, for branches, sales representatives, online trading systems, etc.
- ▷ Risk of reduced investment margins caused by changes in monetary policy
- ▷ Risk of sluggish growth in earning power if the strategy to differentiate from other competing banks does not advance as expected
- ▷ Risk of incurring additional costs in the event of an inadequate response to the risks faced by the banking industry

Wealth Management Strategy

Customer-centric total asset consulting

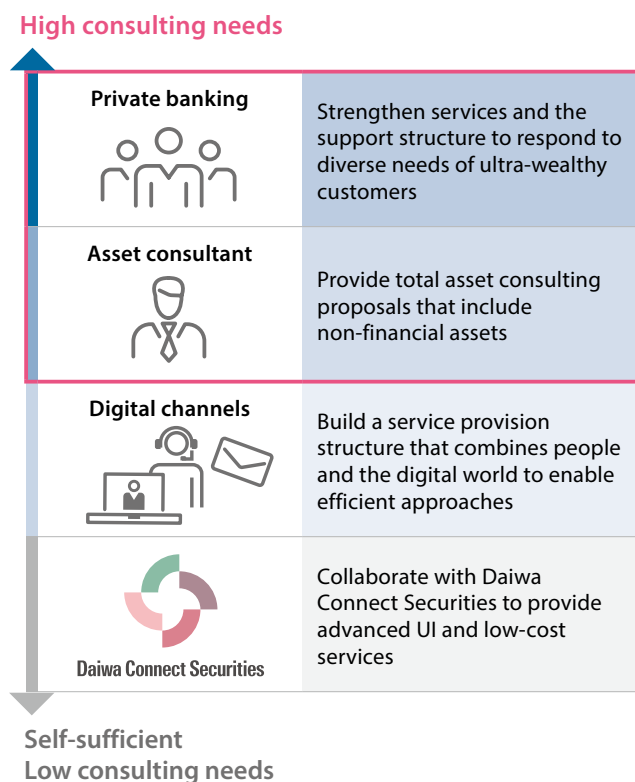
Daiwa Securities provides services tailored to the needs and attributes of each customer through a network of 182 branches, sales offices, and contact centers, as well as via online trading.

In particular, for customers with advanced consulting needs, we have developed a systematic proposal process that takes into account the customer's total assets, including both financial and non-financial assets, such as real estate. Using analytical tools such as asset management and asset inheritance planning, we visualize and analyze their total assets, including those under custody by other firms, and propose optimal asset allocation and high-value-added solutions through ongoing communication.

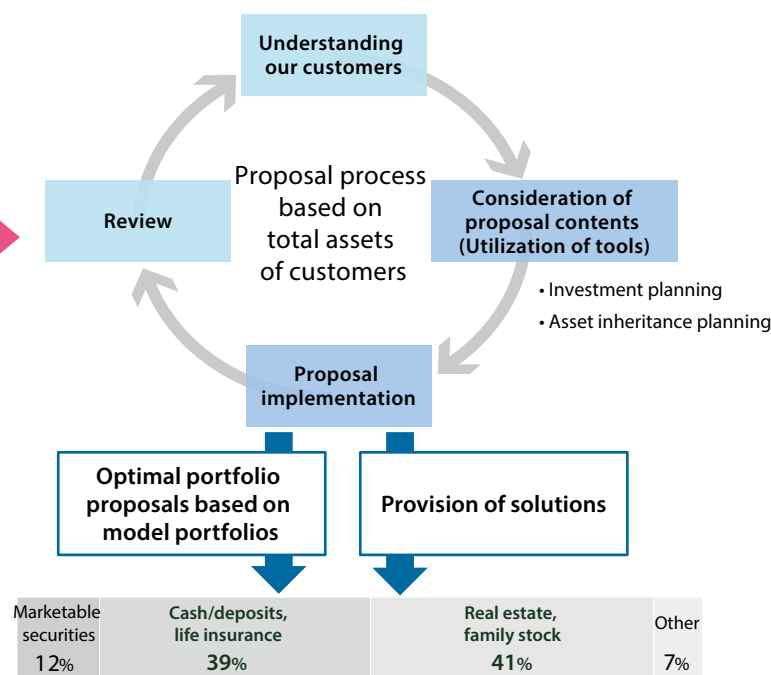
In FY2024, we made steady progress with the initial step of understanding our customers, with our staff now becoming adept at making proposals for improving customers' portfolios based on their particular attributes and needs.

Interest in private asset-related investment trusts is growing from the perspective of diversifying asset classes, particularly among high-net-worth customers, and our assets under management in this area have also grown. By harnessing various tools to visualize the status of customer portfolios and more fully grasping their detailed requests, we have seen an increase in the number of customers transferring assets held with other firms to Daiwa Securities to manage.

Strategies based on the attributes of our customers



Total asset consulting loop



—Asset formation image of high-net-worth individuals—

(Source) Compiled by the Daiwa Institute of Research based on "R4 Property Subject to Inheritance Tax Reporting," National Tax Agency Tax Statistics

Message from a branch manager



Tasuku Onuki
Machida Branch

I've been working in sales for almost 20 years since I joined the Group. In recent years, though, we've stopped selling specific products recommended by headquarters.

Instead, we start with the customer and engage in a consulting approach. I feel we've moved to the next level as a result—now it's second nature to start by asking what the customer's goals are. We use asset management planning tools and other resources to propose the optimal portfolio based on each customer's total assets, and we're getting more and more inquiries from customers who, impressed by our comprehensive approach, want to show us all of their assets for review, or introduce us to other people who have no experience in investment and want us to give them thorough advice. We will continue to learn and grow to meet our customers' needs and become their trusted partner.

Wealth Management Strategy

Organizational support and optimal solutions

To provide timely and more accurate solutions to the increasingly diverse and sophisticated needs of our customers, it is essential to use total asset consulting to broadly grasp their potential needs as well as the needs that are already apparent. To achieve this, in addition to working to improve the skills of each consultant, Daiwa Securities is also focusing on strengthening its organizational support framework and on pursuing collaboration among the various divisions. In addition, we continue to work on expanding our lineup of solutions.

Through these efforts, we have been able to accurately grasp customer needs and provide optimal solutions, which resulted in a significant increase in asset inflow from customers in FY2024 to ¥1,573.3 billion.

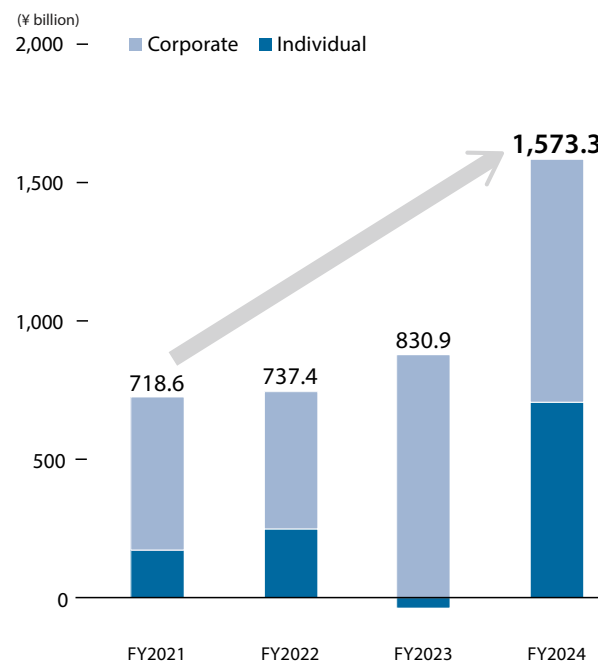
Our NPS, an indicator of customer satisfaction, also improved significantly in the second half of FY2024. Going forward, we will continue to aim at improving customer satisfaction and **maximizing customer asset value** by accurately grasping their potential needs through total asset consulting and proposing and delivering optimal solutions.

Build a coverage structure for ultra-wealthy customers



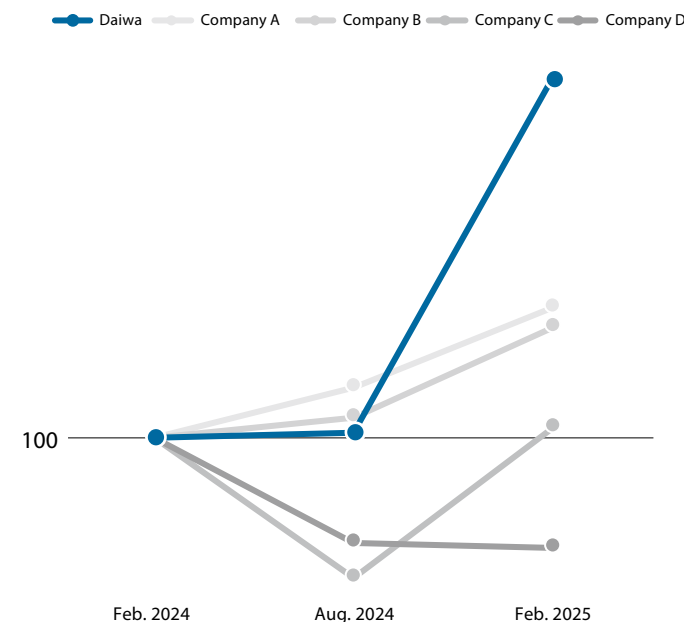
Provide organizational support and build a collaboration structure

Growth in net asset inflow, a measure of customer trust



Indexed NPS:

Comparison among five major face-to-face securities firms*



* The results are based on an online survey conducted through an external research firm, targeting customers who primarily transact with the five major face-to-face securities companies. NPS scores as of February 2024 were used as the basis for indexing.

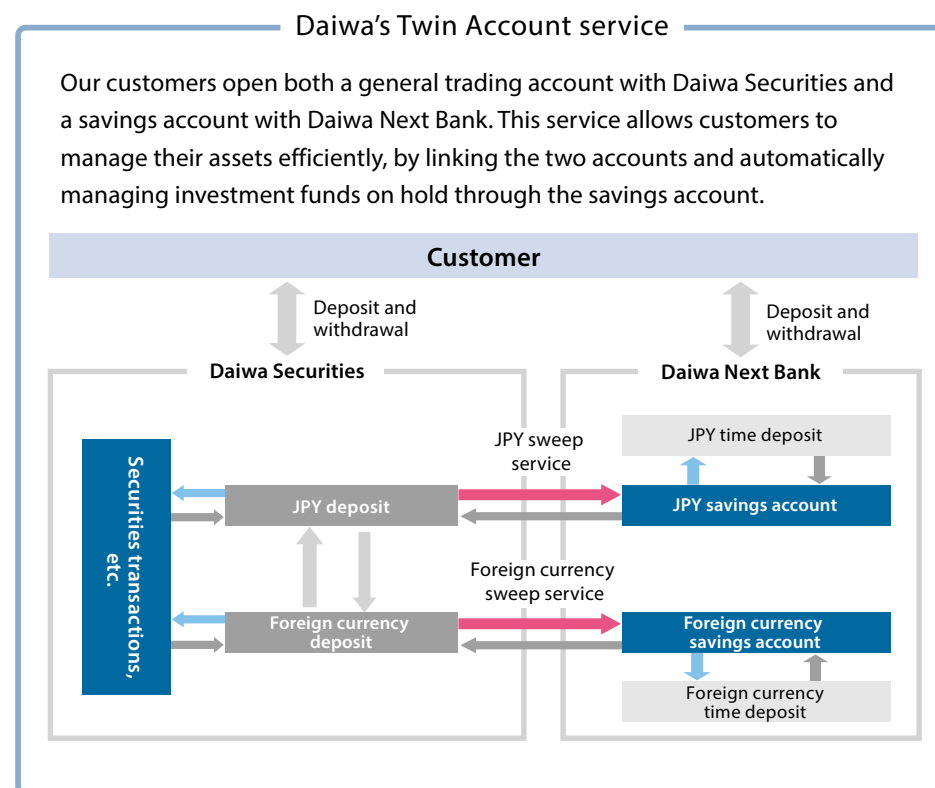
Wealth Management Strategy

Daiwa Next Bank

Formed in 2010, Daiwa Next Bank began operations in 2011. This company functions within the Group as a gateway from savings to investment, and funds on hold in the securities accounts of our customers are automatically managed in a savings account at Daiwa Next Bank.

Another role of Daiwa Next Bank is to offer attractive interest rates to depositors through a low-cost market investment business model. Through a deposit product that is highly secure, it accepts funds from customers and employs them in securities

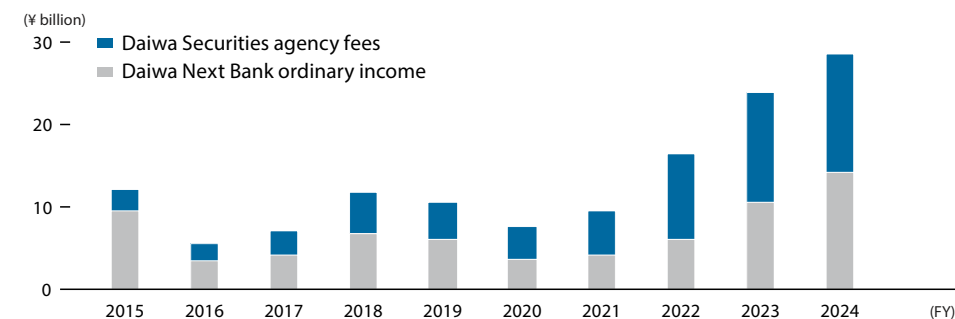
Daiwa Next Bank



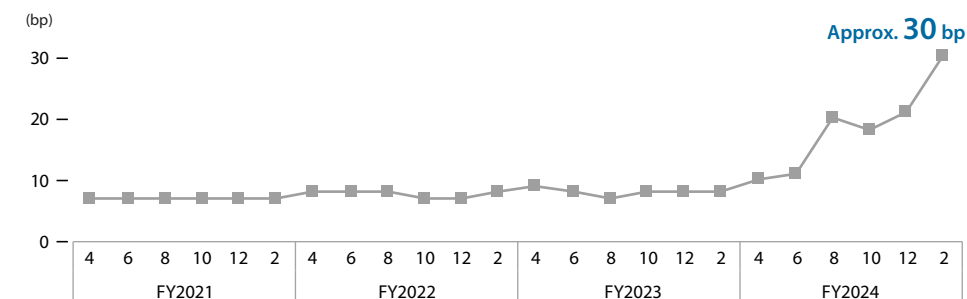
trading and other transactions, as well as to secure profits by way of interest margins by investing the funds raised through deposits. Interest margins on yen-denominated funds remained low for many years due to the negative interest rate environment in Japan. However, since the Bank of Japan lifted its negative interest rate policy in March 2024, interest margins have expanded significantly—as of March 31, 2025, the margin had expanded to about 30 basis points, feeding into improved profitability.

Overall profit from this banking business, which is the sum of stand-alone ordinary income at Daiwa Next Bank and bank agency fees at Daiwa Securities, grew to approximately ¥30 billion in FY2024.

Trends in ordinary income and agency fees



Trends in JPY funds interest margin



Wealth Management Strategy

Daiwa Connect Securities



To further strengthen the Group's customer base, Daiwa Connect Securities was launched in July 2020 as a securities company that is exclusively accessed by smartphone, with the primary mission of making connections with new customers and contributing to the expansion of the investor base. The company is expanding its services with a focus on investment novices and young adults while working with various external companies to grow the customer base to provide new financial services to digitally native customers.

With the launch of the new NISA in 2024, Daiwa Connect Securities is playing an important role in expanding contacts with asset-building customers. Going forward, the company will continue to steadily expand its customer base through a branding strategy as a smartphone-only securities service that prioritizes UI/UX, and will promote continuous transactions centered on installment-type investment services and, in turn, stabilize earnings.



Major Initiatives

Capturing digitally native customers

- ◆ Promote new NISA and installment-type investments
- ◆ Strengthen video utilization and owned media

Stimulate transactions

- ◆ Strengthen installment-type services and promote continuous transactions
- ◆ Utilize data analysis and marketing automation

Collaborate with Daiwa Securities Group companies and external corporations

- ◆ Mutual referrals between Group companies
- ◆ Collaborate with external companies with a customer base

Fintertech



In April 2018, Fintertech was founded with the purpose of creating next-generation financial services in an agile and flexible manner by utilizing cutting-edge technology and collaborating with external companies.

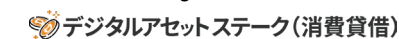
Fintertech offers the following products: (1) Digital Asset-backed Loan, which targets crypto assets that have not been accepted as collateral in Japan; (2) Digital Asset Staking (consumption loans), which offers a fee on the back of crypto lending; (3) KASSAI, a crowd-type monetary assistance service that enables users to easily create and make available their own donation websites; (4) Funvest, a loan-type crowdfunding service that offers carefully selected investment opportunities; and (5) Real Estate Investment Prime Loan, which enables users to borrow funds to purchase investment real estate using these properties as collateral.

By leveraging Daiwa Securities Group's business platform and advanced technologies centered on Web 3.0, Fintertech aims to create new cash flow mechanisms tailored to individual preferences through the synergy of its digital asset finance and crowdfunding businesses.

Major Initiatives

Expand the Digital Asset Finance Business

- ◆ New loan services that use crypto assets as collateral
- ◆ A crypto asset lending service that utilizes Ethereum staking



Crowdfunding-based cash flow creation

- ◆ Service that allows anyone to create and publish tipping sites
- ◆ Loan-type crowdfunding service that provides investments for a shared future



Develop new financial services and form business collaborations with the WM Division

- ◆ Joint development of financial products such as real estate investment loans that contribute to growth for the Daiwa Securities Group real estate business
- ◆ Promote Web 3.0 domain survey research and business development

