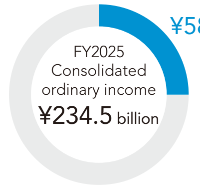
Global Markets & Investment Banking Strategy

The Global Markets & Investment Banking Division consists of Global Markets (GM), which provides securities sales and trading services mainly to institutional investors, and Global Investment Banking (GIB), which provides underwriting services for securities issued by business corporations, financial institutions and other entities, as well as M&A advisory services.

GM&IB Division ordinary income



Kenichi Tazawa
Head of Global Markets

GM ordinary income totaled ¥40.8 billion in FY2025. In Equities, client activity from both retail and institutional investors increased amid strong Japanese equity market conditions. In FICC, rising domestic interest rates encouraged participation from new investors. Looking ahead, we expect revenue opportunities to expand as interest in the Japanese market continues to grow, supported by expectations for entrenched inflation and governance reforms. We also expect continued demand for hedging and portfolio reallocation as investors adapt to a world of positive interest rates. By capitalizing on changes in the external environment, we aim to provide a diverse range of products and advanced solutions to meet a wide range of customer needs. We will also deepen collaboration with other divisions to further expand trading revenue.

Toru Yamamoto
Head of Global Investment Banking

GIB ordinary income totaled ¥14.5 billion in FY2025, reaching a record high since segment reporting began. In addition to ranking first in the league tables for domestic straight bonds, municipal bonds, and SDGs-related bonds, the Group's M&A-related revenues hit their highest level to date. Corporate actions have accelerated amid ongoing structural changes in the Japanese corporate sector, and we expect this trend to continue. To address increasingly diversified financing needs as well as larger, more global M&A transactions, we will further strengthen our capabilities through deeper collaboration with the WM Division and GM, while leveraging the Group's comprehensive strengths. We will also utilize AI to broaden client engagement and enhance the quality of our proposals, helping clients maximize their corporate value.

Main Companies

- Daiwa Securities Co. Ltd.
- Daiwa Capital Markets Europe Limited
- Daiwa Capital Markets Hong Kong Limited*
- Daiwa Capital Markets Singapore Limited*
- Daiwa Capital Markets America Inc.

* Also part of the Wealth Management Division

Offices in .... **21** countries and regions
Total value of underwriting and distribution .... **¥774.3** billion (equity)
¥12.5 trillion (bond)

Business Environment

GM
- ◆ Full-scale shift in investment behavior "from savings to investment"
- ◆ Changes in monetary and fiscal policy due to recent trends in inflation
- ◆ Continued uncertainty in the global economic environment due to geopolitical risks
- ◆ Increasing ESG awareness and action by investors and issuers
- ◆ Changes in the competitive environment due to new entrants from other industries, driven by advances in technology

GIB
- ◆ Rising interest rates and continued inflation
- ◆ Expanding corporate activity in response to geopolitical risks
- ◆ Growing influence of investors seeking corporate governance and efficiency
- ◆ Heightened demand for environmental initiatives in corporate activities
- ◆ Diversification of methods for supporting start-ups

Strengths

GM
- ◆ Ability to provide products and information across Japan and overseas by leveraging our global network
- ◆ Robust and advanced execution platform for equities and bonds
- ◆ Industry-leading research quality

GIB
- ◆ Ability to provide diverse products and advanced solutions
- ◆ Global M&A advisory network
- ◆ Corporate coverage structure serving listed and unlisted companies in Japan

Business Risks

GM
- ◆ In trading services, the risk of losses resulting from a decline in market liquidity caused by sudden changes in market conditions
- ◆ In brokerage services, the risk of a significant decline in earnings due to weak investor demand or risk-averse investment behavior
- ◆ System investment risk for large-scale trading systems, risk of system failure

GIB
- ◆ In M&A advisory services, the risk of a decline in transaction volume due to market conditions
- ◆ In underwriting deals, the risk of underwritten securities not being distributed smoothly
- ◆ In failing to properly disclose the offer and sale of securities, the risk of claims for damages from investors as an underwriter