ROE by Segment: Accurately monitor capital profitability by business

The Group analyzes capital usage and its return for each segment, striving for optimal capital efficiency to increase our overall ROE.

In FY2025, the Global Markets & Investment Banking (GM&IB) Division's capital usage stood at 37% of the total. The Division is a capital-intensive business that holds trading positions in financial products, leading to lower ROE. The WM and AM Divisions, which use less capital, have higher ROE.

However, we should not allocate management resources based solely on the ROE level of each segment. The WM and GM&IB Divisions work closely together, essential to maintaining each other's competitive edge, like two wheels of a cart. The equities and bonds managed by the GM&IB Division are key drivers for the WM Division's expansion and growth.

By significantly expanding the WM and AM Divisions, we aim to reduce the relative capital usage of the GM&IB Division and enhance capital efficiency in GM, thereby boosting the Group's overall ROE.

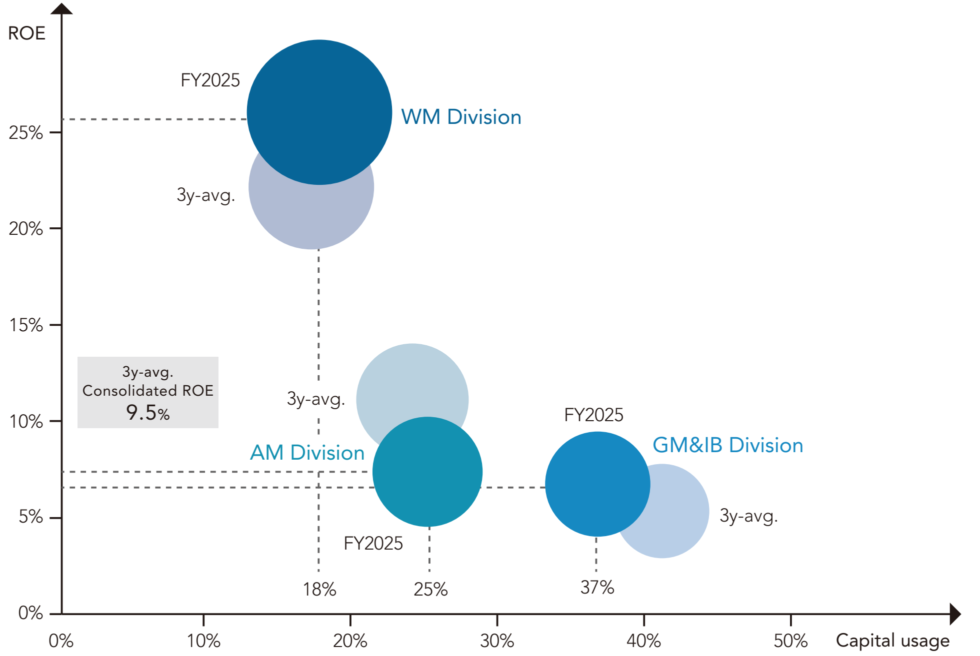
Capital usage (RWA base) and business attributes

Total RWA: ¥7.2 trillion (Avg. of FY2023-FY2025)

Wealth Management	- Capital light - Mainly Daiwa Securities and Daiwa Next Bank - Main risks are associated with HR/IT investments
Asset Management	- Overall capital light - Real Estate AM and Alternative AM account for the majority of RWA
GM&IB	- GM is capital intensive as it holds trading positions - GIB is capital light

ROE by segment*

Figures for ROE, capital usage, and ordinary income are **3y-avg.** of FY2023–FY2025



* 3-year-average of FY2023-FY2025. Circle size = ordinary income. The capital usage sum of the main three segments will not be 100% due to the Other segment (capital usage: 18%).

(Fiscal year)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Group Consolidated ROE	17.0%	12.8%	9.5%	8.4%	8.8%	5.1%	4.9%	8.5%	7.0%	4.6%	8.3%	9.8%	10.3%