

# IT Governance

## Basic Approach

We are reinforcing our resilience to protect our unchanging value and to respond to new risks associated with the provision of new value. We will pursue both social value and economic value through an ongoing shift from people to IT systems, the expansion of a development structure to support this shift, and the improvement and control of our IT systems architecture. As a financial mega-group that plays a role in social infrastructure, we combine stability and flexibility while leveraging digital technology to drive our business.

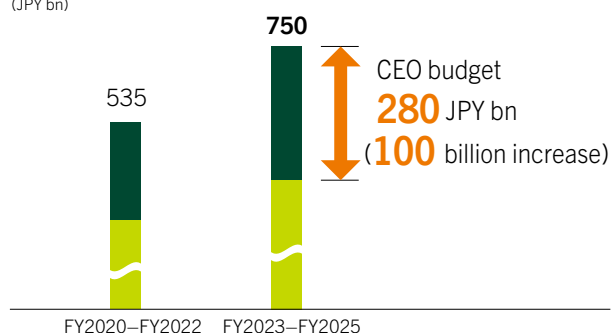
## IT Investment Strategies

To fuel the further growth of SMBC Group and accelerate our digital strategy in Japan and overseas, we have increased our CEO budget by an additional ¥100 billion to ¥280 billion. This CEO budget can be used to agilely invest in fields the Group CEO deems vital to business.

Through total IT investment of ¥750 billion under the Medium-Term Management Plan, we will allocate resources with an emphasis on strategic investments, such as implementation of business strategies, promotion of digitalization, and strengthening of internal controls, resilience, and other aspects of our management foundation.

## Enhancement of IT infrastructure through Aggressive Investment

(JPY bn)



## Initiatives to Strengthen Resilience that Supports Stable IT systems Operation

In line with our progress toward digitalization, we are working to expand both services and functional linkages between internal and external systems to enhance customer convenience. At the same time, we face the growing possibility that system failures will have greater impacts on customers, making stable systems operation increasingly important. We are enacting measures to prevent system failures, such as enhancement of system resources, detection of early signs of system failures, and preventive maintenance, while also working to strengthen resilience in the event of a failure through ongoing improvements to our contingency plans, systematization of non-automated response to failures, and enhancement of training content to minimize the effects of failures.

## Use of Advanced Technologies and Steady Response to Regulations

Digital technologies are essential to business. We make effective and extensive use of advanced technologies.

As an example, taking an early interest in generative AI technology that interprets intent in text and generates naturally-worded sentences, we developed SMBC-GAI, an AI tool for employees that runs in a dedicated environment. “SMBC-GAI” reduces the time employees spend in handling inquiries and creating documents. We also make wide use of this tool in the areas of image recognition, voice recognition, and advanced system development.

To control AI-related risks, we enforce employee discretion in judging the accuracy of AI responses, among other guidelines, and collaborate with overseas offices on dealing with AI risks, taking into account the latest developments in domestic and international regulations.

From the standpoint of data governance, we will appoint a new Group CDAO\* to strengthen our structure on a Group and global basis. We will also raise the level of our data management methods and advance the development of our IT infrastructure.

*\* Chief Data and Analytics Officer*

## Contribution to Solving Social Issues and Endeavors to Create New Social Value

As an initiative related to the environment, one of SMBC Group’s materialities, the Group is taking action toward net zero GHG emissions in 2030. SMBC Group’s data centers account for about a quarter of our GHG emissions in Japan. We are undertaking measures to save energy at existing centers, including AI-driven air conditioning control optimization and expansion of solar power generation facilities, and will further reduce environmental impacts through energy conservation at planned next-generation data centers.

In terms of contribution to “Japan’s Regrowth,” SMBC Group provides a variety of in-house digital and IT training content which is planned and supervised by Digital University, a digital and IT training organization within SMBC Group, while creating extensive opportunities for digital education. We will also agilely deploy IT resources in initiatives that contribute to the creation of social value and will contribute to solving social issues through the use of IT across SMBC Group.