

# Digital Strategy

## Creating a growth spiral starting from rapidly evolving digital technology

I am deeply committed to promoting digital transformation(DX) of existing financial businesses using digital technology, as well as to business creation that goes beyond the boundaries of financial institutions.

Why take on the challenge of going beyond the boundaries of financial institutions? It is because I feel that digital technology still has great potential to remove various constraints such as physical distance and the limits of human cognitive ability, and to dramatically improve labor productivity.

In Japan, where labor shortages due to the declining birthrate & aging population are a serious issue, we will contribute to Japan's regrowth by providing solutions that enhance labor productivity for Japanese companies, including SMBC Group, starting from digital technology. Furthermore, by leveraging digital power to expand business globally, we aim to capture global economic growth and create a growth spiral that leads to increased earnings for SMBC Group.



**Akio Isowa**

Senior Managing  
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### Embracing rapidly evolving digital technology

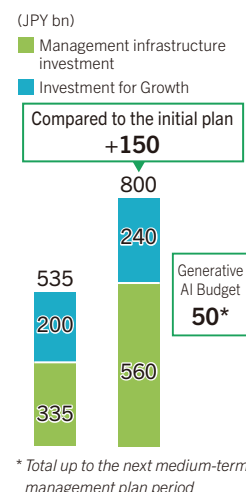
#### Establishing a brand as an AI-leading Financial Institution

As AI technology rapidly evolves, the gap between companies is likely to widen further depending on how well they utilize AI. SMBC Group has increased its IT investment budget to ¥800 billion and, aiming for new business creation utilizing AI technology, set an investment framework of ¥50 billion in October 2024, including for the next medium-term management plan. In the second half of FY2024, we have approved more than 30 projects, including examples such as AI-based credit screening and AI-CEO, which allows free communication with the president.

#### Continuous exploration of new technologies

We are continuously exploring new technologies with an eye on the near future, promoting use case studies according to maturity and market penetration, and preparing for business development that captures the trends of the times. For example, we are currently focusing particularly on areas such as avatar technology, Web3, and quantum computers.

#### IT investment amount



#### Topics

#### Consideration of commercialization of stablecoins

Regarding stablecoins, which have the potential to become new payment infrastructure in the future, we have signed basic agreements for joint consideration toward commercialization with TIS Inc., which is engaged in advanced initiatives both domestically and internationally, as well as with Ava Labs and Fireblocks, which are prominent overseas platforms. We will explore the possibilities of utilizing these for advanced settlement between financial institutions and businesses, as well as for business applications combined with digitized assets.

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## Contributing to Japan's regrowth through digital business

SMBC Group has so far established more than 10 subsidiaries that provide solutions to solve various customer issues, and has been working to create new services that contribute to improving the labor productivity of Japanese companies.

In addition to solutions that directly address labor shortages through the digitization of operations, such as the electronic contract and contract management service provided by SMBC CloudSign, Inc., we also offer a wide range of solutions, including those from SMBC Wevox KK, which supports organizational strength enhancement, and from SMBC Cyberfront Inc, which supports cybersecurity measures that are a prerequisite for digitization.

### Topics

#### Business development through co-creation with external companies

SMBC CyberFront is a company established in February 2025 together with Mitsui Sumitomo Insurance Co., Ltd., CyLeague Holdings, Inc., and E-Guardian Inc., providing cybersecurity support services for medium-sized and small businesses. We have also established services such as SMBC CloudSign and SMBC Wevox through joint investment with external companies, and are advancing business development by combining the assets of SMBC Group, such as its customer base, with the expertise of external companies, including startups.



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## Competing globally with technology as our tool

#### Collaboration with startups through overseas CVC

In May 2023, we launched the \$200 million corporate venture capital (CVC) fund "SMBC Asia Rising Fund" in the rapidly growing Asian region. Based on the track record of business development cases through collaboration with investee companies in this fund, we will also launch CVC functions in the U.S., where startups and advanced technologies are concentrated. In FY 2025 we will start investment activities with a U.S. \$300 million fund. Through this CVC, we will further accelerate collaboration with startups and the application to SMBC Group businesses, including in the Americas.

#### Launching AI businesses overseas

With a major paradigm shift expected as AI agents develop and become widespread, we will pursue global AI business development with an eye toward business expansion that anticipates "The Agentic Economy." As a starting point, we will invite world-class talent in the AI field to launch businesses utilizing AI agents. While promoting SMBC Group's AI transformation at a global standard, we plan to roll out customer services in the future.

### Topics

SMBC Group's multifaceted digital transformation initiatives, such as the steady achievements of Olive, business model transformation and The creation of new business models using AI and data, have been recognized, and SMBC Group was selected to receive the "DX Brand" by the Ministry of Economy, Trade and Industry, Tokyo Stock Exchange, and Information-technology Promotion Agency for two consecutive years.



**DX銘柄2025**  
Digital Transformation