



IT Strategies

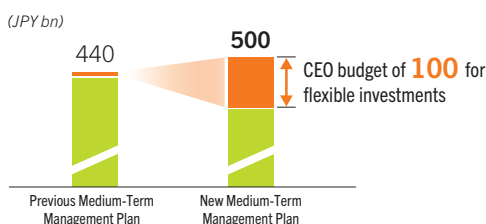
Our Approach

Currently, the operating environment is trending toward hybrid solutions, whether it comes to the maturing domestic market or growing overseas markets, the expansion of opportunities to utilize digital technologies, the reinforcement of security measures, the need for digital innovation and digital transformations, the importance of existing IT fields that now represent a majority of sales, or system ownership and use. In this environment, we will advance IT strategies with a focus on supporting both management and operations.

IT Investment Strategies

Under the new Medium-Term Management Plan, the budget for IT investments was increased to ¥500.0 billion, a rise from the ¥440.0 billion budget under the previous Medium-Term Management Plan, with the aim of fueling future growth. By effectively controlling investments in existing IT areas via efficient management, we will secure a significantly larger budget for strategic investments in areas such as digitalization. Specifically, we have secured a CEO budget of ¥100.0 billion to be used for flexible investments in areas in which the Group CEO expects growth in the future. With this budget, SMBC Group will promote digitalization, reinforce management foundations, and implement business strategies.

Increased IT Investments for Future Growth



Digitalization

The Digital Solution Division has been established to promote business model reforms and the creation of new value for customers through digitalization. In addition, the Digital Strategy Department and the Corporate Digital Solution Department have been set up within the Digital Solution Division. The Digital Strategy Department is responsible for the allocation of digital technology-related budget resources, the drafting and implementation of digitalization strategies, and the development of new businesses. Meanwhile, the Corporate Digital Solution Department is tasked with the co-creation of businesses with major companies and the planning and implementation of digital solutions.

Reformation and Reconstruction of Core Infrastructure Supporting Future Businesses

SMBC Group is developing core infrastructure with an eye toward the next decade based on the three perspectives of flexibility, sustainability, and efficiency with the aim of adapting to the medium- to long-term changes in the business environment and in customer needs.

1 Flexibility	Development of foundations for connectivity with external and internal systems to allow for the adjustment and augmentation of flexible functions
2 Sustainability	Taking of precautions for avoiding development of systems with overly complicated structures and excessive customization
3 Efficiency	Examination of measures for streamlining system structures and standardizing systems within the Group

Development of Human Resources for Supporting Sustainable Growth in a Digital Society

Accelerating digitalization at SMBC Group and contributing to customers and society require all employees, not just those in divisions dedicated to IT, to possess a digital-oriented mindset and basic IT knowledge. At SMBC Group, the Digital University has been established within core IT Group company The Japan Research Institute, Limited, as an internal training institution for promoting IT adoption and digitalization. The Digital University provides training for all employees on digital IT literacy and on IT adoption measures applicable to actual work.

We are also devoted to fostering human resources with specialized skills. For this purpose, we offer a unique menu of training programs including training based on the operations of specific Group companies, curricula employing the expertise gained from project case studies, and cutting-edge technology workshops.

Cyber Security

Cyber attacks are becoming ever-more serious and sophisticated. In order to respond to the risks of such attacks, SMBC Group has strengthened cyber security measures by defining cyber risks as one of its Top Risks and, establishing a Declaration of Cyber Security Management.

Seeking to facilitate management-led measures for fortifying response frameworks, the general manager of the System Security Planning Department has been appointed as the Chief Information Security Officer (CISO). Positioned under the Group CIO and the Group Chief Risk Officer (CRO),

the CISO has professional expertise regarding measures in this area, and steps have been taken to clarify the roles and responsibilities of the CISO. Furthermore, we have established a computer security incident response team (CSIRT) and a security operation center (SOC), and analyses are performed on information regarding threats and observed cases collected from inside and outside of the Group. The results of these analyses, along with information on the status of security measures currently being implemented, are discussed regularly at meetings of the Board of Directors and the Management Committee to drive ongoing improvements to our cyber security measures.

The CSIRT is centered on the System Security Planning Department, which possesses dedicated cyber security functions. To ensure preparedness for cyber incidents, the CSIRT coordinates with national government agencies as well as with the U.S. Financial Services Information Sharing and Analysis Center (FS-ISAC),^{*1} Financials ISAC Japan (Financials ISAC),^{*2} and other external institutions to share information on pertinent topics such as cyber attack methods and vulnerabilities.

The SOC, which is centered around The Japan Research Institute, is dedicated to continuously fortifying cyber security monitoring systems to mitigate the ever-rising threat of cyber attacks. Measures taken by SOC include the integration of the monitoring systems of Group companies and the development of global systems for conducting monitoring on a 24-hours-a-day, 365-days-a-year basis.

^{*1} An organization responsible for coordinating financial industry cyber security measures in the United States

^{*2} Financials ISAC Japan (Japanese equivalent of the FS-ISAC)

SMBC Group's Cyber Security Governance System

