

# IT Strategy

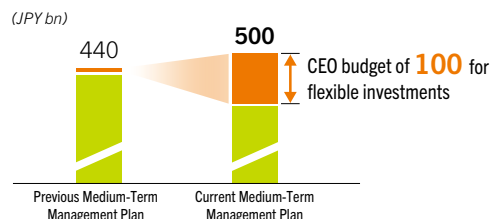
## Our Approach

Currently, the operating environment for IT businesses 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 while also practicing effective corporate governance.

## IT Investment Strategies

Under the new Medium-Term Management Plan, the budget for IT investments was increased to ¥500 billion, a rise from the ¥440 billion budget under the previous Medium-Term Management Plan, with the aim of fueling future growth for SMBC Group. By effectively controlling investments in existing IT areas via efficient management, we will secure a significantly larger budget for strategic investments. Specifically, we have secured a CEO budget of ¥100 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

Efforts to transform business models and create new value are being accelerated through the Digital Solution Division, which was established to accommodate digital transformations, as well as the Digital Strategy Department

## Accreditation

| Presenting Organizations  | Certification / Award  | Reason for Selection  |
|---|--|---|
| Ministry of Economy, Trade and Industry                         | DX認定<br>Digital Transformation Certification                 | Compliance with Digital Governance Code*  |
| Ministry of Economy, Trade and Industry<br>Tokyo Stock Exchange | Noteworthy DX Companies 2020<br>Noteworthy DX Companies 2021 | Digital transformation initiatives  |
| Japan Institute of Information Technology                       | IT Award   | Application of digital technologies to solve call center staff allocation optimization issues                                   |
|   | IT Encouragement Award                                       | SMBC at HOME Project allowing for transactions to be conducted online   |
|   | IT Encouragement Award                                       | System integration and digital transformation at SMFL Capital (formerly GE Capital) through Sumitomo Mitsui Finance and Leasing |

\* Code detailing the measures to be undertaken by management to improve corporate value amid the digital transformation trend

and the Corporate Digital Solution Department set up within the Digital Solution Division. SMBC Group has received high evaluations from external entities with regard to its efforts to create new services, including non-financial services, leading the Company to receive numerous awards.

### 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. Based on this policy, accounting systems are being reformed to create the framework for our efforts.

 Please refer to page 057 for information on the next-generation core banking system.

### 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, 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.

### Cybersecurity

In recent years, cyber attacks have been rapidly becoming ever-more serious and sophisticated. In order to respond to the risks of such attacks, SMBC Group has strengthened cybersecurity 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) and positioned

under the Group CIO and the Group Chief Risk Officer (CRO), 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 cybersecurity measures.

The CSIRT is centered on the System Security Planning Department, which possesses dedicated cybersecurity functions. To ensure preparedness for cyber incidents, the CSIRT coordinates with national government agencies as well as with external institutions to share information on pertinent topics such as cyber attack methods and vulnerabilities.

The SOC, which is centered on The Japan Research Institute, is dedicated to continuously fortifying cybersecurity monitoring systems to mitigate the ever-rising threat of cyber attacks. Measures taken by the 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.

### SMBC Group's Cybersecurity Governance System

