

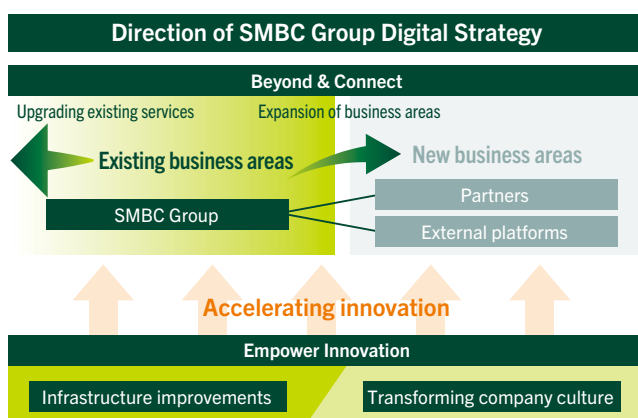
Using Digital to Create the Future of Finance

The new Medium-term Management Plan sets out two directions for SMBC Group's digital strategy: "Beyond & Connect" and "Empower Innovation," and further develops the existing strategy with the aim of "evolving into a global digital solution provider that also creates social value by creating new businesses on the basis of the trust held in SMBC Group."

Specifically, through digital's power to transcend and connect beyond boundaries (Beyond & Connect), we will work with a variety of partners to provide solutions that transcend business categories, companies, regions, etc., to further improve customer convenience and create and nurture businesses that will serve as the foundation of SMBC Group in the future.

At the same time, in doing business, it is necessary to look at the state of global digitization, including in emerging economies, in the context of a complex and rapidly changing environment involving a variety of events, such as the advance of technological innovation, demographic change, shifting values, and the rise of geopolitical risk. In order to respond to our customers' ever-changing needs amid a transforming business environment, we will pivot the direction of our businesses according to the situation, transforming our business models to fit current trends.

In addition, the creation of new businesses requires that we strengthen our framework for accelerating innovation (Empower Innovation). We will also accelerate the creation of systems to generate new seed businesses both within and without the company, by continuing our efforts to transform the company culture through initiatives such as "Producing new CEOs" and internal social networking, together with the development of functions for the speedy creation of new businesses, such as establishing a corporate venture capital (CVC) arm to strengthen open innovation structures on a global basis and invest in startups.



Beyond & Connect | 1 | Expanding and Evolving Digital Services

SMBC Group is expanding and evolving its various digital services under “Beyond & Connect,” one of the two arms of its digital strategy. In this context, we are also focusing on developing services in business areas that solve issues facing society as a whole and enrich lives, such as healthcare, payments, and contracts, and some of our services function as infrastructure for wider society.

In the medical field, we are supporting individuals to lead rich lives in the era of the 100-year lifespan. In March 2023, our subsidiary Plusmedi Corp. released “wellcne,” a new hospital visit support application incorporating an information banking service leveraging the trust held in banks in terms of the safety and security of personal data. Connecting the application to a medical institution’s electronic medical record or medical affairs system reduces time and congestion during hospital

visits, facilitates communication with doctors and hospitals, and enables sharing of medical data. These initiatives are offered to individual customers through partnerships with various companies and municipalities, including PARK WELLSTATE Senri Chuo, a senior residence operated by Mitsui Fudosan Residential.



In the payments field, in July 2023, a new company, BPORTUS, was established through the merger of two subsidiaries: NCore, which provides BPO services with cutting-edge ICT technology and know-how to improve operational efficiency, and bree corporation, which provides PAYSLE, a paperless payment slip service using electronic bar codes. By combining the strengths of the two companies, such as their ability to solve problems related to streamlining billing operations and unique technological capabilities, we will accelerate the provision of efficient and convenient payment solutions that leverage digital technology.

Akio Isowa

Senior Managing Executive Officer
Group CDIO



Expanding and Evolving Digital Services

In the contracts fields, in July 2022, SMBC CLOUDSIGN, Inc., an electronic contract service provider, began offering a new service called “AI Contract Management,” which uses AI to support corporate contract management. With more than

5,000 companies already using the system, it is one of the top-ranked in Japan by number of users. Going forward, we will continue to support business-to-business transactions by expanding functions to support various aspects of contracting.



Beyond & Connect 2 Initiatives for the Future

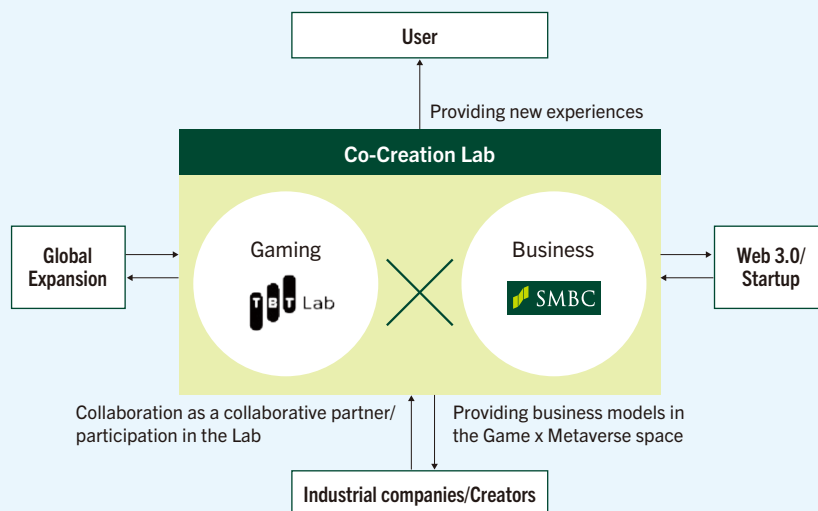
In addition to our current efforts to solve social issues, we are seeking new business opportunities in the Web 3.0 field, centered on tokens and games, to create businesses that will serve as the foundation of SMBC Group in the future, and are promoting a variety of new initiatives with partner companies.

In the tokens field, in July 2022, we began examining collaboration with HashPort Group, which has extensive knowledge in this field, chiefly with NFTs. From April 2023,

we have started a proof-of-concept experiment to commercialize Soul-Bound Token (SBT), which could be called non-transferable NFTs, and are expected to be used for online personal identification, etc. We have invited ideas from various departments within the Company and are pursuing business possibilities across the entire group.

In the games field, we are looking to provide new services in the game-x-metaverse space. Together with TBT Lab Group, which possesses

advanced technology and knowledge in this field, we have established the “Co-Creation Lab,” an open organization that will accelerate the study of initiatives to implement “gaming commerce,” combining games and business. In addition, in February 2023, a basic agreement was signed between 10 Japanese companies, led by the TBT Lab Group, to create the “Japan Metaverse Economic Zone,” which aims to develop the entire industry by integrating real and digital technologies.



Empower Innovation | Creating Infrastructure to Advance Digital Business and Transforming Company Culture

Under the other arm of the digital strategy, Empower Innovation, we are developing infrastructure to accelerate innovation and expanding measures to achieve cultural transformation.

In the infrastructure development field, we have been developing various systems, such as holding CDIO meetings to support the commercialization of new digital businesses through rapid decision-making and resource allocation, and the establishment of open innovation centers both in Japan and overseas.

In a new initiative, we are aiming to create an ecosystem through partnership with startups, and in May 2023, we established the “SMBC Asia Rising Fund,” a CVC with a total US\$200 million together with an incubator fund, with the primary purpose of investing in promising companies and with a focus on Asia. This CVC will be linked to the multi-franchise strategy of creating a second

and third SMBC Group in Asia, with the aim of creating further added value. In addition, in August 2022, a VR space called “virtual hoops link” was constructed, recreating the “hoops link tokyo” open innovation center in Shibuya, and is being used for various purposes including voice and chat interaction, events, meetings, and object displays.

In terms of cultural transformation, we are fostering the bottom-up creation of the culture required for creating new businesses, through such measures including the “Midoriba” internal SNS, the selection of young presidents for digital subsidiaries through the “Producing new CEOs” program, and open recruitment for participation in specific new business survey teams. We are also taking measures to spread company culture through two digital owned-media; “DX-link” and “BusinessNavi,” and by hosting the “SMBC Digital Summit” event to communi-

cate our digital transformation initiatives.

In May 2023, a condominium management DX service born from an idea sent out by a young employee on the internal social networking service “Midoriba,” and jointly developed with NTT Data NJK Corporation, became the first project originating from our internal social networking service to be launched. A representative from the Corporate Sales Division heard about customers’ issues handling a series of complex condominium management-related operations, which prompted the representative to take action on their own, embodying the idea of “breaking the mold.” In July 2023, the president of BPORTUS, a new company created by the merger of NCore and bree corporation, will be chosen through an internal recruitment process: initiatives not previously seen at SMBC Group are steadily taking shape, and we will continue to accelerate this momentum.

Infrastructure improvements

Innovation hub

- Strengthen ties with local startups at the Silicon Valley Lab and Singapore office
- An innovation hub also present in VR: Creating virtual hoops link



Silicon Valley Lab



virtual hoops link

CDIO meeting

- Establish a system to support the commercialization of ideas through rapid decision-making



In-house investment funds

- Establishment of a CVC together with an incubator fund to promote investment activities in Asia



Transforming company culture

Outbound media

- Communicate SMBC Group's philosophy and digital initiatives both internally and externally



Producing new CEOs

- Actively supporting internal startups and selecting young people to serve as presidents



In-house SNS

- Mentoring by people with experience in new businesses, and operation of a community to support the commercialization of ideas
- Launch of “Condominium Management DX,” the first new business to originate from our SNS

