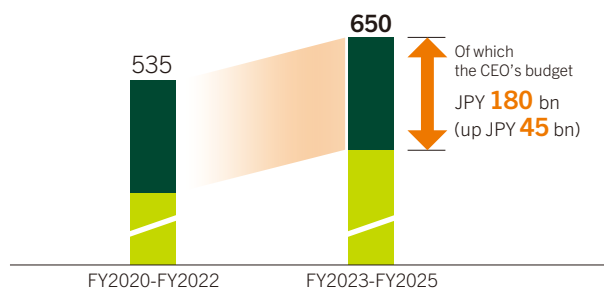# IT Governance

Our Approach

We are strengthening resilience in order to protect unchanged value and respond to new risks associated with the provision of new value. We will pursue the dual goals of social and economic value through a continuous shift from people to IT systems, the expansion of development IT systems to support this shift, and the development and control of IT system architecture. As a financial mega-group responsible for social infrastructure, we combine stability and flexibility, leveraging digital technology to drive our business.

IT Investment Strategies

With the aim of fueling further growth of SMBC Group and to accelerate its digital strategy in Japan and overseas, we have increased the CEO budget by an additional 30% from the previous Medium-Term Management Plan, bringing its total value to ¥180 billion. The CEO budget can be used to make flexible investments in fields the Group CEO deems to be vital to the business. Total IT investment under the new Medium-Term Management Plan has been increased to ¥650 billion, up by ¥115 billion from the previous plan, making it possible to allocate resources with an emphasis on strategic investments, such as promoting digitalization, strengthening internal controls, reinforcing management foundations including building greater resilience, and implementing business strategies.

Enhance IT infrastructure through Aggressive Investment
(JPY bn)

535 FY2020-FY2022
650 FY2023-FY2025

Of which the CEO's budget
JPY **180** bn
(up JPY **45** bn)

Strengthening Resilience to Support Stable IT systems Operation

As we continue progress toward digitization, we are working to expand both functions and services linked between internal and external systems to improve customer con-venience. Due to these increased links, however, system failure threatens to cause greater impact to customers, making stable systems operation even more important. We are taking measures to prevent failures, such as allocating additional resources for critical systems, predictive failure detection and preventative maintenance, while also working to strengthen resilience in the event of a failure by improving our contingency plans, systematizing manual response and upgrading training content.

Use of Advanced Technology and Steady Response to New Risks

Digital technology is essential to business, and we are examining a wide range of advanced technologies to use it effectively.

For example, we have from an early stage focused on generative AI, a technology that interprets intent in text and generates naturally-worded sentences, and quickly began in-house proof-of-concept testing. In addition to reducing the time employees spend on responding to inquiries and preparing planning documents, we are promoting the widespread use of generative AI in the fields of image recognition, voice recognition, and advanced system development. In order to control AI-related risk, we ensure that internal rules, such as having employees judge the accuracy of the content of AI responses, are thoroughly enforced and reviewed as appropriate in light of the latest developments in regulations, etc.

Contribute to Solving Societal Issues and Work to Create New Value to Society

As part of its efforts to address the environment, which has long been a priority issue for SMBC Group, the Group is supporting its customers' decarbonization efforts with Sustana, a service that visualizes greenhouse gas emissions, while SMBC Group itself is working toward net zero GHG emissions in 2030. SMBC Group's data centers account for about a quarter of the Group's GHG emissions in Japan, and in addition to working on measures to save energy at existing centers including AI-driven air conditioning control optimization and expansion of solar power generation facil-ities, we will further reduce environmental impact through energy conservation at the next-generation data centers we are planning.

In addition, as a contribution to "Japan's Regrowth," SMBC Group will provide a variety of digital and IT training, which is planned and supervised by the Digital University, SMBC Group's in-house digital and IT training organization.