

Corporate Banking Unit

● Business Strategies

The Tokyo Corporate Banking Division I and II, and the Osaka and Nagoya Corporate Banking Divisions are the core of our Corporate Banking Unit, which serves the country's largest corporations. This unit does not limit itself to the traditional lineup of investment management, capital procurement and payment services. Instead it offers multifaceted services that span the entire spectrum of finance and the operations of these companies right down to their employees, subsidiaries and commercial networks.

Management trends in recent years have focused on greater selectivity and concentration of resources aimed at increasing shareholder value, coinciding with dramatic IT developments and structural reforms. These major shifts in management thinking and methodology are also stimulating notable changes in financial needs. In the Corporate Banking Unit, we believe our mission is to go beyond the conventional customer relationships of the past and set up new business models on which customers can rely. Nurturing the human resources to achieve this goal and broadly transforming our business into a solutions business that can enhance corporate value for customers are some of our most pressing issues. Consequently, we have assigned account managers to liaise with each client company individually, discover its particular needs and work with the product departments at our headquarters and such Group companies as Daiwa Securities SMBC to create and propose solutions and product bundles. By realizing the synergies between the two founding banks and using their accumulated know-how, we intend to strengthen our ability to offer full solutions.

■ Key Objectives

1. Deliver solutions that enhance corporate value
2. Expand business with the affiliates of our large customers
3. Respond to changing financing and investing needs
4. Build new alliances

● Delivering Solutions that Enhance Corporate Value

Many of our clients are focusing on restructuring to bolster corporate value and increasing the level of sophistication at which the groups are managed. We believe we can help customers maximize corporate value by identifying solutions with financial techniques, quickly formulating a proposal and helping implement it. The actual process involves working with the client to analyze the profitability of its operation. Then, with the assistance of Daiwa Securities SMBC, we examine the feasibility of acquiring new operations, or spinning off or divesting existing operations. We then devise a financing structure that utilizes the company's assets, such as real estate or receivables, to their maximum effect, or put together a plan to increase the liquidity of the assets with a view toward improving their balance sheets.

● Expanding Business with the Affiliates of Our Large Customers

Most of the corporations in our client base are parent companies of large numbers of subsidiaries and affiliates in Japan and overseas, which, when you consider the employees and commercial networks, constitute a very broad pool of potential customers. Accordingly, the Corporate Banking Unit is banding with the International, Middle Market and Consumer Banking Units as a single marketing organization to expand our client base throughout the entire SMBC Group.



● Responding to Changing Financing and Investing Needs

To satisfy the increasingly diverse financing requirements of our clients, we supply short-, medium- and long-term financing and assist with direct capital market fundraising involving commercial paper and corporate bond issues and other instruments. We also offer commitment lines of credit to meet their cash flow needs, syndicated loans—which do not yet have a solid track record in Japan compared with the United States and Europe—and non-recourse loans.

On the investment side, we offer a full menu of products, such as tailor-made deposit products incorporating derivatives and securitized products, as well as asset-backed securities that match the customer's risk tolerance, investment budgets and time horizons.

● Building New Alliances

We have several clients who participate in the financial industry. Although the financial entities they create may compete with our commercial banking business to a certain extent, in most cases they operate in different market niches or assume complementary roles, coexisting without conflict. We are forming new alliances with these firms and starting new services that would not have been contemplated by one bank on its own. We are ahead of our contemporaries in setting up winning business models and working toward our mission of creating unconventional relationships.

● Organizational Changes to Strengthen Our Problem-Solving Abilities

The main issue facing the Corporate Banking Unit is how to transform itself into a solutions business that can enhance the corporate value of our customers. To realize this goal, we launched a series of organizational changes and improvements that coincided with the formation of SMBC. One of the key measures was to station the Investment Banking Unit's Financial Solutions Department staff within the Corporate Banking Unit and to introduce corporate finance CRM (customer relationship management) systems as marketing support tools.



We have assembled a large cohort of staff in the Financial Solutions Department that is well versed in the investment banking field. Its mandate is to get involved right from the early planning stages in creating multilayered, creative solutions to client needs. To provide these staff members with leading-edge skills on an ongoing basis, their desks are located in the Investment Banking Unit, but their responsibility is to work in teams with account managers to come up with customer solutions for the Corporate Banking Unit.

Moreover, we have introduced corporate finance CRM systems as account management support tools that allow users to exchange data and proposals in real-time. These tools were developed completely in-house from the basic concept to the system design, and are configured not only for use by the account managers but also by specialist staff in overseas offices, the Financial Solutions Department and the Investment Banking Unit, to collaborate in solving customer issues. These tools make it possible to gather and utilize the Bank's know-how at any point in time.

With the backup provided by the Financial Solutions Department and the corporate finance CRM, we are able to quickly gather complex, multifaceted information and assemble it as solutions to the ever-changing problems confronting our clients.

