

CORPORATE BANKING GROUP

Business Strategy



Epitomizing the Bank’s recognition of commercial banking as a core banking business, the Corporate Banking Group was established in February 1999 to provide operating funds to small and medium-sized companies, which have relatively limited access to direct finance. Concurrent with the promotion of this business as a core income base, we are implementing strict risk management.

Specifically, credit cost is calculated based on a proprietary corporate credit rating system and income is managed utilizing the risk-adjusted return on assets (RAROA) principle. In turn, this cost is reflected in the screening of loan proposals, and the terms and conditions for interest rates, collateral and other pertinent loan agreement matters. Through the application of such measures, the Group is improving the profitability of our loans and reinforcing the soundness of our loan assets, while enhancing the overall composition of our loan portfolio on the basis of industry, corporate size and credit rating through positive lending to quality small and medium-sized companies.

Key Priorities

- “Solution” : to meet increasingly sophisticated customer requirements
- “Speed” : to respond to needs of customers with speed and accuracy
- “Specialty” : to provide a full range of financial products and services for customers

Concentration of Corporate Transactions

Subsequent to the Bank’s introduction of a market-segment-based organizational structure, the corporate business segment was disengaged from our 286 traditional domestic branches and placed under the responsibility of the Corporate Banking Group, through its 116 departments nationwide.

Flat Organizational Structure

Speed is essential to successful business. The Corporate Banking Department has replaced the traditional vertical structure with a flat structure that provides direct access to the general manager for each member of a department. In line with the centralization of corporate business, professionals with a high level of expertise in this area have been assigned to the Group. The sharing of information and know-how, combined with the consolidation of the customer interface facilitated by this new organization, is enabling the Bank to respond to the diverse needs of our corporate customers with greater speed and accuracy.

Communications Network

To promote close and timely communication with our corporate customers, we are also strengthening our networking capabilities. Specifically, we are promoting active bilateral communication with customers through “Mail Network,” our communications system which consists of proprietary Windows®-based computer services, Internet-based e-mail and facsimile. Through “Mail Network,” we will continue to introduce and provide products and services that match the individual requirements of our customers.

Solution Business by Specialists

In order to satisfy the increasingly sophisticated needs of our customers, derivative, electronic-banking and other specialists have been assigned to our 14 Corporate Banking divisions. A financial engineering team has been set up within the Specialized Finance Department and staffed with professionals who have experience in overseas markets, capital markets and other areas of corporate banking business. The team provides high-caliber solutions to all of a company's challenges, from funding, fund management, cash flow based lending, securitization and IPOs, with cutting-edge products and services.

Comprehensive Financial Services

The Corporate Banking Group is able to provide a full line-up of financial services, from commercial banking business through to investment banking, by accessing the specialized capabilities of other arms of the Sumitomo Bank Group. In addition to Sumitomo Bank affiliates such as SB Investment Co., Ltd., SB Leasing Company, Limited, and Sumigin General Finance Company Limited, the Corporate Banking Group also draws on the resources of Daiwa Securities SB Capital Markets Co. Ltd.

Response to Growth Companies

Specialists capable of assessing new technology and new markets are indispensable to providing financial support to fast-growth areas, such as the IT and health care industries. The Bank has created and is managing a ¥20 billion New Business Support Fund to respond actively to the needs of such industries. As a means of strengthening our presence in this area, in February 1999 the New Business Banking Department was set up to provide financing to such businesses subject to the overall assessment of their management capabilities, financial situation, technological ability and other pertinent issues, as measured by our proprietary credit know-how. Furthermore, SB Investment Co., Ltd., provides support with respect to venture capital.

Rationalization of Financial Accounting

The Bank provides "Perfect," a proprietary product pending a patent, to rationalize the financial accounting process of our customers. This service simplifies and streamlines credit confirmation procedures by allowing a customer to open a credit-only account tailored to the number of its clients. To simplify the account reconciliation procedures of the customer for incoming payments, the electronic banking service provided by the Bank incorporates the account number of each exclusive credit-only account opened by the customer. This allows the customer to reconcile on an account number basis rather than on a name basis, thereby dramatically increasing the accuracy of the reconciliation process. This innovative service marks a distinctive departure from previous practices and it has been very well accepted in the market. Currently, the Bank is opening virtual branches in line with the promotion of "Perfect" as a means of providing even more advanced products and services to meet the sophisticated and diverse needs of our customers.

Personal Computer Services

(Billions of Yen)

(Number of Clients)

