

SMBC Begins Offering Crecer Loan

SMFG, principally through SMBC's Middle Market Banking Unit, places top priority on loans to small and medium-sized enterprises (SMEs), in full recognition of the crucial importance of the sound development of such corporate customers to the growth of the Japanese economy.

For companies with annual revenues of less than ¥1 billion, we have been offering unsecured loans under the name *Business Select Loan*, while for those with revenues of ¥1 billion or more, *N-Fund Loans* are available. We have been making efforts to increase the amount of our loans to SMEs, and as a further step in the process of designing financial products that more precisely match our customers' requirements, we have developed a third type of loan product—the *SMBC Crecer Loan*—especially designed for customers with annual revenues of under ¥3 billion. Our nationwide network of corporate business offices under the Middle Market Banking Unit began offering this product from April 2005.

Our lineup of new-type unsecured loans such as the *Business Select Loan*, the *SMBC Crecer Loan*, and the *N-Fund Loan*, which basically require neither collateral nor a third-party guarantee, are employed to provide customers with the best financing services available, allowing them to expand their operational scale to the next level.

In designing the *SMBC Crecer Loan*, we have made optimal use of the know-how we amassed in creating, selling and managing the *Business Select Loan*. As a result, we have been able to realize a faster credit screening process, allowing us to speedily meet customers' financing needs. This shortening of the credit screening process gives our marketing staff more time to provide consultations to customers regarding their business issues.

As in the case of our *Business Select Loan*, with the *SMBC Crecer Loan* we are able to considerably increase the effectiveness of our marketing system by fully utilizing the Business Promotion Office, which is a call center dedicated to corporate clients.

The aggregate value of new-type unsecured loans made by SMBC in the first half of fiscal 2005 was ¥1.9 trillion. SMBC will continue to put maximum effort into providing financing to SMEs.

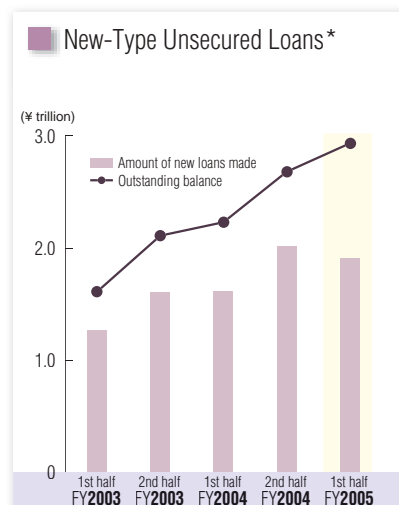
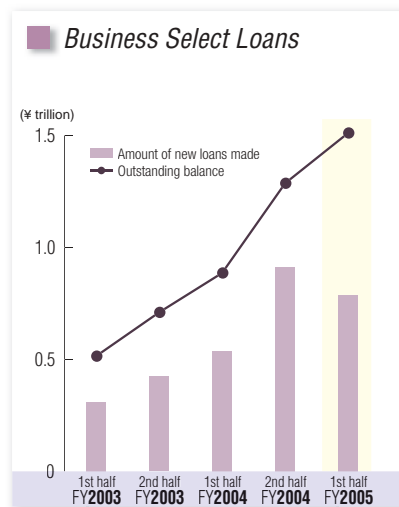
Expanding Services for Publicly Traded Companies

To provide services that meet the diverse range of our customers' needs even more precisely, principally through the Middle Market Banking Unit of SMBC, we have established a "Double-Front" customer response system. This involves providing a unified response to customer needs on two fronts, i.e., at both front-line offices and the head office of SMBC. In this way, we are able to effectively combine the intimate knowledge of individual customers possessed by the staff of our front-line offices for SMBC's middle market banking business with the specialist know-how of the staff at the head office departments. To further enhance our capabilities in meeting the increasingly advanced and complex needs of publicly traded companies, in April 2005 we set up a new Corporate Business Office within SMBC's Middle Market Banking Unit, dedicated to marketing services for such companies.

The new office proposes business strategies that raise customers' corporate value. Such proposals are carefully crafted, based on the formulation and confirmation of hypotheses. In this way, the customers' potential needs become apparent, leading the way to the selection of the ideal solution from among: mergers and/or acquisitions (M&As); strategic capital or business alliances; restructuring-driven spin-offs of divisions or subsidiaries; securitization of real estate holdings; capital increase measures; and, consultations relating to business succession.



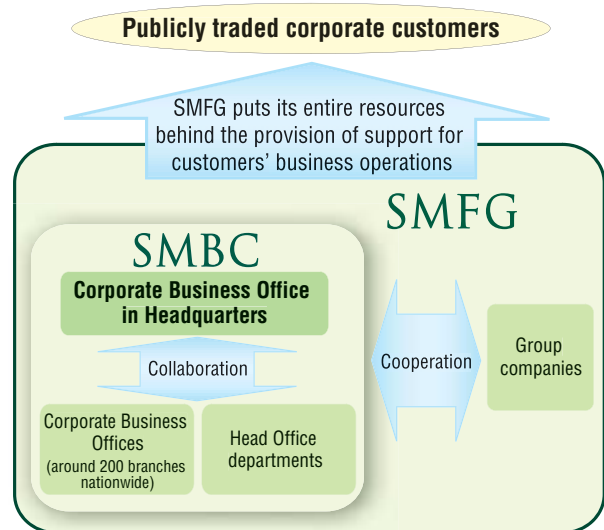
Announcing the new SMBC Crecer Loan



*Business Select Loans, SMBC Crecer Loans, N-Fund Loans, SMBC-CLO, V-Fund Loans, etc.

To respond to customer needs amid the radical reorganizations taking place across a wide spectrum of industries, we are also putting in place a system that enables us to provide well-timed financing for large-scale takeovers. In this respect, we have had considerable success in arranging a number of major syndicated loans of ¥10 billion or more per loan.

As a result of the current rapidly changing business environment, characterized by intensifying competition among companies operating on a global scale, and the growing role being played by investment funds, the financial requirements of publicly traded companies are becoming increasingly diverse and ever more sophisticated. At SMFG, principally through the newly established Corporate Business Office of SMBC, we are working to acquire a constantly expanding store of the specialist know-how indispensable to publicly traded companies. By fully leveraging the expertise in specialized areas of business possessed by SMFG members such as Daiwa Securities SMBC Co., Ltd., we are confident of being able to offer such companies the optimal solutions to their business issues, and we are sure that this will be highly effective in raising their corporate value.



Topics



◆ **NIF SMBC Ventures Established**

In October 2005, through a merger of SMBC Capital Co., Ltd. and NIF Ventures Co., Ltd., NIF SMBC Ventures Co., Ltd. was established as Japan's only private equity house formed through a merger of venture capital firms affiliated with a bank and a securities company. NIF SMBC Ventures aims to achieve the No. 1 position in the Japanese venture capital market by making full use of its two outstanding advantages: (1) it is able to tap the extensive customer bases of SMBC and SMBC Capital, thus being assured of an ample source of new targets for venture capital investment; and (2) it is able to utilize the expert staff of NIF Ventures and their accumulated expertise, enabling it to effectively engage in investments in venture businesses that involve a higher degree of risk.

◆ **Business-Matching Meetings Held**

SMBC Consulting Co., Ltd. sponsored business-matching meetings in April and June of 2005 on the theme of the solutions business for customers in the medical care field, and in September it sponsored a meeting on opportunities in the agribusiness field. Another meeting on the agribusiness theme is to be held in February, with a meeting on environmental issues scheduled for March.

SMBC Consulting will continue to hold such meetings on a wide variety of themes, creating opportunities for the incubation of businesses that meet specific customer needs.



A scene at the agribusiness meeting held on Sept. 2, 2005