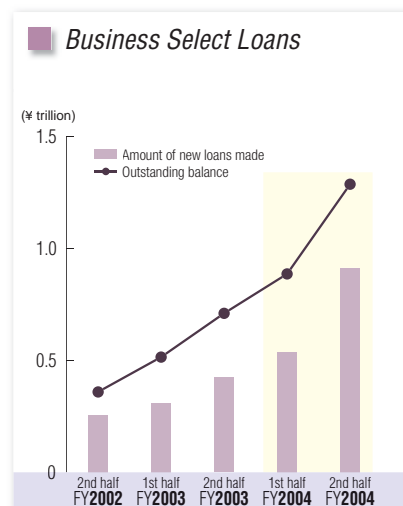


## Middle Market Banking



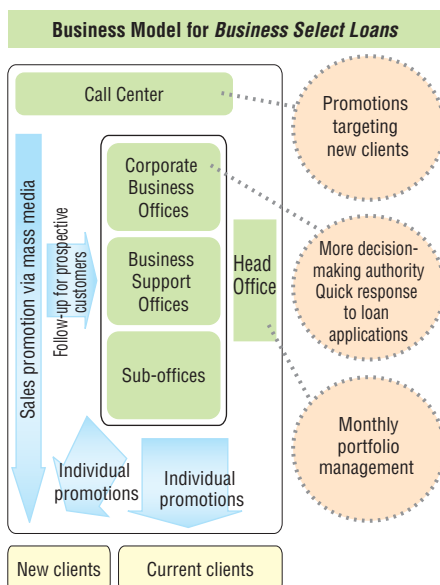
### Proactive Stance on Loans to Mid-sized Companies and SMEs

Aware of the importance of the sound development of mid-sized companies and small and medium-sized enterprises ("SMEs") to the growth of the Japanese economy, all members of SMFG are strongly committed to extending services that will help such customers enhance their earnings performance while implementing strategies for the expansion of their operations.

SMBC, for example, is focused on a new type of unsecured loan to mid-sized companies and SMEs that does not require collateral or third-party guarantees. In fiscal 2004, SMBC began offering the *V-Fund Loan*, for which loan approvals depend on evaluations of the borrower's technologies and business model. A number of other new loans have been developed as well: *Business Select Loans*, based on alliances with local governments, such as Osaka Prefecture, to which they give a partial guarantee, and *Business Select CLO Loans*, guaranteed by the Japan Finance Corporation for Small and Medium Enterprise; and *Members' Business Loans* for members of chambers of commerce and industry. In addition, we added 40 offices capable of providing *Business Select Loans*.

Through these fine-tuned approaches, we have been able to meet a broad range of financing needs of middle market companies. As a result, in fiscal 2004, SMBC extended approximately ¥3.7 trillion in new-type unsecured loans to these companies, marking a ¥800 billion increase over fiscal 2003. Even more noteworthy was the growth in *Business Select Loans*. We extended a total of ¥1.4 trillion in *Business Select Loans* in fiscal 2004, raising the outstanding balance to ¥1.2 trillion. Both figures represent large increases over fiscal 2003.

In addition, during fiscal 2004 SMBC extended loans totaling ¥1.9 trillion to 21,000 new customers.



### Aggressive Moves to Raise Customers' Corporate Value

Companies must cope with challenges posed by changes in their operating environments, such as the diversification of funding methods and the need for accounting methods with greater transparency. Accordingly, we need to offer our customers a more diverse range of business solutions.

We believe that raising corporate value is the most important issue for our clients. To help clients achieve this goal, we offer high-quality services that are backed by the aggregate resources of the entire group, including those of SMBC and Daiwa Securities SMBC Co., Ltd. Primarily, we provide solutions relating to business revitalization, spin-offs of business divisions and subsidiaries, real estate securitization, and business succession.

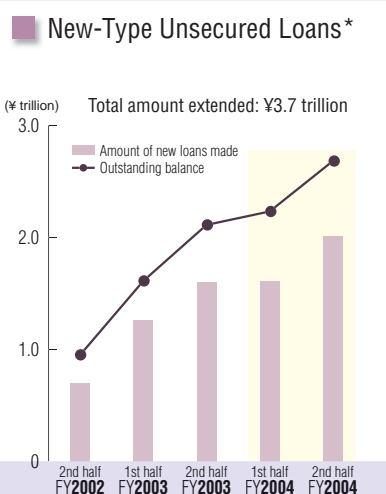
In fiscal 2005, SMFG will continue to improve its risk-taking capabilities to respond effectively to the diversifying needs of our clients with the aim of developing this corporate-value-enhancement business into a new earnings driver.

#### Profile

#### Services for Mid-sized Companies and SMEs

SMFG is leveraging the expertise of the Middle Market Banking Unit of SMBC and Group companies to strengthen its capabilities for managing higher levels of risk. The aim is to provide even more accurate and speedy responses to the funding and solution

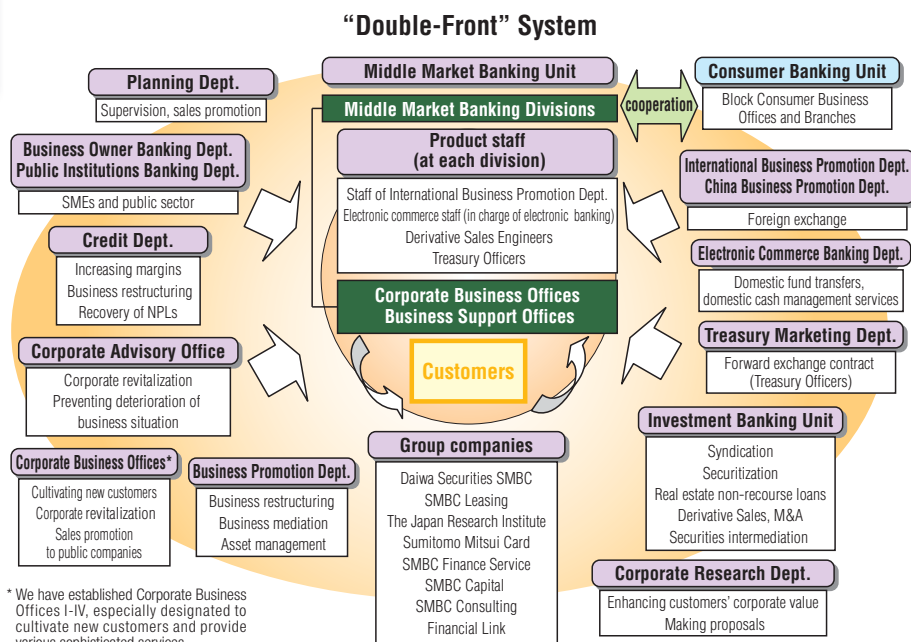
needs of mid-sized companies and SMEs, thereby supporting the growth of these companies. Our goal is to become Japan's No. 1 bank in the field of middle market banking.



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

## Our “Double-Front” System Facilitates High-Quality Services

SMFG has established a “double-front” system, which focuses on providing a unified response on two fronts—at both branch offices and the head office—to accurately meet specific funding and solution needs of midsized companies and SMEs. With the SMBC Middle Market Banking Unit at its nucleus, this system combines the know-how of corporate business offices, which have a first-hand knowledge of clients, with the specialized knowledge of head office departments to devise solutions, realizing high-quality and speedy services for clients.



## Topics



## Precisely Tailored Services to Satisfy Funding Needs of Midsized Companies and SMEs Development of a new type of unsecured loans

### SMBC Crecer Loan

Introduced in April 2005, the *SMBC Crecer Loan* targets companies with annual sales of up to ¥3 billion. Together with the *Business Select Loan* and other loans, this new product gives SMBC a seamless lineup of loans that precisely match the scale and funding requirements of each middle market client.

### V-Fund Agri

*V-Fund Agri*, a newly developed version of the *V-Fund Loan*, specifically targets companies in the agriculture sector. As with all *V-Fund Loans*, we evaluate companies based on their technologies and business models. We will continue to support the growth of middle market companies by further expanding our lineup of loan products and services.

Announcing the *SMBC Crecer Loan*