

Support for Mid-Sized Corporations and SMEs, Vitalization of Local Regions in Japan

Support capabilities and policy for mid-sized corporations and SMEs

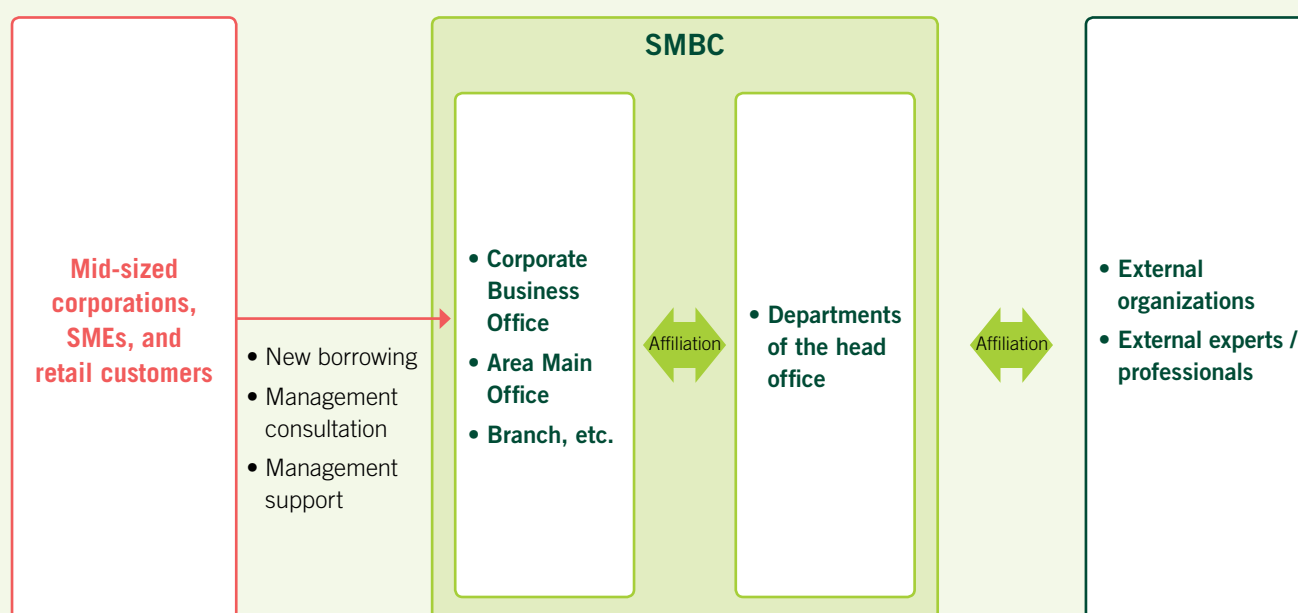
In April 2014, SMBC established its Area Main Offices to more fully address the wholesale-retail integral needs of mid-sized corporations and SME clients, including the aspect of business succession. Area Main Offices enable us to offer integrated corporate and personal consulting and draw on SMFG company networks to provide specialist services. In addition to providing business loans, SMFG companies offer tailored support, including consultation on overseas business development, business matching, business succession, and internal company reforms, alongside consultation on personal asset management, loans, inheritance, and asset succession.

Mid-sized corporations and SMEs are a key support for the Japanese economy and SMBC will maintain its endeavors to meet their and their clients' wide-ranging needs.

Support for new ventures, new business development, and growth companies

SMBC offers support in accordance with clients' stage of growth; SMBC Venture Capital provides incubation investment, SMBC provides growth assessment financing through the "Growth Potential Evaluation Loan," and SMBC Nikko Securities and SMBC Friend Securities provide support for public share offerings. Taking account of the growing need for alliances between venture businesses and large corporates, we host such events as the Open Innovation Meetup for exchanging ideas and technology. Events have also included the Mirai 2016 business pitch competition arranged by the cross-industry Triple I consortium. At the same time, we aim to assist in the creation of a venture creation ecosystem in Japan by promoting ties with leading venture capital providers, universities, and research institutes.

► Operational support structure for mid-sized corporations and SMEs



Support for management improvements, business regeneration, and business conversion

Along with its efforts to fulfill its intermediary function smoothly, SMBC seeks to provide solutions to management issues, putting itself in the position of the client to devise optimum proposals based on the nature of the issues and the client's stage in life. Ample time is spent on the provision of support, and in this respect we are making increasing use of consultation. Examples include offering a full range of loan products devised to meet funding needs and address management issues. We also provide solutions in such areas as business matching, overseas business development, and business succession.

Our assistance in business operating improvements and regeneration involves links with external experts / professionals^{*1} and external organizations^{*2} to provide support in drawing up plans for improvement and advice in such areas as cost cutting and asset sales.

For clients that have suffered damage in natural disasters, we propose optimal solutions and effect help in rebuilding lives and business.

*1 SMBC Consulting, certified tax accountants, certified public accountants, etc.

*2 Council supporting revitalization of SMEs, Regional Economy Vitalization Corporation of Japan, etc.

Involvement in regional stimulus

Change in the Japanese economy is leading to more diverse roles for local government entities and regional financial institutions and raising expectations for support for local industrial development and overseas business development. Local government entities and regional financial institutions need to have extensive networks encompassing countries overseas and to collect accurate and up-to-date information. To serve such needs, SMFG is linking with local government entities and regional financial institutions to provide services that draw on its network in Japan and overseas.

Vitalization of local regions in Japan is a key theme for the Japanese government. Related "regional comprehensive strategy" plans drawn up by local government entities are moving to their implementation stage. SMBC has entered into cooperation agreements with local government and other entities as part of its efforts to assist in local industrial development, and in May 2016 it added an industrial development cooperation agreement with the city of Kobe.

We will continue to work with local government entities and regional financial institutions across Japan, drawing on the SMBC network to contribute to local economies.

► Measures for finance facilitation

SMBC's "Basic Policy for Finance Facilitation" underlies efforts to be diligent and thorough in the provision of funding and consultation.

"Basic Policy for Finance Facilitation"

1. Conduct appropriate review of applications submitted for a new loan or requests to modify loan conditions
2. Provide appropriate management consultation and guidance for clients and appropriate support for management improvements
3. Strive to improve the ability to assess the value of a client's business appropriately
4. Provide appropriate and thorough explanations to clients in consultations and applications for new loans or modification of loan conditions
5. Respond appropriately and adequately to client inquiries regarding new loan and modification consultations and applications and to consulting requests or complaints
6. Liaise closely with other financial institutions involved in applications for modifying loan conditions or other applications
7. Respond appropriately in respect of business manager guarantees in accordance with the "Guidelines for Guarantees for Business Managers"