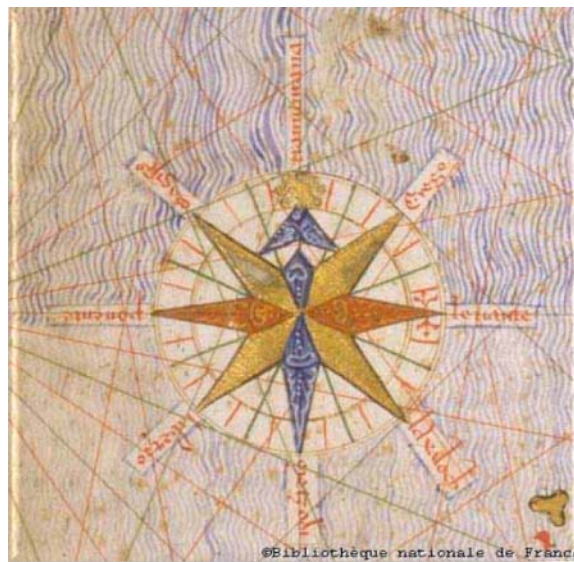


SMALL AND MIDSIZE BUSINESS RISK ASSESSMENT WORKBOOK



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Introduction to SMB 360°

The SMB 360° Risk Assessment Module provides a general framework and guidelines which will help Small and Mid-Size Businesses (SMBs) analyze and assess their preparedness for raising finance from banks and other lending institutions. The SMB 360° helps small and mid-size businesses understand and prepare for the emerging stringent credit scoring and decision metrics used by regulated and unregulated lending institutions.

The SMB 360° Risk Assessment Module is modeled after recommendations developed by bank working groups formed to address best lending criteria practices following the introduction of Basel II Capital Accord and the proposed Capital Requirement Directive (Basel II / CRD).

Objectives of SMB 360°

- To detail the main business and risk management practices that lenders generally look for when assessing and rating SMBs
- To provide SMBs with awareness of what is regarded by lenders as good corporate governance in SMBs
- To assist SMBs with preparing to meet the likely business information requirements of banks, private equity and investment banking institutions

Overlying Assumptions

- Stringent credit analysis should not be considered as a compliance or regulatory imposition but as a catalyst for improving and embedding good risk management practices and business governance
- Financial intermediaries and suppliers of funding can advise their SMB customers on applying similar governance and risk management principles / practices
- Application of good business and risk management practices assists banks and SMBs to enhance their sustainability, performance and shareholder value

Constraints

- Lenders may not fully disclose their internal assessment and rating methods of SMBs; credit worthiness and assessment criteria may vary between lenders

- There are no universally agreed and applied standards or similar benchmarks for SMB risk management
- These modules can only provide a generic framework as it is based primarily on materials obtained as a result of a general survey or provided on a confidential and non-attributable basis by specific banks, consultants and SMB representative organizations
- These modules have purposely been designed to be general in terms of financial accounting-based information requirements of banks and SMBs due to the variances in financial management and accounting practices of SMBs

Design and Contents of Modules

The Modules are designed as a self-reference guide. The toolkit has been compiled around the typical information that you use or may need to manage your SMB business effectively. In turn, it should assist you to capture more easily the required information about the rationale, capability, prospects and risks of your business, and to communicate this to banks and other providers of finance. This information should help them to understand, assess and risk-rate your business for credit purposes in line with their own internal guidelines.

SMB 360° is divided into five main sections:

1. Business Strategy & Targets
2. Business Market & Competition
3. Business Capability
4. Business & Financial Planning
5. Business Risk Management



Parts of the toolkit contain descriptions of self-assessment techniques using the templates included in this document and attached Excel spreadsheets. If followed, these should also provide you with easy and consistent reference data for completing or updating your own Business & Risk Management Plans. You could also use this information in your future communications with your bank and other funding providers.

About Sum2, LLC

Sum2 is dedicated to the commercial promotion of sound practices. Sum2's objective is to assist businesses to implement corporate sound practices that add exponential value for shareholders, employees, clients and to the communities in which they operate and serve.

Sum2 identifies its core competency to be the creative application of sound practice principles to the industries and businesses that we serve. Sum2's SMB 360 is a clear example of this creative application of sound practices to an industry need. Sum2 is dedicated to corporate responsibility, ethical business practices, customer service excellence and delivering to our clients a unique and essential value proposition. We uphold these values in all our work and continually strive to deliver on the commitments that we make to our clients.

All products marketed by Sum2 are focused on risk mitigation. We look to creatively package and bundle solution suites that address targeted client and industry market segment requirements. All product marketing activities and business development initiatives are guided by and conform to a clearly identified industrial application of sound practices.

We appreciate your business and look forward to hearing from you about this product and how it can be improved.

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