

## Treasury Markets

SMFG aims to provide its clients with world-class support services for their market transaction needs.

## Supporting Customers' Transactions

Within SMFG, the Treasury Unit of SMBC undertakes operations in the domestic and international money, foreign exchange, bonds, and derivatives markets. Based on a careful evaluation of each client's needs, we design financial products and services that deliver optimal value-added solutions. Particularly noteworthy are the advances achieved in fiscal 2002 through the expansion of our product lineup and the development of related systems, with the aim of realizing a dramatic increase in customer satisfaction.

### *i-Deal*

In November 2002, the Treasury Unit introduced *i-Deal*, an easy-to-use online dealing system allowing customers to directly and speedily conclude foreign exchange forward contracts over the Internet from their personal computers. More than just a direct trading channel, *i-Deal* offers many additional functions to customers—such as the provision of extensive market data—to help increase the efficiency of their business operations.

In just the first six months of service, *i-Deal* attracted 3,000 corporate subscribers and has received high marks for its ease of use.

## Enhanced Marketing Capabilities in Asia

To offer Asian markets the full range of customer support services in funding, foreign exchange, and derivatives, we operate sales desks in Tokyo, Hong Kong, and Singapore. In addition to these cities, we have also established a sales desk in Bangkok in response to rising customer demand. Our customers across the region can rely on us to provide information and insightful advice relating to their particular areas of interest, and these sales desks enhance our ability to promptly handle customer transactions.

## Strategic Outlook

To provide the highest level of services in the industry to support clients' market transactions, we keep abreast of the latest developments in financial technology and IT systems, and are further strengthening our capabilities in market research and analysis. We are also reinforcing our processing infrastructure, including our back-office functions and compliance.

## Asset Liability Management and Dealing Operations

Through its Asset Liability Management and securities trading operations, SMBC's Treasury Unit strives to maximize earnings by pursuing appropriate control of market risk and liquidity risk, as well as promoting various well-timed arbitrage operations.

## Business Performance

In Asset Liability Management and dealing operations involving funds denominated in yen and foreign currencies, we conduct dynamic and swift operations by accurately interpreting movements on domestic and foreign markets, while carefully assessing and monitoring all associated market and liquidity risks. Through these operations we posted record-high earnings in fiscal 2002.

We will continue to pursue bold but fine-tuned position-taking. We will also promote the expansion of transactions with customers, develop new earnings sources, and optimally leverage our talented staff through the deployment of a performance-linked pay and promotion policy. Moreover, we will further strengthen our risk management system. Through these developments, we are striving to secure a high and stable level of earnings. We will also promote closer cooperation among SMFG companies in the area of Asset Liability Management.

