



Supporting Customers' Transactions

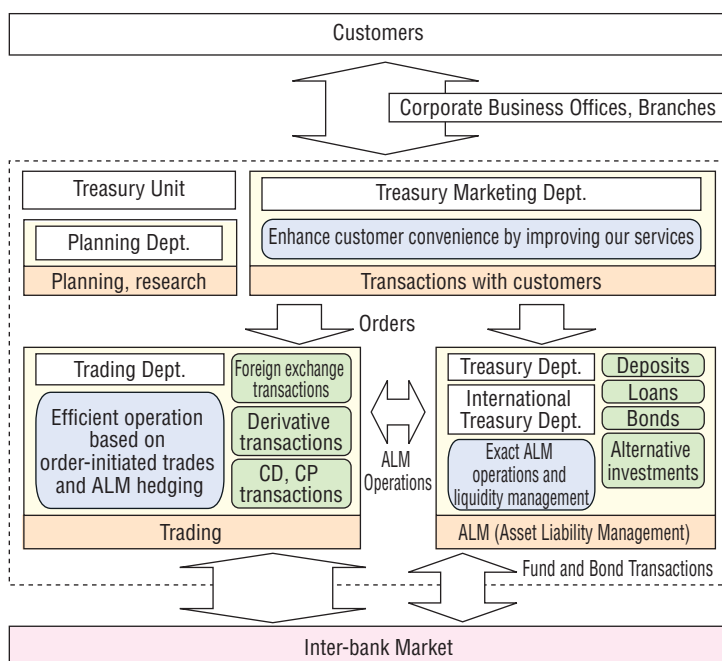
SMFG aims to provide its clients with world-class support services for their market transaction needs through the Treasury Unit of SMBC. The Treasury Unit undertakes operations in money, foreign exchange, bond, and derivative markets. Based on a careful evaluation of each client's needs, we design financial products and services that deliver optimal value-added solutions.

Enhancing Customer Convenience

In fiscal 2004, responding to customers' transaction needs, the Treasury Unit took initiatives such as the promotion of currency option transactions and NDF (non-deliverable forwards) for corporate clients, as well as deposits with foreign exchange forward contracts for individuals.

i-Deal

i-Deal is an easy-to-use online dealing system that allows customers to conclude foreign exchange forward contracts over the Internet. In fiscal 2004, we enhanced the convenience of this service by expanding its functions. We increased the range of currencies handled to include the Thai baht, and offered the additional option of conversion of foreign currency transactions into U.S. dollars, on top of the existing option of conversion into yen. In another move, we started providing deposits with a foreign exchange forward contract to individual customers through our *One's Direct* service menu.



The Treasury Unit will continue working to fulfill all our customers' market transaction needs by providing comprehensive support services of the highest level.

Asset Liability Management and Dealing Operations

Through its asset liability management (ALM) and trading operations, the Treasury Unit strives to secure a sufficient level of earnings by investing in a diverse range of portfolios, and by conducting well-timed arbitrage operations while effectively managing market risk and liquidity risk.

In fiscal 2004, to diversify our revenue sources we began undertaking alternative investments on a full-scale basis in addition to interest rate and foreign exchange trading, and established a new earnings driver.

We will continue to pursue optimal capital allocation with a level of risk exposure appropriate to market conditions, with the aim of securing stable profits.

Profile

The Treasury Unit focuses on expanding transaction volume, strengthening ALM operations and diversifying fund management channels through the accurate

assessment of domestic and overseas market trends to further strengthen profitability, while effectively managing risk.