

Since the merger, the Treasury Unit has been operating in a seamless manner with a single dealing room supported by a single computer system and unified risk management.

Major Accomplishments

- More customer transactions, thanks to the establishment of the Treasury Marketing Department
There were substantial increases in clients with which SMBC deals directly and clients using the unit's online dealing service
- The unit conducted decisive and flexible operations that accurately read trends in domestic and overseas markets
This yielded a major improvement in foreign currency asset liability management (ALM) earnings, while earnings from yen-based ALM and trading operations remained high

The Treasury Marketing Department was formed to enhance our services and sales capabilities for customer transactions. Doing so provided a single department to specialize in customer transactions involving marketable products. In addition, the number of treasury officers specializing in foreign exchange-related services was increased, creating an even more powerful 24-hour foreign exchange dealing structure. The result was sharp growth in direct and online dealing clients, leading immediately to an increase in customer transactions.

In dealing operations, the unit was able to capitalize on market trends while holding market and liquidity risk within prudent parameters. Particularly noteworthy was the taking of new positions early in the fiscal year in anticipation of falling interest rates in Japan and overseas. A shift from yen to foreign currency positions during the year's first half also contributed to earnings. The overall result was a year-on-year increase of more than ¥100 billion in treasury earnings.

Goals

- Enhance convenience for clients and sharply increase the volume of customer transactions
- Enact a variety of risk controls in response to the difficult market conditions prevailing in Japan

The Treasury Unit is committed to doing whatever is needed to cater to the increasingly diversified and sophisticated demands of clients. One major advance has been to offer even more useful assistance by adding new products and bolstering the unit's ability to handle a broad array of transactions. Another has been to conduct operations that address market and liquidity risk in view of the considerable credit risk concerns about Japan on the part of market participants.