

Wholesale Financial Services Business



We provide comprehensive solutions that only a trust bank group can offer.

Rikiya Hattori

Officer in charge of Wholesale Financial Services Business
Sumitomo Mitsui Trust Bank, Limited

1. Business Outline

In our Wholesale Financial Services Business, we provide comprehensive solutions that only a trust bank group can offer by integrating banking, trust, real estate and other functions to meet corporate clients' diverse needs, with the focus on raising enterprise value, asset value, and achieving growth.

Sumitomo Mitsui Trust Group (the "Group") covers a wide range of clients, from large to small and mid-sized corporations to financial institutions, non-profit organizations, and overseas financial markets. Our staff, which possesses significant expertise, draws on a wealth of experience and expertise cultivated over many years to meet the needs of our various clients.

In our corporate credit-related operations, we offer various methods of financing, utilizing both banking and trust functions. We offer higher-value-added products and services that accurately meet our clients' financing needs, and combine investment trust and real estate business functions, employing various financing techniques that include syndicated loans, project finance, buyout finance, real estate non-recourse loans, and asset securitization arrangement.

Regarding financial product sales operations, a dedicat-

ed team in the Wholesale Financial Services Business works in collaboration with the Global Markets Business, the Fiduciary Services Business and the Real Estate Business, utilizing the trust function and other features that only a trust banking financial group can possess, develops and provides asset management products and services that match clients' businesses, corporate characteristics and needs.

In our international operations, there is a growing demand for financing among Japanese companies that are pursuing international expansion and relocating their production bases to overseas locations. Accordingly, the Group provides financial support for clients' overseas expansion, leveraging its overseas network to accurately respond to clients' capital needs in the foreign countries where they are operating. We are simultaneously enhancing and increasing the provision of loans to non-Japanese companies, mainly in Asia.

In addition, as a "strategic partner" to our clients, we are stepping up consulting services by providing M&A brokerage services, business succession support, and a Japanese version of the employee stock ownership plan (ESOP).

2. Product and Service Outline

Syndicated Loans

A syndicated loan is a fundraising scheme in which an “arranger” (a lead financial institution) forms a syndicate of lenders to provide loans on the same terms and conditions under a single contract to satisfy the funding needs of clients. The Group uses syndicated loans not only for conventional corporate loans but also for real estate non-recourse loans, ship finance, buyout finance, and other structured finance products.

Real Estate Non-Recourse Loans

A real estate non-recourse loan is a form of financing for purchasing real estate in which real estate securitization*¹ is carried out and the assets are transferred to an SPC*². The loan itself is repaid exclusively from the cash flow originating from the real estate or the proceeds on its sale. The Wholesale Financial Services Business cooperates with the Real Estate Business, actively working to advance good quality real estate securitization projects.

*¹ A type of asset securitization. The security is issued backed by the revenue obtained from real estate, such as rent income, as underlying assets.

*² SPC: Special Purpose Company

Project Finance

Project finance, which employs the cash flow generated from specific projects as the repayment source and limits its collateral to the relevant project’s assets, is used to raise funds for infrastructure projects such as the building of power plants, railroads, roads, ports, etc., and oil refineries, petrochemical plants, and natural resource exploration. The Group responds to domestic and overseas capital needs in a wide range of areas, including wind power and other renewable energy projects, as well as PFI (Private Finance Initiative) and PPP (Public Private Partnership) projects.

Buyout Finance

Buyout finance consists mainly of finance for the purpose of providing acquisition capital when private equity funds acquire a company, or the management of a company seeks to buy out their own company or a single business unit of their company. The Group actively arranges buyout financing to meet client needs for solutions to various management issues, such as recapitalization and business succession for owner-managed listed companies, the sale of non-core businesses as part of corporate business reorganization, and the acquisition of strategic businesses.

Consulting for Corporate Clients

As a trust bank group that covers banking, trust and real estate functions, the Group provides consulting services to its corporate clients on financial matters, business restructuring concerns, and anti-takeover measures, as well as consulting services on business succession for business owners, etc.

Asset Securitization

Asset securitization arrangements are operations that involve splitting off specific assets such as monetary claims (loans and bills discounted, accounts receivable, etc.) and real estate* from their owners and creating financial instruments based upon the revenue (cash flow) generated by these assets, to raise funds.

Asset securitization methods include (1) the trust method (a method of entrusting assets and allowing investors to obtain beneficiary rights) and (2) the SPC method (a method by which assets are transferred to a corporation such as an SPC and securities are issued that treat these assets as collateral). The Group was an early pioneer of asset securitization arrangements. For example, we developed accounts receivable trusts in 1991 and we have been making active efforts to develop new products. As a result, the Group has currently secured a top class position in the asset securitization field among domestic financial institutions in terms of both quality and quantity. We have also developed new products and provided various solutions to clients by making active use of our trust function.

* Real estate-related securitization is provided by the Real Estate Business.

M&A Advisory

The Group has positioned M&A and capital alliance advisory activities as an effective function for enhancing enterprise value, and is actively engaging in these advisory activities related to business acquisitions, contributing to the improvement of enterprise value, the sale of non-core businesses, and management buyouts, etc.

Services Related to Employee Stock Ownership Plan (ESOP) Trusts and Other Corporate Welfare Programs

As solutions to the various welfare-related issues of corporate clients, the Group is actively offering new programs and schemes, such as Japanese-version ESOPs, which contribute to revitalizing ESOP associations and promoting a sense of employee participation in management, installment saving programs, employees' saving programs, and housing loans, which enable the reduction of the asset management burden on companies, while at the same time helping employees' asset building efforts.

3. Group Companies

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

Sumitomo Mitsui Trust Panasonic Finance was jointly established with Panasonic Corporation. It is a comprehensive finance company that provides advanced financial instruments, such as leasing services, credit card and financing services to a wide range of clients, supported by the customer base of Sumitomo Mitsui Trust Bank, Limited ("SMTB") and the Panasonic Group, which cover clients ranging from large companies to small and medium-sized enterprises and individuals. The company is playing a role in helping the Group to upgrade its proposal development capabilities, so as to better respond to the diversifying financial needs of its clients.

Sumitomo Mitsui Trust Loan & Finance Co., Ltd.

Sumitomo Mitsui Trust Loan & Finance is a mortgage loan company which is wholly owned by SMTB. Focusing on the value of real estate and liquidity in the provision of loans, it responds flexibly and promptly to the various financing needs of its small and medium-sized corporate clients as well as its individual clients. The company meets a variety of financing needs with a full line-up of loans for real estate acquisition, housing loans, loans for small and medium-sized commercial-use properties, and loans which use real estate as collateral.

Sumitomo Mitsui Trust Capital Co., Ltd.

As a private equity investment specialist of the Group, Sumitomo Mitsui Trust Capital develops proactive investment activities by fully utilizing its sophisticated investment know-how and extensive networks. The company accepts investments from a wide range of investors, from financial institutions to business enterprises and pension funds, and conducts investment operations in four private equity investment areas to provide investors with good-quality investment opportunities for portfolio diversification.

Sumitomo Mitsui Trust Investment Co., Ltd.

As a member of the Group, Sumitomo Mitsui Trust Investment provides various venture capital-related services. In addition to the establishment and management of investment partnerships, the company undertakes management, administration and the monitoring of fund investments, and also provides solutions for securitization, advisory services for private equity-related investments, financial advisory services, new business development, and management consulting.

BUSINEXT CORPORATION

BUSINEXT CORPORATION was jointly established with AIFUL CORPORATION. The company mainly provides unsecured loans to small and medium-sized enterprises and individual business owners. The company offers loans using its unique credit scoring model (metrical evaluation) to meet the need for business funds at the time of business expansion and account settlement, and for temporary bridge loans. While focusing primarily on unsecured loans, it also provides real estate-backed loans and loans to medical organizations, dispensing pharmacies and nursing care providers.

**Sumitomo Mitsui Trust
(Hong Kong) Limited**

Sumitomo Mitsui Trust (Hong Kong) is a wholly owned overseas subsidiary of SMTB. It conducts securities investment and investment advisory services, including advice on private equity fund investment.

Zijin Trust Co., Ltd.

Zijin Trust is a trust company in China that is owned 19.99% by SMTB. Its head office is located in Nanjing, the capital city of Jiangsu Province. The province is home to many high-net-worth individuals. As China's second largest host for Japanese companies after Shanghai, it is expected to achieve high economic growth. Zijin Trust will contribute to the growth of China's trust market through the extension of support to Japanese corporations operating in China and the provision of trust products and services to local Chinese companies and high-net-worth individuals.