

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 our focus on raising enterprise value, asset value, and achieving growth.

The SuMi TRUST Group covers a wide range of clients, from large to small and mid-sized corporations to financial institutions, non-profit organizations, Japanese and non-Japanese companies operating overseas, and domestic and overseas institutional investors. Our staff, which possesses significant expertise, draws on a wealth of experience and expertise cultivated over many years to meet the diverse needs of our clients.

In our corporate credit-related operations, we offer higher-value-added and diverse products and services that accurately meet our clients' financing needs, and combine banking, investment trust and real estate business functions, employing various financing techniques that include syndicated loans, project finance, asset finance, M&A finance, real estate finance, asset securitization arrangements and *Densai* lump-sum factoring*.

* For details concerning *Densai* lump-sum factoring, please refer to page 31.

Regarding asset management product sales operations, a dedicated department in the Wholesale Financial Services Business works in collaboration with the Global Markets Business, the Fiduciary Services Business and the Real Estate Business in response to the asset management needs of our clients, 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 SuMi TRUST Group provides financial support for clients' overseas expansion, leveraging SuMi TRUST Group's own office network as well as the broad overseas network, which utilizes the partnerships with leading overseas financial institutions mainly in Asia to accurately respond to clients' financing needs in the foreign countries where they are operating. We are simultaneously enhancing and increasing the 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 SuMi TRUST Group uses syndicated loans not only for conventional corporate loans but also for real estate finance, ship finance, buyout finance, and other structured finance transactions.

Real Estate Non-Recourse Loans

In real estate finance, we provide non-recourse loans to our clients based on either current and/or future cash flows of the collateral properties using our best knowledge and expertise earned through one of the longest history of this business in Japan.

We also serve our clients by providing equity money to support their investment and securitization business.

The real estate non-recourse loan is one of the means to facilitate 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 coordinates with the Real Estate Business and the overseas offices to actively capture good quality real estate finance projects both in Japan and overseas. As a result, the SuMi TRUST Group has currently secured a top class position in this field among Japanese financial institutions.

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

*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 SuMi TRUST 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.

Asset Finance

Asset finance is a financing technique in which the cash flow generated by assets belonging to a corporation or other body is used to repay loans.

Ship finance is a global financing method for the building or purchase of ships, which is backed by various types of set collateral and the cash flow generated by the ships (mainly charter fees). The SuMi TRUST Group has built up expertise and a record of achievements in this area over many years.

Aircraft finance is a financing method to provide funds for the acquisition of aircraft while appropriately managing the creditworthiness of the airline and the value (and structure) of the aircraft. A specialized team set up by the SuMi TRUST Group in 2012 is now doing business with airlines and aircraft leasing companies worldwide.

M&A Finance

M&A finance consists of finance for the purpose of providing acquisition capital when companies or private equity funds acquire a company, or when a company's management seeks to buy out its own company or a single business unit in the company.

The SuMi TRUST Group provides solutions to various management issues, such as recapitalization and business succession for owner-managed listed companies, in addition to solutions to the increasing need for Japanese companies to acquire overseas companies and need of companies to sell their non-core businesses. The SuMi TRUST Group arranges a wide range of financings related to these acquisitions.

Consulting for Corporate Clients

As a trust bank group that covers banking, trust and real estate functions, the SuMi TRUST 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.

* Consulting on anti-takeover measures is provided in coordination with the Stock Transfer Agency Services Business.

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 SuMi TRUST 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 SuMi TRUST Group has currently secured a top class position in the asset securitization field among domestic financial institutions in terms of both quality and quantity. In addition to our asset securitization arrangements, we have also provided solutions to various management issues of our clients by making active use of our trust function.

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

Electronic Monetary Claim Services

In addition to “Densai Net” services, a new settlement infrastructure for monetary claims, the SuMi TRUST Group offers “Densai lump-sum factoring,” which was made possible through SuMi TRUST Group’s proprietary system development. With Densai lump-sum factoring, the SuMi TRUST Group makes lump-sum purchases of the electronically recorded monetary claims of a designated payer company held by a supplier company, thereby providing such benefits as facilitating fundraising for the supplier company on the creditworthiness of the payer company, and reducing bills and enhancing the efficiency of payment operations for the payer company. The SuMi TRUST Group is committed to actively promoting the spread and use of the Densai Net by taking advantage of its versatility and offering the Densai lump-sum factoring system to regional financial institutions.

Sales of Asset Management Products

In addition to offering asset management products through beneficiary rights and corporate bond issued against trust asset in our asset securitization operations, the SuMi TRUST Group uses the experience of investment and loan operations accumulated in the banking business as well as pension investment consulting to develop and arrange alternative asset management products* for institutional investors, as well as various asset management products that target a wider range of investors. The SuMi TRUST Group provides investment opportunities for pension investors, financial institutions and other clients by developing a variety of asset management opportunities that harness our proprietary account investment techniques and management know-how to meet the asset management needs of its clients.

* Alternative asset management products use assets which differ from conventional investments such as shares and bonds.

M&A Advisory

The SuMi TRUST 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, 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 SuMi TRUST 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, and board benefit trusts* for executive officers, directors, and audit & supervisory board members as a perk in our human resources management system as well as 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.

* A Japanese version of ESOPs, share-awarding ESOPs and the Board Benefit Trusts are provided in coordination with the Stock Transfer Agency Services Business.

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 and credit services, and credit card financing services to a wide range of clients, supported by the customer base of SuMi TRUST Bank 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 SuMi TRUST 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 SuMi TRUST Bank. 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 lineup 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 Investment Co., Ltd.

As a member of the SuMi TRUST Group, Sumitomo Mitsui Trust Investment provides various services for the management of private equity funds and related advisory services. In addition to the establishment and management of investment partnerships, the company undertakes management, administration and monitoring of fund investments, and also provides solutions for securitization as well as advisory services for private equity-related investments including M&As.

Sumitomo Mitsui Trust (Hong Kong) Limited

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Sumitomo Mitsui Trust Bank (Thai) is a local subsidiary scheduled to start business in Thailand in FY2015. Thailand serves as one of the largest manufacturing bases in Southeast Asia for Japanese companies. Its economy is expected to expand further on an integrated basis with surrounding countries through liberalized trade and provision of services under the framework of the soon to be established ASEAN Economic Community. Once operations start, Sumitomo Mitsui Trust Bank (Thai) will contribute to the further prosperity of the Thai economy as well as its customers by providing financing services and high-quality financial services unique as a trust bank and based on the expertise developed over the years within the SuMi TRUST Group to customers including Japanese corporate clients.

Zijin Trust Co., Ltd.

Zijin Trust is a trust company in China that is owned 19.9% by SuMi TRUST Bank. 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.