

Composition of capital as of December 31, 2016

<Sumitomo Mitsui Trust Bank, Limited.>

[Non-consolidated, International standard]

(Millions of yen, except percentages)

Basel III template No.	Items	December 31, 2016	Amounts excluded under transitional arrangements	September 30, 2016	Amounts excluded under transitional arrangements
Common Equity Tier 1 capital: instruments and reserves					
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	1,863,439		1,831,119	
1a	of which: capital stock and capital surplus	834,289		834,289	
2	of which: retained earnings	1,029,149		1,016,991	
1c	of which: treasury stock (deduction)	-		-	
26	of which: earnings to be distributed (deduction)	-		20,161	
	of which: others	-		-	
1b	Subscription rights to common shares	-		-	
3	Valuation and translation adjustments	243,534	162,356	250,205	166,803
	Amount allowed in group Common Equity Tier 1 subject to transitional arrangements	-		-	
6	Common Equity Tier 1 capital before regulatory adjustments (A)	2,106,974		2,081,325	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Intangible assets other than mortgage servicing rights *	37,496	24,997	34,962	23,308
8	of which: goodwill (including those equivalent)	-	-	-	-
9	of which: other intangible assets	37,496	24,997	34,962	23,308
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences *	-	-	-	-
11	Deferred gains or losses on derivatives under hedge accounting	(7,333)	(4,888)	(3,850)	(2,566)
12	Shortfall of eligible provisions to expected losses	16,239	10,826	16,684	11,123
13	Securitization gain on sale	1,682	1,121	1,837	1,224
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
15	Defined-benefit pension fund net assets (prepaid pension expenses) *	68,285	45,523	69,906	46,604
16	Investments in own shares (excluding those reported in the Net assets section)	-	-	-	-
17	Reciprocal cross-holdings in common equity	-	-	-	-
18	Investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	3,614	2,409	665	443
19+20+21	Amount above the 10% threshold on the specified items	-	-	-	-
19	of which: significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-	-	-	-
20	of which: mortgage servicing rights	-	-	-	-
21	of which: deferred tax assets arising from temporary differences *	-	-	-	-
22	Amount exceeding the 15% threshold on the specified items	-	-	-	-
23	of which: significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-	-	-	-
24	of which: mortgage servicing rights	-	-	-	-
25	of which: deferred tax assets arising from temporary differences *	-	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	119,984		120,205	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (C) = (A)-(B)	1,986,990		1,961,119	

(Millions of yen, except percentages)

Basel III template No.	Items	December 31, 2016	Amounts excluded under transitional arrangements	September 30, 2016	Amounts excluded under transitional arrangements	
Additional Tier 1 capital: instruments						
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as equity under applicable accounting standards	-	-	-	
	31b	Subscription rights to Additional Tier 1 instruments	-	-	-	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as liabilities under applicable accounting standards	220,000	220,000	-	
		Qualifying Additional Tier 1 instruments issued by special purpose vehicles	-	-	-	
33+35	Eligible Tier 1 capital instruments subject to phase out from Additional Tier 1 capital	160,000	-	160,000	-	
	Amount allowed in group Additional Tier 1 subject to transitional arrangements	(0)	-	(0)	-	
	of which: foreign currency translation adjustment	(0)	-	(0)	-	
36	Additional Tier 1 capital: instruments (D)	379,999	-	379,999	-	
Additional Tier 1 capital: regulatory adjustments						
37	Investments in own Additional Tier 1 instruments	-	-	-	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	-	-	
39	Investments in the Additional Tier 1 instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	658	438	145	96	
40	Significant investments in the Additional Tier 1 instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-	-	-	-	
	Regulatory adjustments applied to Additional Tier 1 subject to transitional arrangements	6,534	-	6,786	-	
	of which: equivalent to capital increase due to securitization transactions	1,121	-	1,224	-	
	of which: equivalent to 50% of shortfall of eligible provisions to expected losses	5,413	-	5,561	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-	
43	Additional Tier 1 capital: regulatory adjustments (E)	7,192	-	6,931	-	
Additional Tier 1 capital (AT1)						
44	Additional Tier 1 capital (F) = (D)-(E)	372,807	-	373,068	-	
Tier 1 capital (T1 = CET1 + AT1)						
45	Tier 1 capital (G) = (C)+(F)	2,359,797	-	2,334,187	-	
Tier 2 capital: instruments and provisions						
46		Directly issued qualifying Tier 2 instruments plus related capital surplus of which classified as equity under applicable accounting standards	-	-	-	
		Subscription rights to Tier 2 instruments	-	-	-	
		Directly issued qualifying Tier 2 instruments plus related capital surplus of which classified as liabilities under applicable accounting standards	130,000	-	90,000	-
		Qualifying Tier 2 instruments issued by special purpose vehicles	-	-	-	-
47+49	Eligible Tier 2 capital instruments subject to phase out from Tier 2 capital	370,071	-	383,632	-	
50	Provisions allowed in group Tier 2	-	-	-	-	
50a	of which: general allowance for credit losses	-	-	-	-	
50b	of which: excess amount of eligible provisions to expected losses	-	-	-	-	
	Amount allowed in group Tier 2 subject to transitional arrangements	108,525	-	109,982	-	
	of which: 45% of net unrealized gain on available-for-sale securities	108,114	-	109,571	-	
	of which: 45% of revaluation reserve for land	411	-	411	-	
51	Tier 2 capital: instruments and provisions (H)	608,597	-	583,615	-	

(Millions of yen, except percentages)

Basel III template No.	Items	December 31, 2016	Amounts excluded under transitional arrangements	September 30, 2016	Amounts excluded under transitional arrangements
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	-	-	-	-
53	Reciprocal cross-holdings in Tier 2 instruments	-	-	-	-
54	Investments in the Tier 2 instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	4,579	3,052	1,018	679
55	Significant investments in the Tier 2 instruments of banking, financial and insurance entities that are outside of the scope of regulatory consolidation, net of eligible short positions	-	-	-	-
	Regulatory adjustments applied to Tier 2 subject to transitional arrangements	5,742		5,615	
	of which: investments in the instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	329		53	
	of which: equivalent to 50% of shortfall of eligible provisions to expected losses	5,413		5,561	
57	Tier 2 capital: regulatory adjustments (I)	10,322		6,633	
Tier 2 capital (T2)					
58	Tier 2 capital (J) = (H)-(I)	598,275		576,981	
Total capital (TC = T1 + T2)					
59	Total capital (K) = (G)+(J)	2,958,072		2,911,169	
Total risk weighted assets					
	Risk weighed assets subject to transitional arrangements	83,477		72,602	
	of which: intangible assets other than mortgage servicing rights *	24,997		23,308	
	of which: defined-benefit pension fund net assets *	45,523		46,604	
	of which: investments in the instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	12,956		2,690	
60	Total risk weighted assets (L)	18,451,088		17,553,869	
Capital ratios					
61	Common Equity Tier 1 capital ratio (C)/(L)	10.76%		11.17%	
62	Tier 1 capital ratio (G)/(L)	12.78%		13.29%	
63	Total capital ratio (K)/(L)	16.03%		16.58%	
Regulatory adjustments (before risk weighting)					
72	Investments in the instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount below the threshold for deduction)	207,538		204,889	
73	Significant investments in the common stock of banking, financial and insurance entities (amount below the thresholds for deduction)	41,909		41,895	
74	Mortgage servicing rights (amount below the thresholds for deduction)	-		-	
75	Deferred tax assets arising from temporary differences (amount below the thresholds for deduction)	-		-	
Provisions included in Tier 2 capital: instruments and provisions					
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to applicable of cap)	-		-	
77	Cap on inclusion of provisions in Tier 2 under standardized approach	2,730		1,728	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal rating-based approach (prior to applicable of cap)	-		-	
79	Cap on inclusion of provisions in Tier 2 under internal ratings-based approach	99,039		93,542	
Capital instruments subject to phase out arrangements					
82	Current cap on Additional Tier 1 instruments subject to phase out arrangements	233,400		233,400	
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	-		-	
84	Current cap on Tier 2 instruments subject to phase out arrangements	514,745		514,745	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	-		-	

* net of related deferred tax liabilities