

Composition of capital as of December 31, 2017

<Sumitomo Mitsui Trust Holdings, Inc. >

[Consolidated, International standard]

(Millions of yen, except percentages)

Basel III template No.	Items	December 31, 2017	Amounts excluded under transitional arrangements	September 30, 2017	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	2,096,965		2,049,591	
1a	of which: capital stock and capital surplus	906,625		906,624	
2	of which: retained earnings	1,232,557		1,209,904	
1c	of which: treasury stock (deduction)	42,217		42,203	
26	of which: earnings to be distributed (deduction)	-		24,734	
	of which: others	-		-	
1b	Subscription rights to common shares	800		803	
3	Accumulated other comprehensive income	389,721	97,430	363,518	90,879
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group Common Equity Tier 1)	1,989		2,025	
	Amount allowed in group Common Equity Tier 1 subject to transitional arrangements	7,064		6,597	
	of which: common share capital issued by subsidiaries and held by third parties	7,064		6,597	
6	Common Equity Tier 1 capital: instruments and reserves (A)	2,496,541		2,422,536	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Intangible assets other than mortgage servicing rights *	144,798	36,199	144,830	36,207
8	of which: goodwill (including those equivalent)	74,690	18,672	77,097	19,274
9	of which: other intangible assets	70,107	17,526	67,733	16,933
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences *	36	9	78	19
11	Deferred gains or losses on derivatives under hedge accounting	(17,120)	(4,280)	(16,163)	(4,040)
12	Shortfall of eligible provisions to expected losses	12,226	3,056	12,092	3,023
13	Securitization gain on sale	1,438	359	1,524	381
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
15	Defined-benefit pension fund net assets (assets for retirement benefits) *	72,337	18,084	69,171	17,292
16	Investments in own shares (excluding those reported in the Net assets section)	92	23	13	3
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)	-	-	-	-
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)	213,809		211,548	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (C) = (A)-(B)	2,282,732		2,210,988	

(Millions of yen, except percentages)

Basel III template No.	Items	December 31, 2017	Amounts excluded under transitional arrangements	September 30, 2017	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	290,000	290,000	-
		Qualifying Additional Tier 1 instruments issued by special purpose vehicles	-	-	-
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group Additional Tier 1)	12,519	-	13,965	-
33+35	Eligible Tier 1 capital instruments subject to phase out from Additional Tier 1 capital	193,000	-	193,000	-
33	of which: directly issued and issued by special purpose vehicles	83,000	-	83,000	-
35	of which: issued by subsidiaries	110,000	-	110,000	-
	Amount allowed in group Additional Tier 1 subject to transitional arrangements	1,430	-	1,017	-
	of which: foreign currency translation adjustment	1,430	-	1,017	-
36	Additional Tier 1 capital: instruments (D)	496,949	-	497,983	-
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)	-	-	-	-
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	19,588	-	20,075	-
	of which: goodwill equivalents	16,693	-	17,161	-
	of which: equivalent to intangible fixed assets recorded through business combination	1,007	-	1,021	-
	of which: equivalent to capital increase due to securitization transactions	359	-	381	-
	of which: equivalent to 50% of shortfall of eligible provisions to expected losses	1,528	-	1,511	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
43	Additional Tier 1 capital: regulatory adjustments (E)	19,588	-	20,075	-
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital (F) = (D)-(E)	477,360	-	477,907	-
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (G) = (C)+(F)	2,760,093	-	2,688,896	-
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	220,000	180,000	-
		Qualifying Tier 2 instruments issued by special purpose vehicles	-	-	-
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	3,234	-	3,524	-
47+49	Eligible Tier 2 capital instruments subject to phase out from Tier 2	309,083	-	344,156	-
47	of which: directly issued and issued by special purpose vehicles	-	-	-	-
49	of which: issued by subsidiaries	309,083	-	344,156	-
50	Provisions allowed in group Tier 2	4,892	-	4,293	-
50a	of which: general allowance for credit losses	4,892	-	4,293	-
50b	of which: excess amount of eligible provisions to expected losses	-	-	-	-
	Amount allowed in group Tier 2 subject to transitional arrangements	67,208	-	63,258	-
	of which: 45% of net unrealized gain on available-for-sale securities	67,511	-	63,561	-
	of which: 45% of revaluation reserve for land	(302)	-	(302)	-
51	Tier 2 capital: instruments and provisions (H)	604,418	-	595,233	-

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Basel III template No.	Items	December 31, 2017	Amounts excluded under transitional arrangements	September 30, 2017	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)	-	-	-	-
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	3,507		3,624	
	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	1,979		2,112	
	of which: equivalent to 50% of shortfall of eligible provisions to expected losses	1,528		1,511	
57	Tier 2 capital: regulatory adjustments (I)	3,507		3,624	
Tier 2 capital (T2)					
58	Tier 2 capital (J) = (H)-(I)	600,910		591,608	
Total capital (TC = T1 + T2)					
59	Total capital (K) = (G)+(J)	3,361,003		3,280,504	
Total risk weighted assets					
	Risk weighed assets subject to transitional arrangements	34,669		33,234	
	of which: intangible assets other than mortgage servicing rights *	16,519		15,912	
	of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences *	9		19	
	of which: defined-benefit pension fund net assets *	18,084		17,292	
	of which: investments in own instruments	56		9	
60	Total risk weighted assets (L)	21,027,701		19,570,897	
Capital ratios (consolidated)					
61	Common Equity Tier 1 capital ratio (C)/(L)	10.85%		11.29%	
62	Tier 1 capital ratio (G)/(L)	13.12%		13.73%	
63	Total capital ratio (K)/(L)	15.98%		16.76%	
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)	213,198		199,341	
73	Significant investments in the common stock of banking, financial and insurance entities (amount below the thresholds for deduction)	85,734		80,926	
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)	4,892		4,293	
77	Cap on inclusion of provisions in Tier 2 under standardized approach	9,827		9,690	
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	105,587		99,623	
Capital instruments subject to phase out arrangements					
82	Current cap on Additional Tier 1 instruments subject to phase out arrangements	272,500		272,500	
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	428,954		428,954	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	-		-	

* net of related deferred tax liabilities