

Composition of capital as of December 31, 2016

<Sumitomo Mitsui Trust Bank, Limited.>

[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	2,009,535		1,969,483	
1a	of which: capital stock and capital surplus	834,076		834,076	
2	of which: retained earnings	1,175,458		1,155,568	
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	Accumulated other comprehensive income	214,058	142,705	210,530	140,353
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group Common Equity Tier 1)	-		-	
	Amount allowed in group Common Equity Tier 1 subject to transitional arrangements	6,768		6,937	
	of which: common share capital issued by subsidiaries and held by third parties	6,768		6,937	
6	Common Equity Tier 1 capital: instruments and reserves (A)	2,230,362		2,186,950	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Intangible assets other than mortgage servicing rights *	108,086	72,057	105,861	70,574
8	of which: goodwill (including those equivalent)	66,028	44,019	66,802	44,535
9	of which: other intangible assets	42,058	28,038	39,058	26,039
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences *	390	260	433	289
11	Deferred gains or losses on derivatives under hedge accounting	(12,524)	(8,349)	(9,321)	(6,214)
12	Shortfall of eligible provisions to expected losses	14,350	9,567	14,738	9,825
13	Securitization gain on sale	1,566	1,044	1,728	1,152
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) *	42,023	28,015	40,662	27,108
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)	4,186	2,791	1,861	1,240
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)	158,080		155,963	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (C) = (A)-(B)	2,072,282		2,030,986	

(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	-	-	-
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group Additional Tier 1)	11,897	-	10,764	-
33+35	Eligible Tier 1 capital instruments subject to phase out from Additional Tier 1 capital	160,000	-	160,000	-
33	of which: directly issued and issued by special purpose vehicles	160,000	-	160,000	-
35	of which: issued by subsidiaries	-	-	0	-
	Amount allowed in group Additional Tier 1 subject to transitional arrangements	(567)	-	(5,301)	-
	of which: foreign currency translation adjustment	(567)	-	(5,301)	-
36	Additional Tier 1 capital: instruments (D)	391,329	-	385,462	-
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)	725	483	378	252
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	46,764	-	46,541	-
	of which: goodwill equivalents	38,795	-	39,742	-
	of which: equivalent to intangible fixed assets recorded through business combination	2,141	-	733	-
	of which: equivalent to capital increase due to securitization transactions	1,044	-	1,152	-
	of which: equivalent to 50% of shortfall of eligible provisions to expected losses	4,783	-	4,912	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
43	Additional Tier 1 capital: regulatory adjustments (E)	47,489	-	46,920	-
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital (F) = (D)-(E)	343,839	-	338,542	-
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (G) = (C)+(F)	2,416,121	-	2,369,529	-
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	-	-	-
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	2,691	-	2,453	-
47+49	Eligible Tier 2 capital instruments subject to phase out from Tier 2 capital	370,071	-	383,632	-
47	of which: directly issued and issued by special purpose vehicles	370,071	-	383,632	-
49	of which: issued by subsidiaries	-	-	-	-
50	Provisions allowed in group Tier 2	3,906	-	3,360	-
50a	of which: general allowance for credit losses	3,906	-	3,360	-
50b	of which: excess amount of eligible provisions to expected losses	-	-	-	-
	Amount allowed in group Tier 2 subject to transitional arrangements	109,487	-	110,560	-
	of which: 45% of net unrealized gain on available-for-sale securities	109,076	-	110,149	-
	of which: 45% of revaluation reserve for land	411	-	411	-
51	Tier 2 capital: instruments and provisions (H)	616,157	-	590,007	-

(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)	5,075	3,383	2,681	1,787
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	10,372		9,845	
	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	5,589		4,933	
	of which: equivalent to 50% of shortfall of eligible provisions to expected losses	4,783		4,912	
57	Tier 2 capital: regulatory adjustments (I)	15,447		12,527	
Tier 2 capital (T2)					
58	Tier 2 capital (J) = (H)-(I)	600,709		577,480	
Total capital (TC = T1 + T2)					
59	Total capital (K) = (G)+(J)	3,016,831		2,947,009	
Total risk weighted assets					
	Risk weighed assets subject to transitional arrangements	68,746		59,913	
	of which: intangible assets other than mortgage servicing rights *	25,897		25,305	
	of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences *	260		289	
	of which: defined-benefit pension fund net assets *	28,015		27,108	
	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	14,572		7,210	
60	Total risk weighted assets (L)	19,017,087		18,036,245	
Capital ratios (consolidated)					
61	Common Equity Tier 1 capital ratio (C)/(L)	10.89%		11.26%	
62	Tier 1 capital ratio (G)/(L)	12.70%		13.13%	
63	Total capital ratio (K)/(L)	15.86%		16.33%	
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)	210,981		206,352	
73	Significant investments in the common stock of banking, financial and insurance entities (amount below the thresholds for deduction)	68,088		65,595	
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)	3,906		3,360	
77	Cap on inclusion of provisions in Tier 2 under standardized approach	8,066		6,494	
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	98,352		92,645	
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