

Composition of capital as of December 31, 2016

<Sumitomo Mitsui Trust Holdings, Inc. >

[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	2,040,121		1,997,920	
1a	of which: capital stock and capital surplus	906,656		906,657	
2	of which: retained earnings	1,167,523		1,150,155	
1c	of which: treasury stock (deduction)	34,058		34,025	
26	of which: earnings to be distributed (deduction)	-		24,865	
	of which: others	-		-	
1b	Subscription rights to common shares	581		584	
3	Accumulated other comprehensive income	208,740	139,160	207,147	138,098
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group Common Equity Tier 1)	1,874		2,109	
	Amount allowed in group Common Equity Tier 1 subject to transitional arrangements	13,486		13,515	
	of which: common share capital issued by subsidiaries and held by third parties	13,486		13,515	
6	Common Equity Tier 1 capital: instruments and reserves (A)	2,264,805		2,221,278	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Intangible assets other than mortgage servicing rights *	115,105	76,737	112,653	75,102
8	of which: goodwill (including those equivalent)	63,554	42,369	64,253	42,835
9	of which: other intangible assets	51,550	34,367	48,399	32,266
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences *	390	260	432	288
11	Deferred gains or losses on derivatives under hedge accounting	(12,508)	(8,339)	(9,305)	(6,203)
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) *	42,106	28,070	40,742	27,161
16	Investments in own shares (excluding those reported in the Net assets section)	6	4	3	2
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)	5,019	3,346	2,541	1,694
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)	166,036		163,534	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (C) = (A)-(B)	2,098,768		2,057,744	

(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)	12,298	-	11,215	-
33+35	Eligible Tier 1 capital instruments subject to phase out from Additional Tier 1 capital	276,000	-	276,000	-
33	of which: directly issued and issued by special purpose vehicles	116,000	-	116,000	-
35	of which: issued by subsidiaries	160,000	-	160,000	-
	Amount allowed in group Additional Tier 1 subject to transitional arrangements	277	-	(4,456)	-
	of which: foreign currency translation adjustment	277	-	(4,456)	-
36	Additional Tier 1 capital: instruments (D)	508,576	-	502,759	-
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)	833	555	492	328
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	45,115	-	44,842	-
	of which: goodwill equivalents	37,146	-	38,043	-
	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)	45,949	-	45,334	-
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital (F) = (D)-(E)	462,627	-	457,424	-
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (G) = (C)+(F)	2,561,395	-	2,515,169	-
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)	3,227	-	3,056	-
47+49	Eligible Tier 2 capital instruments subject to phase out from Tier 2	370,071	-	383,632	-
47	of which: directly issued and issued by special purpose vehicles	-	-	-	-
49	of which: issued by subsidiaries	370,071	-	383,632	-
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	104,167	-	105,422	-
	of which: 45% of net unrealized gain on available-for-sale securities	104,661	-	105,916	-
	of which: 45% of revaluation reserve for land	(493)	-	(493)	-
51	Tier 2 capital: instruments and provisions (H)	611,372	-	585,472	-

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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)	5,835	3,890	3,486	2,324
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	10,427		9,888	
	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	5,643		4,975	
	of which: equivalent to 50% of shortfall of eligible provisions to expected losses	4,783		4,912	
57	Tier 2 capital: regulatory adjustments (I)	16,263		13,375	
Tier 2 capital (T2)					
58	Tier 2 capital (J) = (H)-(I)	595,109		572,097	
Total capital (TC = T1 + T2)					
59	Total capital (K) = (G)+(J)	3,156,505		3,087,266	
Total risk weighted assets					
	Risk weighed assets subject to transitional arrangements	77,562		68,500	
	of which: intangible assets other than mortgage servicing rights *	32,226		31,533	
	of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences *	260		288	
	of which: defined-benefit pension fund net assets *	28,070		27,161	
	of which: investments in own instruments	13		6	
	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	16,991		9,510	
60	Total risk weighted assets (L)	19,116,179		18,141,328	
Capital ratios (consolidated)					
61	Common Equity Tier 1 capital ratio (C)/(L)	10.97%		11.34%	
62	Tier 1 capital ratio (G)/(L)	13.39%		13.86%	
63	Total capital ratio (K)/(L)	16.51%		17.01%	
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)	212,211		207,754	
73	Significant investments in the common stock of banking, financial and insurance entities (amount below the thresholds for deduction)	68,077		65,590	
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	8,736		7,211	
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	98,438		92,741	
Capital instruments subject to phase out arrangements					
82	Current cap on Additional Tier 1 instruments subject to phase out arrangements	327,000		327,000	
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