

Composition of capital as of March 31, 2018

<Sumitomo Mitsui Trust Bank, Limited>

[Consolidated, International standard]

(Millions of yen, except percentages)

Basel III template No.	Items	March 31, 2018	Amounts excluded under transitional arrangements	March 31, 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	1,973,115		1,929,388	
1a	of which: capital stock and capital surplus	798,025		834,076	
2	of which: retained earnings	1,266,419		1,165,558	
1c	of which: treasury stock (deduction)	-		-	
26	of which: earnings to be distributed (deduction)	91,329		70,246	
	of which: others	-		-	
1b	Subscription rights to common shares	-		-	
3	Accumulated other comprehensive income	509,704		353,112	88,278
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			3,425	
	of which: common share capital issued by subsidiaries and held by third parties			3,425	
6	Common Equity Tier 1 capital: instruments and reserves (A)	2,482,820		2,285,926	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Intangible assets other than mortgage servicing rights *	158,752		142,599	35,649
8	of which: goodwill (including those equivalent)	93,198		85,100	21,275
9	of which: other intangible assets	65,554		57,498	14,374
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences *	287		121	30
11	Deferred gains or losses on derivatives under hedge accounting	(20,893)		(14,885)	(3,721)
12	Shortfall of eligible provisions to expected losses	11,527		8,730	2,182
13	Securitization gain on sale	1,745		1,894	473
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) *	113,051		65,929	16,482
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)	-		5,410	1,352
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)	264,472		209,801	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (C) = (A)-(B)	2,218,347		2,076,125	

(Millions of yen, except percentages)

Basel III template No.	Items	March 31, 2018	Amounts excluded under transitional arrangements	March 31, 2017	Amounts excluded under transitional arrangements
Additional Tier 1 capital: instruments					
30	31a	-		-	
	31b	-		-	
	32	290,000		220,000	
		-		-	
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group Additional Tier 1)	12,127		12,040	
33+35	Eligible Tier 1 capital instruments subject to phase out from Additional Tier 1 capital	110,000		160,000	
33	of which: directly issued and issued by special purpose vehicles	110,000		160,000	
35	of which: issued by subsidiaries	-		-	
	Amount allowed in group Additional Tier 1 subject to transitional arrangements			4	
	of which: foreign currency translation adjustment			4	
36	Additional Tier 1 capital: instruments (D)	412,127		392,044	
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)	-		934	233
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			21,511	
	of which: goodwill equivalents			18,898	
	of which: equivalent to intangible fixed assets recorded through business combination			1,048	
	of which: equivalent to capital increase due to securitization transactions			473	
	of which: equivalent to 50% of shortfall of eligible provisions to expected losses			1,091	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-	
43	Additional Tier 1 capital: regulatory adjustments (E)	-		22,446	
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital (F) = (D)-(E)	412,127		369,598	
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (G) = (C)+(F)	2,630,475		2,445,723	
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		140,000	
	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)	2,626		2,735	
47+49	Eligible Tier 2 capital instruments subject to phase out from Tier 2 capital	299,228		361,498	
47	of which: directly issued and issued by special purpose vehicles	299,228		361,498	
49	of which: issued by subsidiaries	-		-	
50	Provisions allowed in group Tier 2	4,329		3,926	
50a	of which: general allowance for credit losses	4,329		3,926	
50b	of which: excess amount of eligible provisions to expected losses	-		-	
	Amount allowed in group Tier 2 subject to transitional arrangements			63,293	
	of which: 45% of net unrealized gain on available-for-sale securities			63,118	
	of which: 45% of revaluation reserve for land			175	
51	Tier 2 capital: instruments and provisions (H)	526,184		571,455	

(Millions of yen, except percentages)

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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)	-		6,516	1,629
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			3,631	
	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			2,540	
	of which: equivalent to 50% of shortfall of eligible provisions to expected losses			1,091	
57	Tier 2 capital: regulatory adjustments (I)	-		10,147	
Tier 2 capital (T2)					
58	Tier 2 capital (J) = (H)-(I)	526,184		561,307	
Total capital (TC = T1 + T2)					
59	Total capital (K) = (G)+(J)	3,156,660		3,007,030	
Total risk weighted assets					
	Risk weighed assets subject to transitional arrangements			36,858	
	of which: intangible assets other than mortgage servicing rights *			13,325	
	of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences *			30	
	of which: defined-benefit pension fund net assets *			16,482	
	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			7,019	
60	Total risk weighted assets (L)	20,427,360		19,291,135	
Capital ratios (consolidated)					
61	Common Equity Tier 1 capital ratio (C)/(L)	10.85%		10.76%	
62	Tier 1 capital ratio (G)/(L)	12.87%		12.67%	
63	Total capital ratio (K)/(L)	15.45%		15.58%	
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)	185,288		211,529	
73	Significant investments in the common stock of banking, financial and insurance entities (amount below the thresholds for deduction)	87,607		71,957	
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)	4,329		3,926	
77	Cap on inclusion of provisions in Tier 2 under standardized approach	8,262		7,809	
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	103,183		100,088	
Capital instruments subject to phase out arrangements					
82	Current cap on Additional Tier 1 instruments subject to phase out arrangements	155,600		194,500	
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	343,163		428,954	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	-		-	

* net of related deferred tax liabilities