

Shinhan Bank Canada

Components of Capital

As at Q3, 2012

Capital Elements

Dollars in thousands

Tier 1

Common shares for accounting purposes	50,000
Less: Trading in short positions of own shares (gross)	0
Common shares for capital purposes	50,000
Contributed surplus	
Retained earnings for accounting purposes	-7,296
Less:	
Accumulated net after-tax fair value gain/(loss) arising from changes in institution's own credit risk	
After-tax fair value gains (losses) on own-use property on conversion to IFRS - cost model	
Accumulated net after-tax revaluation (loss) on own-use property - revaluation model	
Accumulated net after-tax fair value gain on investment property	
Plus:	
Adjustment for transition to measurement base under IFRS	
Retained earnings for capital purposes	-7,296
Accumulated net after-tax foreign currency translation adjustment reported in other comprehensive income (OCI)	
Accumulated net after-tax unrealized (loss) on available-for-sale equity securities reported in OCI	
Placeholder	
Non-cumulative perpetual preferred shares	
Innovative instruments included in tier 1 capital:	
Instruments issued in Canada	
Real estate investment trust (REIT) preferred securities issued in the U.S.	
Trust preferred securities issued in the U.S.	
For future use	
Total Innovative instruments included in tier 1 capital	
Non-controlling interests in subsidiaries (excluding innovative tier 1)	
Common equity	
Non-cumulative perpetual preferred shares	
Financial instruments grandfathered as tier 1 for regulatory purposes (e.g. July 2003 & Feb. 2004 Advisories)	
Non-cumulative perpetual preferred shares	
Innovative instruments	
Non-controlling interests - non-cumulative perpetual preferred shares	
Gross Tier 1 Capital	42,704
Deduct:	
Goodwill	
Designated intangible assets in excess of limit	
Net Tier 1 Capital	42,704
Deduct:	
Gains on sale recorded upon securitization (e.g. capitalized future margin income)	
Back-to-back inter-institutional placements of new tier 1 capital issues	
"50/50" deduction from each of tier 1 and tier 2	
Other	
Total deductions from net tier 1 capital	
Adjusted Net Tier 1 Capital	42,704

Tier 2A

Preferred shares
 Excess tier 1 (non-cumulative perpetual) preferred shares
 Subordinated debt (qualifying 99 year debentures)
 Eligible general allowance (re standardized approach)
 Excess allowance (re IRB approach)
 Non-controlling interests in subsidiaries (hybrid capital instruments)
 Accumulated net after-tax unrealized gain on available-for-sale equity securities reported in OCI
 Accumulated net after-tax fair value gain on investment property
 Placeholder

Total Tier 2A Capital**Tier 2B**

Innovative overflow
 Excess tier 1 qualifying innovative instruments
 Tier 2B qualifying instruments
 Book value of
 Preferred shares
 Subordinated debt
 Non-controlling interests in subsidiaries (subordinated term instruments)
 Less: Accumulated amortization for capital adequacy purposes

Total Tier 2B Capital**Total Tier 2 Capital**

Deduct:
 Back-to-back inter-institutional placements of new tier 2 capital issues
 "50/50" deduction from each of tier 1 and tier 2
 Other
 Total deductions from total tier 2 capital

Adjusted Tier 2 Capital**Total Adjusted Net Tier 1 and Adjusted Tier 2 Capital**

42,704

Tier 3 (limited to amount used to meet minimum required for market risk)

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Total Capital

42,704

Risk Weighted Assets

Credit Risk
 Market Risk
 Operational Risk

136,695
8,454

Total Risk Weighted Assets

Adjustment for floor

145,149

Adjusted Risk Weighted Assets

145,149

Capital Ratios

Tier 1 Ratio
 Total Ratio

29.42
29.42

Assets to Capital Multiple

6.70
