

Shinhan Bank Canada

Components of Capital

As at Q4, 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	-7,183
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	-7,183
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	42,817
Deduct:	
Goodwill	
Designated intangible assets in excess of limit	
Net Tier 1 Capital	42,817
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	42,817

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

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- 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

42,817

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

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Total Capital

42,817

Risk Weighted Assets

- Credit Risk
- Market Risk
- Operational Risk

138,317
9,373

Total Risk Weighted Assets

147,690

- Adjustment for floor

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Adjusted Risk Weighted Assets

147,690

Capital Ratios

- Tier 1 Ratio
- Total Ratio

28.99
28.99

Assets to Capital Multiple

6.84
