

# Shinhan Bank Canada

## Components of Capital

### As at Q2, 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	-7,533
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	-7,533
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	
<b>Gross Tier 1 Capital</b>	<b>42,467</b>
Deduct:	
Goodwill	
Designated intangible assets in excess of limit	
<b>Net Tier 1 Capital</b>	<b>42,467</b>
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	
<b>Adjusted Net Tier 1 Capital</b>	<b>42,467</b>

<b>Tier 2A</b>	
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	
<b>Total Tier 2A Capital</b>	
<b>Tier 2B</b>	
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	
<b>Total Tier 2B Capital</b>	
<b>Total Tier 2 Capital</b>	
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	
<b>Adjusted Tier 2 Capital</b>	
<b>Total Adjusted Net Tier 1 and Adjusted Tier 2 Capital</b>	42,467
<b>Tier 3 (limited to amount used to meet minimum required for market risk)</b>	
<b>Total Capital</b>	42,467
<b>Risk Weighted Assets</b>	
Credit Risk	137,047
Market Risk	
Operational Risk	8,496
<b>Total Risk Weighted Assets</b>	145,543
Adjustment for floor	
<b>Adjusted Risk Weighted Assets</b>	145,543
<b>Capital Ratios</b>	
Tier 1 Ratio	29.18
Total Ratio	29.18
<b>Assets to Capital Multiple</b>	6.72