

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

May 15, 2014

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**Pursuant to Rule 13a-16 or 15d-16**

**of the Securities Exchange Act of 1934**

**For the Month of May 2014**

**SHINHAN FINANCIAL GROUP CO., LTD.**

**(Translation of registrant's name into English)**

**20, Sejong-Daero 9-gil, Jung-Gu, Seoul 100-102, Korea**

**(Address of principal executive offices)**

Edgar Filing: SHINHAN FINANCIAL GROUP CO LTD - Form 6-K

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F       Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes       No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82- .

**Table of Contents**

**Summary of 2014 1Q Business Report**

On May 15, 2014, Shinhan Financial Group ( SFG ) filed its 2014 1Q Business Report (the Business Report ) with the Financial Supervisory Service of the Republic of Korea ( Korea ) pursuant to the Financial Investment Services and Capital Market Act of Korea. This is the summary of the Business Report translated into English. Non-material or previously disclosed information are omitted or abridged.

The financial information in this report has been prepared in accordance with Korean International Financial Reporting Standards.

**Table of Contents**

<u>1. Introduction of the Group</u>	3
<u>2. Business Results</u>	6
<u>3. Independent Auditor</u>	16
<u>4. Directors, Executive Officers and Employees</u>	17
<u>5. Major Shareholder and Market Price Information of our Common Shares and ADRs</u>	20
<u>6. Related Party Transactions</u>	21

**Table of Contents**

**1. Introduction of the Group**

**Company History in 2009 through 2014**

Jan. 2009: Shinhan BNP Paribas Asset Management launched through the merger of Shinhan BNP Paribas ITMC and SH Asset Management

Jun. 2009 : SH&C separated from SFG after SFG consummated share transfers of SH&C

Sep. 2009 : SBJ became an indirect subsidiary of SFG

Oct. 2009 : Shinhan Bank Vietnam became an indirect subsidiary of SFG

Nov. 2009 : Liquidated Shinhan Finance Ltd. , an indirect subsidiary of SFG

Dec. 2009 : Shinhan Capital Petra PEF became an indirect subsidiary of SFG

Jan. 2010 : Shinhan Data System became a direct subsidiary of SFG

Jun. 2010 : CHB Valuemeet 2001 First SPC was disaffiliated from SFG

Jun. 2010 : CHB Valuemeet 2001 Second SPC and CHB Valuemeet 2002 First SPC were disaffiliated from SFG

Aug. 2010 : Shinhan Macquarie Financial Advisory was disaffiliated from SFG

Oct. 2010 : Shinhan Maritime Private Equity Fund I became an indirect subsidiary of SFG

Dec. 2010 : KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp. became an indirect subsidiary of SFG

Feb. 2011 : Shinhan BNP Paribas Asset Management (Hong Kong) Limited became an indirect subsidiary of SFG

Nov. 2011 : Shinhan Bank Vietnam was merged with Shinhan Vina Bank.

Dec. 2011 : Shinhan Savings Bank became a direct subsidiary of SFG

Nov. 2012 : Shinhan AITAS Co., Ltd. joined SFG as a direct subsidiary

Jan. 2013 : Yehanbyoul Savings Bank joined SFG as a direct subsidiary.

Apr. 2013 : Shinhan Savings Bank merged with Yehanbyoul Savings Bank. As a result of the integration, Shinhan Savings Bank has been liquidated and Yehanbyoul Savings Bank now exists under the name of Shinhan Savings Bank as an existing legal entity.

**Table of Contents****Principal Subsidiaries under Korean Law (as of March 31, 2014)*****Direct Subsidiaries***

<b>Subsidiaries</b>	<b>Ownership by SFG</b>
Shinhan Bank	100.0%
Shinhan Card	100.0%
Shinhan Investment Corp.	100.0%
Shinhan Life Insurance	100.0%
Shinhan BNP Paribas Asset Management	65.0%
Shinhan Capital	100.0%
Jeju Bank <sup>1)</sup>	68.9%
Shinhan Savings Bank <sup>2)</sup>	100.0%
Shinhan Data System	100.0%
Shinhan AITAS <sup>3)</sup>	99.8%
Shinhan Credit Information	100.0%
Shinhan Private Equity	100.0%
SHC Management <sup>4)</sup>	100.0%

1) Jeju Bank is currently listed on the Korea Exchange.

2) On January 30, 2013, Yehanbyoul Savings Bank joined SFG as a direct subsidiary.

On April 1, 2013, Shinhan Savings Bank merged with Yehanbyoul Savings Bank, both of which were direct subsidiaries of Shinhan Financial Group. As a result of the integration of the two savings banks, the previous Shinhan Savings Bank has been liquidated and is thus no longer a subsidiary of Shinhan Financial Group and instead, Yehanbyoul Savings Bank now exists under the name of Shinhan Savings Bank as an existing legal entity constituting a member of Shinhan Financial Group.

3) On November 30, 2012, Shinhan AITAS Co., Ltd. joined SFG as a direct subsidiary. Prior to November 30, 2012, Shinhan AITAS was an indirect subsidiary of SFG under Shinhan Bank, a wholly-owned bank subsidiary of SFG.

4) Currently in liquidation proceedings.

**Table of Contents****Indirect subsidiaries held through direct subsidiaries (as of March 31, 2014)**

<b>Direct Subsidiaries</b>	<b>Indirect Subsidiaries</b>	<b>Ownership by the Parent</b>
Shinhan Bank	Shinhan Asia Limited	100.0%
	Shinhan Bank America	100.0%
	Shinhan Bank Europe	100.0%
	Shinhan Khmer Bank Limited. <sup>1)</sup>	90.0%
	Shinhan Bank Kazakhstan	100.0%
	Shinhan Bank China Limited	100.0%
	Shinhan Bank Canada	100.0%
	Shinhan Bank Japan	100.0%
Shinhan Investment Corp.	Shinhan Bank Vietnam	100.0%
	Shinhan Investment America Inc.	100.0%
	Shinhan Investment Europe Ltd.	100.0%
	Shinhan Investment Asia Ltd.	100.0%
	Shinhan Maritime Private Equity Fund I	7.1%
Shinhan BNP Paribas Asset Management	KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp. <sup>2)</sup>	8.5%
	Shinhan BNP Paribas Asset Management (Hong Kong) Limited	100.0%
Shinhan Private Equity	Shinhan NPS Private Equity Fund 1st <sup>3)</sup>	5.0%
	Shinhan Private Equity Fund 2nd <sup>4)</sup>	2.2%
	Shinhan-Stonebridge Petro Private Equity Fund <sup>5)</sup>	0.6%

- 1) Shinhan Financial Group and its subsidiaries currently own 93.3% of Shinhan Khmer Bank Limited
- 2) Shinhan Financial Group and its subsidiaries currently own 34.6% of KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp.
- 3) Shinhan Financial Group and its subsidiaries currently own 36.7% of Shinhan NPS Private Equity Fund 1st.
- 4) Shinhan Financial Group and its subsidiaries currently own 32.6% of Shinhan Private Equity Fund 2nd.
- 5) Shinhan Financial Group and its subsidiaries currently own 1.8% of Shinhan-Stonebridge Petro Private Equity Fund.

**Number of Shares (as of March 31, 2014)**

<b>Types of Shares</b>	<b>Number of Shares</b>
Common Shares	474,199,587
Redeemable Preferred Shares	11,100,000
<b>Total</b>	<b>485,299,587</b>





**Table of Contents****2. Business Results*****Operation Results***

(KRW billion)

	<b>FY2014</b>	<b>FY2013</b>	<b>FY2012</b>
	<b>(Jan. 1 ~ Mar. 31)</b>	<b>(Jan. 1 ~ Dec. 31)</b>	<b>(Jan. 1 ~ Dec. 31)</b>
Operating income	757.8	2,637.6	3,178.0
Equity in income(loss) of associates	8.5	7.3	27.5
Non-Operating Income(loss)	9.5	37.3	25.1
Earnings before income tax	775.8	2,682.2	3,230.6
Income taxes	180.3	622.6	738.7
Consolidated net income	595.5	2,059.6	2,491.9
Net income in majority interest	558.4	1,902.8	2,321.9
Net income in minority interest	37.1	156.8	170.0

Some of the totals may not sum due to rounding.

**Table of Contents****Source and Use of Funds**

	FY2014 Jan. 1 ~ Mar. 31				FY2013 Jan. 1 ~ Dec. 31				FY2012 Jan. 1 ~ Dec. 31	
	Average Balance	Proportions (%)	Interest Paid	Interest Rate (%)	Average Balance	Proportions (%)	Interest Paid	Interest Rate (%)	Average Balance	Proportions (%)
Assets (KRW billion, ₩)	179,980.2	57.13	860.0	1.91	176,825.5	56.58	3,914.2	2.21	170,937.0	56.64
Loans	12,410.5	3.94	52.9	1.70	13,054.6	4.18	229.3	1.76	14,463.2	4.79
Investments	36,972.5	11.74	343.3	3.71	38,303.2	12.26	1,521.5	3.97	39,763.3	13.18
Other Assets	55,752.3	17.70			55,163.7	17.65			48,721.2	16.14
Liabilities	285,115.5	90.50			283,347.0	90.67			273,884.7	90.75
Shareholder's Equity	29,937.0	9.50			29,159.3	9.33			27,920.0	9.25
Assets & SE	315,052.5	100.00			312,506.3	100.00			301,804.7	100.00
Due from										
Government	18,630.1	5.91	55.8	1.20	17,264.0	5.52	200.9	1.16	15,655.9	5.19
Financial	206,148.3	65.43	2,419.9	4.70	203,254.8	65.04	10,173.5	5.01	196,161.4	65.00
Non-Financial	159,212.0	50.54	1,754.4	4.41	156,496.7	50.08	7,435.5	4.75	150,826.8	49.97
Foreign	10,863.2	3.45	100.9	3.72	10,506.0	3.36	394.6	3.76	10,335.9	3.42
Accounts	17,491.9	5.55	425.9	9.74	17,445.2	5.58	1,763.8	10.11	17,507.8	5.80
Special Assets	18,581.2	5.90	138.7	2.99	18,806.9	6.02	579.6	3.08	17,490.9	5.80
Financial Assets	27,851.7	8.84	218.1	3.13	29,620.6	9.48	979.2	3.31	28,996.9	9.61
Financial Assets	11,213.4	3.56	125.1	4.46	11,197.0	3.58	527.9	4.71	11,790.5	3.91
Assets	51,209.1	16.25			51,169.9	16.37			49,200.0	16.30
Assets	315,052.5	100.00			312,506.3	100.00			301,804.7	100.00

1) The Average Balance is the arithmetic mean of the ending balance of each quarter.

**Table of Contents****Other Financial Information**

The main serial financial figures and indices for Mar. 31, 2014 listed herein may be subject to change.

**1) Capital Adequacy****Consolidated BIS Ratio (Shinhan Financial Group)**

(KRW billion)

	Mar. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Aggregate Amount of Equity Capital (A)	25,252.6	25,605.8	25,075.7
Risk-Weighted Assets (B)	190,676.5	190,716.6	201,184.4
BIS Ratio (A/B)	13.24%	13.43%	12.46%

Figs. from 2013. 12 based on Basel III, Figs. for 2012 based on Basel I

**Capital Adequacy Ratios (Subsidiaries)**

(%)

Subsidiary	Capital Adequacy Ratio	Mar. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Shinhan Bank	BIS Capital Adequacy Ratio	16.30	16.29	15.83
Jeju Bank	BIS Capital Adequacy Ratio	14.93	15.95	15.89
Shinhan Card	Adjusted Equity Capital Ratio	28.50	30.41	27.43
Shinhan Investment Corp.	Net Capital Ratio	469.28	493.33	666.34
Shinhan Life Insurance	Risk Based Capital Ratio	241.85	253.06	287.70
Shinhan BNPP AM	Net Capital Ratio	527.46	599.75	583.21
Shinhan Capital	Adjusted Equity Capital Ratio	14.93	15.05	14.98
Shinhan Savings Bank	BIS Capital Adequacy Ratio	13.81	12.22	n/a

The BIS Capital Adequacy Ratio is computed in accordance with the guidelines issued by the FSS for commercial banks. Under these guidelines, commercial banks are required to maintain a minimum capital adequacy ratio of 8%.

Basel III FIRB was applied in calculating Shinhan Bank's BIS Capital Adequacy Ratio from 2013. 12. whereas, Basel II FIRB was applied for 2012. 12.

Basel III TSA was applied in calculating Jeju Bank's BIS Capital Adequacy Ratio from 2013. 12. whereas, Basel II TSA was applied for 2012. 12.

Basel I was applied in calculating Shinhan Savings Bank's BIS Capital Adequacy Ratio.

The Adjusted Equity Capital Ratio represents the ratio of total adjusted shareholder's equity to total adjusted assets and is computed in accordance with the guidelines issued by FSS. Under these guidelines, Shinhan Card and Shinhan Capital are required to maintain a minimum adjusted equity capital ratio of 8%.

Net Capital Ratio is computed in accordance with the guidelines issued by the FSS. Under these guidelines, Shinhan Investment Corporation and Shinhan BNP Paribas Asset Management are required to maintain a minimum net capital ratio of 150%.

Under the guidelines issued by the FSS, Shinhan Life Insurance is required to maintain a minimum RBC ratio of 100%.

**Table of Contents****2) Liquidity****Won Liquidity Ratio**

(KRW billion, %)

Company	Mar. 31, 2014			Dec. 31, 2013			Dec. 31, 2012		
	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)
Shinhan Financial Group	1,337.6	565.0	236.7	578.3	263.0	219.9	189.1	93.4	202.6
Shinhan Bank	57,367.4	44,117.5	130.0	53,589.9	41,699.5	128.5	56,506.3	41,131.1	137.4
Shinhan Card	14,509.2	3,397.9	427.0	14,490.7	3,902.1	371.4	15,472.3	3,420.9	452.3
Shinhan Investment Corp.	12,305.8	8,154.9	150.9	10,613.7	7,833.6	135.5	9,358.8	6,725.4	139.2
Shinhan Life Insurance	1,515.9	428.5	353.8	1,174.2	419.6	279.8	969.1	377.2	256.9
Shinhan Capital	618.1	333.4	185.4	510.9	221.1	231.1	587.5	161.3	364.1
Jeju Bank	942.2	584.8	161.1	937.3	559.0	167.7	9,984.0	6,511.8	153.3
Shinhan Savings Bank	311.6	145.2	214.6	257.4	91.8	280.2			

- 1) Shinhan Financial Group, Shinhan Bank, Jeju Bank: Due within 1 month
- 2) Shinhan Life Insurance: (Won assets due within 3 months /3 months average of Claim payments )\*100
- 3) Shinhan Card, Shinhan Investment Corp., Shinhan Capital, Shinhan Savings Bank : Due within 3 months
- 4) Shinhan Financial Group figures are separate basis

**Foreign Currency (FC) Liquidity Ratio**

(USD thousand, %)

Company	Mar. 31, 2014			Dec. 31, 2013			Dec. 31, 2012		
	FC Assets	FC Liabilities	FC Liquidity Ratio(%)	FC Assets	FC Liabilities	FC Liquidity Ratio(%)	FC Assets	FC Liabilities	FC Liquidity Ratio(%)
Shinhan Financial Group									

Shinhan Bank	25,566,983	20,419,024	125.2	25,808,136	20,294,035	127.2	25,501,141	20,005,132	127.5
Shinhan Investment Corp.	711,514	493,327	144.2	451,293	390,614	115.5	450,807	417,150	108.1
Shinhan Capital	34,993	34,119	102.6	84,439	55,637	151.8	108,100	71,391	151.4
Jeju Bank	13,669	6,433	212.5	8,486	5,203	163.1	11,253	5,676	198.3

- 1) Foreign currency liquidity ratios are computed with assets and liabilities due within 3 months
- 2) Shinhan Bank's foreign currency liquidity ratio reflected securitization weight with the guidelines issued by the FSS
- 3) Shinhan Financial Group figures are separate basis

**Table of Contents****3) Asset Quality****SFG Consolidated Basis**

(KRW billion, %)

	<b>Mar. 31, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Total Loans	211,494.8	207,680.2	203,155.4
Substandard & Below	2,662.5	2,609.1	2,718.9
Substandard & Below Ratio	1.26	1.26	1.34
Non-Performing Loans	2,078.5	1,990.2	2,173.3
NPL Ratio	0.98	0.96	1.07
Substandard & Below Coverage Ratio	162.87	163.45	169.06
Loan Loss Allowance <sup>1)</sup>	4,336.4	4,264.6	4,596.5
Substandard & Below Loans	2,662.5	2,609.1	2,718.9

1) Including reserve for credit losses.

**Separate Basis**

(%)

	<b>Mar. 31, 2014</b>			<b>Dec. 31, 2013</b>			<b>Dec. 31, 2012</b>		
	<b>Substandard &amp; Below Ratio</b>	<b>NPL Ratio</b>	<b>Substandard &amp; Below Coverage Ratio <sup>1)</sup></b>	<b>Substandard &amp; Below Ratio</b>	<b>NPL Ratio</b>	<b>Substandard &amp; Below Coverage Ratio <sup>1)</sup></b>	<b>Substandard &amp; Below Ratio</b>	<b>NPL Ratio</b>	<b>Substandard &amp; Below Coverage Ratio <sup>1)</sup></b>
Shinhan Financial Group									
Shinhan Bank	1.15	0.92	147.56	1.16	0.90	149.82	1.08	0.87	170.55
Shinhan Card	1.75	1.22	291.52	1.53	1.00	314.75	2.14	1.64	248.83
Shinhan Investment Corp.	4.12	4.12	137.42	4.65	4.65	94.16	11.17	11.18	77.61
Shinhan Life Insurance	0.19	0.19	475.95	0.20	0.19	472.62	0.50	0.26	361.33
Shinhan Capital	1.90	1.26	121.55	2.23	1.88	111.21	2.98	1.91	95.84
Jeju Bank	2.14	2.01	79.13	1.53	1.49	105.10	1.49	1.47	102.90
Shinhan Savings Bank	17.27	12.56	29.34	17.70	13.64	33.30			

1) Including reserve for credit losses.

**Table of Contents****4) Write-Offs & Provision for Credit Losses****<SFG Consolidated Basis>**

(KRW billion)

	<b>Mar. 31, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Allowance for loan losses	2,506.5	2,575.0	2,903.5
Allowance for acceptances and guarantees	101.8	93.0	77.8
Allowance for unused loan commitments	398.3	411.2	415.4
Other allowance	240.6	246.1	254.6
<b>Total allowance</b>	<b>3,247.2</b>	<b>3,325.3</b>	<b>3,651.3</b>
Write-offs	258.0	1,504.1	1,417.2

**<Shinhan Bank>**

(KRW billion)

	<b>Mar. 31, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Allowance for loan losses	1,401.0	1,502.1	1,649.8
Allowance for acceptances and guarantees	120.7	111.5	112.8
Allowance for unused loan commitments	70.3	80.3	78.1
Other allowance	150.9	180.0	168.8
<b>Total allowance</b>	<b>1,742.9</b>	<b>1,873.9</b>	<b>2,009.5</b>
Write-offs	129.3	750.8	695.6

**<Shinhan Card>**

(KRW billion)

	<b>Mar. 31, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Allowance for loan losses	709.1	673.5	777.4
Allowance for acceptances and guarantees			
Allowance for unused loan commitments	316.7	318.6	328.5
Other allowance	75.3	52.7	46.7
<b>Total allowance</b>	<b>1,101.1</b>	<b>1,044.8</b>	<b>1,152.6</b>
Write-offs	108.7	647.5	511.6





**Table of Contents****5) Debt to Equity Ratios***Shinhan Financial Group (Separate Basis)*

(KRW billion)

	<b>Mar. 31, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Debt	7,790.7	7,450.2	7,546.0
Equity	20,477.7	19,974.5	19,666.9
Debt to Equity Ratio	38.04%	37.30%	38.37%

**Table of Contents****Twenty Largest Exposures by Borrower**

(KRW billion)

<b>As of Mar. 31, 2014 Consolidated basis</b>	<b>Loans in</b>		<b>Guarantees and</b>			<b>Total</b>
	<b>Loans in Won</b>	<b>Foreign Currency</b>	<b>Securities</b>	<b>Acceptances</b>	<b>Others</b>	<b>Exposures</b>
Bank of Korea	3,270		5,098	0		8,368
Ministry of Strategy & Finance	0		7,606			7,606
Hyundai Heavy Industries Co., Ltd.	34	225	196	2,383	0	2,838
Korea Deposit Insurance Corporation	0		2,602			2,602
Korea Development Bank	10	64	2,400			2,473
Industrial Bank of Korea	516	53	1,770			2,339
Korea Finance Corporation			1,748			1,748
Woori Bank	329	57	1,211			1,598
Korea Land & Housing Corporation	0		1,566			1,566
Samsung Heavy Industries Co., Ltd.	150	10	21	1,302	0	1,483
Hyundai Samho Heavy Industries Co., Ltd.	10	42	130	1,153	0	1,334
Korea Securities Finance Corporation	31		1,202			1,233
Nonghyup Bank	287		778	11		1,075
KEPCO	0		802	20		823
Hyundai Steel	486	207	88	7	0	788
Hana Bank	51	10	694			755
Hyundai Mipo Dockyard Co., Ltd.	0	0		748		748
Korea Housing-Finance Corporation	0		732			732
Korea EximBank			717			717
LG Electronics Co., Ltd.	198		44	444		687
<b>Total</b>	<b>5,372</b>	<b>669</b>	<b>29,406</b>	<b>6,067</b>	<b>0</b>	<b>41,514</b>

Some of the totals may not sum due to rounding

**Table of Contents****Exposure to ten Main Debtor Groups**

(KRW billion)

As of Mar. 31, 2014 Consolidated basis	Loans in Foreign		Guarantees and			Total Exposures
	Loans in Won Currency	Securities	Acceptances	Others		
Hyundai Heavy Industries	204	395	346	4,313	1	5,258
Samsung	718	1,133	1,073	2,020	0	4,944
Hyundai Motors	1,329	989	1,079	310	0	3,707
SK	437	989	1,067	1,040	0	3,533
Lotte	312	666	967	263	1	2,209
LG	833	337	302	539	0	2,011
POSCO	162	495	387	216	1	1,261
LS	169	322	153	553	0	1,197
Hyosung	323	488	86	142	0	1,039
GS	252	218	174	359	0	1,004
<b>Total</b>	<b>4,738</b>	<b>6,032</b>	<b>5,635</b>	<b>9,755</b>	<b>3</b>	<b>26,164</b>

Some of the totals may not sum due to rounding

**Loan and due from banks Concentration by Industry**

(KRW billion)

As of Mar. 31, 2014 Consolidated basis	Total Exposures	
	Amount	Weight (%)
Finance and Insurance	26,089	12%
Manufacturing	34,046	15%
Retail and wholesale	12,947	6%
Real Estate, leasing and service	16,951	8%
Construction	3,403	2%
Hotel and Restaurant	4,664	2%
Others	23,844	11%
Consumers	102,409	46%
<b>Total</b>	<b>224,352</b>	<b>100%</b>

\* Including deposits and loans.

\* Some of the totals may not sum due to rounding.

**Table of Contents****Top Twenty Non-Performing Loans**

(KRW billion)

<b>Borrower</b>	<b>Industry</b>	<b>Gross Principal Outstanding</b>	<b>Substandard &amp; Below</b>	<b>Allowance for Loan Losses</b>
A	Building of Steel Ships	230	150	42
B	Apartment Building Construction	170	138	108
C	Development and Subdividing of Residential Buildings	90	90	7
D	Building of Steel Ships	83	81	6
E	Wholesale of Non-Specialized Goods	58	58	0
F	Building of Steel Ships	44	44	0
G	Renting of Non-Residential Buildings	31	31	3
H	Development and Subdividing of Residential Buildings	30	30	23
I	Building of Steel Ships	29	29	3
J	Other Civil Engineering Construction	28	28	24
K	Manufacture of Other Paper and Paperboard	25	24	8
L	Building of Steel Ships	34	24	10
M	Manufacture of Synthetic Resin and Other Plastic Materials	22	22	0
N	Manufacture of Tires and Tubes	22	22	22
O	Building of Steel Ships	21	21	1
P	Manufacture of Sections for Ships	20	20	2
Q	Apartment Building Construction	20	20	18
R	Manufacture of Other Basic Iron and Steel n. e. c.	23	19	13
S	Manufacture of Synthetic Resin and Other Plastic Materials	18	18	0
T	Construction of Highways, Streets and Roads	18	18	5
<b>Total</b>		<b>1,016</b>	<b>887</b>	<b>297</b>

- 1) Consolidated basis as of Mar. 31, 2014.
- 2) Some of the totals may not sum due to rounding.

**Table of Contents****3. Independent Auditor***Audit Opinion for the last 3 years*

Audit Opinion	<b>1Q 2014</b> -	<b>FY2013</b> Unqualified	<b>FY 2012</b> Unqualified
---------------	---------------------	------------------------------	-------------------------------

\* For the first quarter of 2014, the independent accountant conducted a review for our financial statements instead of auditing them.

*Compensation to the Independent Auditor for Audit and Review Services*

The following is a description of the fees for audit and review services performed by our independent auditor for the last three years in connection with our financial statements preparation.

<b>Year</b>	<b>Auditor</b>	<b>Payment <sup>1)</sup> (KRW mil.)</b>	<b>Details</b>	<b>Working hours</b>
2014	KPMG Samjong Accounting Corp.	500	Review/Audit of Financial Statements	1,280 hours <sup>2)</sup>
	KPMG Samjong Accounting Corp.	73	K-IFRS Report Package Audit for Shinhan Savings Bank	200 hours
2013	KPMG Samjong Accounting Corp.	508	Review/Audit of Financial Statements	6,270 hours
	KPMG Samjong Accounting Corp.	140	K-IFRS Report Package Audit for Shinhan Savings Bank	1,511 hours
	KPMG Samjong Accounting Corp.	45	Non-statutory audit of subsidiaries under the consolidated corporate tax system for CY2013	510 hours
2012	KPMG Samjong Accounting Corp.	498	Review/Audit of Financial Statements	6,380 hours
	KPMG Samjong Accounting Corp.	35	K-IFRS Report Package Audit for Shinhan Savings Bank	372 hours
	KPMG Samjong Accounting Corp.	70	Non-statutory audit of subsidiaries under the consolidated corporate tax system for CY2012	690 hours

1) Excluding value-added taxes.

2) As of March 31, 2014.

\* In addition to above mentioned description of fees for audit and review services, KPMG Samjong Accounting Corp. also provided services related to US listing and ICOFR audit in accordance with the standards of the PCAOB which we agreed to pay KRW1,304 million(Excluding value-added taxes) for FY2013

**Table of Contents****4. Directors, Executive Officers and Employees*****Directors and Executive Officers***

1) Executive Director (As of Mar. 31, 2014)

<b>Month and Year</b>	<b>Name of Birth</b>	<b>Position</b>	<b>Service Term</b>
		Chairman of Shinhan Financial Group	
	Dong Woo Han	Board Steering Committee member	6 years starting from March 23, 2011
	November 1948		

Corporate Governance & CEO Recommendation Committee Member

2) Non-Executive Directors

Currently, 11 non-executive directors are in office, 10 of which outside directors who are nominated by our Outside Director Recommendation Committee and appointed pursuant to the approval of general shareholders' meeting.

9 outside directors were appointed as board of directors at the 13th Annual General Meeting of Shareholders on March 26, 2014, of which 7 directors renewed their terms and 2 director newly appointed.

Our non-executive directors are as follows: Director (As of Mar. 31, 2014)

<b>Name</b>	<b>Month and Year of Birth</b>	<b>Outside Director</b>	<b>Sub-Committees</b>	<b>Service Term</b>
Jin Won Suh	April 1951	X	-	4 years starting from March 23, 2011
Hoon Namkoong	June 1947	O	Chairman of Board of Directors	4 years starting from March 23, 2011



			Risk Management Committee member	
			Compensation Committee member	
			Corporate Governance & CEO Recommendation Committee member	
			Board Steering Committee member	
Boo In Ko	December 1941	O	Corporate Governance & CEO Recommendation Committee member Audit Committee chair	2 years starting from March 28, 2013
Taeun Kwon	January 1941	O	Corporate Governance & CEO Recommendation Committee member Board Steering Committee member	4 years starting from March 23, 2011
Kee Young Kim	October 1937	O	Risk Management Committee member Audit Committee member	4 years starting from March 23, 2011
Seok Won Kim	April 1947	O	Board Steering Committee member	4 years starting from March 23, 2011
			Compensation Committee member	
			Compensation Committee member	
Man Woo Lee	November 1954	O	Audit Committee member	2 years starting from March 26, 2014
			Audit Committee member	
Sang Kyung Lee	September 1945	O	Corporate Governance & CEO Recommendation Committee member	3 years starting from March 29, 2012

Edgar Filing: SHINHAN FINANCIAL GROUP CO LTD - Form 6-K

Jin Chung	March 1937	O	Board Steering Committee member	2 years starting from March 26, 2014
Haruki Hirakawa	November 1964	O	Compensation Committee member Risk Management Committee member	4 years starting from March 23, 2011
Philippe Aguignier	September 1957	O	Corporate Governance & CEO Recommendation Committee member	5 years starting from March 24, 2010

**Table of Contents**

## 3) Executive Officers

In addition to the executive directors, we currently have the following executive officers:

(As of Mar. 31, 2014)

<b>Name</b>	<b>Month and Year of Birth</b>	<b>Position</b>	<b>In charge of</b>
Hyung Jin Kim	August. 1958	Deputy President Chief Strategy Officer	Strategic Planning Team
			Global Business Strategy Team
			Future Strategy Research Institute
Jae Gwang Soh	August. 1961	Deputy President	Corporate Culture Development Team
			Synergy Management Team
			Information & Communication Technology Planning Team
Jung Kee Min	March. 1959	Deputy President & Chief Financial Officer	Smart Finance Team
			Audit Team
			Finance Management Team
			Investor Relations Team

HR Team  
Public Relations Team

Sin Gee Lee	July. 1956	Deputy President	CSR Team
			Management Support Team
Young Jin Lim	November. 1960	Deputy President	Wealth Management Planning Office
Dong Hwan Lee	September. 1959	Deputy President	Corporate & Investment Banking Planning Office
Bo Hyuk Yim	March. 1961	Executive Vice President	Risk Management Team
Woo Gyun Park	March. 1959	Managing Director	Compliance Team
Byung Chul Lim	January. 1964	Managing Director	Future Strategy Research Institute
Young Kyo Jeon	August. 1962	Managing Director	Finance Management Team

**Stock Options**

(As of April. 30, 2014)

	No. of Granted Options (A)	No. of Exercised Options (B)	No. of Cancelled Options (C)	No. of Exercisable Options (D = A - B - C)	Exercise Price (KRW)
Granted in 2005	2,620,331	2,266,642	251,300	102,389	28,006
Granted in 2006	3,206,173	2,617,517	480,300	108,356	38,829
Granted in 2007	1,231,169	1,025,856	205,313		54,560
Granted in 2008	805,174		185,396	619,778	49,053
<b>Total</b>	<b>7,862,847</b>	<b>5,910,015</b>	<b>1,122,309</b>	<b>830,523</b>	

Note 1) The weighted-average exercise price of outstanding exercisable options as of April 30, 2014 is KRW 45,124  
2) The closing price of our common stock was KRW 45,000 on April 30, 2014.

**Table of Contents****Employees**

(As of Mar. 31, 2014)

<b>Gender</b>	<b>Number of Employees</b>	<b>Average length of Service</b>	<b>Total Salaries and wages paid in 2014 (KRW million)</b>	<b>Average Payment per person (KRW million)</b>
Male	120	2 yrs 5 mths (12 yrs 10 mths) <sup>1)</sup>	5,174	43
Female	32	3 yrs 7 mths (7 yrs 1 mths) <sup>1)</sup>	722	23
<b>Total</b>	<b>152</b>	<b>2 yrs 8 mths (11 yrs 8 mths) <sup>1)</sup></b>	<b>5,896</b>	<b>39</b>

1) Average length of service including service within group subsidiaries

**Table of Contents****5. Major Shareholder and Market Price Information of our Common Shares and ADRs****Major Shareholders<sup>1)</sup> of Shinhan Financial Group as of March 31, 2014**

Name	No. of Common Shares owned	Ownership%
National Pension Service	41,795,962	8.81%
BNP Paribas	25,356,276	5.35%

- 1) Shareholders who own beneficial ownership of 5% or more (common share basis).
- 2) In addition to the common share holdings, National Pension Service holds a total of 2,000,000 shares of Shinhan Financial Group's series 12 non-voting redeemable preferred stock as of Dec. 31, 2013.

**Share ownership of Employee Stock Ownership Association**

(Number of shares, %)

Beginning Balance	Increase	Decrease	Ending Balance	Ownership% <sup>1)</sup>
(Jan. 1, 2014)			(Mar. 31, 2014)	(Mar. 31, 2014)
19,332,502	1,447,558	693,801	20,086,259	4.24%

- 1) Common share basis.

**Common Share Traded on the Korea Exchange**

(KRW, number of shares)

	Sep. 2013	Oct. 2013	Nov. 2013	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014	Apr. 2014
High	44,850	48,650	46,800	47,500	46,600	45,250	47,000	47,000
Low	41,050	43,800	42,150	43,900	43,000	42,000	43,500	44,300
Avg.	43,572	45,990	44,455	45,605	44,478	43,970	44,738	46,020
Trading Volume	17,224,587	24,337,853	17,171,084	18,627,562	20,153,930	19,455,940	19,108,513	16,844,244
Highest Daily Trading Volume	1,831,529	6,514,753	1,319,749	1,744,554	1,526,941	2,137,863	1,384,236	1,358,277
Lowest Daily Trading Volume	591,708	400,603	389,937	461,270	568,070	387,779	314,973	331,564

Volume

*American Depositary Receipts traded on the New York Stock Exchange*

(USD, number of shares)

		<b>Sep. 2013</b>	<b>Oct. 2013</b>	<b>Nov. 2013</b>	<b>Dec. 2013</b>	<b>Jan. 2014</b>	<b>Feb. 2014</b>	<b>Mar. 2014</b>	<b>Apr. 2014</b>
Price per share	High	42.34	45.61	43.87	45.70	43.77	41.79	43.95	44.85
	Low	37.62	40.63	40.06	41.27	39.77	39.44	40.24	42.55
	Avg.	40.38	43.04	41.92	43.32	41.72	40.86	41.79	43.99
Trading Volume		996,438	878,337	743,184	1,095,729	1,326,446	1,414,926	959,833	586,382
Highest Daily Trading Volume		89,551	90,686	106,513	189,109	123,661	147,578	91,319	65,948
Lowest Daily Trading Volume		24,299	12,881	9,616	18,566	27,613	37,416	21,689	11,087

\* 1 ADR = 1 Common Shares

**Table of Contents****6. Related Party Transactions***Loans to Subsidiaries*

(KRW billion)

Subsidiary	Loan Type	Origination Date	Maturity Date	Lending Rate	Beginning Balance	Decrease	Increase	Ending Balance
					(Jan. 1, 2014)			(Mar. 31, 2014)
Shinhan	Loans in KRW	2012-01-30	2017-01-30	4.11%	100.0			100.0
Investment Corp.	Loans in KRW	2012-06-28	2017-06-28	3.84%	100.0			100.0
	Loans in KRW	2010-10-29	2015-10-29	4.37%	100.0			100.0
	Loans in KRW	2011-01-28	2016-01-28	4.91%	100.0			100.0
Shinhan Card	Loans in KRW	2011-02-24	2016-02-24	4.82%	250.0			250.0
	Loans in KRW	2011-05-17	2016-05-17	4.47%	100.0			100.0
	Loans in KRW	2012-03-14	2017-03-14	4.12%	150.0			150.0
	Loans in KRW	2011-01-28	2014-01-28	4.53%	50.0	50.0		
	Loans in KRW	2011-04-29	2016-04-29	4.65%	100.0			100.0
	Loans in KRW	2011-05-17	2016-05-17	4.47%	50.0			50.0
Shinhan Capital	Loans in KRW	2012-03-14	2017-03-14	4.12%	50.0			50.0
	Loans in KRW	2012-12-14	2017-12-14	3.33%	50.0			50.0
	Loans in KRW	2013-01-18	2018-01-18	3.18%	50.0			50.0
	Loans in KRW	2013-09-05	2018-09-05	3.61%	80.0			80.0
	Loans in KRW	2014-01-27	2019-01-27	3.60%			50.0	50.0
Shinhan PE Investment Management	Loans in KRW			2.81%				
		2013-08-09	2014-08-08					
	Loans in KRW	2013-11-27	2014-11-26	3.01%	2.5	5.0		2.5
<b>Total</b>					<b>1,337.5</b>	<b>50.0</b>	<b>50.0</b>	<b>1,337.5</b>



**Table of Contents**

**Exhibit 99.1**

Independent Auditors Review Report (Separate Financial Statements) of Shinhan Financial Group as of March 31, 2014

**Exhibit 99.2**

Independent Auditors Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of March 31, 2014

**Table of Contents**

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SHINHAN FINANCIAL GROUP CO., LTD.

/s/ Jung Kee Min

Name: Jung Kee Min

Title: Chief Financial Officer

Date: May 15, 2014