

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

November 14, 2014

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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 November 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)

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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- .

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Summary of 2014 3Q Business Report

On November 14, 2014, Shinhan Financial Group (SFG) filed its 2014 3Q Business Report (the Business Report) with the Financial Services Commission of Korea and the Korea Exchange 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.

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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 September 30, 2014)*****Direct Subsidiaries***

| Subsidiaries | Ownership by SFG |
|--------------------------------------|-------------------------|
| 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 ¹⁾ | 68.9% |
| Shinhan Savings Bank ²⁾ | 100.0% |
| Shinhan Data System | 100.0% |
| Shinhan AITAS ³⁾ | 99.8% |
| Shinhan Credit Information | 100.0% |
| Shinhan Private Equity | 100.0% |
| SHC Management ⁴⁾ | 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 September 30, 2014)**

| Direct Subsidiaries | Indirect Subsidiaries | Ownership by the Parent |
|--------------------------------------|---|--------------------------------|
| Shinhan Bank | Shinhan Asia Limited | 100.0% |
| | Shinhan Bank America | 100.0% |
| | Shinhan Bank Europe | 100.0% |
| | Shinhan Khmer Bank Limited ¹⁾ | 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 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. ²⁾ | 8.5% |
| | Shinhan BNP Paribas Asset Management (Hong Kong) Limited | 100.0% |
| Shinhan Private Equity | Shinhan NPS Private Equity Fund 1st ³⁾ | 5.0% |
| | Shinhan Private Equity Fund 2nd ⁴⁾ | 2.2% |
| | Shinhan-Stonebridge Petro Private Equity Fund ⁵⁾ | 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 September 30, 2014)

| Types of Shares | Number of Shares |
|-----------------------------|-------------------------|
| Common Shares | 474,199,587 |
| Redeemable Preferred Shares | 11,100,000 |
| Total | 485,299,587 |

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

(KRW billion)

| | 3Q 2014 | FY2013 | FY2012 |
|--------------------------------------|---------------------------|---------------------------|---------------------------|
| | (Jan. 1 ~ Sep. 30) | (Jan. 1 ~ Dec. 31) | (Jan. 1 ~ Dec. 31) |
| Operating income | 2,344.5 | 2,637.6 | 3,178.0 |
| Equity in income(loss) of associates | 31.2 | 7.3 | 27.5 |
| Non-Operating Income(loss) | 54.1 | 37.3 | 25.1 |
| Earnings before income tax | 2,429.8 | 2,682.1 | 3,230.6 |
| Income taxes | 570.7 | 622.6 | 738.7 |
| Consolidated net income | 1,859.1 | 2,059.6 | 2,491.9 |
| Net income in majority interest | 1,768.0 | 1,902.8 | 2,321.9 |
| Net income in minority interest | 91.0 | 156.8 | 170.0 |

Note) Some of the totals may not sum due to rounding.

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

| Statement Basis | 3Q 2014 Jan. 1 ~ Sep. 30 | | | | FY2013 Jan. 1 ~ Dec. 31 | | | | FY2012 Jan. 1 ~ Dec. 31 | | |
|---------------------------------|----------------------------------|--------------------|------------------|-------------------------|----------------------------------|--------------------|------------------|-------------------------|----------------------------------|--------------------|------------------|
| | Average Balance ¹⁾ | Proportions (%) | Interest Paid | Interest Rate (%) | Average Balance ¹⁾ | Proportions (%) | Interest Paid | Interest Rate (%) | Average Balance ¹⁾ | Proportions (%) | Interest Paid |
| Deposits | 184,073.0 | 57.15 | 2,612.4 | 1.89 | 176,825.5 | 56.58 | 3,914.2 | 2.21 | 170,937.0 | 56.64 | 4,636.9 |
| Borrowings | 12,035.0 | 3.74 | 149.4 | 1.66 | 13,054.6 | 4.18 | 229.3 | 1.76 | 14,463.2 | 4.79 | 293.5 |
| Debentures | 36,428.7 | 11.31 | 994.5 | 3.64 | 38,303.2 | 12.26 | 1,521.5 | 3.97 | 39,763.3 | 13.18 | 1,740.2 |
| Other Liabilities | 59,637.0 | 18.51 | | | 55,163.7 | 17.65 | | | 48,721.2 | 16.14 | |
| Total Liabilities | 292,173.7 | 90.71 | | | 283,347.0 | 90.67 | | | 273,884.7 | 90.75 | |
| Total Stockholders Equity | 29,905.6 | 9.29 | | | 29,159.3 | 9.33 | | | 27,920.0 | 9.25 | |
| Total Liabilities & SE | 322,079.3 | 100.00 | | | 312,506.3 | 100.00 | | | 301,804.7 | 100.00 | |
| Currency & Due from Banks | 19,355.8 | 6.01 | 175.5 | 1.21 | 17,264.0 | 5.52 | 200.9 | 1.16 | 15,655.9 | 5.19 | 246.7 |
| Loans | 209,898.7 | 65.17 | 7,315.1 | 4.65 | 203,254.8 | 65.04 | 10,173.5 | 5.01 | 196,161.4 | 65.00 | 11,309.1 |
| Loans in KRW | 162,738.9 | 50.53 | 5,332.9 | 4.37 | 156,496.7 | 50.08 | 7,435.5 | 4.75 | 150,826.8 | 49.97 | 8,334.2 |
| Loans in Foreign Currency | 11,262.0 | 3.50 | 298.1 | 3.53 | 10,506.0 | 3.36 | 394.6 | 3.76 | 10,335.9 | 3.42 | 439.1 |
| Credit Card Accounts | 17,433.6 | 5.41 | 1,283.3 | 9.81 | 17,445.2 | 5.58 | 1,763.8 | 10.11 | 17,507.8 | 5.80 | 1,834.0 |
| Others | 18,464.2 | 5.73 | 400.8 | 2.89 | 18,806.9 | 6.02 | 579.6 | 3.08 | 17,490.9 | 5.80 | 701.9 |
| AFS Financial Assets | 26,851.1 | 8.34 | 626.1 | 3.11 | 29,620.6 | 9.48 | 979.2 | 3.31 | 28,996.9 | 9.61 | 1,111.9 |
| HTM Financial Assets | 11,752.6 | 3.65 | 388.1 | 4.40 | 11,197.0 | 3.58 | 527.9 | 4.71 | 11,790.5 | 3.91 | 594.7 |
| Other Assets | 54,221.1 | 16.83 | | | 51,169.9 | 16.37 | | | 49,200.0 | 16.30 | |
| Total Assets | 322,079.3 | 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**

ø The main serial financial figures and indices for Sep. 30, 2014 listed herein may be subject to change.

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

(KRW billion)

| | Sep. 30, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
|--|---------------|---------------|---------------|
| Aggregate Amount of Equity Capital (A) | 26,062.6 | 25,605.8 | 25,075.7 |
| Risk-Weighted Assets (B) | 195,738.3 | 190,716.6 | 201,184.4 |
| BIS Ratio (A/B) | 13.32% | 13.43% | 12.46% |

Note) Figs. from Dec. 31, 2013 based on Basel III, Figs. for Dec. 31, 2012 based on Basel I

Capital Adequacy Ratios (Subsidiaries)

(%)

| Subsidiary | Capital Adequacy Ratio | Sep. 30, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
|--------------------------|-------------------------------|---------------|---------------|---------------|
| Shinhan Bank | BIS Capital Adequacy Ratio | 16.21 | 16.29 | 15.83 |
| | | | | |
| Jeju Bank | BIS Capital Adequacy Ratio | 14.70 | 15.95 | 15.89 |
| | | | | |
| Shinhan Card | Adjusted Equity Capital Ratio | 29.54 | 30.41 | 27.43 |
| | | | | |
| Shinhan Investment Corp. | Net Capital Ratio | 384.52 | 493.33 | 666.34 |
| Shinhan Life Insurance | Risk Based Capital Ratio | 257.63 | 253.06 | 287.70 |
| Shinhan BNPP AM | Net Capital Ratio | 598.47 | 599.75 | 583.21 |
| Shinhan Capital | Adjusted Equity Capital Ratio | 15.71 | 15.05 | 14.98 |
| | | | | |
| Shinhan Savings Bank | BIS Capital Adequacy Ratio | 15.71 | 12.22 | n/a |
| | | | | |

Notes :

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 Dec. 31, 2013, whereas, Basel II FIRB was applied for Dec. 31, 2012.

Basel III TSA was applied in calculating Jeju Bank's BIS Capital Adequacy Ratio from Dec. 31, 2013, whereas, Basel II TSA was applied for Dec. 31, 2012.

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 | Sep. 30, 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 | 269.8 | 38.8 | 695.4 | 578.3 | 263.0 | 219.9 | 189.1 | 93.4 | 202.6 |
| Shinhan Bank | 5,764,726.7 | 4,343,884.2 | 132.7 | 53,589.9 | 41,699.5 | 128.5 | 56,506.3 | 41,131.1 | 137.4 |
| Shinhan Card | 14,305.1 | 3,384.8 | 422.6 | 14,490.7 | 3,902.1 | 371.4 | 15,472.3 | 3,420.9 | 452.3 |
| Shinhan Investment Corp. | 16,326.1 | 11,865.6 | 137.6 | 10,613.7 | 7,833.6 | 135.5 | 9,358.8 | 6,725.4 | 139.2 |
| Shinhan Life Insurance | 1,560.7 | 460.6 | 338.8 | 1,174.2 | 419.6 | 279.8 | 969.1 | 377.2 | 256.9 |
| Shinhan Capital | 619.4 | 356.5 | 173.8 | 510.9 | 221.1 | 231.1 | 587.5 | 161.3 | 364.1 |
| Jeju Bank | 77,293.9 | 59,568.6 | 129.8 | 937.3 | 559.0 | 167.7 | 9,984.0 | 6,511.8 | 153.3 |
| Shinhan Savings Bank | 170.5 | 122.9 | 138.7 | 257.4 | 91.8 | 280.2 | | | |

Notes :

Shinhan Financial Group, Shinhan Bank and Jeju Bank: Due within 1 month

Shinhan Life Insurance: (Won assets due within 3 months /3 months average of Claim payments)*100

Shinhan Card, Shinhan Investment Corp., Shinhan Capital, and Shinhan Savings Bank : Due within 3 months

Shinhan Financial Group figures are separate basis

Foreign Currency (FC) Liquidity Ratio

(USD thousand, %)

| Company | Sep. 30, 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 | 26,989,353 | 22,298,853 | 121.0 | 25,808,136 | 20,294,035 | 127.2 | 25,501,141 | 20,005,132 | 127.5 |
| Shinhan Investment Corp. | 1,251,419 | 924,301 | 135.4 | 451,293 | 390,614 | 115.5 | 450,807 | 417,150 | 108.1 |
| Shinhan Capital | 53,052 | 53,066 | 100.0 | 84,439 | 55,637 | 151.8 | 108,100 | 71,391 | 151.4 |
| Jeju Bank | 11,273 | 9,257 | 121.8 | 8,486 | 5,203 | 163.1 | 11,253 | 5,676 | 198.3 |

Notes :

Foreign currency liquidity ratios are computed with assets and liabilities due within 3 months

Shinhan Bank's foreign currency liquidity ratio reflected securitization weight with the guidelines issued by the FSS

Shinhan Financial Group figures are separate basis

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

(KRW billion, %)

| | Sep. 30, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
|------------------------------------|----------------------|----------------------|----------------------|
| Total Loans | 220,514.8 | 207,680.2 | 203,155.4 |
| Substandard & Below | 2,619.7 | 2,609.1 | 2,718.9 |
| Substandard & Below Ratio | 1.19 | 1.26 | 1.34 |
| Non-Performing Loans | 2,147.7 | 1,990.2 | 2,173.3 |
| NPL Ratio | 0.97 | 0.96 | 1.07 |
| Substandard & Below Coverage Ratio | 169.71 | 162.96 | 169.55 |
| Loan Loss Allowance ¹⁾ | 4,446.0 | 4,251.7 | 4,609.9 |
| Substandard & Below Loans | 2,619.7 | 2,609.1 | 2,718.9 |

Note) Including reserve for credit losses.

Separate Basis

(%)

| | Sep. 30, 2014 | | | Dec. 31, 2013 | | | Dec. 31, 2012 | | |
|--------------------------|--------------------------------------|------------------|---|--------------------------------------|------------------|---|--------------------------------------|------------------|---|
| | Substandard & Below Ratio | NPL Ratio | Substandard & Below Coverage Ratio ¹⁾ | Substandard & Below Ratio | NPL Ratio | Substandard & Below Coverage Ratio ¹⁾ | Substandard & Below Ratio | NPL Ratio | Substandard & Below Coverage Ratio ¹⁾ |
| Shinhan Financial Group | | | | | | | | | |
| Shinhan Bank | 1.07 | 0.87 | 155.62 | 1.16 | 0.90 | 149.22 | 1.08 | 0.87 | 171.32 |
| Shinhan Card | 1.72 | 1.21 | 294.08 | 1.53 | 1.00 | 314.75 | 2.14 | 1.64 | 248.83 |
| Shinhan Investment Corp. | 1.49 | 1.49 | 132.96 | 4.65 | 4.65 | 94.16 | 11.17 | 11.18 | 77.61 |
| Shinhan Life Insurance | 0.12 | 0.18 | 690.59 | 0.20 | 0.19 | 472.62 | 0.50 | 0.26 | 361.33 |
| Shinhan Capital | 2.90 | 4.11 | 86.91 | 2.23 | 1.88 | 111.21 | 2.98 | 1.91 | 95.84 |
| Jeju Bank | 1.94 | 1.68 | 88.77 | 1.53 | 1.49 | 102.47 | 1.49 | 1.47 | 100.62 |
| Shinhan Savings Bank | 13.44 | 11.82 | 35.64 | 17.70 | 13.64 | 33.30 | | | |

Note) Including reserve for credit losses.

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

(KRW billion)

| | Sep. 30, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
|--|----------------------|----------------------|----------------------|
| Allowance for loan losses | 2,672.6 | 2,575.0 | 2,903.5 |
| Allowance for acceptances and guarantees | 103.1 | 93.0 | 77.8 |
| Allowance for unused loan commitments | 395.5 | 411.2 | 415.4 |
| Other allowance | 190.1 | 246.1 | 254.6 |
| Total allowance | 3,361.3 | 3,325.3 | 3,651.3 |
| Write-offs | 811.3 | 1,504.1 | 1,417.2 |

Shinhan Bank

(KRW billion)

| | Sep. 30, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
|--|----------------------|----------------------|----------------------|
| Allowance for loan losses | 1,514.5 | 1,502.1 | 1,649.8 |
| Allowance for acceptances and guarantees | 130.5 | 111.5 | 112.8 |
| Allowance for unused loan commitments | 66.8 | 80.3 | 78.1 |
| Other allowance | 116.4 | 180.0 | 168.8 |
| Total allowance | 1,828.2 | 1,873.9 | 2,009.5 |
| Write-offs | 346.7 | 750.8 | 695.6 |

Shinhan Card

(KRW billion)

| | Sep. 30, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
|--|----------------------|----------------------|----------------------|
| Allowance for loan losses | 735.9 | 673.5 | 777.4 |
| Allowance for acceptances and guarantees | | | |
| Allowance for unused loan commitments | 315.2 | 318.6 | 328.5 |
| Other allowance | 59.3 | 52.7 | 46.7 |
| Total allowance | 1,110.4 | 1,044.8 | 1,152.6 |
| Write-offs | 402.1 | 647.5 | 511.6 |

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

(KRW billion)

| | Sep. 30, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
|----------------------|----------------------|----------------------|----------------------|
| Debt | 6,749.0 | 7,450.2 | 7,546.0 |
| Equity | 20,297.9 | 19,974.5 | 19,666.9 |
| Debt to Equity Ratio | 33.25% | 37.30% | 38.37% |

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

(KRW billion)

| As of Sep. 30, 2014 | Loans in | | Guarantees and | | | Total |
|--|-------------------------|-----------------------------|---------------------------|--------------------|---------------|------------------|
| Consolidated basis | Loans in Won | Foreign Currency | Securities | Acceptances | Others | Exposures |
| Bank of Korea | 2,450 | | 4,940 | 0 | | 7,390 |
| Ministry of Strategy & Finance | 0 | | 6,794 | | | 6,794 |
| Korea Deposit Insurance Corporation | | | 3,031 | | | 3,031 |
| Korea Development Bank | 16 | 11 | 2,462 | | | 2,488 |
| Industrial Bank of Korea | 777 | 21 | 1,581 | | | 2,379 |
| Hyundai Heavy Industries Co., Ltd. | 28 | 200 | 91 | 2,055 | 0 | 2,373 |
| Korea Finance Corporation | | | 1,638 | | | 1,638 |
| Korea Land & Housing Corporation | 0 | | 1,482 | | | 1,482 |
| Woori Bank | 326 | 12 | 1,094 | | | 1,432 |
| Korea Securities Finance Corporation | | | 1,365 | | | 1,365 |
| Hyundai Samho Heavy Industries Co., Ltd. | 1 | 51 | | 1,104 | 0 | 1,155 |
| Samsung Heavy Industries Co., Ltd. | 150 | 10 | 21 | 858 | 0 | 1,039 |
| Korea Exchange Bank | 509 | | 425 | 0 | | 934 |
| Kookmin Bank | 226 | | 699 | | | 925 |
| KEPCO | 0 | | 891 | 14 | | 905 |
| Hana Bank | 109 | 10 | 783 | | | 902 |
| KB Card | | | 868 | | | 868 |
| Hyundai Steel | 465 | 245 | 113 | 11 | 0 | 834 |
| Export-Import Bank of Korea | | | 799 | | | 799 |
| Korea Housing-Finance Corporation | 0 | | 789 | | | 790 |
| Total | 5,057 | 560 | 29,867 | 4,041 | 0 | 39,525 |

Note) Some of the totals may not sum due to rounding

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

(KRW billion)

As of Sep. 30, 2014

| Consolidated basis | Loans in Foreign | | Guarantees and | | | Total Exposures |
|--------------------------|------------------|--------------|----------------|--------------|----------|-----------------|
| | Loans in Won | Currency | Securities | Acceptances | Others | |
| Hyundai Heavy Industries | 172 | 446 | 132 | 3,871 | 0 | 4,622 |
| Samsung | 554 | 1,161 | 1,010 | 1,510 | 0 | 4,236 |
| Hyundai Motors | 1,075 | 1,009 | 1,419 | 306 | 0 | 3,809 |
| SK | 618 | 1,103 | 1,088 | 946 | 0 | 3,756 |
| Lotte | 291 | 705 | 1,111 | 328 | 1 | 2,436 |
| LG | 641 | 394 | 345 | 772 | 0 | 2,152 |
| POSCO | 257 | 578 | 400 | 201 | 5 | 1,441 |
| LS | 177 | 389 | 195 | 625 | 0 | 1,385 |
| GS | 300 | 342 | 166 | 184 | 0 | 992 |
| Hyosung | 297 | 427 | 44 | 112 | 0 | 880 |
| Total | 4,383 | 6,554 | 5,911 | 8,855 | 7 | 25,710 |

Note) Some of the totals may not sum due to rounding

Loan and due from banks Concentration by Industry

(KRW billion)

As of Sep. 30, 2014

Total Exposures

| Consolidated basis | Amount | Weight (%) |
|----------------------------------|----------------|-------------|
| Finance and Insurance | 27,131 | 12% |
| Manufacturing | 35,596 | 15% |
| Retail and wholesale | 13,628 | 6% |
| Real Estate, leasing and service | 18,194 | 8% |
| Construction | 3,516 | 2% |
| Hotel and Restaurant | 4,954 | 2% |
| Others | 24,704 | 11% |
| Consumers | 106,398 | 45% |
| Total | 234,119 | 100% |

Notes :

Including deposits and loans

Some of the totals may not sum due to rounding

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

(KRW billion)

| Borrower | Industry | Gross Principal Outstanding | Substandard Below | & Allowance for Loan Losses |
|-----------------|--|------------------------------------|--------------------------|--|
| A | Building of Steel Ships | 188 | 156 | 90 |
| B | Apartment Building Construction | 171 | 139 | 118 |
| C | Development and Subdividing of Residential Buildings | 90 | 90 | 10 |
| D | Building of Steel Ships | 86 | 83 | 7 |
| E | Building of Steel Ships | 44 | 44 | 0 |
| F | Renting of Non-Residential Buildings | 32 | 32 | 2 |
| G | Building of Steel Ships | 38 | 31 | 24 |
| H | Manufacture of Other Insulated Wire and Cable | 30 | 30 | 7 |
| I | Development and Subdividing of Residential Buildings | 30 | 30 | 22 |
| J | Building of Steel Ships | 29 | 29 | 3 |
| K | Other Civil Engineering Construction | 29 | 29 | 24 |
| L | Manufacture of Other Paper and Paperboard | 27 | 26 | 8 |
| M | Apartment Building Construction | 22 | 22 | 9 |
| 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 | Manufacture of Other Basic Iron and Steel n. e. c. | 22 | 20 | 14 |
| R | Apartment Building Construction | 20 | 20 | 18 |
| S | Development and Subdividing of Residential Buildings | 19 | 19 | 7 |
| T | Manufacture of Synthetic Resin and Other Plastic Materials | 18 | 18 | 0 |
| Total | | 956 | 879 | 386 |

Notes :

Consolidated basis as of Sep. 30, 2014.

Some of the totals may not sum due to rounding.

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

| | 3Q 2014 ¹⁾ | FY2013 | FY 2012 |
|---------------|-----------------------|-------------|-------------|
| Audit Opinion | | Unqualified | Unqualified |

1) For the third 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.

| Year | Auditor | Payment ¹⁾ (KRW mil.) | Details | Working hours |
|------|-------------------------------|-------------------------------------|--|----------------------------|
| 2014 | KPMG Samjong Accounting Corp. | 500 | Review/Audit of Financial Statements | 4,156 ²⁾ |
| | KPMG Samjong Accounting Corp. | 73 (annualized basis) | K-IFRS Report Package Audit for Shinhan Savings Bank | 410 ²⁾ 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 September 30, 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 KRW1,169 million(Excluding value-added taxes) for FY2014

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

1) Executive Director

(As of Sep. 30, 2014)

| Name | Month and Year of Birth | Position | Service Term |
|--------------|--------------------------------|---|--------------------------------------|
| Dong Woo Han | November, 1948 | - Chairman of Shinhan Financial Group - Board Steering Committee chair - Corporate Governance & CEO Recommendation Committee member | 6 years starting from March 23, 2011 |

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 directors newly appointed.

Our non-executive directors are as follows: Director

(As of Sep. 30, 2014)

| Name | Month and Year of Birth | Outside Director | Sub-Committees | Service Term |
|---------------|--------------------------------|-------------------------|--|--------------------------------------|
| Jin Won Suh | April 1951 | X | | 4 years starting from March 23, 2011 |
| Hoon Namkoong | June 1947 | O | Chairman of Board of Directors Risk Management Committee member Compensation Committee member Corporate Governance & CEO Recommendation Committee | 4 years starting from March 23, 2011 |

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| | | | | |
|-------------------|----------------|---|---|---|
| Boo In Ko | December 1941 | O | member Board Steering Committee member | 2 years starting from March 28, 2013 |
| Taeun Kwon | January 1941 | O | Corporate Governance & CEO Recommendation Committee member Audit Committee chair | 4 years starting from March 23, 2011 |
| Kee Young Kim | October 1937 | O | Corporate Governance & CEO Recommendation Committee member Board Steering Committee member | 4 years starting from March 23, 2011 |
| Seok Won Kim | April 1947 | O | Risk Management Committee chair Audit Committee member Board Steering Committee member | 4 years starting from March 23, 2011 |
| Man Woo Lee | November 1954 | O | Compensation Committee chair Compensation Committee member | 2 years starting from March 26, 2014 |
| Sang Kyung Lee | September 1945 | O | Audit Committee member Audit Committee member Corporate Governance & CEO Recommendation Committee chair | 3 years starting from March 29, 2012 |
| Jin Chung | March 1937 | O | Board Steering Committee member | 2 years starting from March 26, 2014 |
| Haruki Hirakawa | November 1964 | O | Compensation Committee member | 4 years starting from March 23, 2011 |
| Philippe Aguinier | September 1957 | O | Risk Management Committee member Corporate Governance & CEO Recommendation Committee member | 5 years starting from March 24, 2010 |

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3) Executive Officers

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

(As of Sep. 30, 2014)

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

Compensation to Directors

1) Total Amount Approved at the Meeting of Shareholders

(KRW millions)

| | Total number of persons | Total amount approved | Notes |
|---------------------|-------------------------|-----------------------|-------|
| Directors | | | |
| (Outside directors) | 12(10) | 3,000 | |

Note) Represents the aggregate amount for all directors (including Outside directors). Excludes long-term incentives.

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2) Total Amount Paid as of September 30, 2014

(KRW millions)

| | Total number of Persons | Total Compensation | Average Compensation per person | Notes |
|--|----------------------------|-----------------------|---------------------------------------|--|
| Registered Directors | 2 | 1,033 | 517 | Excluding outside directors |
| Outside Directors | 6 | 236 | 39 | Excluding Audit committee members |
| Audit committee members or internal auditor | 4 | 173 | 43 | |
| Total | 12 | 1,443 | 120 | |

Notes :

Represents the total number of applicable persons as of September 30, 2014.

Under the Financial Supervisory Service's standards for preparing corporate disclosure forms, which standards were amended in November 2013, we are required to disclose in our Business Report the individual annual compensation paid by us to our directors and auditors if such individual annual compensation is 500 million or greater. In 2014, Dong Woo Han, our Chairman and Chief Executive Officer, received 1,033 million which consisted of 601 million in salaries and wages and 432 million in bonus payments. He also currently holds 14,585 performance shares. The exercisability of these performance shares will be determined based on a review of our business performance and share price movements during the period from 2014 to 2017.

Stock Options

(As of October 31, 2014)

| | No. of Granted Options (A) | No. of Exercised Options (B) | No. of Cancelled Options (C) | No. of Exercisable Options | | Exercise Price (KRW) |
|-----------------|----------------------------------|------------------------------------|------------------------------------|-------------------------------|--------|-------------------------|
| | | | | (D = A - B - C) | B | |
| | | | | | | |
| 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 | 105,973 | 185,396 | 513,805 | 49,053 |
| Total | 7,862,847 | 6,015,988 | 1,122,309 | 724,550 | |

Notes :

The weighted-average exercise price of outstanding exercisable options as of October 31, 2014 is KRW 44,550

The closing price of our common stock was KRW 50,300 on October 31, 2014.

Employees

(As of September. 30, 2014)

| Gender | Number of Employees | Average length of Service | Total Salaries and wages paid in 2014 (KRW million) | Average Payment per person (KRW million) |
|---------------|----------------------------|----------------------------------|--|---|
| Male | | 2 yrs 7 mths | | |
| | 124 | (13 yrs 2 mths) ¹⁾ | 10,388 | 84 |
| Female | | 4 yrs 1 mths | | |
| | 31 | (7 yrs 6 mths) ¹⁾ | 1,646 | 53 |
| Total | | 2 yrs 10 mths | | |
| | 155 | (12 yrs) ¹⁾ | 12,034 | 78 |

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 Shareholders¹⁾ of Shinhan Financial Group as of Sep. 30, 2014**

| Name | No. of Common Shares owned | Ownership% |
|--|----------------------------|------------|
| National Pension Service ²⁾ | 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 (Jan. 1, 2014) | Increase | Decrease | Ending Balance (Sep. 30, 2014) | Ownership % ¹⁾ (Sep. 30, 2014) |
|-------------------------------------|-----------|-----------|--------------------------------------|---|
| 19,332,502 | 2,157,157 | 2,215,655 | 19,274,004 | 4.06% |

- 1) Common share basis.

Common Share Traded on the Korea Exchange

(KRW, number of shares)

| | Mar.2014 | Apr.2014 | May.2014 | Jun.2014 | Jul.2014 | Aug.2014 | Sep.2014 | Oct.2014 |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Price High | 47,000 | 47,000 | 48,000 | 47,050 | 51,400 | 52,500 | 53,400 | 51,500 |
| per Low | 43,500 | 44,300 | 44,350 | 44,750 | 45,050 | 49,600 | 48,600 | 46,650 |
| share Avg. | 44,738 | 46,020 | 46,382 | 45,766 | 46,946 | 51,265 | 51,450 | 48,312 |
| Trading Volume | 19,108,513 | 16,844,244 | 15,069,258 | 13,242,290 | 22,024,157 | 18,969,092 | 15,330,315 | 18,282,710 |
| Highest Daily Trading Volume | 1,384,236 | 1,358,277 | 1,771,421 | 1,133,644 | 2,323,992 | 1,719,788 | 1,274,251 | 2,125,736 |
| Lowest Daily Trading Volume | 314,973 | 331,564 | 348,442 | 426,735 | 402,572 | 378,945 | 299,495 | 449,310 |

(USD, number of shares)

American Depositary Receipts traded on the New York Stock Exchange

| | | Mar.2014 | Apr.2014 | May.2014 | Jun.2014 | Jul.2014 | Aug.2014 | Sep.2014 | Oct.2014 |
|------------------------------|------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Price per share | High | 43.95 | 44.85 | 47.00 | 45.91 | 50.08 | 51.71 | 52.44 | 48.83 |
| | Low | 40.24 | 42.55 | 43.69 | 43.76 | 43.98 | 48.80 | 45.46 | 43.83 |
| | Avg. | 41.79 | 43.99 | 45.24 | 44.74 | 46.08 | 50.29 | 49.67 | 45.27 |
| Trading Volume | | 959,833 | 586,382 | 1,112,050 | 1,060,150 | 1,148,662 | 936,199 | 816,760 | 1,515,371 |
| Highest Daily Trading Volume | | 91,319 | 65,948 | 171,740 | 117,824 | 206,681 | 183,381 | 72,945 | 238,875 |
| Lowest Daily Trading Volume | | 21,689 | 11,087 | 14,177 | 14,098 | 17,973 | 14,103 | 19,966 | 25,052 |

Note) 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 (Jan. 1, 2014) | | Ending Balance (Sep. 30, 2014) |
|--------------------------|--------------|------------------|---------------|--------------|----------------------------------|----------|--------------------------------|
| | | | | | Decrease | Increase | |
| Shinhan Investment Corp. | Loans in KRW | 2012-01-30 | 2017-01-30 | 4.11% | 100.0 | | 100.0 |
| | Loans in KRW | 2012-06-28 | 2017-06-28 | 3.84% | 100.0 | | 100.0 |
| Shinhan Card | 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 |
| | 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 | |
| Shinhan Capital | 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 |
| | 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 |
| | Loans in KRW | 2013-08-09 | 2014-08-08 | 2.81% | 2.5 | 2.5 | |
| Shinhan Private Equity | Loans in KRW | 2013-11-27 | 2014-11-26 | 3.01% | 5.0 | | 5.0 |
| | Loans in KRW | 2014-08-08 | 2015-08-07 | 2.81% | | 2.5 | 2.5 |

| | | | | |
|--------------|----------------|-------------|-------------|----------------|
| Total | 1,337.5 | 52.5 | 52.5 | 1,337.5 |
|--------------|----------------|-------------|-------------|----------------|

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Exhibit 99.1

Independent Auditors Review Report (Separate Financial Statements) of Shinhan Financial Group as of
September 30, 2014

Exhibit 99.2

Independent Auditors Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of
September 30, 2014

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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: November 14, 2014