

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

August 14, 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 August 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 1H Business Report**

On August 14, 2014, Shinhan Financial Group ( SFG ) filed its 2014 1H 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 June 30, 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 June 30, 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. <sup>6)</sup>	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.
- 6) Currently in liquidation proceedings

**Number of Shares (as of June 30, 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>1H 2014</b>	<b>FY2013</b>	<b>FY2012</b>
	<b>(Jan. 1 ~ Jun. 30)</b>	<b>(Jan. 1 ~ Dec. 31)</b>	<b>(Jan. 1 ~ Dec. 31)</b>
Operating income	1,511.5	2,637.6	3,178.0
Equity in income(loss) of associates	16.8	7.3	27.5
Non-Operating Income(loss)	44.7	37.3	25.1
Earnings before income tax	1,573.0	2,682.1	3,230.6
Income taxes	365.4	622.6	738.7
Consolidated net income	1,207.6	2,059.6	2,491.9
Net income in majority interest	1,136.0	1,902.8	2,321.9
Net income in minority interest	71.6	156.8	170.0

Some of the totals may not sum due to rounding.

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

	1H 2014 Jan. 1 ~ Jun. 30				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)	182,315.6	57.39	1,730.2	1.90	176,825.5	56.58	3,914.2	2.21	170,937.0	56.64
Loans	11,970.6	3.77	107.3	1.79	13,054.6	4.18	229.3	1.76	14,463.2	4.79
Investments	36,585.5	11.52	676.1	3.70	38,303.2	12.26	1,521.5	3.97	39,763.3	13.18
Other Assets	57,038.5	17.95			55,163.7	17.65			48,721.2	16.14
Liabilities	287,910.2	90.62			283,347.0	90.67			273,884.7	90.75
Shareholder's Equity	29,795.4	9.38			29,159.3	9.33			27,920.0	9.25
Assets & SE	317,705.6	100.00			312,506.3	100.00			301,804.7	100.00
Due from										
Government	18,677.1	5.88	112.6	1.21	17,264.0	5.52	200.9	1.16	15,655.9	5.19
Financial	208,056.0	65.49	4,861.6	4.67	203,254.8	65.04	10,173.5	5.01	196,161.4	65.00
Foreign	161,058.6	50.69	3,534.3	4.39	156,496.7	50.08	7,435.5	4.75	150,826.8	49.97
Accounts	10,923.6	3.44	199.8	3.66	10,506.0	3.36	394.6	3.76	10,335.9	3.42
Special Assets	17,411.8	5.48	855.5	9.83	17,445.2	5.58	1,763.8	10.11	17,507.8	5.80
Financial Assets	18,662.0	5.87	272.0	2.91	18,806.9	6.02	579.6	3.08	17,490.9	5.80
Assets	27,262.5	8.58	425.8	3.12	29,620.6	9.48	979.2	3.31	28,996.9	9.61
Assets	11,442.4	3.60	252.9	4.42	11,197.0	3.58	527.9	4.71	11,790.5	3.91
Assets	52,267.7	16.45			51,169.9	16.37			49,200.0	16.30
Assets	317,705.6	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 Jun. 30, 2014 listed herein may be subject to change.

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

(KRW billion)

	<b>Jun. 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Aggregate Amount of Equity Capital (A)	25,284.9	25,605.8	25,075.7
Risk-Weighted Assets (B)	192,838.9	190,716.6	201,184.4
BIS Ratio (A/B)	13.11%	13.43%	12.46%

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

**Capital Adequacy Ratios (Subsidiaries)**

(%)

<b>Subsidiary</b>	<b>Capital Adequacy Ratio</b>	<b>Jun. 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Shinhan Bank	BIS Capital Adequacy Ratio	16.05	16.29	15.83
Jeju Bank	BIS Capital Adequacy Ratio	15.06	15.95	15.89
Shinhan Card	Adjusted Equity Capital Ratio	29.31	30.41	27.43
Shinhan Investment Corp.	Net Capital Ratio	452.85	493.33	666.34
Shinhan Life Insurance	Risk Based Capital Ratio	243.77	253.06	287.70
Shinhan BNPP AM	Net Capital Ratio	561.81	599.75	583.21
Shinhan Capital	Adjusted Equity Capital Ratio	16.02	15.05	14.98
Shinhan Savings Bank	BIS Capital Adequacy Ratio	15.52	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	Jun. 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	503.7	175.7	286.7	578.3	263.0	219.9	189.1	93.4	202.6
Shinhan Bank	56,002.5	40,122.1	139.6	53,589.9	41,699.5	128.5	56,506.3	41,131.1	137.4
Shinhan Card	13,935.8	3,559.9	391.5	14,490.7	3,902.1	371.4	15,472.3	3,420.9	452.3
Shinhan Investment Corp.	13,226.8	8,941.4	147.9	10,613.7	7,833.6	135.5	9,358.8	6,725.4	139.2
Shinhan Life Insurance	1,701.3	443.7	383.4	1,174.2	419.6	279.8	969.1	377.2	256.9
Shinhan Capital	569.3	242.0	235.2	510.9	221.1	231.1	587.5	161.3	364.1
Jeju Bank	926.6	571.8	162.0	937.3	559.0	167.7	9,984.0	6,511.8	153.3
Shinhan Savings Bank	315.1	261.8	120.4	257.4	91.8	280.2			

- 1) Shinhan Financial Group, Shinhan Bank and 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, and Shinhan Savings Bank : Due within 3 months
- 4) Shinhan Financial Group figures are separate basis

**Foreign Currency (FC) Liquidity Ratio**

(USD thousand, %)

Company	Jun. 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	26,036,935	20,040,672	129.9	25,808,136	20,294,035	127.2	25,501,141	20,005,132	127.5
Shinhan Investment Corp.	889,030	593,903	149.7	451,293	390,614	115.5	450,807	417,150	108.1
Shinhan Capital	38,237	29,586	129.2	84,439	55,637	151.8	108,100	71,391	151.4
Jeju Bank	9,694	6,991	138.7	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>Jun. 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Total Loans	215,612.9	207,680.2	203,155.4
Substandard & Below	2,666.7	2,609.1	2,718.9
Substandard & Below Ratio	1.24	1.26	1.34
Non-Performing Loans	2,265.8	1,990.2	2,173.3
NPL Ratio	1.05	0.96	1.07
Substandard & Below Coverage Ratio	165.83	163.45	169.06
Loan Loss Allowance <sup>1)</sup>	4,422.1	4,264.6	4,596.5
Substandard & Below Loans	2,666.7	2,609.1	2,718.9

1) Including reserve for credit losses.

**Separate Basis**

(%)

	<b>Jun. 30, 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	1.12	0.95	152.02	1.16	0.90	149.82	1.08	0.87	170.55
Shinhan Card	1.77	1.19	291.96	1.53	1.00	314.75	2.14	1.64	248.83
Shinhan Investment Corp.	3.68	3.68	102.44	4.65	4.65	94.16	11.17	11.18	77.61
Shinhan Life Insurance	0.13	0.13	640.90	0.20	0.19	472.62	0.50	0.26	361.33
Shinhan Capital	2.49	4.57	95.36	2.23	1.88	111.21	2.98	1.91	95.84
Jeju Bank	2.13	1.82	79.30	1.53	1.49	105.10	1.49	1.47	102.90
Shinhan Savings Bank	15.44	12.45	31.42	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>Jun. 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Allowance for loan losses	2,624.0	2,575.0	2,903.5
Allowance for acceptances and guarantees	102.5	93.0	77.8
Allowance for unused loan commitments	397.7	411.2	415.4
Other allowance	234.8	246.1	254.6
<b>Total allowance</b>	<b>3,359.0</b>	<b>3,325.3</b>	<b>3,651.3</b>
Write-offs	513.1	1,504.1	1,417.2

**<Shinhan Bank>**

(KRW billion)

	<b>Jun. 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Allowance for loan losses	1,489.2	1,502.1	1,649.8
Allowance for acceptances and guarantees	132.6	111.5	112.8
Allowance for unused loan commitments	70.0	80.3	78.1
Other allowance	150.9	180.0	168.8
<b>Total allowance</b>	<b>1,842.7</b>	<b>1,873.9</b>	<b>2,009.5</b>
Write-offs	224.0	750.8	695.6

**<Shinhan Card>**

(KRW billion)

	<b>Jun. 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Allowance for loan losses	720.8	673.5	777.4
Allowance for acceptances and guarantees			
Allowance for unused loan commitments	317.5	318.6	328.5
Other allowance	69.9	52.7	46.7
<b>Total allowance</b>	<b>1,108.2</b>	<b>1,044.8</b>	<b>1,152.6</b>
Write-offs	264.6	647.5	511.6





---

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

(KRW billion)

	<b>Jun. 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
Debt	6,983.0	7,450.2	7,546.0
Equity	20,408.9	19,974.5	19,666.9
Debt to Equity Ratio	34.22%	37.30%	38.37%

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

(KRW billion)

As of Jun. 30, 2014 Consolidated basis	Loans in Won	Loans in Foreign Currency	Loans in Foreign Currency	Guarantees and Securities Acceptances	Others	Total Exposures
Bank of Korea	3,460			5,761	0	9,221
Ministry of Strategy & Finance	0			8,424		8,424
Hyundai Heavy Industries Co., Ltd.	208	200	50	2,220	0	2,679
Korea Deposit Insurance Corporation	1			2,487		2,488
Korea Development Bank	32	60		2,224	5	2,321
Industrial Bank of Korea	554	10		1,378	4	1,946
Korea Finance Corporation				1,540		1,540
Korea Land & Housing Corporation				1,495		1,495
Samsung Heavy Industries Co., Ltd.	150	10	20	1,184	0	1,364
Woori Bank	134	79		1,021		1,233
Hyundai Samho Heavy Industries Co., Ltd.	1	49	10	1,063	0	1,123
Korea Securities Finance Corporation				1,089		1,089
KEPCO				893	19	912
Hana Bank	335	9		422		767
Korea Gas Corporation	0			725		725
Hyundai Steel	477	158	41	33	0	708
Hyundai Mipo Dockyard Co., Ltd.	0	0		699		699
Samsung Electronics	0	684			0	684
Nonghyup Bank	141			509	9	668
Daewoo Shipbuilding & Marine Engineering	52	133	10	453	0	648
<b>Total</b>	<b>5,545</b>	<b>1,393</b>	<b>28,100</b>	<b>5,680</b>	<b>18</b>	<b>40,735</b>

Some of the totals may not sum due to rounding

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

(KRW billion)

As of Jun. 30, 2014 Consolidated basis	Loans in Won	Loans in Foreign Currency	Guarantees and Securities			Total Exposures
			Acceptances	Others		
Samsung	719	1,056	1,451	1,869	156	5,251
Hyundai Heavy Industries	185	165	256	4,012	474	5,091
SK	578	534	749	1,143	266	3,270
Hyundai Motors	1,004	572	515	307	230	2,628
Lotte	284	334	874	283	252	2,028
LG	459	401	309	680	40	1,888
LS	191	57	202	543	216	1,209
POSCO	185	305	78	184	154	906
KT	612	0	260	12	20	903
Daewoo Shipbuilding & Marine Engineering	63	0	196	457	133	850
<b>Total</b>	<b>4,280</b>	<b>3,424</b>	<b>4,889</b>	<b>9,490</b>	<b>1,943</b>	<b>24,026</b>

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

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

(KRW billion)

As of Jun. 30, 2014 Consolidated basis	Total Exposures	
	Amount	Weight (%)
Finance and Insurance	26,077	11.4%
Manufacturing	34,952	15.3%
Retail and wholesale	13,293	5.8%
Real Estate, leasing and service	17,445	7.6%
Construction	3,439	1.5%
Hotel and Restaurant	4,876	2.1%
Others	24,085	10.6%
Consumers	104,064	45.6%
<b>Total</b>	<b>228,230</b>	<b>100.0%</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	210	163	91
B	Apartment Building Construction	170	138	118
C	Development and Subdividing of Residential Buildings	90	90	10
D	Building of Steel Ships	77	75	7
E	Building of Steel Ships	44	44	0
F	Renting of Non-Residential Buildings	31	31	2
G	Development and Subdividing of Residential Buildings	30	30	22
H	Building of Steel Ships	39	29	16
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	7
L	Apartment Building Construction	22	22	8
M	Manufacture of Tires and Tubes	21	21	21
N	Building of Steel Ships	20	20	1
O	Manufacture of Sections for Ships	20	20	2
P	Apartment Building Construction	20	20	18
Q	Manufacture of Other Basic Iron and Steel n. e. c.	22	19	13
R	Development and Subdividing of Residential Buildings	19	19	7
S	Manufacture of Synthetic Resin and Other Plastic Materials	18	18	0
T	Construction of Highways, Streets and Roads	18	18	6
	<b>Total</b>	<b>953</b>	<b>858</b>	<b>376</b>

- 1) Consolidated basis as of Jun. 30, 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>1H 2014</b>	<b>FY2013</b>	<b>FY 2012</b>
		Unqualified	Unqualified

\* For the first half 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 <sup>1)</sup> (KRW mil.)	Details	Working hours
2014	KPMG Samjong Accounting Corp.	500 (annualized basis)	Review/Audit of Financial Statements	2,530 <sup>2)</sup> hours
	KPMG Samjong Accounting Corp.	73 (annualized basis)	K-IFRS Report Package Audit for Shinhan Savings Bank	290 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	690 hours

- 1) Excluding value-added taxes.
- 2) As of June 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 KRW1,304 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 Jun. 30, 2014)

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

Our non-executive directors are as follows: Director

(As of Jun. 30, 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  Risk Management Committee member	4 years starting from March 23, 2011

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

			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	2 years starting from March 28, 2013
			Audit Committee chair	
Taeun Kwon	January 1941	O	Corporate Governance & CEO Recommendation Committee member	4 years starting from March 23, 2011
			Board Steering Committee member	
Kee Young Kim	October 1937	O	Risk Management Committee chair	4 years starting from March 23, 2011
			Audit Committee member	
Seok Won Kim	April 1947	O	Board Steering Committee member	4 years starting from March 23, 2011
			Compensation Committee chair	
Man Woo Lee	November 1954	O	Compensation Committee member	2 years starting from March 26, 2014
			Audit Committee member	
Sang Kyung Lee	September 1945	O	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
			Risk Management Committee member	
Philippe Aguinier	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 Jun. 30, 2014)

<b>Name</b>	<b>Month and Year of Birth</b>	<b>Position</b>	<b>In charge of</b>
			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)

	<b>Total number of persons</b>	<b>Total amount approved at shareholders meeting</b>	<b>Notes</b>
Directors			
(Outside directors)	12(10)	3,000	

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

**Table of Contents**

2) Total Amount Paid as of June 30, 2014

(KRW millions)

	Total number of Persons	Total Compensation	Average Compensation per person	Notes
Registered Directors	2	832	416	Excluding outside directors
Outside Directors	6	179	30	Excluding Audit committee members
Audit committee members or internal auditor	4	133	33	
Total	12	1,144	95	

Note 1) Represents the total number of applicable persons as of June 30, 2014.

2) 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 W500 million or greater. In 2014, Dong Woo Han, our Chairman and Chief Executive Officer, received W832million which consisted of W400 million in salaries and wages and W432 million in bonus payments. He also currently holds 9,670 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 July 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		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 July 31, 2014 is KRW 45,124

2) The closing price of our common stock was KRW 51,200 on July 31, 2014.

*Employees*

(As of Jun. 30, 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>
		2 yrs 7 mths		
Male	122	(12 yrs 11 mths) <sup>1)</sup>	7,704	63
		3 yrs 10 mths		
Female	31	(7 yrs 3 mths) <sup>1)</sup>	1,158	37
		2 yrs 10 mths		
Total	153	(11 yrs 9 mths) <sup>1)</sup>	8,861	58

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 Jun. 30, 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 (Jan. 1, 2014)	Increase	Decrease	Ending Balance (Jun. 30, 2014)	Ownership % <sup>1)</sup> (Jun. 30, 2014)
19,332,502	1,827,002	1,269,557	19,889,947	4.19%

- 1) Common share basis.

**Common Share Traded on the Korea Exchange**

(KRW, number of shares)

	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014	Apr. 2014	May. 2014	Jun. 2014	Jul. 2014
High	47,500	46,600	45,250	47,000	47,000	48,000	47,050	51,000
Low	43,900	43,000	42,000	43,500	44,300	44,350	44,750	45,000
Avg.	45,605	44,478	43,970	44,738	46,020	46,382	45,766	46,000
Volume	18,627,562	20,153,930	19,455,940	19,108,513	16,844,244	15,069,258	13,242,290	22,024,000
Value	1,744,554	1,526,941	2,137,863	1,384,236	1,358,277	1,771,421	1,133,644	2,323,000
Value	461,270	568,070	387,779	314,973	331,564	348,442	426,735	402,000

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

(USD, number of shares)

	<b>Dec. 2013</b>	<b>Jan. 2014</b>	<b>Feb. 2014</b>	<b>Mar. 2014</b>	<b>Apr. 2014</b>	<b>May. 2014</b>	<b>Jun. 2014</b>	<b>Jul. 2014</b>
High	45.70	43.77	41.79	43.95	44.85	47.00	45.91	50.00
Low	41.27	39.77	39.44	40.24	42.55	43.69	43.76	44.00
Avg.	43.32	41.72	40.86	41.79	43.99	45.24	44.74	44.00
Volume	1,095,729	1,326,446	1,414,926	959,833	586,382	1,112,050	1,060,150	1,148,000
Volume	189,109	123,661	147,578	91,319	65,948	171,740	117,824	206,000
Volume	18,566	27,613	37,416	21,689	11,087	14,177	14,098	17,000

\* 1 ADR = 1 Common Shares



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

(KRW billion)

<b>Subsidiary</b>	<b>Loan Type</b>	<b>Origination Date</b>	<b>Maturity Date</b>	<b>Lending Rate</b>	<b>Beginning Balance (Jan. 1, 2014)</b>	<b>Decrease</b>	<b>Increase</b>	<b>Ending Balance (Jun. 30, 2014)</b>
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
	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	2013-08-09	2014-08-08	2.81%	2.5			2.5
	Loans in KRW	2013-11-27	2014-11-26	3.01%	5.0			5.0
<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 June 30, 2014

**Exhibit 99.2**

Independent Auditors Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of June 30, 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: August 14, 2014