

SHINHAN FINANCIAL GROUP CO LTD  
Form 6-K  
November 29, 2011

# **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 2011**

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

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

**120, 2-Ga, Taepyung-Ro, Jung-Gu, Seoul 100-102, Korea**

**(Address of principal executive offices)**

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

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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-\_\_\_\_\_ .

**Summary of 2011 3Q Business Report**

On November 29, 2011, Shinhan Financial Group ( SFG ) filed its 2011 3Q 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 International Financial Reporting Standards.

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Independent Accountant s Review Report (Separate Financial Statements) of Shinhan Financial Group as of September 30, 2011

**Exhibit 99-2**

Independent Accountant s Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of September 30, 2011

## 1. Introduction of the Group

### Company History in 2009 through 2011

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

June 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 Vietnam Bank 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 subsidiary of SFG

June 2010 : CHB Valuemeet 2001 First SPC was disaffiliated from SFG

June 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 a 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

**Principal Subsidiaries under Korean Law (as of September 30, 2011)**

*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 Capital                      | 100.0%           |
| Jeju Bank <sup>1)</sup>              | 68.9%            |
| Shinhan BNP Paribas Asset Management | 65.0%            |
| Shinhan Data System                  | 100.0%           |
| Shinhan Credit Information           | 100.0%           |
| Shinhan Private Equity <sup>2)</sup> | 100.0%           |
| SHC Management                       | 100.0%           |

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

2) On November 2, 2011, Shinhan Private Equity was renamed as Shinhan Private Equity Investment Management after gaining a non-discretionary investment advisory license.

**Indirect subsidiaries held through direct subsidiaries (as of September 30, 2011)**

| 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 Vina Bank <sup>2)</sup>                                      | 50.0%                   |
|                                      | Shinhan Khmer Bank Limited                                           | 90.0%                   |
|                                      | Shinhan Bank Kazakhstan                                              | 100.0%                  |
|                                      | Shinhan Bank China Limited                                           | 100.0%                  |
|                                      | Shinhan AITAS                                                        | 89.6%                   |
|                                      | Shinhan Bank Canada                                                  | 100.0%                  |
|                                      | Shinhan Bank Japan                                                   | 100.0%                  |
| Shinhan Vietnam Bank <sup>2)</sup>   | 100.0%                                                               |                         |
| Shinhan Card                         | Shinhan-KT Mobile Card                                               | 50.0%                   |
| Shinhan Investment Corp.             | Shinhan Investment Corporation Europe Ltd.                           | 100.0%                  |
|                                      | Shinhan Investment Corporation USA Inc.                              | 100.0%                  |
|                                      | Shinhan Investment Corporation Asia Ltd.                             | 100.0%                  |
|                                      | Shinhan Maritime Private Equity Fund I                               | 7.1%                    |
|                                      | KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp <sup>3)</sup> | 8.5%                    |
| Shinhan Capital                      | PETRA PEF                                                            | 23.8%                   |
| Shinhan BNP Paribas Asset Management | Shinhan BNP Paribas Asset Management (Hong Kong) Limited             | 100.0%                  |
| Shinhan Private Equity <sup>1)</sup> | Shinhan NPS Private Equity Fund 1st                                  | 5.0% <sup>4)</sup>      |
|                                      | Shinhan Private Equity Fund II                                       | 2.2% <sup>5)</sup>      |

- 1) On November 2, 2011, Shinhan Private Equity was renamed as Shinhan Private Equity Investment Management after gaining a non-discretionary investment advisory license.
- 2) On November 28, 2011, after acquiring the remaining 50% stake of Shinhan Vina Bank, Shinhan Bank merged its two subsidiaries operating in Vietnam, namely Shinhan Vina Bank and Shinhan Vietnam Bank, and renamed the integrated entity as Shinhan Bank Vietnam.
- 3) Shinhan Capital currently owns 6.5% of KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp.
- 4) Shinhan Financial Group and its subsidiaries currently own 36.7% of Shinhan NPS Private Equity Fund 1<sup>st</sup>.
- 5) Shinhan Financial Group and its subsidiaries currently own 32.6% of Shinhan Private Equity Fund II.

**Number of Shares (as of September 30, 2011)**

| Types of Shares                         | Number of Shares   |
|-----------------------------------------|--------------------|
| Common Shares                           | 474,199,587        |
| Redeemable Preferred Shares             | 40,090,000         |
| Redeemable Convertible Preferred Shares | 14,721,000         |
| <b>Total</b>                            | <b>529,010,587</b> |

**2. Business Results****Operation Results**

|                                      | (KRW billion)             |                           |
|--------------------------------------|---------------------------|---------------------------|
|                                      | <b>2011</b>               | <b>2010</b>               |
|                                      | <b>(Jan. 1 ~ Sep. 30)</b> | <b>(Jan. 1 ~ Sep. 30)</b> |
| Operating income                     | 3,499.2                   | 2,864.2                   |
| Equity in income(loss) of associates | 32.9                      | 8.2                       |
| Earnings before income tax           | 3,532.1                   | 2,872.4                   |
| Income taxes                         | 810.3                     | 640.9                     |
| <b>Consolidated net income</b>       | <b>2,721.8</b>            | <b>2,231.6</b>            |
| Net income in majority interest      | 2,593.3                   | 2,099.2                   |
| Net income in minority interest      | 128.5                     | 132.4                     |

Some of the totals may not sum due to rounding

**Source and Use of Funds**

| (In KRW billion, %)       | 2011<br>Jan. 1 ~ Sep. 30 |                    |                  |                      | 2010<br>Jan. 1 ~ Sep. 30 |                    |                  |                      |
|---------------------------|--------------------------|--------------------|------------------|----------------------|--------------------------|--------------------|------------------|----------------------|
|                           | Average<br>Balance       | Proportions<br>(%) | Interest<br>Paid | Interest<br>Rate (%) | Average<br>Balance       | Proportions<br>(%) | Interest<br>Paid | Interest<br>Rate (%) |
| <b>Source</b>             |                          |                    |                  |                      |                          |                    |                  |                      |
| Deposits                  | 154,493                  | 61.11              | 3,050            | 2.63                 | 149,663                  | 62.17              | 2,959            | 2.64                 |
| Borrowings                | 13,865                   | 5.48               | 323              | 3.11                 | 12,244                   | 5.09               | 320              | 3.49                 |
| Debentures                | 40,087                   | 15.86              | 1,462            | 4.86                 | 40,374                   | 16.77              | 1,492            | 4.93                 |
| Other Liabilities         | 44,377                   | 17.55              |                  |                      | 38,453                   | 15.97              |                  |                      |
| <b>Total Liabilities</b>  | <b>252,822</b>           | <b>100.00</b>      |                  |                      | <b>240,733</b>           | <b>100.00</b>      |                  |                      |
| Stockholder's Equity      | 28,516                   |                    |                  |                      | 25,542                   |                    |                  |                      |
| <b>Use</b>                |                          |                    |                  |                      |                          |                    |                  |                      |
| Currency & Due from Banks | 14,227                   | 5.06               | 203              | 1.91                 | 15,078                   | 5.66               | 124              | 1.09                 |
| Loans                     | 185,395                  | 65.90              | 8,339            | 6.00                 | 172,820                  | 64.90              | 7,869            | 6.07                 |
| Loan in KRW               | 141,804                  | 50.40              | 6,112            | 5.75                 | 134,910                  | 50.67              | 5,703            | 5.64                 |
| Loan in Foreign Currency  | 9,337                    | 3.32               | 277              | 3.96                 | 8,881                    | 3.34               | 284              | 4.26                 |
| Credit Card Accounts      | 17,705                   | 6.29               | 1,405            | 10.58                | 15,936                   | 5.98               | 1,321            | 11.05                |
| Others                    | 16,548                   | 5.88               | 545              | 4.39                 | 13,093                   | 4.92               | 562              | 5.72                 |
| HTM Assets                | 12,411                   | 4.41               | 487              | 5.24                 | 12,992                   | 4.88               | 523              | 5.37                 |
| Other Assets              | 69,306                   | 24.63              |                  |                      | 65,386                   | 24.56              |                  |                      |
| <b>Total Assets</b>       | <b>281,339</b>           | <b>100.00</b>      |                  |                      | <b>266,275</b>           | <b>100.00</b>      |                  |                      |

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



**Other Financial Information**

Financial information for September 30, 2011 contained in this section are provisional figures.

**Group BIS Ratio**

|                                        | (KRW billion) |               |
|----------------------------------------|---------------|---------------|
|                                        | Sep. 30, 2011 | Dec. 31, 2010 |
| Aggregate Amount of Equity Capital (A) | 26,022.3      | 23,369.7      |
| Risk-Weighted Assets (B)               | 194,622.9     | 188,785.7     |
| BIS Ratio (A/B) <sup>1)</sup>          | 13.37%        | 12.38%        |

1) In accordance with the amendments to the Financial Holding Company Guidelines of the Financial Service Commission ( FSC ), the Group BIS Ratio under BASEL I is used as an index for measuring capital adequacy.

2) BIS ratio for Dec. 31, 2010 based on Korean GAAP is 12.77%

**Won Liquidity Ratio**

|                                        | (KRW billion) |               |
|----------------------------------------|---------------|---------------|
|                                        | Sep. 30, 2011 | Dec. 31, 2010 |
| Won Assets due within 1 month (A)      | 3,615.4       | 972.6         |
| Won Liabilities due within 1 month (B) | 58.4          | 246.0         |
| Won Liquidity Ratio (A/B)              | 6,195.03%     | 395.31%       |

**Liabilities to Equity Ratio**

|                                   | (KRW billion) |               |
|-----------------------------------|---------------|---------------|
|                                   | Sep. 30, 2011 | Dec. 31, 2010 |
| Liabilities (A)                   | 6,655.9       | 6,907.6       |
| Equity (B)                        | 20,806.1      | 20,753.0      |
| Liabilities to Equity Ratio (A/B) | 31.99%        | 33.29%        |

**Capital Adequacy Ratio and Other Ratios of Major Subsidiaries**

(1) BIS Capital Adequacy Ratio (%)

|              | Sep. 30, 2011 | Dec. 31, 2010 |
|--------------|---------------|---------------|
| Shinhan Bank | 15.62         | 15.47         |
| Jeju Bank    | 13.12         | 13.40         |

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

2) Basel II FIRB Approach was applied in calculating Shinhan Bank's BIS Capital Adequacy Ratios and Basel II TSA Approach was applied in calculating Jeju Bank's BIS Capital Adequacy Ratios.

3) Shinhan Bank's BIS ratio for Dec. 31, 2010 based on K GAAP is 15.93%

(2) Adjusted Equity Capital Ratio (%)

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|                 | Sep. 30, 2011 | Dec. 31, 2010 |
|-----------------|---------------|---------------|
| Shinhan Card    | 24.37         | 25.18         |
| Shinhan Capital | 14.24         | 14.23         |

- 1) 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 FSC. Under these guidelines, Shinhan Card and Shinhan Capital are required to maintain a minimum adjusted equity capital ratio of 8%.

## (3) Net Capital Ratio (%)

|                                      | Sep. 30, 2011 | Dec. 31, 2010 |
|--------------------------------------|---------------|---------------|
| Shinhan Investment Corp.             | 667.97        | 658.31        |
| Shinhan BNP Paribas Asset Management | 636.69        | 708.31        |

\* Net Capital Ratio is computed in accordance with the guidelines issued by the FSC. Under these guidelines, Shinhan Investment Corporation & Shinhan BNP Paribas Asset Management are required to maintain a minimum net capital ratio of 100%.

## (4) Solvency Margin Ratio (%)

|                        | Sep. 30, 2011 | Dec. 31, 2010 |
|------------------------|---------------|---------------|
| Shinhan Life Insurance | 304.13        | 397.93        |

\* Under the guidelines issued by the FSC, Shinhan Life Insurance is required to maintain a minimum solvency margin ratio of 100%.

## (6) Liability to Equity Ratio (%)

|                                              | Sep. 30, 2011 | Dec. 31, 2010 |
|----------------------------------------------|---------------|---------------|
| Shinhan Private Equity Investment Management | 316.8         | 391.5         |

***Non-Performing Loans of Certain Subsidiaries <sup>1)</sup>***

## (1) Non- Performing Loans

|                                  | (KRW billion)  |                        |                |                        |
|----------------------------------|----------------|------------------------|----------------|------------------------|
|                                  | Sep. 30, 2011  |                        | Dec. 31, 2010  |                        |
|                                  | Balance of NPL | NPL to total Loans (%) | Balance of NPL | NPL to total Loans (%) |
| Shinhan Bank <sup>1)</sup>       | 1,576.4        | 0.96                   | 1,410.0        | 0.91                   |
| Jeju Bank <sup>1)</sup>          | 35.9           | 1.58                   | 28.5           | 1.28                   |
| Shinhan Card <sup>2)</sup>       | 338.7          | 1.62                   | 325.9          | 1.60                   |
| Shinhan Investment <sup>2)</sup> | 134.4          | 8.26                   | 186.9          | 16.32                  |
| Shinhan Life Insurance           | 6.4            | 0.21                   | 6.0            | 0.21                   |
| Shinhan Capital                  | 85.4           | 2.79                   | 76.5           | 2.38                   |

1) Non-performing loans of banks are defined as those loans are past due more than 90 days or those are placed on non-accrual status according to the guidelines of the FSC.

2) Under the guidelines of the FSC, every securities brokerage company and credit card company shall classify its loans into five categories: normal, precautionary, substandard, doubtful and estimated loss. Under the Group's internal measures, non-performing loans of Shinhan Investment, and Shinhan Card includes loans classified as substandard, doubtful, and estimated loss.

## (2) Loan Loss Allowances &amp; Write-offs for the period

|                                |                                                               | (KRW billion) |               |
|--------------------------------|---------------------------------------------------------------|---------------|---------------|
|                                |                                                               | Sep. 30, 2011 | Dec. 31, 2010 |
| Shinhan<br>Bank                | Allowance for Possible Loan Losses                            | 1,666.4       | 1,805.1       |
|                                | Allowance for doubtful accounts on Acceptance and Guarantees  | 121.6         | 208.7         |
|                                | Allowances for Losses Related to Unused Ceiling               | 81.4          | 85.8          |
|                                | Other Allowances                                              | 189.9         | 111.8         |
|                                | Allowances for Losses Related to Asset Restoration Obligation | 21.3          | 20.3          |
|                                | Allowances for Losses Related to Overdue Account              | 22.5          | 23.4          |
|                                | Allowance for Valuation of Bonds                              | 1.1           | 1.0           |
|                                | Total                                                         | 2,104.1       | 2,256.0       |
|                                | Write-offs                                                    | 584.9         | 709.8         |
| Jeju Bank                      | Allowance for Possible Loan Losses                            | 32.2          | 39.7          |
|                                | Allowance for doubtful accounts on Acceptance and Guarantees  | 0.3           | 0.2           |
|                                | Allowances for Losses Related to Unused Ceiling               | 1.3           | 1.7           |
|                                | Other Allowances                                              | 0.6           |               |
|                                | Allowance for Valuation of Bonds                              |               |               |
|                                | Total                                                         | 34.4          | 41.6          |
|                                | Write-offs                                                    | 7.5           | 10.6          |
| Shinhan<br>Card                | Allowance for Possible Loan Losses                            | 706.6         | 703.8         |
|                                | Allowance for reward on credit card use                       | 24.0          | 25.2          |
|                                | Allowances for Losses Related to Unused Ceiling               | 348.5         | 367.5         |
|                                | Other Allowances                                              | 9.6           | 8.8           |
|                                | Total                                                         | 1,088.7       | 1,105.3       |
|                                | Write-offs                                                    | 319.8         | 494.4         |
| Shinhan<br>Investment<br>Corp. | Allowance for Possible Loan Losses                            | 119.2         | 151.3         |
|                                | Other Allowances                                              | 25.6          | 25.3          |
|                                | Total                                                         | 144.8         | 176.6         |
|                                | Write-offs                                                    |               | 8.0           |
| Shinhan Life                   | Allowance for Possible Loan Losses                            | 26.9          | 28.5          |
|                                | Total                                                         | 26.9          | 28.5          |
| Insurance                      | Write-offs                                                    | 8.0           | 6.8           |
| Shinhan                        | Allowance for Possible Loan Losses                            | 74.1          | 61.5          |
|                                | Total                                                         | 74.1          | 61.5          |
| Capital                        | Write-offs                                                    | 36.6          | 27.8          |

*Twenty Largest Exposures by Borrower*

(KRW billion)

As of Sep. 30, 2011

| Consolidated basis                           | Loans in<br>Won | Loans in<br>Foreign<br>Currency | Securities | Guarantees<br>and<br>Acceptances | Others | Total<br>Exposures |
|----------------------------------------------|-----------------|---------------------------------|------------|----------------------------------|--------|--------------------|
| Ministry of Strategy & Finance               |                 |                                 | 8,363      |                                  |        | 8,363              |
| Bank of Korea                                | 1,000           |                                 | 5,472      | 0                                |        | 6,472              |
| Hyundai Heavy Industries Co., Ltd.           | 2               | 276                             | 711        | 2,698                            | 0      | 3,687              |
| Industrial Bank of Korea                     | 562             | 35                              | 2,522      |                                  |        | 3,120              |
| Korea Deposit Insurance Corporation          | 690             |                                 | 1,876      |                                  |        | 2,566              |
| Korea Land & Housing Corporation             | 0               |                                 | 2,196      |                                  |        | 2,196              |
| Korea Development Bank                       | 19              |                                 | 2,122      |                                  |        | 2,140              |
| Samsung Heavy Industries Co., LTD.           | 95              |                                 | 1          | 1,562                            |        | 1,657              |
| Korea Finance Corporation                    |                 |                                 | 1,647      |                                  |        | 1,647              |
| Hana Bank                                    | 14              | 5                               | 1,349      |                                  |        | 1,368              |
| Woori Bank                                   | 61              | 126                             | 1,159      |                                  |        | 1,346              |
| National Agricultural Cooperative Federation | 60              | 2                               | 1,057      | 3                                |        | 1,122              |
| Hyundai Samho Heavy Industries Co., Ltd.     | 0               | 50                              |            | 1,042                            | 0      | 1,092              |
| Songdo Cosmopolitan City Development Inc.    | 987             |                                 |            |                                  |        | 987                |
| POSCO                                        | 22              | 62                              | 861        | 29                               |        | 974                |
| Kookmin Bank                                 | 47              | 118                             | 643        | 3                                |        | 811                |
| KEPCO                                        |                 |                                 | 809        | 1                                |        | 811                |
| Hynix                                        | 0               | 388                             | 322        | 90                               | 0      | 801                |
| SH Corporation                               | 141             |                                 | 642        |                                  |        | 782                |
| SC First Bank                                | 4               |                                 | 756        |                                  |        | 760                |
| Total                                        | 3,704           | 1,063                           | 32,507     | 5,427                            | 0      | 42,701             |

Some of the totals may not sum due to rounding

**Exposure to Main Debtor Groups**

(KRW billion)

As of Sep. 30, 2011

| Consolidated basis       | Loans in     |                  | Securities | Guarantees and |        | Total  |
|--------------------------|--------------|------------------|------------|----------------|--------|--------|
|                          | Loans in Won | Foreign Currency |            | Acceptances    | Others |        |
| Hyundai Heavy Industries | 103          | 451              | 785        | 4,306          | 0      | 5,645  |
| Samsung                  | 391          | 1,073            | 1,177      | 2,158          | 3      | 4,801  |
| Hyundai Motors           | 1,018        | 1,081            | 676        | 429            | 0      | 3,205  |
| SK                       | 329          | 346              | 845        | 984            | 0      | 2,505  |
| LG                       | 1,497        | 456              | 211        | 225            | 0      | 2,390  |
| POSCO                    | 202          | 289              | 882        | 401            | 6      | 1,779  |
| GS                       | 307          | 298              | 259        | 562            | 0      | 1,426  |
| LS                       | 256          | 254              | 127        | 398            | 0      | 1,034  |
| Lotte                    | 444          | 36               | 345        | 139            | 0      | 964    |
| Hanwha                   | 465          | 163              | 112        | 72             | 0      | 813    |
| Total                    | 5,012        | 4,447            | 5,418      | 9,674          | 11     | 24,562 |

Some of the totals may not sum due to rounding

**Loan Concentration by Industry**

(KRW billion)

As of Sep. 30, 2011

Total Exposures

| Consolidated basis               | Amount  | Weight (%) |
|----------------------------------|---------|------------|
| Finance and Insurance            | 22,623  | 11.03      |
| Manufacturing                    | 33,193  | 16.19      |
| Retail and wholesale             | 11,355  | 5.54       |
| Real Estate, leasing and service | 16,134  | 7.87       |
| Construction                     | 4,685   | 2.28       |
| Hotel and leisure                | 3,408   | 1.66       |
| Others                           | 21,754  | 10.61      |
| Consumers                        | 91,894  | 44.82      |
| Total                            | 205,045 | 100.00     |

**Top Twenty Non-Performing Loans**

(KRW billion)

| <b>Borrower</b> | <b>Industry</b>                  | <b>Gross Principal Outstanding</b> | <b>Allowance for Loan Losses</b> |
|-----------------|----------------------------------|------------------------------------|----------------------------------|
| A               | Real estate, leasing and service | 130                                | 9                                |
| B               | Finance and insurance            | 51                                 | 0                                |
| C               | Real estate, leasing and service | 32                                 | 24                               |
| D               | Manufacturing                    | 25                                 | 5                                |
| E               | Construction                     | 20                                 | 0                                |
| F               | Manufacturing                    | 14                                 | 12                               |
| G               | Arts, sports and leisure service | 13                                 | 3                                |
| H               | Manufacturing                    | 13                                 | 2                                |
| I               | Manufacturing                    | 12                                 | 9                                |
| J               | Transportation                   | 12                                 | 1                                |
| K               | Transportation                   | 10                                 | 1                                |
| L               | Arts, sports and leisure service | 10                                 | 0                                |
| M               | Real estate, leasing and service | 9                                  | 0                                |
| N               | Transportation                   | 8                                  | 2                                |
| O               | Transportation                   | 8                                  | 2                                |
| P               | Real estate, leasing and service | 8                                  | 0                                |
| Q               | Transportation                   | 8                                  | 0                                |
| R               | Manufacturing                    | 7                                  | 2                                |
| S               | Manufacturing                    | 7                                  | 0                                |
| T               | Real estate, leasing and service | 7                                  | 0                                |
|                 | <b>Total</b>                     | <b>405</b>                         | <b>73</b>                        |

- 1) Consolidated basis as of Sep. 30, 2011
- 2) Non-Performing Loans are defined as loans past due longer than 90 days.

Some of the totals may not sum due to rounding

**3. Independent Auditor**

*Audit Opinion for the last 3 years*

|               |                |                |                |
|---------------|----------------|----------------|----------------|
| Audit Opinion | <b>3Q 2011</b> | <b>FY 2010</b> | <b>FY 2009</b> |
|               | -              | Unqualified    | Unqualified    |

\* For the third quarter of 2011, 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<br/>(KRW mil.)</b> | <b>Details</b>                       | <b>Working<br/>hours</b> |
|-------------|-------------------------------|-------------------------------|--------------------------------------|--------------------------|
| 3Q 2011     | KPMG Samjong Accounting Corp. | 487                           | Review/Audit of Financial Statements | 5,100 hours              |
| 2010        | KPMG Samjong Accounting Corp. | 366                           | Review/Audit of Financial Statements | 4,650 hours              |
| 2009        | KPMG Samjong Accounting Corp. | 355                           | Review/Audit of Financial Statements | 4,595 hours              |

\* Payment for the three quarters of 2011 covers the full year of 2011.



**4. Directors, Executive Officers and Employees****Directors and Executive Officers**

## 1) Executive Directors

|              | <b>Month and Year</b> |                                     |                                      |
|--------------|-----------------------|-------------------------------------|--------------------------------------|
| <b>Name</b>  | <b>of Birth</b>       | <b>Position</b>                     | <b>Service Term</b>                  |
| Dong Woo Han | Nov. 1948             | Chairman of Shinhan Financial Group | 3 years starting from March 23, 2011 |

Board Steering Committee Chair

## 2) Non-Executive Directors

Currently, 10 non-executive directors are in office, 9 of which are outside directors who are nominated by our Outside Director Recommendation Committee and appointed pursuant to the approval of general shareholders' meeting on March 23, 2011.

Our non-executive directors are as follows:

|                   | <b>Month and Year</b> | <b>Outside</b>  |                                  |                                      |
|-------------------|-----------------------|-----------------|----------------------------------|--------------------------------------|
| <b>Name</b>       | <b>of Birth</b>       | <b>Director</b> | <b>Sub-Committees</b>            | <b>Service Term</b>                  |
| Jin Won Suh       | April 1951            | X               | -                                | 1 years starting from March 23, 2011 |
| Taeun Kwon        | January 1941          | O               | Audit Committee member           | 2 years starting from March 23, 2011 |
|                   |                       |                 | Risk Management Committee Chair  |                                      |
| Kee Young Kim     | October 1937          | O               | Compensation Committee member    | 2 years starting from March 23, 2011 |
|                   |                       |                 | Compensation Committee Chair     |                                      |
| Seok Won Kim      | April 1947            | O               | Audit Committee member           | 2 years starting from March 23, 2011 |
|                   |                       |                 | Chairman of Board of Directors   |                                      |
| Hoon Namkoong     | June 1947             | O               | Board Steering Committee member  | 2 years starting from March 23, 2011 |
|                   |                       |                 | Risk Management Committee member |                                      |
| Jaekun Yoo        | August 1941           | O               | -                                | 2 years starting from March 23, 2011 |
|                   |                       |                 | Audit Committee Chair            |                                      |
| Ke Sop Yun        | May 1945              | O               | Board Steering Committee member  | 1 years starting from March 23, 2011 |
| Jung Il Lee       | August 1952           | O               | Board Steering Committee member  | 1 years starting from March 23, 2011 |
| Haruki Hirakawa   | November 1964         | O               | -                                | 1 years starting from March 23, 2011 |
| Philippe Aguinier | September 1957        | O               | Risk Management Committee member | 1 years starting from March 23, 2011 |

3) Executive Officers

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

| Name                                | Month and Year | Position                                              | In charge of                                                                                     |
|-------------------------------------|----------------|-------------------------------------------------------|--------------------------------------------------------------------------------------------------|
|                                     | of Birth       |                                                       |                                                                                                  |
|                                     |                |                                                       | - Strategic Planning Team                                                                        |
| Buhmsoo Choi                        | Aug. 1956      | Deputy President                                      | - Global Business Strategy Team<br>- Shinhan FSB Research Institute<br>- Synergy Management Team |
| Jae-Gwang Soh                       | Aug. 1961      | Executive Vice-President                              | - Information & Technology Planning Team<br>- Audit Team<br>- Finance Management Team            |
| Jung Kee Min                        | Mar. 1959      | Executive Vice-President &<br>Chief Financial Officer | - Investor Relations Team<br>- Business Management Team<br>- Public Relations Team               |
| Dong Hwan Lee                       | Sept. 1959     | Executive Vice-President                              | - CSR & Culture Management Team<br>- General Affairs Team                                        |
| Yee Yong Jo                         | Feb. 1957      | Managing Director                                     | - Compliance Team                                                                                |
| Bo Hyuk Yim<br><i>Stock Options</i> | Mar. 1961      | Managing Director                                     | - Risk Management Team                                                                           |

(as of Oct. 31, 2011)

|                 | No. of<br>Granted Options<br>(A) | No. of Exercised<br>Options<br>(B) | No. of Cancelled<br>Options<br>(C) | No. of Exercisable<br>Options<br>(D = A - B - C) | Exercise Price |
|-----------------|----------------------------------|------------------------------------|------------------------------------|--------------------------------------------------|----------------|
| Granted in 2005 | 2,620,331                        | 1,635,639                          | 251,300                            | 733,392                                          | 28,006         |
| Granted in 2006 | 3,206,173                        | 690,737                            | 480,300                            | 2,035,136                                        | 38,829         |
| Granted in 2007 | 1,231,169                        | 0                                  | 205,313                            | 1,025,856                                        | 54,560         |
| Granted in 2008 | 805,174                          | 0                                  | 185,396                            | 619,778                                          | 49,053         |

Note 1) The weighted-average exercise price of outstanding exercisable options as of Oct. 31, 2011 is KRW 44,816.

2) The closing price of our common stock was KRW 44,650 on Oct. 31, 2011.

*Employees*

(As of Sep. 30, 2011)

| Gender | Number of Employees | Average length of Service | Total Salaries and wages paid in | Average Payment             |
|--------|---------------------|---------------------------|----------------------------------|-----------------------------|
|        |                     |                           | 2011<br>(KRW million)            | per person<br>(KRW million) |
| Male   | 122                 | 2 yrs                     | 8,891                            | 73                          |
| Female | 26                  | 3 yrs 2 mths              | 985                              | 38                          |
| Total  | 148                 | 2 yrs 1 mths              | 9,876                            | 67                          |

**5. Major Shareholders and Market Price Information of our Common Shares and ADRs***Major Shareholders<sup>1)</sup> of Shinhan Financial Group as of Sep. 30, 2011*

| Name                     | No. of Common Shares owned | Ownership% |
|--------------------------|----------------------------|------------|
| National Pension Service | 33,612,522                 | 7.09%      |
| BNP Paribas Group        | 30,106,276                 | 6.35%      |

1) Shareholders who own beneficial ownership of 5% or more.  
*Share ownership of Employee Stock Ownership Association*

| Beginning Balance<br>(Jan.1, 2011) | Increase  | Decrease  | Ending Balance<br>(Sep. 30, 2011) | Ownership%<br>(Sep. 30, 2011) |
|------------------------------------|-----------|-----------|-----------------------------------|-------------------------------|
| 17,005,029                         | 2,199,317 | 2,316,844 | 16,887,502                        | 3.56%                         |

*Common Share Traded on the Korea Exchange*

|                              |      | (KRW, number of shares) |            |            |            |            |            |
|------------------------------|------|-------------------------|------------|------------|------------|------------|------------|
|                              |      | Apr. 2011               | May 2011   | June 2011  | July 2011  | Aug. 2011  | Sep. 2011  |
| Price per share              | High | 52,500                  | 52,400     | 51,300     | 52,900     | 50,800     | 43,800     |
|                              | Low  | 46,250                  | 47,200     | 48,350     | 49,250     | 42,200     | 36,150     |
|                              | Avg. | 48,740                  | 49,168     | 50,110     | 51,362     | 45,586     | 40,763     |
| Trading Volume               |      | 53,445,066              | 35,492,587 | 33,256,848 | 35,896,858 | 44,919,359 | 35,264,287 |
| Highest Daily Trading Volume |      | 6,867,957               | 2,717,663  | 3,350,287  | 8,453,913  | 4,499,948  | 2,742,072  |
| Lowest Daily Trading Volume  |      | 1,172,616               | 896,756    | 856,464    | 858,287    | 951,613    | 975,661    |

*American Depository Shares traded on the New York Stock Exchange*

|                              |      | (USD, number of shares) |           |           |           |           |           |
|------------------------------|------|-------------------------|-----------|-----------|-----------|-----------|-----------|
|                              |      | Apr. 2011               | May 2011  | June 2011 | July 2011 | Aug. 2011 | Sep. 2011 |
| Price per share              | High | 97.02                   | 97.40     | 95.95     | 101.33    | 95.66     | 81.70     |
|                              | Low  | 85.29                   | 87.07     | 89.41     | 92.04     | 77.32     | 61.77     |
|                              | Avg. | 89.41                   | 91.11     | 92.86     | 96.86     | 83.97     | 71.44     |
| Trading Volume               |      | 1,051,425               | 1,149,641 | 992,430   | 934,142   | 1,563,192 | 1,155,501 |
| Highest Daily Trading Volume |      | 209,097                 | 137,183   | 90,671    | 94,089    | 139,207   | 137,235   |
| Lowest Daily Trading Volume  |      | 13,368                  | 16,587    | 18,769    | 22,815    | 21,376    | 19,585    |

\*1 ADR = 2 Common Shares

**6. Related Party Transactions***Loans to Subsidiaries*

(As of Sep. 30, 2011, KRW billion)

| Subsidiary               | Loan Type       | Origination Date | Maturity Date | Lending Rate | Beginning Balance (Jan. 1, 2011) | Decrease   | Increase   | Ending Balance (Sep. 30, 2011) |
|--------------------------|-----------------|------------------|---------------|--------------|----------------------------------|------------|------------|--------------------------------|
| Shinhan Investment Corp. | Loans in KRW    | 2006-07-31       | 2012-01-31    | 5.64%        | 100                              | 0          | 0          | 100                            |
|                          | Loans in KRW    | 2007-11-27       | 2012-11-27    | 6.41%        | 100                              | 0          | 0          | 100                            |
|                          | Loans in KRW    | 2007-12-18       | 2012-12-18    | 6.86%        | 50                               | 0          | 0          | 50                             |
| Shinhan Card             | Loans in KRW    | 2008-02-21       | 2011-02-21    | 5.66%        | 150                              | 150        | 0          | 0                              |
|                          | Loans in KRW    | 2008-03-12       | 2011-03-12    | 5.84%        | 200                              | 200        | 0          | 0                              |
|                          | Loans in KRW    | 2008-06-27       | 2011-06-27    | 6.53%        | 200                              | 200        | 0          | 0                              |
|                          | Loans in KRW    | 2008-07-31       | 2011-07-31    | 6.90%        | 100                              | 100        | 0          | 0                              |
|                          | Loans in KRW    | 2010-10-29       | 2015-10-29    | 4.37%        | 100                              | 0          | 0          | 100                            |
|                          | Loans in KRW    | 2011-01-28       | 2016-01-28    | 4.91%        | 0                                | 0          | 100        | 100                            |
|                          | Loans in KRW    | 2011-02-24       | 2016-02-24    | 4.82%        | 0                                | 0          | 250        | 250                            |
|                          | Loans in KRW    | 2011-05-17       | 2016-05-17    | 4.47%        | 0                                | 0          | 100        | 100                            |
|                          | Shinhan Capital | Loans in KRW     | 2006-09-26    | 2011-09-26   | 4.99%                            | 50         | 50         | 0                              |
| Loans in KRW             |                 | 2007-03-23       | 2012-03-23    | 5.48%        | 50                               | 0          | 0          | 50                             |
| Loans in KRW             |                 | 2007-06-08       | 2012-06-08    | 5.95%        | 50                               | 0          | 0          | 50                             |
| Loans in KRW             |                 | 2008-01-23       | 2011-01-23    | 6.60%        | 50                               | 50         | 0          | 0                              |
| Loans in KRW             |                 | 2008-01-23       | 2013-01-23    | 6.60%        | 50                               | 0          | 0          | 50                             |
| Loans in KRW             |                 | 2008-03-12       | 2011-03-12    | 5.84%        | 50                               | 50         | 0          | 0                              |
| Loans in KRW             |                 | 2008-07-31       | 2011-07-31    | 6.90%        | 50                               | 50         | 0          | 0                              |
| Loans in KRW             |                 | 2010-09-28       | 2013-09-28    | 4.12%        | 100                              | 0          | 0          | 100                            |
| Loans in KRW             |                 | 2011-01-28       | 2014-01-28    | 4.53%        | 0                                | 0          | 50         | 50                             |
| Loans in KRW             |                 | 2011-04-29       | 2016-04-29    | 4.65%        | 0                                | 0          | 100        | 100                            |
| Shinhan PE               | Loans in KRW    | 2011-05-17       | 2016-05-17    | 4.47%        | 0                                | 0          | 50         | 50                             |
|                          | Loans in KRW    | 2010-08-13       | 2011-08-12    | 3.64%        | 5                                | 5          | 0          | 0                              |
|                          | Loans in KRW    | 2011-08-12       | 2012-08-10    | 4.09%        | 0                                | 0          | 5          | 5                              |
| <b>Total</b>             |                 |                  |               |              | <b>1,455</b>                     | <b>855</b> | <b>655</b> | <b>1,255</b>                   |

**Exhibit 99-1**

Independent Accountant's Review Report (Separate Financial Statements) of Shinhan Financial Group as of September 30, 2011

**Exhibit 99-2**

Independent Accountant's Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of September 30, 2011

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.

By /s/ Jung Kee Min  
Name: Jung Kee Min  
Title: Chief Financial Officer

Date: November 29, 2011