

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

August 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 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)**

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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 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.

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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 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%.

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**2) Liquidity**

*Won Liquidity Ratio* (KRW billion, %)

	<b>Jun. 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
<b>Company</b>			