

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

May 31, 2011

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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 March 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.

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 1Q 2011 Business Report**

On May 30, 2011, Shinhan Financial Group ( SFG ) filed its 1Q 2011 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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EX-99.2

### **Exhibit 99-1**

Independent Auditor s Review Report (Separate Financial Statements) of Shinhan Financial Group as of March 31, 2011

### **Exhibit 99-2**

Independent Auditor s Review Report (Consolidated Financial Statements) of Shinhan Financial Group and subsidiaries as of March 31, 2011

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**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

**Table of Contents****Change in Management**

On March 23, 2011 the Board of Directors of Shinhan Financial Group appointed Mr. Dong Woo Han as Chairman and CEO of the Group and Mr. Hoon Namkoong as the Chairman of the Board of Directors.

**Principal Subsidiaries under Korean Law (as of March 31, 2011)*****Direct Subsidiaries***

| Subsidiaries                         | Ownership by<br>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               | 100.0%              |
| SHC Management                       | 100.0%              |

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

**Table of Contents*****Indirect subsidiaries held through direct subsidiaries***

| 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  | 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   | 100.0%                  |
|                                      | Shinhan Card   | Shinhan-KT Mobile Card  |
| 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               | Shinhan NPS Private Equity Fund 1st                                  | 5.0% <sup>1)</sup>      |
|                                      | Shinhan Private Equity Fund 2nd                                      | 2.2% <sup>2)</sup>      |

1) Shinhan Financial Group and its subsidiaries currently own 36.7% of Shinhan NPS Private Equity Fund 1st.

2) Shinhan Financial Group and its subsidiaries currently own 32.6% of Shinhan Private Equity Fund 2nd.

3) Shinhan Capital currently owns 6.5% of KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp.

**Number of Shares (as of March 31, 2011)**

| Types of Shares                         | Number of Shares |
|---|------------------|
| Common Shares                           | 474,199,587      |
| Redeemable Preferred Shares             | 28,990,000       |
| Redeemable Convertible Preferred Shares | 14,721,000       |
| Total                                   | 517,910,587      |

Note)

On April 2011, a total of 11,100,000 shares of 12<sup>th</sup> series Redeemable Preferred Shares were issued through a 3<sup>rd</sup> party assignment. Please refer to the Form 6-K filed on April 7, 2011 for detail of the terms and conditions of these shares.

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

(KRW billion)

|   | 2011<br>(Jan.1~Mar.31) | 2010<br>(Jan.1~Mar.31) |
|---|------------------------|------------------------|
| Operating income  | 1,257.2                | 1,263.8                |
| Equity in income(loss) of equity method accounted investments | 12.8                   | 1.7                    |
| Earnings before income tax                                    | 1,270.1                | 1,265.5                |
| Income taxes  | 301.7                  | 303.4                  |
| Consolidated net income                                       | 968.4                  | 962.1                  |
| Net income in majority interest                               | 924.3                  | 917.5                  |
| Net income in minority interest                               | 44.0                   | 44.6                   |

F Some of the totals may not sum due to rounding.

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

|                      | 2011             |        |          |          | 2010             |        |          |          |
|----------------------|------------------|--------|----------|----------|------------------|--------|----------|----------|
|                      | Jan. 1 ~ Mar. 31 |        |          |          | Jan. 1 ~ Mar. 31 |        |          |          |
| (In KRW billion, %)  | Average          | Ratio  | Interest | Interest | Average          | Ratio  | Interest | Interest |
|                      | Balance          | (%)    | Paid     | Rate     | Balance          | (%)    | Paid     | Rate     |
| Source               |                  |        |          |          |                  |        |          |          |
| Deposits             | 152,252          | 61.87  | 948      | 2.49     | 147,400          | 62.40  | 999      | 2.71     |
| Borrowings           | 18,610           | 7.56   | 96       | 2.07     | 17,020           | 7.21   | 77       | 1.80     |
| Debentures           | 39,928           | 16.22  | 465      | 4.66     | 40,600           | 17.19  | 520      | 5.12     |
| Other Liabilities    | 35,307           | 14.35  |          |          | 31,190           | 13.20  |          |          |
| Total Liabilities    | 246,098          | 100.00 |          |          | 236,209          | 100.00 |          |          |
| Stockholder s Equity | 27,385           |        |          |          | 25,026           |        |          |          |
| Use                  |                  |        |          |          |                  |        |          |          |
| Currency & Due       |                  |        |          |          |                  |        |          |          |
| from Banks           | 14,135           | 5.17   | 57       | 1.60     | 14,670           | 5.62   | 42       | 1.14     |
| Loans                | 182,290          | 66.65  | 2,662    | 5.84     | 170,003          | 65.08  | 2,600    | 6.12     |
| Loan in KRW          | 139,783          | 51.11  | 1,927    | 5.51     | 133,991          | 51.29  | 1,904    | 5.68     |
| Loan in Foreign      |                  |        |          |          |                  |        |          |          |
| Currency             | 9,058            | 3.31   | 90       | 3.99     | 8,252            | 3.16   | 90       | 4.34     |
| Credit Card Accounts | 17,466           | 6.39   | 462      | 10.57    | 15,541           | 5.95   | 418      | 10.75    |
| Others               | 15,982           | 5.84   | 183      | 4.59     | 12,220           | 4.68   | 189      | 6.18     |
| HTM Assets           | 12,563           | 4.59   | 163      | 5.20     | 13,134           | 5.03   | 173      | 5.27     |
| Other Assets         | 64,496           | 23.58  |          |          | 63,429           | 24.28  |          |          |
| Total Assets         | 273,483          | 100.00 |          |          | 261,236          | 100.00 |          |          |

1) The Average Balance is the arithmetic mean of the beginning balance and the ending balance of first quarter.

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

Financial information for Mar.31, 2011 contained in this section are provisional figures.

| <i>Group BIS Ratio</i>                 | (KRW billion) |               |
|--|---------------|---------------|
|  | Mar. 31, 2011 | Dec. 31, 2010 |
| Aggregate Amount of Equity Capital (A) | 24,162.5      | 23,369.7      |
| Risk-Weighted Assets (B)               | 187,928.8     | 188,785.7     |
| BIS Ratio (A/B) <sup>1)</sup>          | 12.86%        | 12.38%        |

- 1) In accordance with the amendments in 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 K GAAP is 12.77%

| <i>Won Liquidity Ratio</i>              | (KRW billion) |               |
|---|---------------|---------------|
|   | Mar. 31, 2011 | Dec. 31, 2010 |
| Won Assets due within 1 months (A)      | 2,084.9       | 972.6         |
| Won Liabilities due within 1 months (B) | 651.2         | 246.0         |
| Won Liquidity Ratio (A/B)               | 320.18%       | 395.31%       |

| <i>Liabilities to Equity Ratio</i> | (KRW billion) |               |
|------------------------------------|---------------|---------------|
|                                    | Mar. 31, 2011 | Dec. 31, 2010 |
| Liabilities (A)                    | 7,802.7       | 6,907.6       |
| Equity (B)                         | 21,217.4      | 20,753.0      |
| Liabilities to Equity Ratio (A/B)  | 36.77%        | 33.29%        |

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

(1) BIS Capital Adequacy Ratio (%) <sup>1)</sup>

|                            | Mar. 31,<br>2011 | Dec. 31,<br>2010 |
|----------------------------|------------------|------------------|
| Shinhan Bank <sup>2)</sup> | 15.49            | 15.47            |
| Jeju Bank                  | 12.76            | 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%. Basel II FIRB Approach was applied in calculating BIS Capital Adequacy Ratios

2) BIS ratio for Dec. 31, 2010 based on K GAAP is 15.93%

(2) Adjusted Equity Capital Ratio (%)

|                 | Dec. 31,<br>2010 | Dec. 31,<br>2010 |
|-----------------|------------------|------------------|
| Shinhan Card    | 24.20            | 25.18            |
| Shinhan Capital | 14.06            | 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%.

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## (3) Net Capital Ratio (%)

|                                      | Mar. 31,<br>2011 | Dec. 31,<br>2010 |
|--------------------------------------|------------------|------------------|
| Shinhan Investment Corp.             | 610.24           | 658.31           |
| Shinhan BNP Paribas Asset Management | 740.40           | 708.31           |

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

## (4) Solvency Margin Ratio (%)

|                        | Mar. 31,<br>2011 | Dec. 31,<br>2010 |
|------------------------|------------------|------------------|
| Shinhan Life Insurance | 361.42           | 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 (%)

|                        | Mar. 31,<br>2011 | Dec. 31,<br>2010 |
|------------------------|------------------|------------------|
| Shinhan Private Equity | 233.3            | 216.2            |

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

|                                  | Mar. 31, 2011     |                              | Dec. 31, 2010     |                              |
|----------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                                  | Balance of<br>NPL | NPL to<br>total<br>Loans (%) | Balance of<br>NPL | NPL to<br>total<br>Loans (%) |
| Shinhan Bank <sup>1)</sup>       | 1,630.3           | 1.04                         | 1,410.0           | 0.91                         |
| Jeju Bank <sup>1)</sup>          | 35.7              | 1.61                         | 28.5              | 1.28                         |
| Shinhan Card <sup>2)</sup>       | 316.6             | 1.59                         | 325.9             | 1.60                         |
| Shinhan Investment <sup>2)</sup> | 132.7             | 11.28                        | 186.9             | 16.27                        |
| Shinhan Life Insurance           | 5.9               | 0.23                         | 6.0               | 0.24                         |
| Shinhan Capital                  | 82.1              | 2.63                         | 76.5              | 2.39                         |

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.

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

(KRW billion)

|                          |  | Jan. 1, 2011~<br>Mar. 31,<br>2011 | Jan. 1, 2010~<br>Dec. 31,<br>2010 |
|--------------------------|--|-----------------------------------|-----------------------------------|
| Shinhan Bank             | Allowance for Possible Loan Losses                 | 1,912.6                           | 1,805.1                           |
|                          | Allowance for losses on guarantees and acceptances | 163.0                             | 208.7                             |
|                          | Allowance for unused credit commitments            | 86.9                              | 85.8                              |
|                          | Other Allowances                                   | 104.8                             | 111.8                             |
|                          | Allowance for Valuation of Bonds                   | 1.1                               | 1.0                               |
|                          | Total  | 2,268.2                           | 2,212.4                           |
|                          | Write-offs   | 89.4                              | 709.8                             |
| Jeju Bank                | Allowance for Possible Loan Losses                 | 39.6                              | 39.7                              |
|                          | Allowance for losses on guarantees and acceptances | 0.1                               | 0.2                               |
|                          | Allowance for unused credit commitments            | 1.7                               | 1.7                               |
|                          | Other Allowances                                   | 0                                 | 0                                 |
|                          | Total  | 41.4                              | 41.6                              |
|                          | Write-offs   | 0.3                               | 10.6                              |
| Shinhan Card             | Allowance for Possible Loan Losses                 | 675.4                             | 703.8                             |
|                          | Allowance for reward on credit card use            | 23.8                              | 25.2                              |
|                          | Allowance for unused credit commitments            | 362.1                             | 367.5                             |
|                          | Other Allowances                                   | 8.9                               | 8.8                               |
|                          | Total  | 1,070.1                           | 1,105.3                           |
|                          | Write-offs   | 106.2                             | 494.4                             |
| Shinhan Investment Corp. | Allowance for Possible Loan Losses                 | 115.9                             | 151.3                             |
|                          | Other Allowances                                   | 25.2                              | 25.3                              |
|                          | Total  | 141.1                             | 176.6                             |
|                          | Write-offs   | 0                                 | 8.0                               |
| Shinhan Life Insurance   | Allowance for Possible Loan Losses                 | 29.2                              | 29.0                              |
|                          | Total  | 29.2                              | 29.0                              |
|                          | Write-offs   | 0                                 | 6.8                               |
| Shinhan Capital          | Allowance for Possible Loan Losses                 | 88.1                              | 61.5                              |
|                          | Total  | 88.1                              | 61.5                              |
|                          | Write-offs   | 12.7                              | 35.8                              |

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

(KRW billion)

| <b>As of Mar. 31, 2011<br/>Consolidated basis</b> | <b>Loans in<br/>Won</b> | <b>Loans in<br/>Foreign<br/>Currency</b> | <b>Securities</b> | <b>Guarantees<br/>and<br/>Acceptances</b> | <b>Others</b> | <b>Total<br/>Exposures</b> |
|---|-------------------------|--|-------------------|---|---------------|----------------------------|
| Ministry of Strategy & Finance                    | 0                       | 0  | 9,451             | 0   | 0             | 9,451                      |
| Bank of Korea                                     | 2,500                   | 0  | 6,471             | 0   | 0             | 8,971                      |
| Korea Land & Housing Corporation                  | 0                       | 0  | 2,676             | 0   | 0             | 2,676                      |
| Hyundai Heavy Industries Co., Ltd.                | 71                      | 210                                      | 682               | 1,558                                     | 0             | 2,521                      |
| Korea Deposit Insurance Corporation               | 0                       | 0  | 2,046             | 0   | 0             | 2,046                      |
| Industrial Bank of Korea                          | 511                     | 38                                       | 1,486             | 0   | 0             | 2,035                      |
| Korea Development Bank                            | 18                      | 22                                       | 1,694             | 0   | 0             | 1,734                      |
| Hana Bank   | 17                      | 114                                      | 1,381             | 0   | 0             | 1,513                      |
| Woori Bank  | 59                      | 22                                       | 1,371             | 2   | 0             | 1,455                      |
| Samsung Heavy Industries Co., LTD.                | 0                       | 100                                      | 1                 | 1,266                                     | 0             | 1,367                      |
| Songdo Cosmopolitan City<br>Development Inc.      | 1,012                   | 0  | 250               | 0   | 0             | 1,262                      |
| National Agricultural Cooperative<br>Federation   | 46                      | 28                                       | 1,155             | 3   | 0             | 1,231                      |
| Kookmin Bank                                      | 39                      | 1  | 1,122             | 3   | 0             | 1,165                      |
| POSCO   | 7                       | 88                                       | 1,014             | 41  | 1             | 1,151                      |
| Korea Finance Corporation                         | 0                       | 0  | 1,096             | 0   | 0             | 1,096                      |
| Hyundai Samho Heavy Industries<br>Co., Ltd.       | 3                       | 56                                       | 10                | 1,011                                     | 0             | 1,080                      |
| Samsung Electronics Co., Ltd.                     | 0                       | 882                                      | 25                | 0   | 0             | 907                        |
| Hynix   | 0                       | 277                                      | 452               | 92  | 0             | 821                        |
| KEPCO   | 20                      | 0  | 797               | 0   | 0             | 817                        |
| SH Corporation                                    | 240                     | 0  | 572               | 0   | 0             | 813                        |
| <b>Total</b>                                      | <b>4,543</b>            | <b>1,838</b>                             | <b>33,751</b>     | <b>3,977</b>                              | <b>1</b>      | <b>44,109</b>              |

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

(KRW billion)

| As of Mar. 31, 2011       | Loans in<br>Won | Loans in<br>Foreign<br>Currency | Securities | Guarantees<br>and<br>Acceptances | Others | Total<br>Exposures |
|---------------------------|-----------------|---------------------------------|------------|----------------------------------|--------|--------------------|
| <b>Consolidated basis</b> |                 |                                 |            |                                  |        |                    |
| Hyundai Heavy Industries  | 125             | 342                             | 747        | 3,179                            | 0      | 4,393              |
| Samsung                   | 232             | 1,271                           | 1,047      | 1,557                            | 1      | 4,108              |
| Hyundai Motors            | 947             | 1,122                           | 723        | 296                              | 0      | 3,089              |
| SK                        | 311             | 473                             | 856        | 792                              | 0      | 2,432              |
| LG                        | 1,169           | 699                             | 87         | 197                              | 1      | 2,153              |
| POSCO                     | 158             | 271                             | 1,028      | 382                              | 1      | 1,841              |
| Lotte                     | 532             | 58                              | 296        | 108                              | 1      | 996                |
| GS                        | 249             | 63                              | 185        | 353                              | 0      | 851                |
| STX                       | 122             | 174                             | 21         | 518                              | 0      | 835                |
| Hynix                     | 0               | 277                             | 452        | 92                               | 0      | 821                |
| Total                     | 3,846           | 4,750                           | 5,443      | 7,476                            | 5      | 21,520             |

**Loan Concentration by Industry**

(KRW billion)

| As of Mar. 31, 2011              | Total Exposures |            |
|----------------------------------|-----------------|------------|
| Consolidated basis               | Amount          | Weight (%) |
| Finance and insurance            | 21,480          | 10.93%     |
| Manufacturing                    | 31,940          | 16.25%     |
| Retail and wholesale             | 11,219          | 5.71%      |
| Real Estate, leasing and service | 15,779          | 8.03%      |
| Construction                     | 4,687           | 2.38%      |
| Hotel and leisure                | 3,142           | 1.60%      |
| Others                           | 20,761          | 10.56%     |
| Consumers                        | 87,566          | 44.55%     |
| Total                            | 196,574         | 100.00%    |

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

(KRW billion)

| <b>Borrower</b> | <b>Industry</b>                 | <b>Gross<br/>Principal<br/>Outstanding</b> | <b>Allowance for<br/>Loan<br/>Losses</b> |
|-----------------|---------------------------------|--|--|
| A               | Finance and insurance           | 65   | 14                                       |
| B               | Mining Industry                 | 50   | 48                                       |
| C               | Real estate and leasing service | 50   | 25                                       |
| D               | Art, sports and leisure service | 37   | 24                                       |
| E               | Art, sports and leisure service | 28   | 9  |
| F               | Manufacturing                   | 21   | 1  |
| G               | Manufacturing                   | 18   | 13                                       |
| H               | Real estate and leasing service | 15   | 4  |
| I               | Real estate and leasing service | 14   | 7  |
| J               | Manufacturing                   | 13   | 0  |
| K               | Transportation                  | 13   | 6  |
| L               | Real estate and leasing service | 12   | 5  |
| M               | Manufacturing                   | 12   | 11                                       |
| N               | Construction                    | 12   | 11                                       |
| O               | Real estate and leasing service | 11   | 1  |
| P               | Manufacturing                   | 11   | 1  |
| Q               | Transportation                  | 10   | 0  |
| R               | Real estate and leasing service | 9  | 1  |
| S               | Real estate and leasing service | 8  | 0  |
| T               | Others                          | 8  | 2  |
|                 | <b>Total</b>                    | <b>417</b>                                 | <b>184</b>                               |

- 1) Consolidated basis as of March 31, 2011.
- 2) Non-Performing Loans are defined as loans past due longer than 90 days.

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

|               |                   |                               |                               |
|---------------|-------------------|-------------------------------|-------------------------------|
| Audit Opinion | <b>1Q FY 2011</b> | <b>FY 2010</b><br>Unqualified | <b>FY 2009</b><br>Unqualified |
|---------------|-------------------|-------------------------------|-------------------------------|

\* For the 1<sup>st</sup> quarter 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 prepared in accordance with generally accepted accounting principles in Korea.

| <b>Year</b> | <b>Auditor</b>                | <b>Payment<br/>(KRW mil.)</b> | <b>Details</b>                       | <b>Working<br/>hours</b> |
|-------------|-------------------------------|-------------------------------|--------------------------------------|--------------------------|
| 1Q 2011     | KPMG Samjong Accounting Corp. | 487                           | Review/Audit of Financial Statements | 1,960 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 1<sup>st</sup> quarter 2011 covers the full year of 2011.

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

## 1) Executive Directors

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

## 2) Non-Executive Directors

Currently, 11 non-executive directors are in office, 10 of which outside directors who are nominated by our Outside Director Recommendation Committee and appointed pursuant to the approval of general shareholders meeting on March 23, 2011.

Our non-executive directors are as follows:

| <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                       |   | 1 years starting from March 23, 2011 |
| Taeun Kwon        | January 1941                   | O                       | Audit Committee member  | 2 years starting from March 23, 2011 |
| Kee Young Kim     | October 1937                   | O                       | Risk Management Committee chair<br>Compensation Committee member                                      | 2 years starting from March 23, 2011 |
| Seok Won Kim      | April 1947                     | O                       | Compensation Committee chair<br>Audit Committee member  | 2 years starting from March 23, 2011 |
| Hoon Namkoong     | June 1947                      | O                       | Chairman of Board of Directors<br>Board Steering Committee member<br>Risk Management Committee member | 2 years starting from March 23, 2011 |
| Jaekun Yoo        | August 1941                    | O                       |   | 2 years starting from March 23, 2011 |
| Ke Sop Yun        | May 1945                       | O                       | Audit Committee chair<br>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 |
| Sun Tae Hwang     | October 1948                   | O                       | Audit Committee member<br>Compensation Committee member   | 2 years starting from March 23, 2011 |
| Haruki Hirakawa   | November 1964                  | O                       |   | 1 years starting from March 23, 2011 |
| Philippe Aguihier | September 1957                 | O                       | Risk Management Committee member  | 1 years starting from March 23, 2011 |

For personal profiles of the outside directors, please refer to our Form 6-K filed on February 22, 2011.

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## 3) Executive Officers

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

| <b>Name</b>   | <b>Month and Year of Birth</b> | <b>Position</b>                                    | <b>In charge of</b>   |
|---------------|--------------------------------|--|---|
| Buhmsoo Choi  | Aug. 1956                      | Deputy President                                   | - Strategic Planning Team<br>- 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  |
| Jung Kee Min  | Mar. 1959                      | Executive Vice-President & Chief Financial Officer | - Finance Management Team<br>- 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<br>- Compliance Team  |
| Yee Yong Jo   | Feb. 1957                      | Managing Director                                  | - Risk Management Team  |
| Sam Yong Lee  | June 1953                      | Managing Director                                  |   |

**Stock Options**

(as of April 30, 2011)

|                 | <b>No. of<br/>Granted<br/>Options</b> | <b>No. of<br/>Exercised<br/>Options</b> | <b>No. of<br/>Cancelled<br/>Options</b> | <b>No. of<br/>Exercisable<br/>Options</b> | <b>Exercise<br/>Price</b> |
|-----------------|---------------------------------------|---|---|---|---------------------------|
|                 | <b>(A)</b>                            | <b>(B)</b>                              | <b>(C)</b>                              | <b>(D = A - B - C)</b>                    |                           |
| Granted in 2005 | 2,620,331                             | 1,063,190                               | 251,300                                 | 1,305,841                                 | 28,006                    |
| Granted in 2006 | 3,206,173                             | 417,680                                 | 480,300                                 | 2,308,193                                 | 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 April 30, 2011 is KRW 40,660.

2) The closing price of our common stock was KRW 52,500 on April 30, 2011.

**Employees**

(As of March 31, 2011)

| <b>Gender</b> | <b>Number of<br/>Employees</b> | <b>Average length of Service</b> | <b>Total Salaries and wages paid in<br/>1<sup>st</sup> quarter of 2011<br/>(KRW million)</b> | <b>Average Payment<br/>per person<br/>(KRW million)</b> |
|---------------|--------------------------------|----------------------------------|--|---|
| Male          | 118                            | 1 yrs 9 mths                     | 2,931  | 23  |

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|        |     |              |       |    |
|--------|-----|--------------|-------|----|
| Female | 22  | 2 yrs 9 mths | 324   | 13 |
| Total  | 140 | 2 yrs 2 mths | 3,255 | 22 |

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**Table of Contents****5. Major Shareholders and Market Price Information of our Common Shares and ADRs*****Major Shareholders<sup>1)</sup> of Shinhan Financial Group as of March. 31, 2011***

| Name                     | No. of Common Shares owned | Ownership           |
|--------------------------|----------------------------|---------------------|
| BNP Paribas Group        | 30,106,276                 | 6.35%               |
| National Pension Service | 28,957,592 <sup>2)</sup>   | 6.11% <sup>2)</sup> |

1) Shareholders who own beneficial ownership of 5% or more.

2) As of December 31, 2010

***Share ownership of Employee Stock Ownership Association***

| Beginning Balance<br>(Jan.1, 2011) | Increase | Decrease  | Ending Balance<br>(Mar. 31, 2011) | Ownership<br>(Mar. 31, 2011) |
|------------------------------------|----------|-----------|-----------------------------------|------------------------------|
| 17,005,029                         | 577,283  | 1,093,912 | 16,488,400                        | 3.48%                        |

***Common Share Traded on the Korea Exchange***

(KRW, number of shares)

|                              |      | Oct. 2010  | Nov. 2010  | Dec. 2010  | Jan. 2011  | Feb. 2011  | Mar. 2011  |
|------------------------------|------|------------|------------|------------|------------|------------|------------|
| Price per share              | High | 47,850     | 44,700     | 53,600     | 53,800     | 51,600     | 50,900     |
|                              | Low  | 43,550     | 41,950     | 44,750     | 49,500     | 47,100     | 46,350     |
|                              | Avg. | 45,338     | 43,618     | 49,859     | 51,540     | 48,915     | 48,850     |
| Trading Volume               |      | 52,563,124 | 42,003,206 | 46,027,719 | 35,567,942 | 28,003,566 | 38,231,286 |
| Highest Daily Trading Volume |      | 5,909,348  | 4,612,237  | 3,958,956  | 3,427,084  | 2,504,871  | 3,283,176  |
| Lowest Daily Trading Volume  |      | 1,368,202  | 1,028,379  | 881,250    | 1,010,676  | 926,689    | 913,976    |

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

(USD, number of shares)

|                              |      | Oct. 2010 | Nov. 2010 | Dec. 2010 | Jan. 2011 | Feb. 2011 | Mar. 2011 |
|------------------------------|------|-----------|-----------|-----------|-----------|-----------|-----------|
| Price per share              | High | 86.76     | 81.19     | 93.82     | 95.65     | 94.52     | 91.09     |
|                              | Low  | 77.55     | 73.38     | 79.30     | 89.03     | 83.56     | 82.76     |
|                              | Avg. | 81.19     | 77.43     | 86.86     | 92.03     | 88.55     | 87.27     |
| Trading Volume               |      | 1,305,987 | 699,240   | 1,042,042 | 964,589   | 810,077   | 858,087   |
| Highest Daily Trading Volume |      | 165,478   | 86,105    | 93,024    | 149,733   | 86,100    | 73,114    |
| Lowest Daily Trading Volume  |      | 13,811    | 11,694    | 10,738    | 14,989    | 18,996    | 15,543    |

\* 1 ADR = 2 Common Shares

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

(As of March 31, 2011, KRW billion)

| Subsidiary               | Loan Type    | Origination Date | Maturity Date | Lending Rate | Beginning Balance (Jan. 1, 2011) | Decrease   | Increase   | Ending Balance (Mar.31, 2011) |
|--------------------------|--------------|------------------|---------------|--------------|----------------------------------|------------|------------|-------------------------------|
| Shinhan Investment Corp. | Loans in KRW | 2006-07-31       | 2012-01-31    | 5.64%        | 100                              |            |            | 100                           |
| Shinhan Card             | Loans in KRW | 2007-11-27       | 2012-11-27    | 6.41%        | 100                              |            |            | 100                           |
|                          | Loans in KRW | 2007-12-18       | 2012-12-18    | 6.86%        | 50                               |            |            | 50                            |
|                          | Loans in KRW | 2008-02-21       | 2011-02-21    | 5.66%        | 150                              | 150        |            |                               |
|                          | Loans in KRW | 2008-03-12       | 2011-03-12    | 5.84%        | 200                              | 200        |            |                               |
|                          | Loans in KRW | 2008-06-27       | 2011-06-27    | 6.53%        | 200                              |            |            | 200                           |
|                          | Loans in KRW | 2008-07-31       | 2011-07-31    | 6.90%        | 100                              |            |            | 100                           |
|                          | Loans in KRW | 2010-10-29       | 2015-10-29    | 4.37%        | 100                              |            |            | 100                           |
|                          | Loans in KRW | 2011-01-28       | 2016-01-28    | 4.91%        |                                  |            | 100        | 100                           |
|                          | Loans in KRW | 2011-02-24       | 2016-02-24    | 4.82%        |                                  |            | 250        | 250                           |
| Shinhan Capital          | Loans in KRW | 2006-09-26       | 2011-09-26    | 4.99%        | 50                               |            |            | 50                            |
|                          | Loans in KRW | 2007-03-23       | 2012-03-23    | 5.48%        | 50                               |            |            | 50                            |
|                          | Loans in KRW | 2007-06-08       | 2012-06-08    | 5.95%        | 50                               |            |            | 50                            |
|                          | Loans in KRW | 2008-01-23       | 2011-01-23    | 6.60%        | 50                               | 50         |            |                               |
|                          | Loans in KRW | 2008-01-23       | 2013-01-23    | 6.60%        | 50                               |            |            | 50                            |
|                          | Loans in KRW | 2008-03-12       | 2011-03-12    | 5.84%        | 50                               | 50         |            |                               |
|                          | Loans in KRW | 2008-07-31       | 2011-07-31    | 6.90%        | 50                               |            |            | 50                            |
|                          | Loans in KRW | 2010-09-28       | 2013-09-28    | 4.12%        | 100                              |            |            | 100                           |
|                          | Loans in KRW | 2011-01-28       | 2014-01-28    | 4.53%        |                                  |            | 50         | 50                            |
| Shinhan PE               | Loans in KRW | 2010-08-13       | 2011-08-12    | 3.64%        | 5                                |            |            | 5                             |
| <b>Total</b>             |              |                  |               |              | <b>1,455</b>                     | <b>450</b> | <b>400</b> | <b>1,405</b>                  |

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SIGNATURES

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

SHINHAN FINANCIAL GROUP CO.,  
LTD.

By /s/ Jung Kee Min

Name: Jung Kee Min  
Title: Chief Financial Officer

Date: May 30, 2011

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