

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

November 26, 2012

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# **SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

## **FORM 6-K**

### **REPORT OF FOREIGN PRIVATE ISSUER**

**Pursuant to Rule 13a-16 or 15d-16 of**

**the Securities Exchange Act of 1934**

**For the Month of November 2012**

## **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)**

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

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

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- .

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**Summary of 2012 3Q Business Report**

On November 23, 2012, Shinhan Financial Group ( SFG ) filed its 2012 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 Auditors Review Report (Separate Financial Statements) of Shinhan Financial Group as of September 30, 2012

**Exhibit 99.2**

Independent Auditors Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of September 30, 2012

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**1. Introduction of the Group**

**Company History in 2009 through 2012**

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 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 subsidiary of SFG



**Table of Contents****Principal Subsidiaries under Korean Law (as of September 30, 2012)***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 Credit Information	100.0%
Shinhan Private Equity Investment Management <sup>3)</sup>	100.0%
SHC Management <sup>4)</sup>	100.0%

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

2) On December 28, 2011, Shinhan Savings Bank became a direct subsidiary upon obtaining a savings bank license.

3) On November 2, 2011, Shinhan Private Equity renamed as Shinhan Private Equity Investment Management upon acquisition of a investment advisory license.

4) Currently in liquidation proceedings.

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*Indirect subsidiaries held through direct subsidiaries (as of September 30, 2012)*

Direct Subsidiaries	Indirect Subsidiaries	Ownership by the Parent
Shinhan Bank	Shinhan Asia Limited	100.0%
	Shinhan Bank America	100.0%
	Shinhan Bank Europe	100.0%
	Shinhan Khmer Bank Limited	90.0%
	Shinhan Bank Kazakhstan	100.0%
	Shinhan Bank China Limited	100.0%
	Shinhan AITAS	99.8%
	Shinhan Bank Canada	100.0%
	Shinhan Bank Japan	100.0%
	Shinhan Bank Vietnam <sup>1)</sup>	100.0%
Shinhan Investment Corp.	Shinhan Investment America Inc.	100.0%
	Shinhan Investment Europe Ltd.	100.0%
	Shinhan Investment Asia Ltd.	100.0%
	Shinhan Maritime Private Equity Fund I	7.1%
	KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp. <sup>2)</sup>	8.5%
Shinhan BNP Paribas Asset Management	Shinhan BNP Paribas Asset Management (Hong Kong) Limited	100.0%
Shinhan Private Equity Investment Management	Shinhan NPS Private Equity Fund 1st	5.0% <sup>3)</sup>
	Shinhan Private Equity Fund 2nd	2.2% <sup>4)</sup>

1) On November 28, 2011, upon 100% acquisition of Shinhan Vina Bank, Shinhan Bank Vietnam was merged with Shinhan Vina Bank.

2) Shinhan Capital currently owns 6.5% 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.

*Number of Shares (as of September 30, 2012)*

Types of Shares	Number of Shares
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>3Q 2012</b> <b>(Jan. 1 ~ Sep. 30)</b>	<b>FY2011</b> <b>(Jan. 1 ~ Dec. 31)</b>	<b>FY2010</b> <b>(Jan. 1 ~ Dec. 31)</b>
Operating income	2,650.6	4,134.8	3,414.5
Equity in income(loss) of associates	19.7	57.8	15.3
Earnings before income tax	2,670.3	4,192.6	3,429.8
Income taxes	600.9	919.9	570.4
Consolidated net income	2,069.3	3,272.6	2,859.4
Net income in majority interest	1,942.6	3,100.0	2,684.6
Net income in minority interest	126.7	172.6	174.8

Some of the totals may not sum due to rounding.



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**Source and Use of Funds**

(KRW billion)

Consolidated Basis (KRW billion, %)	3Q 2012 Jan. 1 ~ Sep. 30				FY2011 Jan. 1 ~ Dec. 31				FY2010 Jan. 1 ~ Dec. 31			
	Average Balance	Proportions (%)	Interest Paid	Interest Rate (%)	Average Balance	Proportions (%)	Interest Paid	Interest Rate (%)	Average Balance	Proportions (%)	Interest Paid	Interest Rate (%)
Deposits	167,646.6	56.37	3,429.5	2.73	156,280.5	55.28	4,181.0	2.68	149,653.3	56.11	3,935.6	2.63
Borrowings	14,395.3	4.84	197.9	1.83	14,037.4	4.97	259.2	1.85	12,403.4	4.65	250.4	2.02
Debentures	39,996.3	13.45	1,331.4	4.44	40,017.2	14.16	1,942.9	4.86	40,356.3	15.13	2,041.2	5.06
Other Liabilities	47,740.6	16.05			44,174.6	15.63			38,446.2	14.41		
Total Liabilities	269,778.8	90.72			254,509.7	90.03			240,859.2	90.30		
Source												
Total Stockholder s Equity	27,609.7	9.28			28,184.6	9.97			25,872.4	9.70		
Total Liabilities & SE	297,388.5	100.00			282,694.3	100.00			266,731.6	100.00		
Currency & Due from												
Banks	16,488.0	5.54	205.2	1.66	14,396.1	5.09	248.6	1.73	14,457.1	5.42	168.5	1.17
Loans	194,482.3	65.40	8,550.0	5.86	186,828.2	66.09	11,265.3	6.03	174,360.4	65.37	10,561.5	6.06
Loans in KRW	149,299.2	50.20	6,296.4	5.62	143,097.0	50.62	8,281.2	5.79	135,645.6	50.85	7,632.4	5.63
Loans in Foreign												
Currency Credit Card	10,434.7	3.51	323.9	4.14	9,510.8	3.36	379.1	3.99	8,940.8	3.35	377.3	4.22
Accounts	17,421.4	5.86	1,381.2	10.57	17,740.2	6.28	1,887.5	10.64	16,278.4	6.10	1,794.8	11.03
Others	17,327.0	5.83	548.5	4.22	16,480.2	5.83	717.5	4.35	13,495.8	5.06	756.9	5.61
Use												
AFS Financial Assets	29,920.3	10.06	872.5	3.89	25,588.5	9.05	1,025.9	4.01	22,045.7	8.27	953.6	4.33
HTM Financial Assets	11,823.2	3.98	451.0	5.09	12,307.7	4.35	642.9	5.22	12,899.1	4.84	687.4	5.33
Other Assets	44,674.7	15.02			43,573.8	15.41			42,969.3	16.11		
Total Assets	297,388.5	100.00			282,694.3	100.00			266,731.6	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 Sep. 30, 2012 listed herein may be subject to change.

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

(KRW billion)

	Sep. 30, 2012	Dec. 31, 2011	Dec. 31, 2010
Aggregate Amount of Equity Capital (A)	24,794.1	22,315.4	23,369.7
Risk-Weighted Assets (B)	202,489.3	195,579.4	188,785.7
BIS Ratio (A/B) <sup>1)</sup>	12.24%	11.41%	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 Korean GAAP is 12.77%.

**Capital Adequacy Ratios (Subsidiaries)**

(%)

Subsidiary	Capital Adequacy Ratio	Sep. 30, 2012	Dec. 31, 2011	Dec. 31, 2010
Shinhan Bank <sup>1)</sup>	BIS Capital Adequacy Ratio	15.41	15.26	15.47
Jeju Bank <sup>1)</sup>	BIS Capital Adequacy Ratio	15.06	13.27	13.40
Shinhan Card <sup>1)</sup>	Adjusted Equity Capital Ratio	27.50	24.84	25.18
Shinhan Investment Corp. <sup>2)</sup>	Net Capital Ratio	587.62	700.78	658.31
Shinhan Life Insurance <sup>2)</sup>	Solvency Margin Ratio	311.85	324.02	397.93
Shinhan BNPP AM <sup>2)</sup>	Net Capital Ratio	558.86	599.73	708.31
Shinhan Capital <sup>2)</sup>	Adjusted Equity Capital Ratio	14.97	14.90	14.23
Shinhan Savings Bank	BIS Capital Adequacy Ratio	14.44	n/a	n/a

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 was applied in calculating Shinhan Bank's BIS Capital Adequacy Ratios.

Basel II TSA was applied in calculating Jeju Bank's BIS Capital Adequacy Ratios.

Basel I TSA was applied in calculating Shinhan Savings Bank's BIS Capital Adequacy Ratios.

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%.

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

Under the guidelines issued by the FSC, Shinhan Life Insurance is required to maintain a minimum solvency margin ratio of 100%. The risk-based capital methodology was applied in calculating the solvency margin ratio of Shinhan Life Insurance.

- 1) Capital adequacy ratios for Dec. 31, 2010 based on K-GAAP is as follows:  
 Shinhan Bank: 15.93%, Jeju Bank: 14.18%, Shinhan Card: 24.99%

- 2) Capital adequacy ratios of Shinhan Investment Corp., Shinhan Life Insurance, Shinhan BNPP AM, and Shinhan Capital for Dec. 31, 2010 are based on K-GAAP.

**Table of Contents****1) Liquidity Ratios***Won Liquidity Ratio*

(KRW billion, %)

Company	Sep. 30, 2012			Dec. 31, 2011			Dec. 31, 2010		
	Won Assets	Won Liabilities	Won Liquidity Ratio	Won Assets	Won Liabilities	Won Liquidity Ratio	Won Assets	Won Liabilities	Won Liquidity Ratio
Shinhan Financial Group	396.3	246.7	160.6	4,225.5	3,911.2	108.0	972.6	246.0	395.3
Shinhan Bank	65,602.0	45,361.0	144.6	56,609.5	46,635.4	121.4	54,646.2	45,786.9	119.3
Shinhan Card	14,836.8	3,549.8	418.0	15,417.2	3,417.5	451.1	13,160.9	3,450.1	381.5
Shinhan Investment Corp.	10,261.2	7,512.0	136.6	6,161.4	5,036.5	122.3	6,615.7	5,293.5	125.0
Shinhan Life Insurance	1,111.6	364.3	305.1	843.5	341.5	247.0	517.3	254.7	203.1
Shinhan Capital	612.9	240.5	254.8	519.0	147.9	350.8	758.8	295.0	257.2
Jeju Bank	929.6	561.7	165.5	982.2	686.2	143.1	899.3	618.8	145.3
Shinhan Savings Bank	330.9	112.9	293.1						

- 1) Shinhan Financial Group, Shinhan Bank, Jeju Bank: Due within 1 month
- 2) Shinhan Life Insurance: (Won assets due within 3 months / 3 months average of Claim payments) \* 100
- 3) Shinhan Card, Shinhan Investment Corp., Shinhan Capital, Shinhan Savings Bank: Due within 3 months

*Foreign Currency (FC) Liquidity Ratio*

(KRW billion, %)

Company	Sep. 30, 2012			Dec. 31, 2011			Dec. 31, 2010		
	FC Assets	FC Liabilities	FC Liquidity Ratio	FC Assets	FC Liabilities	FC Liquidity Ratio	FC Assets	FC Liabilities	FC Liquidity Ratio
Shinhan Financial Group									
Shinhan Bank	29,926.2	27,260.3	109.8	25,887.9	22,254.2	116.3	24,238.7	23,092.8	105.0
Shinhan Investment Corp.	466.3	435.8	107.0	23.3	23.5	99.0	11.5	10.3	111.5
Shinhan Capital	139.5	90.6	154.0	51.5	21.9	235.7	333.5	285.0	117.0
Jeju Bank	16.3	8.3	194.9	15.4	9.4	164.3	13.0	10.5	123.8

- 1) Foreign currency liquidity ratios are computed with assets and liabilities due within 3 months
- 2) Shinhan Bank's foreign currency liquidity ratio reflected securitization weight with the guidelines issued by the FSS

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

(KRW billion, %)

	Sep. 30, 2012	Dec. 31, 2011	Dec. 31, 2010
Total Loans	203,991.1	201,245.9	184,676.3
Substandard & Below	3,071.7	2,587.1	2,736.8
Substandard & Below Ratio	1.51	1.29	1.48
Non-Performing Loans	2,487.4	1,903.5	1,977.7
NPL Ratio	1.22	0.95	1.07
NPL Coverage Ratio	148.02	162.19	132.80
Loan Loss Allowance <sup>1)</sup>	4,546.7	4,196.0	3,634.5
Substandard & Below Loans	3,071.7	2,587.1	2,736.8

1) Including reserve for credit losses.

*Separate Basis*

(%)

	Sep. 30, 2012			Dec. 31, 2011			Dec. 31, 2010		
	Substandard & Below Ratio	NPL Ratio	NPL Coverage Ratio <sup>1)</sup>	Substandard & Below Ratio	NPL Ratio	NPL Coverage Ratio <sup>1)</sup>	Substandard & Below Ratio	NPL Ratio	NPL Coverage Ratio <sup>1)</sup>
Shinhan Financial Group									
Shinhan Bank	1.27	1.03	153.72	1.09	0.82	166.11	1.31	0.91	133.10
Shinhan Card	2.17	1.68	201.62	1.69	1.26	236.08	1.90	1.44	182.65
Shinhan Investment Corp.	10.43	10.43	82.32	16.97	16.92	71.46	12.29	12.29	82.41
Shinhan Life Insurance	0.51	0.29	243.75	0.45	0.23	280.64	0.62	1.48	226.89
Shinhan Capital	2.94	2.36	58.91	2.79	1.31	82.85	2.38	1.86	80.44
Jeju Bank	1.84	1.70	87.11	1.62	1.03	93.73	1.57	1.28	113.74
Shinhan Savings Bank	38.82	38.82	35.61						

1) Including reserve for credit losses.

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

(KRW billion)

	Sep. 30, 2012	Dec. 31, 2011	Dec. 31, 2010
Allowance for loan losses	3,047.7	2,729.1	2,993.3
Allowance for acceptances and guarantee	82.0	85.8	171.0
Allowance for unused loan commitments	422.2	444.8	462.5
Other allowance	227.1	339.0	225.9
<b>Total allowance</b>	<b>3,779.0</b>	<b>3,598.7</b>	<b>3,852.7</b>
Write-offs	885.5	1,382.1	1,284.7

**<Shinhan Bank>**

(KRW billion)

	Sep. 30, 2012	Dec. 31, 2011	Dec. 31, 2010
Allowance for loan losses	1,791.0	1,580.9	1,803.8
Allowance for acceptances and guarantee	115.5	109.5	208.7
Allowance for unused loan commitments	76.3	85.2	85.8
Other allowance	149.5	256.2	155.4
<b>Total allowance</b>	<b>2,132.3</b>	<b>2,031.8</b>	<b>2,253.8</b>
Write-offs	403.4	811.8	773.1

**<Shinhan Card>**

(KRW billion)

	Sep. 30, 2012	Dec. 31, 2011	Dec. 31, 2010
Allowance for loan losses	784.7	706.2	703.8
Allowance for acceptances and guarantee			
Allowance for unused loan commitments	337.2	345.3	367.5
Other allowance	49.0	50.6	42.5
<b>Total allowance</b>	<b>1,170.9</b>	<b>1,102.1</b>	<b>1,113.8</b>
Write-offs	358.3	451.5	436.8





**Table of Contents****4) Debt to Equity Ratios***Shinhan Financial Group*

(KRW billion)

Separate Basis	Sep. 30, 2012	Dec. 31, 2011 <sup>1)</sup>	Dec. 31, 2010
Debt	7,548.0	11,413.4	6,907.6
Equity	19,729.5	19,430.8	20,753.0
Debt to Equity Ratio	38.26%	58.74%	33.29%

- 1) Upon the resolution of Board of Directors to redeem Series 10 redeemable preferred shares and Series 11 convertible redeemable preferred shares held on December 15, 2011, KRW 3.75 trillion capital decrease and liability increase reflected on Debt to Equity Ratio.

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

(KRW billion)

As of Sep. 30, 2012

Consolidated basis	Loans in Won	Loans in Foreign Currency	Securities	Guarantees and Acceptance	Others	Total Exposures
Ministry of Strategy & Finance			8,384			8,384
Bank of Korea	2,270		5,203			7,473
Hyundai Heavy Industries Co., Ltd.	2	132	312	2,908		3,355
Industrial Bank of Korea	557	45	2,341			2,943
Korea Finance Corporation			2,788			2,788
Korea Deposit Insurance Corporation			2,543			2,543
Korea Development Bank	13	24	2,315			2,352
Korea Land & Housing Corporation			1,877			1,877
Kookmin Bank	807	7	1,044			1,858
Woori Bank	249	14	1,288	6		1,557
Korea Securities Finance Corporation	33		1,453			1,486
Samsung Heavy Industries Co., Ltd.		68	61	1,185		1,314
Hana Bank	14	58	1,156			1,228
POSCO	2	177	792	62		1,033
Standard Chartered Bank Korea	303		648			952
KEPCO			912	8		920
Songdo Cosmopolitan City Development Inc.	912					912
Korea EximBank			830			830
Samsung C&T Corporation	41	65	461	252		819
Hyundai Samho Heavy Industries Co., Ltd.		16		802		819
<b>Total</b>	<b>5,205</b>	<b>605</b>	<b>34,408</b>	<b>5,224</b>		<b>45,442</b>

Some of the totals may not sum due to rounding

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

(KRW billion)

As of Sep. 30, 2012

Consolidated basis	Loans in Foreign		Securities	Guarantees and Acceptances	Others	Total Exposures
	Loans in Won	Currency				
Hyundai Heavy Industries	108	337	363	4,041		4,850
Samsung	242	891	1,071	1,779		3,983
Hyundai Motors	1,479	1,340	712	356		3,887
SK	491	909	1,055	1,032	2	3,488
LG	1,611	365	376	135		2,487
POSCO	202	308	855	405	6	1,776
Lotte	473	224	678	182	1	1,558
GS	306	124	520	447		1,396
LS	208	375	243	387		1,213
Hyosung	236	460	18	188		901
<b>Total</b>	<b>5,357</b>	<b>5,334</b>	<b>5,890</b>	<b>8,952</b>	<b>9</b>	<b>25,541</b>

Some of the totals may not sum due to rounding.

**Loan Concentration by Industry**

(KRW billion)

As of Sep. 30, 2012

Total Exposures

Consolidated basis	Amount	Weight (%)
Finance and Insurance	55,865	20.7
Manufacturing	36,444	13.5
Retail and wholesale	13,001	4.8
Real Estate, leasing and service	19,662	7.3
Construction	5,334	2.0
Hotel and leisure	4,076	1.5
Others	40,193	14.9
Consumers	95,549	35.4
<b>Total</b>	<b>270,123</b>	<b>100</b>

\* Including deposits, loans, and securities.

**Table of Contents****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	Development and Subdividing of Residential Buildings	116	2
B	Development and Subdividing of Residential Buildings	52	1
C	Other Non-Residential Building Construction	45	45
D	Development and Subdividing of Residential Buildings	43	16
E	Office and Commercial Building Construction	44	32
F	Manufacture of Other Paper and Paperboard	39	28
G	Manufacture of Television	34	31
H	Building of Steel Ships	33	19
I	Renting of Non-Residential Buildings	31	3
J	Development and Subdividing of Residential Buildings	30	20
K	Manufacture of Synthetic Resin and Other Plastic Materials	30	18
L	Other Civil Engineering Construction	29	21
M	Apartment Building Construction	26	23
N	Development and Subdividing of Residential Buildings	25	5
O	Non-Financial Holding Companies	25	15
P	Renting of Non-Residential Buildings	25	10
Q	Manufacture of Sections for Ships	25	0
R	Construction of Highways, Streets and Roads	24	17
S	Manufacture of Tires and Tubes	23	23
T	Other Financial Business	23	5
<b>Total</b>		<b>720</b>	<b>332</b>

- 1) Consolidated basis as of Sep. 30, 2012.
- 2) Non-Performing Loans are defined as loans past due longer than 90 days.
- 3) Some of the totals may not sum due to rounding.

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

	3Q 2012	FY 2011	FY 2010
Audit Opinion		Unqualified	Unqualified

\* For the third quarter of 2012, the independent accountant conducted a review for our financial statements instead of auditing them.  
***Compensation to the Independent Auditor for Audit and Review Services***

The following is a description of the fees for audit and review services performed by our independent auditor for the last three years in connection with our financial statements preparation.

Year	Auditor	Payment (KRW mil.)	Details	Working hours
3Q 2012	KPMG Samjong Accounting Corp.	498 <sup>1)</sup>	Review/Audit of Financial Statements	4,900 hours
2011	KPMG Samjong Accounting Corp.	487	Review/Audit of Financial Statements	9,016 hours
2010	KPMG Samjong Accounting Corp.	366	Review/Audit of Financial Statements	4,650 hours

1) Payment for the three quarters of 2012 covers the full year of 2012

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

## 1) Executive Directors

Name	Month and Year of Birth	Position	Service Term
Dong Woo Han	Nov. 1948	Chairman of Shinhan Financial Group Board Steering Committee Chair Corporate Governance & CEO Recommendation Committee Member	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 29, 2012.

Our non-executive directors are as follows:

Name	Month and Year of Birth	Outside Director	Sub-Committees	Service Term
Jin Won Suh	April 1951	X	- Audit Committee member	4 years starting from March 23, 2011
Taeun Kwon	January 1941	O	Corporate Governance & CEO Recommendation Committee member Risk Management Committee Chair	2 years starting from March 23, 2011
Kee Young Kim	October 1937	O	Compensation Committee member Corporate Governance & CEO Recommendation Committee Chair Audit Committee member	2 years starting from March 23, 2011
Seok Won Kim	April 1947	O	Compensation Committee Chair Chairman of Board of Directors	2 years starting from March 23, 2011
Hoon Namkoong	June 1947	O	Board Steering Committee member Risk Management Committee member	2 years starting from March 23, 2011
Jaekun Yoo	August 1941	O	Corporate Governance & CEO Recommendation Committee member Corporate Governance & CEO Recommendation Committee member Audit Committee member	2 years starting from March 23, 2011
Sang-Kyeong Lee	September 1945	O	Audit Committee member Compensation Committee member	2 years starting from March 29, 2012

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Audit Committee Chair				
Ke Sop Yun	May 1945	O		4 years starting from March 17, 2009
			Board Steering Committee member	
Jung Il Lee	August 1952	O	Board Steering Committee member	2 years starting from March 23, 2011
Haruki Hirakawa	November 1964	O	Compensation Committee member	2 years starting from March 23, 2011
			Risk Management Committee member	
Philippe Aguiñier	September 1957	O	Corporate Governance & CEO Recommendation Committee member	3 years starting from March 24, 2010

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## 3) Executive Officers

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

Name	Month and Year of Birth	Position	In charge of
Buhmsoo Choi	Aug. 1956	Deputy President	Strategic Planning Team Global Business Strategy Team
Sung Ho Wi	June 1958	Deputy President	Shinhan FSB Research Institute Wealth Management Planning Office
Se Il Oh	Sep. 1957	Deputy President	Corporate & Investment Banking Planning Office Synergy Management Team
Jae-Gwang Soh	Aug. 1961	Deputy President	Information & Technology Planning Team
Jung Kee Min	Mar. 1959	Deputy President & Chief Financial Officer	Audit Team Finance Management Team Investor Relations Team Business Management Team Public Relations Team
Dong Hwan Lee	Sep. 1959	Executive Vice-President	CSR & Culture Management Team
Bo Hyuk Yim	Mar. 1961	Managing Director	General Affairs Team Risk Management Team
Woo Gyun Park	Mar. 1959	Managing Director	Compliance Team

**Stock Options**

(As of Oct. 31, 2012)

	No. of Granted Options (A)	No. of Exercised Options (B)	No. of Cancelled Options (C)	No. of Exercisable Options (D = A - B - C)	Exercise Price (KRW)
Granted in 2005	2,620,331	2,266,642	251,300	102,389	28,006
Granted in 2006	3,206,173	713,167	480,300	2,012,706	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
<b>Total</b>	<b>7,862,847</b>	<b>2,979,809</b>	<b>1,122,309</b>	<b>3,760,729</b>	

Note 1) The weighted-average exercise price of outstanding exercisable options as of Oct. 31, 2012 is KRW 44,510.

2) The closing price of our common stock was KRW 37,450 on Oct. 31, 2012.



*Employees*

(As of Sep. 30, 2012)

Gender	Number of Employees	Average length of Service	Total Salaries and	Average Payment
			wages paid in 2012 (KRW million)	per person (KRW million)
Male	128	2 yrs 4 mths	11,840	92
Female	28	3 yrs 2 mths	1,217	43
<b>Total</b>	<b>156</b>	<b>2 yrs 5 mths</b>	<b>13,057</b>	<b>84</b>

- Note 1) Average length of service including service within group subsidiaries as of Sep. 30, 2012 is Male 13 yrs 1 mths and Female 7yrs 1 mths, whereas total average is 12yrs.
- Note 2) Total salaries and average payment per person excludes retired employees. Including retired employees, total salaries paid stands at KRW15,215 million and average payment per person KRW78 million.

**Table of Contents****5. Major Shareholder and Market Price Information of our Common Shares and ADRs***Major Shareholders<sup>1)</sup> of Shinhan Financial Group as of Sep. 30, 2012*

Name	No. of Common Shares owned	Ownership%
National Pension Service	34,829,793 <sup>3)</sup>	7.34% <sup>3)</sup>
BNP Paribas Group	30,106,276 <sup>3)</sup>	6.35% <sup>3)</sup>

- 1) Shareholders who own beneficial ownership of 5% or more (common share basis).
- 2) In addition to the common share holdings, National Pension Service holds a total of 2,000,000 shares of Shinhan Financial Group's series 12 non-voting redeemable preferred stock as of Dec. 31, 2011.
- 3) As of December 31, 2011.

*Share ownership of Employee Stock Ownership Association*

Beginning Balance			Ending Balance	Ownership% <sup>1)</sup>
(Jan. 1, 2012)	Increase	Decrease	(Sep. 30, 2012)	(Sep. 30, 2012)
16,974,245	3,161,923	1,447,145	18,689,023	3.94%

- 1) Common share basis.

*Common Share Traded on the Korea Exchange*

(KRW, number of shares)

	Apr. 2012	May. 2012	Jun. 2012	Jul. 2012	Aug. 2012	Sep. 2012	Oct. 2012	
Price per share	High	44,650	41,300	41,350	40,900	37,600	39,350	38,700
	Low	39,500	37,000	37,250	33,350	34,250	34,500	36,750
	Avg.	42,175	39,531	39,340	36,970	36,367	37,020	37,652
Trading Volume	19,115,298	24,751,394	19,039,724	29,538,364	29,398,615	30,282,383	16,965,939	
Highest Daily Trading Volume	1,347,832	1,993,543	1,598,942	2,623,823	2,479,453	3,497,457	1,531,700	
Lowest Daily Trading Volume	563,905	565,284	534,206	587,270	594,170	551,598	396,731	

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

(USD, number of shares)

	Apr. 2012	May. 2012	Jun. 2012	Jul. 2012	Aug. 2012	Sep. 2012	Oct. 2012	
Price per share	High	79.08	71.53	71.70	72.84	66.30	69.90	34.97
	Low	69.54	63.74	62.79	58.54	61.83	60.77	33.07
	Avg.	73.73	67.86	67.51	64.74	64.41	66.17	33.95
Trading Volume	441,508	622,047	676,960	593,047	848,141	565,578	974,446	
Highest Daily Trading Volume	55,206	75,027	68,399	57,657	205,904	69,439	87,800	
Lowest Daily Trading Volume	5,464	8,077	7,491	9,613	7,520	9,852	11,364	

- 1) Shinhan Financial Group changed the ratio on its American Depositary Receipts (ADRs) from one (1) ADR representing two (2) common shares to one (1) ADR representing one (1) common share effective October 15, 2012.

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- 2) Figures from April 2012 to September 2012 reflect the previous ratio (2:1), whereas figures for October 2012 reflect the changed ratio(1:1).

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

(KRW billion)

Subsidiary	Loan Type	Origination Date	Maturity Date	Lending Rate	Beginning Balance (Jan. 1, 2012)	Decrease	Increase	Ending Balance (Sep. 30, 2012)
Shinhan Investment Corp.	Loans in KRW	2006-07-31	2012-01-31	5.64%	100.0	100.0	0	0
	Loans in KRW	2012-01-30	2017-01-30	4.11%	0	0	100.0	100.0
	Loans in KRW	2012-06-28	2017-06-28	3.84%	0	0	100.0	100.0
Shinhan Card	Loans in KRW	2010-10-29	2015-10-29	4.37%	100.0	0	0	100.0
	Loans in KRW	2011-01-28	2016-01-28	4.91%	100.0	0	0	100.0
	Loans in KRW	2011-02-24	2016-02-24	4.82%	250.0	0	0	250.0
	Loans in KRW	2011-05-17	2016-05-17	4.47%	100.0	0	0	100.0
	Loans in KRW	2012-03-14	2017-03-14	4.12%	0	0	150.0	150.0
Shinhan Capital	Loans in KRW	2007-03-23	2012-03-23	5.48%	50.0	50.0	0	0
	Loans in KRW	2007-06-08	2012-06-08	5.95%	50.0	50.0	0	0
	Loans in KRW	2008-01-23	2013-01-23	6.60%	50.0	0	0	50.0
	Loans in KRW	2010-09-28	2013-09-28	4.12%	100.0	0	0	100.0
	Loans in KRW	2011-01-28	2014-01-28	4.53%	50.0	0	0	50.0
	Loans in KRW	2011-04-29	2016-04-29	4.65%	100.0	0	0	100.0
	Loans in KRW	2011-05-17	2016-05-17	4.47%	50.0	0	0	50.0
Shinhan PE IM	Loans in KRW	2012-03-14	2017-03-14	4.12%	0	0	50.0	50.0
	Loans in KRW	2011-08-12	2012-08-10	4.09%	5.0	5.0	0	0
	Loans in KRW	2012-08-10	2013-08-09	4.09%	0	0	5.0	5.0
<b>Total</b>					<b>1,105.0</b>	<b>205.0</b>	<b>405.0</b>	<b>1,305.0</b>

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**Exhibit 99.1**

Independent Auditors Review Report (Separate Financial Statements) of Shinhan Financial Group as of Sep 30, 2012

**Exhibit 99.2**

Independent Auditors Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of Sep 30, 2012

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SIGNATURES

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

SHINHAN FINANCIAL GROUP CO., LTD.

/s/ Jung Kee Min

Name: Jung Kee Min

Title: Chief Financial Officer

Date: November 26, 2012