

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

August 14, 2017

[Table of Contents](#)

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

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

**Under the Securities Exchange Act of 1934**

**For the Month of August 2017**

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

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

**20, Sejong-daero 9-gil, Jung-gu, Seoul 04513, 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-n/a .

**Table of Contents**

**Summary of FY2017 1H Business Report**

On August 14, 2017, Shinhan Financial Group ( SFG ) filed its FY2017 1H Business Report (the Business Report ) with the Financial Services Commission of Korea and the Korea Exchange pursuant to the Financial Investment Services and Capital Market Act of Korea. This is the summary of the Business Report translated into English. Non-material or previously disclosed information are omitted or abridged.

The financial information in this report has been prepared in accordance with Korean International Financial Reporting Standards.

**Table of Contents**

<u>1. Introduction of the Group</u>	3
<u>2. Business Results</u>	6
<u>3. Independent Auditor</u>	15
<u>4. Major Shareholder and Market Price Information of our Common Shares and ADRs</u>	16
<u>5. Directors, Executive Officers and Employees</u>	17
<u>6. Related Party Transactions</u>	22

**Table of Contents**

**1. Introduction of the Group**

**Company History in 2010 through 2017**

Jan. 2010 : Shinhan Data System became a direct subsidiary of SFG

Aug. 2010 : Shinhan Macquarie Financial Advisory was disaffiliated from 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

Nov. 2014 : LLP MFO Shinhan Finance (Kazakhstan) became an indirect subsidiary of SFG

Jul. 2015 : Shinhan Securities Vietnam Co., Ltd became an indirect subsidiary of SFG

Oct. 2015 : Banco Shinhan de Mexico became an indirect subsidiary of SFG

Nov. 2015 : PT Bank Shinhan Indonesia became an indirect subsidiary of SFG

Dec. 2015 : PT. Shinhan Indo Finance became an indirect subsidiary of SFG

Dec. 2015 : PT Centratama Nasional Bank became an indirect subsidiary of SFG

Mar. 2016 : Shinhan Microfinance Co., Ltd. became an indirect subsidiary of SFG

Jul. 2016 : PT Shinhan Securities Indonesia became an indirect subsidiary of SFG

Dec. 2016 : Launched new integrated PT Bank Shinhan Indonesia

**Table of Contents****Principal Subsidiaries under Korean Law (as of Jun. 30, 2017)*****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 Jun. 30, 2017)**

Direct Subsidiaries	Indirect Subsidiaries	Ownership by the Parent
Shinhan Bank	Shinhan Asia Limited	100.0%
	Shinhan Bank America	100.0%
	Shinhan Bank Japan	100.0%
	Shinhan Bank Europe	100.0%
	Shinhan Khmer Bank Limited <sup>1)</sup>	94.3%
	Shinhan Bank Kazakhstan	100.0%
	Shinhan Bank China Limited	100.0%
	Shinhan Bank Canada	100.0%
	Shinhan Bank Vietnam	100.0%
	Banco Shinhan de Mexico	100.0%
PT Bank Shinhan Indonesia	98.98%	
Shinhan Card	LLP MFO Shinhan Finance	100.0%
	PT. Shinhan Indo Finance	50.0%
	Shinhan Microfinance Co., Ltd.	100.00%
Shinhan Investment Corp.	Shinhan Investment Corp. USA Inc.	100.0%
	Shinhan Investment Corp. Asia Inc.	100.0%
	KOFC Shinhan Frontier Champ 2010-4 PEF <sup>2)</sup>	8.5%
	Shinhan Praxis K-Growth Global Private Equity Fund <sup>3)</sup>	14.1%
	Shinhan Securities Vietnam Co., Ltd	100.0%
	PT Shinhan Securities Indonesia	99.0%
Shinhan BNP Paribas Asset Management	Shinhan BNP Paribas Asset Management (Hong Kong) Limited	100.0%
Shinhan Private Equity	Shinhan NPS Private Equity Fund 1st <sup>4)</sup>	5.0%
	Shinhan Private Equity Fund 2nd <sup>5)</sup>	2.2%
	Shinhan-Stonebridge Petro Private Equity Fund <sup>6)</sup>	0.6%

- 1) Shinhan Financial Group and its subsidiaries currently own 95.7% 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 18.9% of Shinhan Praxis K-Growth Global Private Equity Fund.
- 4) Shinhan Financial Group and its subsidiaries currently own 36.7% of Shinhan NPS Private Equity Fund 1st.
- 5) Shinhan Financial Group and its subsidiaries currently own 32.6% of Shinhan Private Equity Fund 2nd.
- 6) Shinhan Financial Group and its subsidiaries currently own 1.8% of Shinhan-Stonebridge Petro Private Equity Fund.

**Number of Shares (as of Jun. 30, 2017)**

<b>Types of Shares</b>	<b>Number of Shares</b>
Common Shares	474,199,587
Total	474,199,587



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

	(KRW billion)			
	<b>2017 1H</b>	<b>2016 1H</b>	<b>FY2016</b>	<b>FY2015</b>
	<b>(Jan. 1 ~ Jun. 30)</b>	<b>(Jan. 1 ~ Jun. 30)</b>	<b>Jan. 1 ~ Dec. 31</b>	<b>Jan. 1 ~ Dec. 31</b>
Operating income	2,453.8	1,545.6	3,108.6	2,973.1
Equity method income	13.6	3.8	10.0	21.0
Other non-operating income	27.8	39.2	51.8	146.5
Profit before income taxes	2,495.2	1,588.6	3,170.5	3,140.6
Income tax expense	586.1	100.4	345.6	694.6
Consolidated net income	1,909.2	1,488.1	2,824.9	2,446.0
Net income attributable to equity holders of the Group	1,889.1	1,454.8	2,774.8	2,367.2
Net income attributable to non-controlling interest	20.0	33.3	50.1	78.8
Notes :				

Some of the totals may not sum due to rounding.

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

Statement Basis	2017 1H Jan. 1 ~ Jun. 30				FY2016 Jan. 1 ~ Dec. 31				FY2015 Jan. 1 ~ Dec. 31		
	Average Balance <sup>1)</sup>	Proportion (%)	Interest Paid	Interest Rate (%)	Average Balance <sup>1)</sup>	Proportion (%)	Interest Paid	Interest Rate (%)	Average Balance <sup>1)</sup>	Proportion (%)	Interest Paid
(Billion, %)											
Deposits	236,289.0	58.4	1,208.1	1.02	226,966.8	58.7	2,586.7	1.14	203,910.5	57.3	2,861.0
Borrowings	17,006.5	4.2	98.7	1.16	15,047.2	3.9	176.4	1.17	13,492.9	3.8	150.7
Debt Securities Issued	45,686.7	11.3	521.4	2.28	42,790.8	11.1	1,085.8	2.54	39,334.8	11.0	1,183.8
Other Liabilities	73,759.5	18.2			70,504.9	18.2			68,378.1	19.2	
Total Liabilities	372,741.7	92.1			355,309.7	91.9			325,116.3	91.3	
Total Stockholder's Equity	32,120.7	7.9			31,499.5	8.1			31,063.1	8.7	
Total Liabilities & SE	404,862.4	100.0			386,809.3	100.0			356,179.4	100.0	
Cash & Due from Banks	20,866.1	5.2	84.0	0.81	20,933.1	5.4	185.5	0.89	21,993.4	6.2	225.6
Loans	260,214.2	64.3	4,667.7	3.59	252,132.2	65.2	9,244.0	3.67	231,889.2	65.1	9,031.6
Loans in KRW	202,921.8	50.1	3,289.8	3.24	197,841.4	51.2	6,541.9	3.31	180,410.1	50.7	6,479.5
Loans in Foreign Currency	16,167.0	4.0	270.0	3.34	14,936.7	3.9	482.2	3.23	13,528.2	3.8	415.0
Credit Card Accounts	19,610.5	4.8	829.6	8.46	18,804.3	4.9	1,708.5	9.09	17,819.5	5.0	1,635.3
Others	21,514.9	5.4	278.3	2.59	20,549.8	5.3	511.4	2.49	20,131.5	5.7	501.9
AFS Financial Assets	33,190.9	8.2	304.9	1.84	30,308.9	7.8	612.1	2.02	26,830.0	7.5	654.4
HTM Financial Assets	20,735.6	5.1	309.4	2.98	17,409.7	4.5	561.8	3.23	14,961.0	4.2	539.0
Other Assets	69,855.6	17.2			66,025.3	17.1			60,505.8	17.0	
Total Assets	404,862.4	100.0			386,809.3	100.0			356,179.4	100.0	

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, 2017 listed herein may be subject to change.

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

	Jun. 30, 2017 (e)	Dec. 31, 2016	(KRW billion) Dec. 31, 2015
Aggregate Amount of Equity Capital (A)	30,258.4	29,786.5	27,216.4
Risk-Weighted Assets (B)	199,719.9	198,642.6	203,274.5
BIS Ratio (A/B)	15.15%	15.00%	13.39%

Note) based on Basel III

**Capital Adequacy Ratios (Subsidiaries)**

Subsidiary	Capital Adequacy Ratio	Jun. 30, 2017 (e)	Dec. 31, 2016	(%) Dec. 31, 2015
Shinhan Bank	BIS Capital Adequacy Ratio	16.1	15.7	14.8
Shinhan Card	Adjusted Equity Capital Ratio	24.7	26.2	28.9
Shinhan Investment Corp.	Net Capital Ratio	881.7	892.0	387.2
Shinhan Life Insurance	Risk Based Capital Ratio	182.2	178.3	204.2
Shinhan BNP Paribas Asset Management	Equity Capital (KRW billion) Minimum Capital Requirement (KRW billion)	146.8	148.6	157.3
Shinhan Capital	Adjusted Equity Capital Ratio	23.5	24.0	23.2
Jeju Bank	BIS Capital Adequacy Ratio	14.2	14.9	16.8
Shinhan Savings Bank	BIS Capital Adequacy Ratio	13.3	12.8	12.6
		14.8	14.9	16.3

Notes :

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.

Basel III TSA was applied in calculating Jeju Bank's BIS Capital Adequacy Ratio.

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 is required to maintain a minimum net capital ratio of 100%.

Under the guidelines issued by the FSS, Shinhan Life Insurance is required to maintain a minimum RBC ratio of 100%.

Under the guidelines issued by the FSS, Shinhan BNP Paribas Asset Management is required to hold Equity Capital that exceeds the Minimum Capital Requirement.

**Table of Contents****2) Liquidity****Won Liquidity Ratio**

Company	Jun. 30, 2017			Dec. 31, 2016			Dec. 31, 2015		
	Won	Won	Won	Won	Won	Won	Won	Won	
	Assets	Liabilities	Liquidity Ratio(%)	Assets	Liabilities	Liquidity Ratio(%)	Assets	Liabilities	Liquidity Ratio(%)
Shinhan Financial Group	319.3	131.5	242.9	198.8	134.8	147.5	624.1	216.0	288.9
Shinhan Card	15,407.1	4,380.4	351.7	14,722.9	4,069.1	361.8	14,588.0	3,845.4	379.4
Shinhan Investment Corp.	13,885.5	9,311.6	149.1	12,472.3	8,227.4	151.6	11,546.7	6,525.0	177.0
Shinhan Life Insurance	1,155.6	520.9	221.8	915.8	502.0	182.4	1,189.5	486.7	244.4
Shinhan Capital	633.0	470.5	134.5	684.5	521.2	131.3	784.7	355.4	220.8
Shinhan Savings Bank	269.4	224.6	119.9	169.8	138.7	122.4	144.2	103.1	139.9

Notes :

Shinhan Financial Group: Due within 1 month

Shinhan Life Insurance: (Won assets due within 3 months /3 months average of Claim payments )\*100

Shinhan Card, Shinhan Investment Corp., Shinhan Capital, and Shinhan Savings Bank : Due within 3 months

Liquidity Ratio for Shinhan Bank and Jeju Bank have been replaced by Liquidity Coverage Ratio from Mar 31, 2015 to reflect the recent amendments to detailed regulations on supervision of banking business.

**Liquidity Coverage Ratio**

Company	Jun. 30, 2017			Dec. 31, 2016			Dec. 31, 2015		
	High		High	High		High		High	
	Quality	Net Cash	Liquidity	Quality	Net Cash	Liquidity	Quality	Net Cash	Liquidity
Shinhan Bank	40,233.5	38,552.2	104.5	35,961.9	37,257.5	96.7	37,421.5	38,253.3	97.8
Jeju Bank	517.6	395.3	131.0	563.2	401.9	142.9	546.3	352.0	155.2

\* The High quality liquid assets and Net cash outflows are the arithmetic mean of the ending balance of every day.

**Table of Contents****Foreign Currency (FC) Liquidity Ratio**

Company	Jun. 30, 2017			Dec. 31, 2016			(USD millions, %) Dec. 31, 2015		
	FC	FC	FC	FC	FC	FC	FC	FC	FC
	Assets	Liabilities	Liquidity Ratio(%)	Assets	Liabilities	Liquidity Ratio(%)	Assets	Liabilities	Liquidity Ratio(%)
Shinhan Financial Group									
Shinhan Bank	47,732.1	41,758.0	114.3	39,631.1	35,968.5	110.2	31,925.0	27,205.6	117.4
Shinhan Investment Corp.	5,806.7	4,896.1	118.6	5,635.3	5,073.4	111.1	1,875.7	1,793.8	104.6
Shinhan Capital	99.3	50.7	195.7	80.3	1.1	7,333.0	83.1	73.4	113.2
Jeju Bank	16.5	13.7	120.2	13.3	10.7	124.7	15.2	9.7	156.3

Notes :

Foreign currency liquidity ratios are computed with assets and liabilities due within 3 months.

Shinhan Bank's foreign currency liquidity ratio reflected securitization weight with the guidelines issued by the FSS.

Shinhan Financial Group figures are based on the separate basis.

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

	(KRW billion)		
	Jun. 30, 2017	Dec. 31, 2016	Dec. 31, 2015
Total Loans	261,986.6	259,772.6	246,487.6
Substandard & Below	1,876.2	1,927.6	2,171.6
Substandard & Below Ratio	0.72%	0.74%	0.88%
Non-Performing Loans	1,564.5	1,595.8	1,691.5
NPL Ratio	0.60%	0.61%	0.69%
Substandard & Below Coverage Ratio	120.55%	125.99%	191.22%
Loan Loss Allowance	2,261.7	2,428.7	4,152.5 <sup>1)</sup>
Substandard & Below Loans	1,876.2	1,927.6	2,171.6

1) Including reserve for credit losses  
*Separate Basis*

	Jun. 30, 2017			Dec. 31, 2016			Dec. 31, 2015		
	Substandard & Below		Substandard & Below Coverage Ratio	Substandard & Below		Substandard & Below Coverage Ratio	Substandard & Below		Substandard & Below Coverage Ratio <sup>1)</sup>
	Ratio	NPL Ratio	Ratio	Ratio	NPL Ratio	Ratio	Ratio	NPL Ratio	Ratio
<b>Shinhan Financial Group</b>									
Shinhan Bank	0.63	0.55	97	0.65	0.56	96	0.80	0.61	173
Shinhan Card	1.24	0.75	225	1.16	0.76	271	1.24	0.81	355
Shinhan Investment Corp.	0.09	0.09	445	0.10	0.10	413	0.15	0.15	485
Shinhan Life Insurance	0.07	0.06	387	0.09	0.08	335	0.09	0.09	927
Shinhan Capital	2.29	2.72	91	2.61	2.93	94	3.06	3.58	86
Jeju Bank	1.13	0.81	29	1.24	0.93	35	0.87	0.50	141
Shinhan Savings Bank	4.71	3.33	61	5.42	3.45	53	6.51	5.37	58

1) Including reserve for credit losses  
**4) Debt to Equity Ratios**

**Shinhan Financial Group (Separate Basis)**

(KRW billion)



	<b>Jun. 30, 2017</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>
Debt	7,591.4	6,977.7	6,894.5
Equity	20,065.0	20,217.9	20,781.0
Debt to Equity Ratio	37.83%	34.51%	33.18%

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

(KRW billion)

<b>As of Jun. 30, 2017 Consolidated basis</b>	<b>Loans in Won</b>	<b>Loans in Foreign Currency</b>	<b>Securities</b>	<b>Guarantees and Acceptance Others</b>	<b>Total Exposures</b>	
Ministry of Strategy & Finance	0.0		12,978.9		12,978.9	
Bank of Korea	1,920.0		5,675.1	0.1	7,595.2	
Korea Housing Finance Corporation	0.0		5,104.1		5,104.1	
Korea Development Bank	15.4		4,890.8		4,906.2	
Industrial Bank of Korea	659.1	68.4	2,082.6	0.4	2,810.5	
Korea Deposit Insurance Corporation			2,772.5		2,772.5	
Export-Import Bank of Korea			2,069.6	0.6	2,070.3	
NongHyup Bank	1,452.9	8.1	518.0	2.1	1,981.2	
Korea Securities Finance Corporation	42.6		1,688.2		1,730.8	
Samsung Electronics Co., Ltd.	0.0	1,362.8	21.6		1,384.4	
Korea Land & Housing Corporation			1,322.6		1,322.6	
Woori Bank	80.5	162.6	935.4	0.8	1,179.4	
Kookmin Bank	470.4		699.3	0.4	1,170.2	
Hana Bank	100.8	416.0	597.6	0.0	1,114.3	
Hyundai Heavy Industries Co., Ltd.	38.8	101.7	12.9	667.0	820.3	
LG Electronics Inc.	69.8	52.6	122.3	466.3	710.9	
Small & medium Business Corporation	0.0		674.5		674.5	
Hyundai Motor Company	63.8	516.0	40.1	40.6	660.6	
Samsung Asset Management			641.9		641.9	
KB Kookmin Card Co., Ltd	62.1		578.3		640.4	
<b>Total</b>	<b>4,976.2</b>	<b>2,688.2</b>	<b>43,426.4</b>	<b>1,178.3</b>	<b>0.1</b>	<b>52,269.2</b>

Note) Some of the totals may not sum due to rounding

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

(KRW billion)

<b>As of Jun. 30, 2017 Consolidated basis</b>	<b>Loans in Won</b>	<b>Loans in Foreign Currency</b>	<b>Securities</b>	<b>Guarantees and Acceptance</b>	<b>Others</b>	<b>Total Exposures</b>
Samsung	330.8	1,799.7	1,397.0	1,035.8	1.4	4,564.7
Hyundai Motors	1,004.4	2,179.5	975.2	389.5	0.1	4,548.8
Lotte	416.4	746.5	1,250.0	465.6	0.4	2,878.8
Hyundai Heavy Industries	175.5	199.5	393.4	1,112.3		1,880.8
SK	321.1	279.5	583.1	388.9	0.0	1,572.6
LS	108.8	332.6	366.1	649.4		1,456.8
LG	381.9	179.9	284.0	606.4	0.0	1,452.2
Hanwha	420.8	253.9	476.6	300.3	0.0	1,451.6
GS	332.5	156.8	282.6	114.5	0.0	886.5
Hyosung	165.6	453.8	73.5	164.3	0.2	857.5
<b>Total</b>	<b>3,657.8</b>	<b>6,581.8</b>	<b>6,081.5</b>	<b>5,227.0</b>	<b>2.1</b>	<b>21,550.3</b>

Note) Some of the totals may not sum due to rounding

**Loans, Due from banks and Securities Concentration by Industry**

(KRW billion)

<b>As of Jun. 30, 2017 Consolidated basis</b>	<b>Total Exposures</b>	
	<b>Amount</b>	<b>Weight (%)</b>
Finance and Insurance	74,271.7	20.4%
Manufacturing	43,900.5	12.0%
Retail and wholesale	17,514.7	4.8%
Real Estate, leasing and service	22,817.1	6.3%
Construction	3,875.2	1.1%
Hotel and Restaurant	5,305.2	1.5%
Others	61,251.0	16.8%
Consumers	135,528.6	37.2%
<b>Total</b>	<b>364,464.0</b>	<b>100.0%</b>

Note) Some of the totals may not sum due to rounding

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

Borrower	Industry	(KRW billion)		
		Gross Principal Outstanding	Standard & Below	Allowance for Loan Losses
A	Manufacture of Cold Rolled, Drawn and Extruded Iron or Steel Products	111.1	111.1	33.0
B	Manufacture of Distilling Machinery, Heat exchange unit and Gas Generators	81.0	81.0	54.8
C	Manufacture of Plastic Products for Fabricating of Machine	57.6	57.6	43.4
D	Manufacture of Sections for Ships	42.3	40.1	25.8
E	Building of Steel Ships	39.0	39.0	12.3
F	Other Civil Engineering Construction	29.8	29.8	20.6
G	Manufacture of Sections for Ships	26.2	24.7	0.0
H	Building of Steel Ships	24.4	24.4	12.2
I	Building of Steel Ships	22.8	22.8	0.8
J	Construction of Highways, Streets and Roads	17.4	17.4	12.3
K	Apartment Building Construction	17.5	16.5	15.0
L	Apartment Building Construction	16.5	16.5	2.0
M	Manufacture of Sections for Ships	15.9	15.9	4.9
N	Golf Course Operation	14.6	14.6	7.3
O	Manufacture of Other Smelting, Refining and Alloys of Non-ferrous Metals	11.5	11.5	5.7
P	Golf Course Operation	11.4	11.4	0.0
Q	Other Financial Business n.e.c.	10.0	10.0	1.4
R	Manufacture of Other Special Purpose Machinery, n.e.c.	8.9	8.9	2.3
S	Development and Subdividing of Other Real Estate	8.2	8.2	0.0
T	Operation of Passenger Bus Terminal Facilities	7.5	6.9	4.1
	<b>Total</b>	<b>573.5</b>	<b>568.1</b>	<b>257.8</b>

Notes :

Consolidated basis as of Jun. 30, 2017.

Some of the totals may not sum due to rounding.

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

	2017 1H	FY2016	FY2015
Audit Opinion		Unqualified	Unqualified

\* For the first half of 2017, the independent accountant conducted a review for our financial statements instead of auditing them.

*Compensation to the Independent Auditor for Audit and Review Services*

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

Year	Auditor	Payment <sup>1)</sup> (KRW mil.)	Details	Working hours
FY2017	KPMG Samjong Accounting Corp.	626 (annualized basis)	Review/Audit of Financial Statements	2,829 Hours
	KPMG Samjong Accounting Corp.	78 (annualized basis)	K-IFRS Report Package Audit for Shinhan Savings Bank	240 Hours
FY2016	KPMG Samjong Accounting Corp.	581 (annualized basis)	Review/Audit of Financial Statements	7,512 Hours
	KPMG Samjong Accounting Corp.	73 (annualized basis)	K-IFRS Report Package Audit for Shinhan Savings Bank	807 Hours
FY2015	KPMG Samjong Accounting Corp.	561 (annualized basis)	Review/Audit of Financial Statements	8,236 Hours
	KPMG Samjong Accounting Corp.	73 (annualized basis)	K-IFRS Report Package Audit for Shinhan Savings Bank	895 Hours
	KPMG Samjong Accounting Corp.	12 (annualized basis)	Non-statutory audit of subsidiaries under the consolidated corporate tax system for CY2015	282 hours

- 1) Excluding value-added taxes.
- \* In addition to above mentioned description of fees for audit and review services, KPMG Samjong Accounting Corp. also provided services related to US listing and ICOFR audit in accordance with the standards of the PCAOB which we agreed to pay KRW1,430 million(excluding value-added taxes) for FY2017.

**Table of Contents****4. Major Shareholder and Market Price Information of our Common Shares and ADRs****Major Shareholders<sup>1)</sup> of Shinhan Financial Group as of Jun. 30, 2017**

Name	No. of Common Shares owned <sup>2)</sup>	Ownership%
National Pension Service	45,269,850	9.55%
BlackRock Fund Advisors <sup>3)</sup>	24,320,723	5.13%

- 1) Shareholders who own beneficial ownership of 5% or more (common share basis).
- 2) Based on the results of shareholder registry closing as of December 31, 2016
- 3) Based on the large equity ownership disclosure by BlackRock Fund Advisors with the Financial Supervisory Service on Oct. 20, 2016.

**Share ownership of Employee Stock Ownership Association**

Share ownership	Beginning Balance			Ending Balance	
	(Jan. 1, 2017)	Increase	Decrease	(Jun. 30, 2017)	Ownership% (Jun. 30, 2017)
Employee Stock Ownership	22,310,764	1,998,417	1,694,067	22,615,114	
ESOA account	88,320	27,659	25,621	90,358	
<b>Total</b>	<b>22,399,084</b>	<b>2,026,076</b>	<b>1,719,688</b>	<b>22,705,472</b>	<b>4.79%</b>

**Common Share Traded on the Korea Exchange**

		(KRW, number of shares)					
		Jan. 2017	Feb. 2017	Mar. 2017	Apr. 2017	May. 2017	Jun. 2017
Price per share	High	47,000	47,500	49,750	48,900	50,800	50,700
	Low	44,800	45,800	46,600	45,600	48,150	48,450
	Avg.	45,728	46,675	47,989	47,200	49,392	49,567
Trading Volume		29,005,344	16,963,361	22,415,521	15,982,095	20,318,010	19,994,728
Highest Daily Trading Volume		10,173,319	1,647,779	1,852,240	1,314,224	2,329,091	1,404,702
Lowest Daily Trading Volume		242,707	460,634	466,466	369,293	543,818	437,819

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

(USD, number of shares)							
		Jan. 2017	Feb. 2017	Mar. 2017	Apr. 2017	May. 2017	Jun. 2017

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

Price per share	High	39.78	41.87	43.68	43.06	45.35	45.10
	Low	36.81	39.77	40.51	40.20	41.79	42.66
	Avg.	38.58	40.93	42.30	41.57	43.83	43.99
Trading Volume		1,778,962	1,275,836	1,811,306	1,457,502	1,862,440	2,066,088
Highest Daily Trading Volume		206,031	172,320	187,417	109,599	196,431	227,522
Lowest Daily Trading Volume		40,949	33,096	23,952	54,358	28,081	52,780

Note) 1 ADR = 1 Common Shares



**Table of Contents**

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

*Directors and Executive Officers*

1) Executive Director

(As of Jun. 30, 2017)

Name	Month and Year of Birth	Position	Service Term
Cho Yong-byoung	June 1957	- Chairman of Shinhan Financial Group	3 years starting from March 23, 2017
		- Board Steering Committee Chair	
		- Corporate Governance & CEO Recommendation Committee member	
		- Outside Director Recommendation Committee member	
		- Corporate Social Responsibility Committee member	

**Table of Contents**

## 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.

7 outside directors were appointed as board of directors at the 16th Annual General Meeting of Shareholders on March 23, 2017, of which 5 directors renewed their terms and 2 directors were newly appointed.

Our non-executive directors are as follows:

(As of Jun. 30, 2017)

<b>Name</b>	<b>Month and Year of Birth</b>	<b>Outside Director</b>	<b>Sub-Committees</b>	<b>Service Term</b>
Wi Sung-ho	June 1958	X	- Corporate Social Responsibility Committee member	2 years starting from March 23, 2017
Park Ansoon	January 1945	O	Outside Director Recommendation Committee member Chairman of Board of Directors	2 years starting from March 23, 2017
Park Cheul	April 1946	O	Outside Director Recommendation Committee Chair Risk Management Committee member Board Steering Committee member Audit Committee Chair	3 years starting from March 25, 2015
Lee Manwoo	November 1954	O	Corporate Social Responsibility Committee member Board Steering Committee member	4 years starting from March 26, 2014
Lee Sang-kyung	September 1945	O	Corporate Governance & CEO Recommendation Committee member	6 years starting from March 29, 2012

			Audit Committee member	
			Remuneration Committee member	
			Outside Director	
			Recommendation Committee member	
			Remuneration Committee Chair	
Lee Steven Sung-ryang	August 1955	O	Audit Committee member	2 years starting from March 24, 2016
			Corporate Governance & CEO Recommendation Committee member	
Lee Jung-il	August 1952	O	Corporate Governance & CEO Recommendation Committee member	2 years starting from March 24, 2016
			Risk Management Committee member	
Lee Heun-ya	September 1959	O	Board Steering Committee member	2 years starting from March 24, 2016
			Outside Director	
			Recommendation Committee member	
			Risk Management Committee Chair	
Joo Jaeseong	January 1956	O	Corporate Social Responsibility Committee Chair	2 years starting from March 23, 2017
			Board Steering Committee member	
			Corporate Social Responsibility Committee member	
Yuki Hirakawa	October 1960	O	Corporate Governance & CEO Recommendation Committee member	3 years starting from March 25, 2015
Philippe Avril	April 1960	O	Risk Management Committee member	3 years starting from March 25, 2015
			Remuneration Committee member	

Corporate Governance & CEO  
Recommendation Committee  
member

\* Audit Committee Member Recommendation Committee consists of all the outside directors.

**Table of Contents**

## 3) Executive Officers

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

(As of Jun. 30, 2017)

<b>Name</b>	<b>Month and Year of Birth</b>	<b>Position</b>	<b>In charge of</b>
			- Finance Management Team
Yim Bo-hyuk	March 1961	Deputy President & Chief Financial Officer	- Investor Relations Team - HR Team - Information & Communication Technology Planning Team - Strategic Planning Team
Woo Young-woong	March 1960	Deputy President & Chief Strategy Officer	- Global Business Strategy Team - Future Strategy Research Institute - Digital Strategy Team - Synergy Management Team - Public Relations Team
Jin Okdong	February 1961	Deputy President	- Management Support Team - CSR Team - Platform Marketing Team
Lee Chang-goo	January 1961	Executive Vice President	- Wealth Management Planning Office - Compliance Team
Park Woo-gyun	March 1959	Executive Director	- Corporate Culture Development Team - Risk Management Team
Kim Im-geun	July 1963	Executive Director & Chief Risk Officer	- Risk Model Validation Team - Credit Review Team

**Compensation to Directors**

## 1) Total Amount Approved at the Meeting of Shareholders

(As of Jun. 30, 2017)

Total amount approved  
at shareholders meeting

	Total number of persons	(KRW millions)	Notes
Directors (Outside directors)	12(10)	3,500	

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

**Table of Contents**

## 2) Total Amount Paid

(As of Jun. 30, 2017)

	Total number of Persons	Total Compensation (KRW million)	Average Compensation per person (KRW millions)	Notes
Registered Directors	2	882	335	Excluding outside directors
Outside Directors	7	211	32	Excluding Audit committee members
Audit committee members or internal auditor	3	114	38	
<b>Total</b>	<b>12</b>	<b>1,147</b>	<b>96</b>	

Notes :

Represents the total number of applicable persons as of Jun. 30, 2017.

Under the Financial Supervisory Service's standards for preparing corporate disclosure forms, which standards were amended in November 2013, we are required to disclose in our Business Report the individual annual compensation paid by us to our directors and auditors if such individual annual compensation is W500 million or greater.

In 2017, Han Dongwoo, former Chairman and Chief Executive Officer, received W589 million which consisted of W183 million in salaries and wages, W406 million in bonus payments. He also currently holds 4,403 performance shares. The exercisability of these performance shares will be determined based on business performance evaluation and share price performance during the period from 2017 to 2020.

**Stock Options**

(As of Jun. 30, 2017)

	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	102,389	80,000		22,389	28,006
Granted in 2006	108,356			108,356	38,829
Granted in 2007	58,764			58,764	54,560
Granted in 2008	60,753		15,125	45,628	49,053
<b>Total</b>	<b>330,262</b>	<b>80,000</b>	<b>15,125</b>	<b>235,137</b>	

Notes :

The weighted-average exercise price of outstanding exercisable options as of Jun. 30, 2017 is KRW 43,714.

The closing price of our common stock was KRW 49,300 on Jun. 30, 2017.

As of Jun. 30, 2017, the exercise of 38,604 options granted in 2008 is temporarily suspended.



**Table of Contents***Employees*

<b>Gender</b>	<b>Number of Employees</b>	<b>Average length of Service</b>	<b>(As of Jun. 30, 2017)</b>	
			<b>Total Salaries and wages paid in 2017 (KRW million)</b>	<b>Average Payment per person (KRW million)</b>
Male	116	2 yrs 8 mths (13 yrs 5 mths) <sup>1)</sup>	7,449	64
Female	24	6 yrs 3 mths (9 yrs 9 mths) <sup>1)</sup>	1,088	45
<b>Total</b>	<b>140</b>	<b>3 yrs 3 mths (12 yrs 10 mths)<sup>1)</sup></b>	<b>8,538</b>	<b>60</b>

1) Average length of service including service within group subsidiaries

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

Subsidiary	Loan Type	Origination Date	Maturity Date	Lending Rate	(KRW billion)		Ending Balance (Jun. 30, 2017)	
					Beginning Balance (Jan. 1, 2017)	Decrease/Increase		
Shinhan Card	Loans in KRW	2012-03-14	2017-03-14	4.12%	150	150		
	Loans in KRW	2016-01-26	2021-01-26	1.98%	150		150	
	Loans in KRW	2016-02-24	2021-02-24	1.84%	150		150	
	Loans in KRW	2017-03-22	2022-03-22	2.22%		150	150	
	Loans in KRW	2017-04-20	2022-04-20	2.21%		100	100	
	Loans in KRW	2017-05-12	2022-05-12	2.35%		50	50	
Shinhan Capital	Loans in KRW	2012-03-14	2017-03-14	4.12%	50	50		
	Loans in KRW	2012-12-14	2017-12-14	3.33%	50		50	
	Loans in KRW	2013-01-18	2018-01-18	3.18%	50		50	
	Loans in KRW	2013-09-05	2018-09-05	3.61%	80		80	
	Loans in KRW	2014-01-27	2019-01-27	3.60%	50		50	
	Loans in KRW	2016-03-16	2021-03-16	1.90%	50		50	
	Loans in KRW	2016-04-27	2019-04-27	1.63%	100		100	
	Loans in KRW	2017-03-22	2022-03-22	2.22%		50	50	
	Loans in KRW	2017-04-20	2022-04-20	2.21%		50	50	
	Loans in KRW	2017-05-12	2022-05-12	2.35%		50	50	
Shinhan Private Equity	Loans in KRW	2016-11-23	2017-11-22	1.95%	5		5	
Shinhan Savings Bank	Loans in KRW	2016-06-17	2021-06-17	1.61%	50		50	
	Loans in KRW	2017-06-23	2022-06-23	2.27%		50	50	
<b>Total</b>					<b>935</b>	<b>200</b>	<b>500</b>	<b>1,235</b>

**Table of Contents**

**Exhibit 99.1**

Independent Auditors Review Report (Separate Financial Statements) of Shinhan Financial Group as of June 30, 2017

**Exhibit 99.2**

Independent Auditors Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of June 30, 2017

Table of Contents

SIGNATURES

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

SHINHAN FINANCIAL GROUP CO., LTD.

/s/ Yim Bo-hyuk

Name: Yim Bo-hyuk

Title: Chief Financial Officer

Date: August 14, 2017