

SHINHAN FINANCIAL GROUP CO LTD  
Form 6-K  
April 02, 2018  
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 April 2018

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)

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 .

---

Summary of FY2017 Business Report

On April 2, 2018, Shinhan Financial Group (“SFG”) filed its FY2017 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

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

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  
Oct. 2017 : Established Shinhan REITs(Real Estate Investment Trusts) Management Co.,Ltd. as SFG subsidiary  
Dec. 2017 : Shinhan K REITs became an indirect subsidiary of SFG

## Principal Subsidiaries under Korean Law (as of Dec. 31, 2017)

## Direct Subsidiaries

Subsidiaries	Ownership by SFG
Shinhan Bank	100.0%
Shinhan Card	100.0%
Shinhan Investment Corp.	100.0%
Shinhan Life Insurance	100.0%
Shinhan 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 Alternative Investment Management	100.0%
Shinhan REITs Management	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

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

Indirect subsidiaries held through direct subsidiaries (as of Dec. 31, 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	97.5%
	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	99.0%
	LLP MFO Shinhan Finance	100.0%
	Shinhan Card	PT. Shinhan Indo Finance
Shinhan Microfinance Co., Ltd.		100.00%
Shinhan Investment Corp. USA Inc.		100.0%
Shinhan Investment Corp. Asia Inc.		100.0%
Shinhan Investment Corp.	Shinhan Securities Vietnam Co., Ltd	100.0%
	PT Shinhan Securities Indonesia	99.0%
	KOFC Shinhan Frontier Champ 2010-4 PEF <sup>1)</sup>	8.5%
	Shinhan Praxis K-Growth Global Private Equity Fund <sup>2)</sup>	14.1%
Shinhan BNP Paribas Asset Management	Shinhan BNP Paribas Asset Management (Hong Kong) Limited	100.0%
Shinhan Alternative Investment Management	Shinhan NPS Private Equity Fund 1st <sup>3)</sup>	5.0%
	Shinhan Private Equity Fund 2nd <sup>4)</sup>	2.2%
	Shinhan-Stonebridge Petro Private Equity Fund <sup>5)</sup>	0.6%
Shinhan REITs Management	Shinhan K REITs Co.,Ltd.	100.0%

1) Shinhan Financial Group and its subsidiaries currently own 34.6% of KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp.

2) Shinhan Financial Group and its subsidiaries currently own 18.9% of Shinhan Praxis K-Growth Global Private Equity Fund.

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

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

5) Shinhan Financial Group and its subsidiaries currently own 1.8% of Shinhan-Stonebridge Petro Private Equity Fund.

Number of Shares (as of Dec. 31, 2017)

Types of Shares	Number of Shares
Common Shares	474,199,587
Total	474,199,587



## 2. Business Results

## Operation Results

(KRW billion)

	FY2017	FY2016	FY2015
	(Jan. 1 ~ Dec. 31)	(Jan. 1 ~ Dec. 31)	(Jan. 1 ~ Dec. 31)
Operating income	3,828.7	3,108.6	2,973.1
Equity method income	20.4	10.0	21.0
Other non-operating income	-52.8	51.8	146.5
Profit before income taxes	3,796.3	3,170.5	3,140.6
Income tax expense	848.1	345.6	694.6
Consolidated net income	2,948.1	2,824.9	2,446.0
Net income attributable to equity holders of the Group	2,917.7	2,774.8	2,367.2
Net income attributable to non-controlling interest	30.4	50.1	78.8

Notes :

Some of the totals may not sum due to rounding.

6



## Source and Use of Funds

Consolidated Basis (KRW billion, %)	FY2017 Jan. 1 ~ Dec. 31			FY2016 Jan. 1 ~ Dec. 31			FY2015 Jan. 1 ~ Dec. 31				
	Average Balance <sup>1)</sup> (%)	Proportions (%)	Interest	Average Balance <sup>1)</sup> (%)	Proportions (%)	Interest	Average Balance <sup>1)</sup> (%)	Proportions (%)	Interest		
			Paid			Paid			Paid		
			Rate (%)			Rate (%)			Rate (%)		
Deposits	241,523.7	58.3	2,482.5	1.03	226,966.8	58.7	2,586.7	1.14	203,910.5	57.3	2,861.0
Borrowings	17,479.8	4.2	217.3	1.24	15,047.2	3.9	176.4	1.17	13,492.9	3.8	150.7
Debt											
Securities	47,594.6	11.5	1,085.4	2.28	42,790.8	11.1	1,085.8	2.54	39,334.8	11.0	1,183.8
Issued											
Other											
Liabilities	74,788.5	18.1	-	-	70,504.9	18.2	-	-	68,378.1	19.2	-
Source											
Total	381,386.6	92.1	-	-	355,309.7	91.9	-	-	325,116.3	91.3	-
Liabilities											
Total											
Stockholder's	32,750.5	7.9	-	-	31,499.5	8.1	-	-	31,063.1	8.7	-
Equity											
Total											
Liabilities &	414,137.1	100.0	-	-	386,809.3	100.0	-	-	356,179.4	100.0	-
SE											
Cash & Due	21,609.4	5.2	167.8	0.78	20,933.1	5.4	185.5	0.89	21,993.4	6.2	225.6
from Banks											
Loans	266,195.4	64.3	9,681.4	3.64	252,132.2	65.2	9,244.0	3.67	231,889.2	65.1	9,031.6
Loans in											
KRW	207,439.9	50.1	6,828.2	3.29	197,841.4	51.2	6,541.9	3.31	180,410.1	50.7	6,479.5
Loans in											
Foreign	16,841.6	4.1	583.2	3.46	14,936.7	3.9	482.2	3.23	13,528.2	3.8	415.0
Currency											
Credit Card	19,952.8	4.8	1,680.9	8.42	18,804.3	4.9	1,708.5	9.09	17,819.5	5.0	1,635.3
Accounts											
Others	21,961.1	5.3	589.1	2.68	20,549.8	5.3	511.4	2.49	20,131.5	5.7	501.9
AFS											
Financial	34,272.9	8.3	645.3	1.88	30,308.9	7.8	612.1	2.02	26,830.0	7.5	654.4
Assets											
HTM											
Financial	22,199.6	5.4	651.1	2.93	17,409.7	4.5	561.8	3.23	14,961.0	4.2	539.0
Assets											
Other Assets	69,859.8	16.8	-	-	66,025.3	17.1	-	-	60,505.8	17.0	-
Total Assets	414,137.1	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.

## Other Financial Information

The main serial financial figures and indices for Dec. 31, 2017 listed herein may be subject to change.

## 1) Capital Adequacy

## Consolidated BIS Ratio (Shinhan Financial Group) (KRW billion)

	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Aggregate Amount of Equity Capital (A)	30,713.5	29,786.5	27,216.4
Risk-Weighted Assets (B)	207,768.6	198,642.6	203,274.5
BIS Ratio (A/B)	14.78%	15.00%	13.39%

Note) based on Basel III

## Capital Adequacy Ratios (Subsidiaries) (%)

Subsidiary	Capital Adequacy Ratio	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Shinhan Bank	BIS Capital Adequacy Ratio	15.6	15.7	14.8
Shinhan Card	Adjusted Equity Capital Ratio	24.5	26.2	28.9
Shinhan Investment Corp.	Net Capital Ratio	706.4	892.0	387.2
Shinhan Life Insurance	Risk Based Capital Ratio	175.4	178.3	204.2
Shinhan BNP Paribas Asset Management	Equity Capital (KRW billion) Minimum Capital Requirement (KRW billion)	156.0 23.5	148.6 24.0	157.3 23.2
Shinhan Capital	Adjusted Equity Capital Ratio	14.0	14.9	16.8
Jeju Bank	BIS Capital Adequacy Ratio	14.7	12.8	12.6
Shinhan Savings Bank	BIS Capital Adequacy Ratio	14.3	14.9	16.3
Shinhan Alternative Investment Management	Equity Capital (KRW billion) Minimum Capital Requirement (KRW billion)	7.4 1.9	- -	- -

## 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, each Shinhan BNP Paribas Asset Management and Shinhan Alternative Investment Management is required to hold Equity Capital that exceeds the Minimum Capital Requirement.

8

---

## 2) Liquidity

## Won Liquidity Ratio

(KRW billion, %)

Company	Dec. 31, 2017			Dec. 31, 2016			Dec. 31, 2015		
	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)
Shinhan Financial Group	309.8	131.6	235.3	198.8	134.8	147.5	624.1	216.0	288.9
Shinhan Card	15,768.6	4,236.0	372.3	14,722.9	4,069.1	361.8	14,588.0	3,845.4	379.4
Shinhan Investment Corp.	12,873.9	9,320.8	138.1	12,472.3	8,227.4	151.6	11,546.7	6,525.0	177.0
Shinhan Life Insurance	917.5	553.3	165.8	915.8	502.0	182.4	1,189.5	486.7	244.4
Shinhan Capital	768.9	560.4	137.2	684.5	521.2	131.3	784.7	355.4	220.8
Shinhan Savings Bank	308.0	213.3	144.4	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

(KRW billion, %)

Company	Dec. 31, 2017			Dec. 31, 2016			Dec. 31, 2015		
	High Quality Liquid Assets	Net Cash Outflows	Liquidity Coverage Ratio(%)*	High Quality Liquid Assets	Net Cash Outflows	Liquidity Coverage Ratio(%)	High Quality Liquid Assets	Net Cash Outflows	Liquidity Coverage Ratio(%)
Shinhan Bank	46,813.9	493.3	94.7	35,961.9	37,257.5	96.7	37,421.5	38,253.3	97.8
Jeju Bank	560.3	476.0	117.9	563.2	401.9	142.6	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.



## Foreign Currency (FC) Liquidity Ratio

(USD millions, %)

Company	Dec. 31, 2017			Dec. 31, 2016			Dec. 31, 2015		
	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	49,850.7	46,790.4	106.5	39,631.1	35,968.5	110.2	31,925.0	27,205.6	117.4
Shinhan Investment Corp.	7,577.9	7,913.3	95.8	5,635.3	5,073.4	111.1	1,875.7	1,793.8	104.6
Shinhan Capital	99.8	0.3	29,325.2	80.3	1.1	7,333.0	83.1	73.4	113.2
Jeju Bank	43.2	37.9	114.1	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.

## 3) Asset Quality

SFG Consolidated Basis

(KRW billion)

	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Total Loans	274,719.1	259,772.6	246,487.6
Substandard & Below	1,734.1	1,927.6	2,171.6
Substandard & Below Ratio	0.63%	0.74%	0.88%
Non-Performing Loans	1,467.1	1,595.8	1,691.5
NPL Ratio	0.53%	0.61%	0.69%
Substandard & Below Coverage Ratio	135.15%	125.99%	191.22%
Loan Loss Allowance	2,343.6	2,428.7	4,152.5 <sup>1)</sup>
Substandard & Below Loans	1,734.1	1,927.6	2,171.6

1) Including reserve for credit losses

Separate Basis

(%)

	Dec. 31, 2017			Dec. 31, 2016			Dec. 31, 2015		
	Substandard & Below Ratio	NPL Ratio	Substandard & Below Coverage Ratio	Substandard & Below Ratio	NPL Ratio	Substandard & Below Coverage Ratio	Substandard & Below Ratio	NPL Ratio	Substandard & Below Coverage Ratio <sup>1)</sup>
Shinhan Financial Group	-	-	-	-	-	-	-	-	-
Shinhan Bank	0.55	0.49	114	0.65	0.56	96	0.80	0.61	173
Shinhan Card	1.06	0.61	238	1.16	0.76	271	1.24	0.81	355
Shinhan Investment Corp.	0.08	0.08	497	0.10	0.10	413	0.15	0.15	485
Shinhan Life Insurance	0.09	0.07	274	0.09	0.08	335	0.09	0.09	927
Shinhan Capital	1.33	1.60	129	2.61	2.93	94	3.06	3.58	86
Jeju Bank	1.09	0.80	41	1.24	0.93	35	0.87	0.50	141
Shinhan Savings Bank	3.86	2.98	62	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)

	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Debt	7,447.7	6,977.7	6,894.5
Equity	20,192.1	20,217.9	20,781.0

11

---



Debt to Equity Ratio 36.88% 34.51% 33.18%

12

---

## Twenty Largest Exposures by Borrower

(KRW billion)

As of Dec. 31, 2017	Loans in Won	Loans in Foreign Currency	Securities	Guarantees and Acceptances	Others	Total Exposures
<b>Consolidated basis</b>						
Ministry of Strategy & Finance	0.0	-	15,182.5	-	-	15,182.5
Bank of Korea	980.0	-	6,524.0	0.1	-	7,504.1
Korea Housing Finance Corporation	0.0	-	5,516.6	-	-	5,516.6
Korea Development Bank	13.7	5.9	4,801.6	-	-	4,821.2
Industrial Bank of Korea	637.2	-	2,294.6	-	-	2,931.8
Export-Import Bank of Korea	-	-	2,170.4	53.6	-	2,223.9
Korea Securities Finance Corporation	755.8	-	1,459.5	-	-	2,215.3
Korea Deposit Insurance Corporation	-	-	2,197.9	-	-	2,197.9
Samsung Electronics Co., Ltd.	-	1,919.6	24.5	-	0.0	1,944.2
NongHyup Bank	543.3	7.5	817.2	2.4	-	1,370.5
Korea Land & Housing Corporation	-	-	1,279.5	-	-	1,279.5
Woori Bank	94.4	195.3	978.2	-	-	1,267.9
Kookmin Bank	476.6	-	770.6	0.1	-	1,247.4
Korea Investment & Securities Co.,Ltd.	918.8	-	30.0	-	-	948.8
Small & medium Business Corporation	0.0	-	892.9	-	-	892.9
KEB Hana Bank	127.5	128.6	618.1	3.4	-	877.6
LG Electronics Inc.	105.4	73.4	208.5	417.2	-	804.5
Hotel Lotte Co., Ltd.	170.0	283.9	30.0	204.6	-	688.6
Korea Student Aid Foundation	-	-	651.8	-	-	651.8
KB kookmin Card Co.,Ltd.	68.3	-	559.4	-	-	627.6
Total	4,891.2	2,614.2	47,007.9	681.4	0.0	55,194.8

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

## Exposure to ten Main Debtor Groups

(KRW billion)

As of Dec. 31, 2017	Loans in Won	Loans in Foreign Currency	Securities	Guarantees and Acceptances	Others	Total Exposures
<b>Consolidated basis</b>						
Samsung	301.5	2,490.9	844.5	848.6	0.1	4,485.5
Hyundai Motors	1,112.4	1,625.4	921.2	308.9	0.2	3,968.0
Lotte	407.2	712.2	1,012.5	460.5	0.0	2,592.4
LG	521.3	206.1	456.7	640.7	0.0	1,824.8
SK	541.9	242.6	585.2	373.0	0.0	1,742.8
Hanwha	548.9	228.7	475.7	298.8	0.0	1,552.1
Hyundai Heavy Industries	157.5	107.4	34.8	1,084.9	-	1,384.6
LS	132.9	376.7	266.2	591.1	-	1,366.9
GS	344.4	114.0	334.2	113.4	0.0	906.0
Hyosung	161.1	408.1	72.4	128.9	0.0	770.5
Total	4,228.9	6,512.2	5,003.4	4,848.8	0.3	20,593.6

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

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

(KRW billion)

As of Dec. 31, 2017	Total Exposures	
	Amount	Weight (%)
<b>Consolidated basis</b>		
Finance and Insurance	77,737.7	20.2%
Manufacturing	43,463.5	11.3%
Retail and Wholesale	18,173.5	4.7%
Real Estate, Leasing and Service	24,739.9	6.4%
Construction	3,965.4	1.0%
Hotel and Restaurant	2,497.8	0.6%
Others	70,188.8	18.2%
Retail customers	144,027.1	37.4%
Total	384,793.7	100.0%

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

## Top Twenty Non-Performing Loans

(KRW billion)

Borrower	Industry	Gross Principal Outstanding	Substandard & Below	Allowance for Loan Losses
A	Manufacture of Cold Rolled, Drawn and Extruded Iron or Steel Products	109.6	109.6	94.8
B	Manufacture of Distilling Machinery, Heat exchange unit and Gas Generators	81.0	81.0	54.5
C	Manufacture of Plastic Products for Fabricating of Machine	50.0	50.0	37.3
D	Manufacture of Sections for Ships	42.3	40.1	26.6
E	Building of Steel Ships	35.3	35.3	11.6
F	Other Civil Engineering Construction	30.0	30.0	18.7
G	Building of Steel Ships	24.9	24.9	22.0
H	Manufacture of Sections for Ships	25.2	23.7	1.7
I	Building of Steel Ships	21.4	21.4	0.7
J	Construction of Highways, Streets and Roads	17.3	17.3	14.4
K	Apartment Building Construction	16.9	16.9	1.6
L	Manufacture of Tires and Tubes	16.0	16.0	15.6
M	Apartment Building Construction	16.7	15.8	14.4
N	Golf Course Operation	14.0	14.0	8.4
O	Manufacture of Sections for Ships	11.4	11.4	5.6
P	Golf Course Operation	11.4	11.4	0.0
Q	Manufacture of Other Smelting, Refining and Alloys of Non-ferrous Metals	10.4	10.4	7.4
R	Development and Subdividing of Other Real Estate	8.2	8.2	0.0
S	General Hospitals	6.5	6.5	2.1
T	Wholesale of Non-Specialized Goods	6.4	6.4	6.4
Total		555.2	550.4	343.8

Notes :

Consolidated basis as of Dec. 31, 2017.

Some of the totals may not sum due to rounding.

## 3. Independent Auditor

Audit Opinion for the last 3 years

	FY2017	FY2016	FY2015
Audit Opinion	Unqualified	Unqualified	Unqualified

## 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	7,641 Hours
	KPMG Samjong Accounting Corp.	78 (annualized basis)	K-IFRS Report Package Audit for Shinhan Savings Bank	896 Hours
	KPMG Samjong Accounting Corp.	261 (annualized basis)	Non-statutory audit for IFRS 9 adoption	2,896 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
	KPMG Samjong Accounting Corp.	561 (annualized basis)	Review/Audit of Financial Statements	8,236 Hours
FY2015	KPMG Samjong Accounting	73	K-IFRS Report Package	895 Hours

Corp.	(annualizedAudit for basis)	Shinhan Savings Bank Non-statutory audit of subsidiaries under the consolidated corporate tax system for CY2015	282
KPMG Samjong Accounting Corp.	12 (annualized basis)	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.

## 4. Major Shareholder and Market Price Information of our Common Shares and ADRs

Major Shareholders<sup>1)</sup> of Shinhan Financial Group as of Dec. 31, 2017

Name	No. of Common Shares owned <sup>2)</sup>	Ownership%
National Pension Service	45,285,762	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, 2017

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 (Number of shares, %)

Share ownership	Beginning Balance (Jan. 1, 2017)	Increase Decrease		Ending Balance Ownership%	
				(Dec. 31, 2017)	(Dec. 31, 2017)
Employee Stock Ownership	22,310,764	2,779,824	2,878,802	22,211,786	-
ESOA account	88,320	49,542	25,621	112,241	-
Total	22,399,084	2,829,366	2,904,423	22,324,027	4.71%

Common Share Traded on the Korea Exchange (KRW, number of shares)

	Jul. 2017	Aug. 2017	Sep. 2017	Oct. 2017	Nov. 2017	Dec. 2017
High	53,200	55,400	51,700	51,700	51,000	50,900
Price per share Low	48,900	51,600	48,000	49,400	47,000	47,100
Avg.	50,671	53,277	50,114	50,528	48,627	49,216
Trading Volume	20,212,738	18,024,052	20,132,865	13,809,751	25,517,108	20,070,809
Highest Daily Trading Volume	2,426,599	1,350,593	1,992,199	1,912,102	4,601,509	2,608,925
Lowest Daily Trading Volume	503,554	393,748	443,303	436,899	490,260	662,896

American Depositary Receipts traded on the New York Stock Exchange (USD, number of shares)

	Jul. 2017	Aug. 2017	Sep. 2017	Oct. 2017	Nov. 2017	Dec. 2017
High	47.63	48.76	46.32	45.98	45.64	46.80
Price per share Low	42.50	45.52	42.59	43.60	43.12	43.58
Avg.	44.98	46.97	44.09	44.83	44.40	45.33
Trading Volume	1,740,216	1,718,672	1,714,260	1,586,103	1,915,151	1,320,204
Highest Daily Trading Volume	159,928	158,601	195,481	170,509	152,899	123,973
Lowest Daily Trading Volume	37,466	35,920	41,549	35,925	29,466	25,062

Note) 1 ADR = 1 Common Shares





5. Directors, Executive Officers and Employees

Directors and Executive Officers

1) Executive Director (As of Mar. 31, 2018)

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

## 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.

8 outside directors were appointed as board of directors at the 17th Annual General Meeting of Shareholders on March 22, 2018, of which 5 directors renewed their terms and 3 directors were newly appointed.

Our non-executive directors are as follows:

(As of Mar. 31, 2018)

Name	Month and Year of Birth	Outside Director	Sub-Committees	Service Term
			Chairman of Board of Directors	
			Outside Director Recommendation Committee Chair	
Park Cheul	April 1946	O	Corporate Governance & CEO Recommendation Committee member Remuneration Committee member Risk Management Committee member Audit Committee Chair	4 years starting from March 25, 2015
Lee Manwoo	November 1954	O	Corporate Social Responsibility Committee member Board Steering Committee member Corporate Governance & CEO Recommendation Committee member	5 years starting from March 26, 2014
Yuki Hirakawa	October 1960	O	Corporate Social Responsibility Committee member Risk Management Committee member	4 years starting from March 25, 2015
Philippe Avril	April 1960	O	Corporate Governance & CEO Recommendation Committee member Corporate Social Responsibility Committee Chair	4 years starting from March 25, 2015
Lee Steven Sung-ryang	August 1955	O	Audit Committee member Board Steering Committee member	3 years starting from March 24, 2016
Park Ansoon	January 1945	O		

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

			Outside Director Recommendation Committee member	2 years starting from March 23, 2017
			Corporate Social Responsibility Committee member	
			Board Steering Committee member Risk Management Committee Chair	
Joo Jaeseong	January 1956	O	Audit Committee member	2 years starting from March 23, 2017
Kim Hwa-nam	December 1945	O	Remuneration Committee member Corporate Governance & CEO Recommendation Committee member Corporate Governance & CEO Recommendation Committee Chair	2 years starting from March 22, 2018
Park Byoung-dae	September 1957	O	Remuneration Committee Chair Outside Director Recommendation Committee member	2 years starting from March 22, 2018
			Audit Committee member Outside Director Recommendation Committee member	
Choi Kyong-rok	May 1966	O	Risk Management Committee member	2 years starting from March 22, 2018
			Board Steering Committee member	
Wi Sung-ho	June 1958	X	-	2 years starting from March 23, 2017

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

## 3) Executive Officers

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

(As of Mar 31, 2018)

Name	Month and Year of Birth	Position	In charge of
Lee Dong-hwan	September 1959	Deputy President	- Group & Global Investment Banking Business Department - Strategic Planning Team  - Investor Relations Team
Woo Young-woong	March 1960	Deputy President & Chief Strategy Officer	- Future Strategy Research Institute - Digital Strategy Team - One Shinhan Strategy Team - Platform Marketing Team - Brand Strategy Team - Management Support Team
Jin Okdong	February 1961	Deputy President	- Human Resource Team - Shinhan Culture & Leadership Center - CSR Team
Kim Byeong-cheol	January 1962	Deputy President	- Global Markets & Securities Planning Office
Heo Young-taeg	August 1961	Deputy President	- Global Business Planning Office
Lee Chang-goo	January 1961	Deputy President	- Wealth Management Planning Office - Finance Management Team
Jang Dong-ki	January 1964	Executive Vice President	- Accounting Team - Global Business & Capital Market Team - Risk Management Team
Kim Im-geun	July 1963	Executive Director & Chief Risk Officer	- Risk Model Validation Team - Credit Review Team
Lee Soonwoo	October 1962	Executive Director & Compliance Officer	- Compliance Team

Compensation to Directors

1) Total Amount Approved at the Meeting of Shareholders  
(As of Dec. 31, 2017)

	Total amount approved	Total number of persons at shareholders' meeting	Notes
	(KRW millions)		

Directors	12(10)	3,500	-
-----------	--------	-------	---

(Outside directors)

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

## 2) Total Amount Paid

(As of Dec. 31, 2017)

	Total number of Persons	Total Compensation (KRW millions)	Average Compensation per person (KRW millions)	Notes
Registered Directors	2	1,227	551	Excluding outside directors Excluding Audit committee members
Outside Directors	7	412	61	
Audit committee members or internal auditor	3	211	70	
Total	12	1,850	154	

Notes :

Represents the total number of applicable persons as of Dec. 31, 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, Cho Yong-byoung, our Chairman and Chief Executive Officer, received W620 million in salaries and wages. He also currently holds 15,196 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.

Additionally, In 2017, Han Dongwoo, our 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 Dec. 31, 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	99,889	-	2,500	28,006
Granted in 2006	108,356	105,856	-	2,500	38,829
Granted in 2007	58,764	-	-	58,764	54,560
Granted in 2008	60,753	-	15,125	45,628	49,053
Total	330,262	205,745	15,125	109,392	-

Notes :

The weighted-average exercise price of outstanding exercisable options as of Dec. 31, 2017 is KRW 51,297.

The closing price of our common stock was KRW 49,400 on Dec. 31, 2017.

As of Dec. 31, 2017, the exercise of 9,466 options granted in 2008 is temporarily suspended.

21

---

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

Employees

(As of Dec. 31, 2017)

Gender	Number of Employees	Average length of Service	Total Salaries and wages	Average Payment
			paid in 2017	per person
			(KRW million)	(KRW million)
Male	121	2 yrs 9 mths (13 yrs 8 mths) <sup>1)</sup>	13,438	111
Female	22	5 yrs 6 mths (9 yrs 6 mths) <sup>1)</sup>	1,654	75
Total	143	3 yrs 2 mths (13 yrs) <sup>1)</sup>	15,092	105

1) Average length of service including service within group subsidiaries



## 6. Related Party Transactions

## Loans to Subsidiaries

(KRW billion)

Subsidiary	Loan Type	Origination Maturity		Lending Rate	Beginning Balance (Jan. 1, 2017)	Decrease Increase		Ending Balance (Dec. 31, 2017)
		Date	Date					
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
	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
Shinhan Capital	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
	Loans in KRW	2017-08-24	2022-08-24	2.37%	-	-	50	50
Shinhan Alternative Investment Management	Loans in KRW	2016-11-23	2017-11-23	1.95%	5	5	-	-
	Loans in KRW	2017-11-22	2018-11-22	2.24%	-	-	5	5
Shinhan Savings Bank	Loans in KRW	2016-06-17	2021-06-17	1.61%	50	-	-	50

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

	Loans in KRW	2017-06-30	2022-06-30	2.27%	-	-	50	50
Total		935	255	555	1,235			

23

---

For more detailed information, please refer to the Independent Accountant's Audit Report, which was reported on Form 6-K on March 7, 2018.

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.

Date: April 2, 2018

/s/ Woo Young-woong

-----

Name: Woo Young-woong

Title: Chief Strategy Officer