

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

March 30, 2016

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 March 2016

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 FY2015 Business Report

On March 30, 2016, Shinhan Financial Group (SFG) filed its FY2015 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. <u>Introduction of the Group</u>	2
2. <u>Business Results</u>	5
3. <u>Independent Auditor</u>	15
4. <u>Directors, Executive Officers and Employees</u>	16
5. <u>Major Shareholder and Market Price Information of our Common Shares and ADRs</u>	20
6. <u>Related Party Transactions</u>	21

Table of Contents

1. Introduction of the Group

Company History in 2010 through 2015

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

Jun. 2010 : CHB Valuemeet 2001 First SPC was disaffiliated from SFG

Jun. 2010 : CHB Valuemeet 2001 Second SPC and CHB Valuemeet 2002 First SPC were disaffiliated from SFG

Aug. 2010 : Shinhan Macquarie Financial Advisory was disaffiliated from SFG

Oct. 2010 : Shinhan Maritime Private Equity Fund I became an indirect subsidiary of SFG

Dec. 2010 : KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp. became an indirect subsidiary of SFG

Feb. 2011 : Shinhan BNP Paribas Asset Management (Hong Kong) Limited became an indirect subsidiary of SFG

Nov. 2011 : Shinhan Bank Vietnam was merged with Shinhan Vina Bank

Dec. 2011 : Shinhan Savings Bank became a direct subsidiary of SFG

Nov. 2012 : Shinhan AITAS Co., Ltd. joined SFG as a direct subsidiary

Jan. 2013 : Yehanbyoul Savings Bank joined SFG as a direct subsidiary

Apr. 2013 : Shinhan Savings Bank merged with Yehanbyoul Savings Bank. As a result of the integration, Shinhan Savings Bank has been liquidated and Yehanbyoul Savings Bank now exists under the name of Shinhan Savings Bank as an existing legal entity

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

Jul. 2015 : Nam An Securities Co. Ltd. (Vietnam) became an indirect subsidiary of SFG

Table of Contents**Principal Subsidiaries under Korean Law (as of Dec. 31, 2015)*****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 ¹⁾	68.9%
Shinhan Savings Bank ²⁾	100.0%
Shinhan Data System	100.0%
Shinhan AITAS ³⁾	99.8%
Shinhan Credit Information	100.0%
Shinhan Private Equity	100.0%
SHC Management ⁴⁾	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 Dec. 31, 2015)**

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 ¹⁾	90.0%
	Shinhan Bank Kazakhstan	100.0%
	Shinhan Bank China Limited	100.0%
	Shinhan Bank Canada	100.0%
	Shinhan Bank Japan	100.0%
	Shinhan Bank Vietnam	100.0%
	Banco Shinhan de Mexico	100.0%
	PT Bank Metro Express	97.76%
PT Centratama Nasional Bank	75.0%	
Shinhan Card	LLP MFO Shinhan Finance	100.0%
	PT. Shinhan Indo Finance	50.0%
Shinhan Investment Corp.	Shinhan Investment Corp. USA Inc.	100.0%
	Shinhan Investment Corp. Asia Inc.	100.0%
	Shinhan Maritime Private Equity Fund I	7.1%
	KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp. ²⁾	8.5%
	Shinhan Praxis K-Growth Global Private Equity Fund ³⁾	14.1%
	Nam An Securities Co. Ltd.	100.0%
Shinhan BNP Paribas Asset Management	Shinhan BNP Paribas Asset Management (Hong Kong) Limited	100.0%
Shinhan Private Equity	Shinhan NPS Private Equity Fund 1st ⁴⁾	5.0%
	Shinhan Private Equity Fund 2nd ⁵⁾	2.2%
	Shinhan-Stonebridge Petro Private Equity Fund ⁶⁾	0.6%

1) Shinhan Financial Group and its subsidiaries currently own 93.3% of Shinhan Khmer Bank Limited.

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

3) Shinhan Financial Group and its subsidiaries currently own 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 Dec. 31, 2015)

Types of Shares	Number of Shares
Common Shares	474,199,587
Redeemable Preferred Shares	11,100,000
Total	485,299,587

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

(KRW billion)

	FY2015	FY2014	FY2013
	(Jan. 1 ~ Dec. 31)	(Jan. 1 ~ Dec. 31)	(Jan. 1 ~ Dec. 31)
Operating income	2,973.1	2,654.8	2,632.0
Equity method income	21.0	30.6	7.3
Other non-operating income	146.5	182.2	37.3
Profit before income tax	3,140.6	2,867.6	2,676.6
Income tax expense	694.6	668.0	621.2
Consolidated net income	2,446.0	2,199.6	2,055.3
Net income attributable to equity holders of the Group	2,367.2	2,081.1	1,898.6
Net income attributable to non-controlling interest	78.8	118.5	156.8

Notes:

Some of the totals may not sum due to rounding.

Financial Information for the years ended December 31, 2013 have been retroactively restated to reflect changes in accounting policies in accordance with reclassification of Hybrid bonds.

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

Consolidated Basis	FY2015				FY2014				FY2013 ²⁾			
	Jan. 1 ~ Dec. 31		Interest		Jan. 1 ~ Dec. 31		Interest		Jan. 1 ~ Dec. 31		Interest	
(in billion, %)	Average Proportions Balance ¹⁾	(%)	Interest Paid	Rate (%)	Average Proportions Balance ¹⁾	(%)	Interest Paid	Rate (%)	Average Proportions Balance ¹⁾	(%)	Interest Paid	Rate (%)
Deposits	203,910.5	57.3	2,861.0	1.4	186,086.1	57.2	3,449.5	1.9	176,825.5	56.6	3,914.2	1.9
Borrowings	13,492.9	3.8	150.7	1.1	12,145.2	3.7	190.0	1.6	13,054.6	4.2	229.3	1.6
Debt Securities												
Issued	39,334.8	11.0	1,183.8	3.0	36,609.9	11.3	1,301.9	3.6	38,303.2	12.3	1,521.5	3.6
Other Liabilities	68,378.1	19.2			60,397.7	18.6			55,163.5	17.7		
Total Liabilities	325,116.3	91.3			295,238.9	90.8			283,346.8	90.7		
Total Stockholders Equity	31,063.1	8.7			30,023.9	9.2			29,157.1	9.3		
Total Liabilities & SE	356,179.4	100.0			325,262.8	100.0			312,503.9	100.0		
Cash & Due from Banks	21,993.4	6.2	225.6	1.0	19,646.5	6.0	236.9	1.2	17,264.0	5.5	200.9	1.2
Loans	231,889.2	65.1	9,031.6	3.9	212,237.2	65.3	9,722.5	4.6	203,254.8	65.0	10,173.4	4.6
Loans in KRW	180,410.1	50.7	6,479.5	3.6	164,597.9	50.6	7,092.5	4.3	156,496.7	50.1	7,435.5	4.3
Loans in Foreign Currency	13,528.2	3.8	415.0	3.1	11,598.8	3.6	403.0	3.5	10,506.0	3.4	394.6	3.5
Credit Card Accounts	17,819.5	5.0	1,635.3	9.2	17,575.1	5.4	1,702.5	9.7	17,445.2	5.6	1,763.8	10.0
Others	20,131.5	5.7	501.9	2.5	18,465.4	5.7	524.5	2.8	18,806.9	6.0	579.6	2.8
AFS Financial Assets	26,830.0	7.5	654.4	2.4	26,801.5	8.2	814.8	3.0	29,620.6	9.5	979.2	3.0
HTM Financial Assets	14,961.0	4.2	539.0	3.6	12,076.7	3.7	521.7	4.3	11,197.0	3.6	527.9	4.3
Other Assets	60,505.8	17.0			54,500.9	16.8			51,167.5	16.4		
Total Assets	356,179.4	100.0			325,262.8	100.0			312,503.9	100.0		

- 1) The Average Balance is the arithmetic mean of the ending balance of each quarter.
- 2) Figs. for the years ended Dec. 31, 2013 have been retroactively restated to reflect changes in accounting policies in accordance with reclassification of Hybrid bonds.

Table of Contents**Other Financial Information**

ø The main serial financial figures and indices for Dec. 31, 2015 listed herein may be subject to change.

1) Capital Adequacy

<i>Consolidated BIS Ratio (Shinhan Financial Group)</i>		(KRW billion)		
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	
Aggregate Amount of Equity Capital (A)	27,216.4	25,938.0	25,605.8	
Risk-Weighted Assets (B)	203,274.5	198,832.9	190,716.6	
BIS Ratio (A/B)	13.39%	13.05%	13.43%	

Note) based on Basel III

<i>Capital Adequacy Ratios (Subsidiaries)</i>		(%)		
Subsidiary	Capital Adequacy Ratio	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Shinhan Bank	BIS Capital Adequacy Ratio	14.8	15.4	16.3
	Adjusted Equity Capital Ratio	28.9	29.7	30.4
Shinhan Investment Corp.	Net Capital Ratio	387.2	461.8	493.3
Shinhan Life Insurance	Risk Based Capital Ratio	204.2	230.7	253.1
	Net Capital Ratio	679.0	512.0	598.5
Shinhan BNPP AM	Equity Capital	157.3	159.0	
	Minimum Capital Requirement	23.2	22.1	
Shinhan Capital	Adjusted Equity Capital Ratio	16.8	15.5	15.0
Jeju Bank	BIS Capital Adequacy Ratio	12.6	14.3	16.0
	Adjusted Equity Capital Ratio	28.9	29.7	30.4
Shinhan Savings Bank	BIS Capital Adequacy Ratio	16.3	16.3	12.0

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 150%.

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	Dec. 31, 2015			Dec. 31, 2014			Dec. 31, 2013		
	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)
Shinhan Financial Group	624.1	216.0	288.9	76.1	41.4	183.9	578.3	263.0	219.9
Shinhan Bank				55,338.0	45,258.5	122.3	53,589.9	41,699.5	128.5
Shinhan Card	14,588.0	3,845.4	379.4	14,583.7	3,014.5	483.8	14,490.7	3,902.1	371.4
Shinhan Investment Corp.	11,546.7	6,525.0	177.0	17,500.5	11,305.5	154.8	10,613.7	7,833.6	135.5
Shinhan Life Insurance	1,189.5	486.7	244.4	1,302.2	472.6	275.6	1,174.2	419.6	279.8
Shinhan Capital	784.7	355.4	220.8	567.6	161.1	352.3	510.9	221.1	231.1
Jeju Bank				798.2	716.9	111.3	937.3	559.0	167.7
Shinhan Savings Bank	144.2	103.1	139.9	242.0	94.9	255.0	257.4	91.8	280.2

Notes:

Shinhan Financial Group, Shinhan Bank and Jeju Bank: 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	Dec. 31, 2015			Dec. 31, 2014			Dec. 31, 2013		
	High Quality	Net Cash Outflows	Liquidity Coverage	High Quality	Net Cash Outflows	Liquidity Coverage	High Quality	Net Cash Outflows	Liquidity Coverage

	Liquid Assets	Ratio(%)	Liquid Assets	Ratio(%)
Shinhan Bank	37,421.5	38,253.3	97.8	
Jeju Bank	546.3	352.0	155.2	

Note) The High quality liquid assets and Net cash outflows are the arithmetic mean of the ending balance of every month.

Table of Contents

Company	Foreign Currency (FC) Liquidity Ratio			Dec. 31, 2015			Dec. 31, 2014			(USD millions, %)		
	Dec. 31, 2015			Dec. 31, 2014			Dec. 31, 2013					
	FC Assets	FC Liabilities	FC Liquidity Ratio(%)	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	31,925.0	27,205.6	117.4	25,309.1	19,472.6	130.0	25,808.1	20,294.0	127.2			
Shinhan Investment Corp.	1,875.7	1,793.8	104.6	1,195.7	871.5	137.2	451.3	390.6	115.5			
Shinhan Capital	83.1	73.4	113.2	73.8	49.6	148.8	84.4	55.6	151.8			
Jeju Bank	15.2	9.7	156.3	9.8	6.1	160.0	8.5	5.2	163.1			

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 separate basis

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

(KRW billion, %)

	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Total Loans	246,487.6	226,503.2	207,680.2
Substandard & Below	2,171.6	2,595.3	2,609.1
Substandard & Below Ratio	0.88%	1.15%	1.26%
Non-Performing Loans	1,691.5	2,031.7	1,990.2
NPL Ratio	0.69%	0.90%	0.96%
Substandard & Below Coverage Ratio	191.22%	168.88%	162.96%
Loan Loss Allowance ¹⁾	4,152.5	4,383.0	4,251.7
Substandard & Below Loans	2,171.6	2,595.3	2,609.1

1) Including reserve for credit losses.

Separate Basis

(%)

	Dec. 31, 2015			Dec. 31, 2014			Dec. 31, 2013		
	Substandard & Below Ratio	NPL Ratio	Substandard & Below Coverage Ratio ¹⁾	Substandard & Below Ratio	NPL Ratio	Substandard & Below Coverage Ratio ¹⁾	Substandard & Below Ratio	NPL Ratio	Substandard & Below Coverage Ratio ¹⁾
Shinhan Financial Group									
Shinhan Bank	0.80	0.61	172.92	1.03	0.78	153.79	1.16	0.90	149.82
Shinhan Card	1.24	0.81	354.69	1.69	1.21	295.10	1.53	1.00	314.75
Shinhan Investment Corp.	0.15	0.15	484.62	1.37	1.36	207.83	4.65	4.65	94.16
Shinhan Life Insurance	0.09	0.09	926.53	0.10	0.09	866.67	0.20	0.19	472.62
Shinhan Capital	3.06	3.58	85.53	2.87	4.08	96.34	2.23	1.88	111.21
Jeju Bank	0.87	0.50	140.78	2.04	1.84	80.04	1.53	1.49	105.10
Shinhan Savings Bank	6.51	5.37	57.66	12.15	10.27	32.80	17.70	13.64	33.30

1) Including reserve for credit losses.

Table of Contents**4) Debt to Equity Ratios**

<i>Shinhan Financial Group (Separate Basis)</i>	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	(KRW billion)
Debt	6,894.5	6,859.4	7,450.2	
Equity	20,781.0	20,235.1	19,974.5	
Debt to Equity Ratio	33.18%	33.90%	37.30%	

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

(KRW billion)

As of Dec. 31, 2015	Loans in Won	Loans in Foreign Currency	Securities	Guarantees and Acceptances	Others	Total Exposures
Consolidated basis						
Bank of Korea	3,430.0		6,858.5	0.1		10,288.6
Ministry of Strategy & Finance	0.0		7,970.1			7,970.1
Korea Development Bank	16.0	55.1	5,381.9			5,452.9
Korea Housing Finance Corporation	0.0		4,963.1			4,963.1
Industrial Bank of Korea	567.6		1,390.4	0.5		1,958.5
Korea Deposit Insurance Corporation			1,913.8			1,913.8
Hyundai Heavy Industries Co., Ltd.	47.2	33.4	0.6	1,260.6		1,341.8
Samsung Electronics co., Ltd.	0.0	1,134.4	15.0		0.0	1,149.4
Samsung Heavy Industries Co., Ltd.	150.0	3.6	10.0	901.4		1,065.0
Kookmin Bank	475.4		561.8			1,037.1
Korea Securities Finance Corporation	124.8		869.3			994.1
Woori Bank	199.2	58.6	730.9	0.7		989.4
Korea Land & Housing Corporation	0.0		949.1			949.1
NongHyup Bank	347.8	11.7	547.0	6.4		913.0
Hyundai Steel Company	675.2	42.7	41.2	40.6	0.0	799.7
Export-Import Bank of Korea			789.8	5.7		795.5
Hotel Lotte Co., Ltd.	0.1	398.5	148.7	241.4		788.7
Hyundai Samho Heavy Industries Co., Ltd.	2.5	55.7		713.3		771.4
Hana Bank	136.6	32.5	553.2	0.0		722.3
LG Electronics Inc.	47.8	54.8	77.5	478.2		658.3
Total	6,220.4	1,880.9	33,771.9	3,648.7	0.0	45,521.9

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

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

(KRW billion)

As of Dec. 31, 2015	Loans		Guarantees and			Total
Consolidated basis	in Won	Loans in Foreign Currency	Securities	Acceptances	Others	Exposures
Samsung	424.1	1,856.9	666.3	1,523.3	0.0	4,470.6
Hyundai Motors	1,436.9	1,407.2	1,160.9	277.6	0.1	4,282.7
Lotte	410.2	1,039.5	1,293.2	483.7	1.8	3,228.4
Hyundai Heavy Industries	206.2	144.3	30.5	2,575.6	0.2	2,956.9
SK	469.3	376.7	901.1	1,132.6	0.0	2,879.8
LG	463.3	464.1	305.5	757.1	0.2	1,990.3
LS	193.0	366.4	171.2	740.5	0.0	1,471.0
Hanwha	625.2	238.3	215.3	231.0	0.2	1,310.0
GS	380.2	97.2	342.1	153.5		973.0
Hyosung	237.7	489.6	32.5	150.5	0.0	910.3
Total	4,846.2	6,480.2	5,118.6	8,025.3	2.6	24,473.0

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, 2015	Total Exposures	
Consolidated basis	Amount	Weight (%)
Finance and Insurance	71,946.8	21.6%
Manufacturing	40,988.4	12.3%
Retail and wholesale	15,757.9	4.7%
Real Estate, leasing and service	21,300.5	6.4%
Construction	4,051.6	1.2%
Hotel and Restaurant	5,273.8	1.6%
Others	50,198.3	15.0%
Consumers	124,145.1	37.2%
Total	333,662.4	100.0%

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

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

(KRW billion)

Borrower	Industry	Gross Principal Outstanding	Substandard & Allowance for Loan Below	Losses
A	Manufacture of Cold Rolled, Drawn and Extruded Iron or Steel Products	120.6	120.6	32.0
B	Building of Steel Ships	110.4	107.8	100.7
C	Construction of Highways, Streets and Roads	88.1	88.1	3.6
D	Manufacture of Distilling Machinery, Heat exchange unit and Gas Generators	81.0	81.0	56.9
E	Manufacture of Plastic Products for Fabricating of Machine	59.2	59.2	23.3
F	Building of Steel Ships	43.3	43.3	0.2
G	Apartment Building Construction	42.6	42.6	42.2
H	Other Activities Auxiliary to Financial Service Activities n.e.c.	36.0	36.0	6.6
I	Renting of Non-Residential Buildings	31.2	31.2	0.0
J	Development and Subdividing of Residential Buildings	30.0	30.0	22.3
K	Other Civil Engineering Construction	29.6	29.6	12.5
L	Building of Steel Ships	28.8	28.8	2.6
M	Building of Steel Ships	23.4	23.4	0.8
N	Manufacture of Other Basic Iron and Steel n. e. c.	19.9	18.6	13.5
O	Construction of Highways, Streets and Roads	18.0	18.0	8.4
P	Manufacture of Pipes and Tubes, of Non-cast Iron or Steel	66.9	17.6	0.3
Q	Apartment Building Construction	17.4	16.4	11.4
R	Manufacture of Sections for Ships	15.9	15.9	0.0
S	Apartment Building Construction	15.4	15.4	3.1
T	Manufacture of Printed Circuit Boards	15.2	15.2	15.4
Total		892.9	838.7	355.6

Notes :

Consolidated basis as of Dec. 31, 2015.

Some of the totals may not sum due to rounding.

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

	FY2015	FY2014	FY2013
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 ¹⁾ (KRW mil.)	Details	Working 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
FY2014	KPMG Samjong Accounting Corp.	500 (annualized basis)	Review/Audit of Financial Statements	6,564 Hours
	KPMG Samjong Accounting Corp.	73 (annualized basis)	K-IFRS Report Package Audit for Shinhan Savings Bank	845 Hours
	KPMG Samjong Accounting Corp.	12 (annualized basis)	Non-statutory audit of subsidiaries under the consolidated corporate tax system for CY2014	182 hours
FY2013	KPMG Samjong Accounting Corp.	508 (annualized basis)	Review/Audit of Financial Statements	6,270 hours
	KPMG Samjong Accounting Corp.	140	K-IFRS Report Package Audit for Shinhan Savings Bank	1,511

	(annualized basis)		hours
	45		
KPMG Samjong Accounting Corp.	(annualized basis)	Non-statutory audit of subsidiaries under the consolidated corporate tax system for CY2013	510 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 KRW1,274 million(Excluding value-added taxes) for FY2015

Table of Contents

4. Directors, Executive Officers and Employees

Directors and Executive Officers

1) Executive Director (As of Mar. 30, 2016)

Name	Month and Year of Birth	Position Chairman of Shinhan Financial Group	Service Term
Han Dongwoo	November, 1948	Board Steering Committee Chair Corporate Governance & CEO Recommendation Committee member Outside Director Recommendation Committee member Corporate Social Responsibility Committee member	6 years starting from March 23, 2011

Table of Contents

2) Non-Executive Directors

Currently, 11 non-executive directors are in office, 9 of which outside directors who are nominated by our Outside Director Recommendation Committee and appointed pursuant to the approval of general shareholders' meeting.

6 outside directors were appointed as board of directors at the 15th Annual General Meeting of Shareholders on March 24, 2016, of which 3 directors renewed their terms and 3 directors were newly appointed.

Our non-executive directors are as follows:

(As of Mar. 30, 2016)

Name	Month and Year of Birth	Outside Director	Sub-Committees	Service Term
Ko Boo-in	December. 1941	O	Corporate Social Responsibility Committee member Corporate Governance & CEO Recommendation Committee member Chairman of Board of Directors	4 years starting from March 28, 2013
Park Cheul	April. 1946	O	Risk Management Committee Chair Compensation Committee Chair Corporate Governance & CEO Recommendation Committee member Audit Committee Chair	2 years starting from March 25, 2015
Lee Manwoo	November. 1954	O	Corporate Social Responsibility Committee member Outside Director Recommendation Committee member Corporate Governance & CEO Recommendation Committee Chair	3 years starting from March 26, 2014
Lee Sang-kyung	September. 1945	O	Audit Committee member Compensation Committee member	5 years starting from March 29, 2012
Lee Sung-ryang	August. 1955	O	Board Steering Committee member Outside Director Recommendation Committee Chair Audit Committee member	2 years starting from March 24, 2016

			Board Steering Committee member	
			Compensation Committee member	
			Compensation Committee member	
Lee Jung-il	August. 1952	O	Outside Director Recommendation Committee member	2 years starting from March 24, 2016
			Risk Management Committee member	
Lee Heun-ya	September. 1959	O	Outside Director Recommendation Committee member	2 years starting from March 24, 2016
			Corporate Social Responsibility Committee member	
Yuki Hirakawa	October. 1960	O	Board Steering Committee member	2 years starting from March 25, 2015
			Corporate Governance & CEO Recommendation Committee member	
			Risk Management Committee member	
Philippe Avril	April. 1960	O	Corporate Governance & CEO Recommendation Committee member	2 years starting from March 25, 2015
Cho Yong-byoung	June. 1957	X		2 years starting from March 25, 2015
			Corporate Social Responsibility Committee Chair	
			Risk Management Committee member	
Namkoong Hoon	June. 1947	X	Corporate Governance & CEO	1 years starting from March 24, 2016
			Board Steering Committee member	
			Recommendation Committee member	

Table of Contents

3) Executive Officers

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

(As of Mar. 30, 2016)

Name	Month and Year of Birth	Position	In charge of
Kim Hyung-jin	August. 1958	Deputy President & Chief Strategy Officer	- Strategic Planning Team
			- Global Business Strategy Team
			- Corporate Culture Development Team
			- Future Strategy Research Institute
			- Digital Strategy Team
			- Synergy Management Team
Lim Young-jin	November. 1960	Deputy President	- Public Relations Team
			- CSR Team
			- Management Support Team
			- Finance Management Team
Yim Bo-hyuk	March. 1961	Deputy President & Chief Financial Officer	- Investor Relations Team
			- HR Team
			- Information & Communication Technology Planning Team
Lee Chang-goo	January. 1961	Executive Vice President	- Wealth Management Planning Office
Woo Young-woong	March. 1960	Executive Vice President	- Corporate & Investment Banking Business Department
Park Woo-gyun	March. 1959	Managing Director	- Compliance Team
Lim Byung-chul	January. 1964	Managing Director	- Future Strategy Research Institute
Jeon Young-kyo	August. 1962	Managing Director	- Finance Management Team
Choi Joon-hwan	September. 1963	Managing Director	- Information & Communication Technology Planning Team
Kim Im-geun	July. 1963	Managing Director	- Risk Management Team
Yu Sunghun	January. 1965	Managing Director	- Investor Relations Team

Compensation to Directors

1) Total Amount Approved at the Meeting of Shareholders

(KRW millions)

	Total number of persons	Total amount approved	Notes
	at shareholders	meeting	
Directors (Outside directors)	12(10)	4,500	

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

Table of Contents

2) Total Amount Paid as of Dec. 31, 2015

(KRW millions)

	Total number of Persons	Total Compensation	Average Compensation per person	Notes
Registered Directors	2	1,202	601	Excluding outside directors
Outside Directors	6	327	54	Excluding Audit committee members
Audit committee members or internal auditor	4	244	61	
Total	12	1,773	148	

Notes:

Represents the total number of applicable persons as of Dec. 31, 2015.

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 ₩500 million or greater. In 2015, Han Dongwoo, our Chairman and Chief Executive Officer, received ₩1,202 million which consisted of ₩773 million in salaries and wages and ₩429 million in bonus payments. He also currently holds 18,900 performance shares. The exercisability of these performance shares will be determined based on a review of our business performance and share price movements during the period from 2015 to 2018.

Stock Options

(As of Dec. 31, 2015)

	No. of Granted Options (A)	No. of Exercised Options (B)	No. of Cancelled Options (C)	No. of Exercisable Options		Exercise Price (KRW)
				(D = A - B - C)	B	
Granted in 2005	2,620,331	2,266,642	251,300	102,389		28,006
Granted in 2006	3,206,173	2,617,517	480,300	108,356		38,829
Granted in 2007	1,231,169	967,092	205,313	58,764		54,560
Granted in 2008	805,174	574,150	185,396	45,628		49,053
Total	7,862,847	6,425,401	1,122,309	315,137		

Notes:

The weighted-average exercise price of outstanding exercisable options as of Dec. 31, 2015 is KRW 39,726

The closing price of our common stock was KRW 39,550 on Dec. 31, 2015.

Employees

(As of Dec. 31, 2015)

Gender	Number of Employees	Average length of Service	Total Salaries and wages paid in 2015 (KRW million)	Average Payment per person (KRW million)
Male		3 yrs 2 mths		
	118	(13 yrs 9 mths) ¹⁾	13,950	118
Female		5 yrs 2 mths		
	29	(8yrs 10 mths) ¹⁾	1,975	68
Total		3 yrs 7 mths		
	147	(12yrs 9mths) ¹⁾	15,926	108

1) Average length of service including service within group subsidiaries

Table of Contents**5. Major Shareholder and Market Price Information of our Common Shares and ADRs****Major Shareholders¹⁾ of Shinhan Financial Group as of Dec. 31, 2015**

Name	No. of Common Shares owned	Ownership%
National Pension Service ²⁾	43,881,041	9.25%
BNP Paribas	25,356,276	5.35%

- 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, 2015.

Share ownership of Employee Stock Ownership Association

(Number of shares, %)

Beginning Balance			Ending Balance		Ownership % ¹⁾ (Dec. 31, 2015)
(Jan. 1, 2015)	Increase	Decrease	(Dec. 31, 2015)		
19,344,136	3,594,953	1,665,716	21,273,373	4.49%	

- 1) Common share basis.

Common Share Traded on the Korea Exchange

(KRW, number of shares)

	Jun. 2015	Jul. 2015	Aug. 2015	Sep. 2015	Oct. 2015	Nov. 2015	Dec. 2015
Price High	42,200	42,150	43,000	42,650	44,250	44,300	42,150
per Low	40,000	39,150	39,550	39,000	40,300	41,300	39,550
share Avg.	40,927	40,089	41,458	40,453	42,424	42,902	40,860
Trading Volume	17,406,446	21,964,677	23,599,382	17,870,646	16,483,620	14,669,254	16,594,627
Highest Daily Trading Volume	1,509,236	2,124,658	2,098,355	1,676,518	1,634,522	1,957,693	1,770,031
Lowest Daily Trading Volume	384,223	494,845	542,448	410,753	478,471	287,372	425,758

American Depositary Receipts traded on the New York Stock Exchange

(USD, number of shares)

	Jun. 2015	Jul. 2015	Aug. 2015	Sep. 2015	Oct. 2015	Nov. 2015	Dec. 2015
Price High	38.02	36.59	37.11	36.33	39.45	39.52	36.54
per Low	35.85	33.25	32.98	32.13	34.71	36.00	33.59
share Avg.	36.74	34.86	34.98	33.92	37.16	37.30	34.95
Trading Volume	1,522,605	1,488,709	1,991,703	1,901,248	2,103,474	1,463,283	2,096,324
Highest Daily Trading Volume	179,735	134,502	255,729	165,591	217,427	138,969	165,191
	30,922	36,828	29,663	48,364	34,750	30,148	61,755

Lowest Daily

Trading Volume

Note) 1 ADR = 1 Common Shares

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, 2015)	Decrease	Increase	Ending Balance (Dec. 31, 2015)
Shinhan Investment Corp.	Loans in KRW	2012-01-30	2017-01-30	4.11%	100.0			100.0
	Loans in KRW	2012-06-28	2017-06-28	3.84%	100.0			100.0
Shinhan Card	Loans in KRW	2010-10-29	2015-10-29	4.37%	100.0	100.0		
	Loans in KRW	2011-01-28	2016-01-28	4.91%	100.0			100.0
	Loans in KRW	2011-02-24	2016-02-24	4.82%	250.0			250.0
	Loans in KRW	2011-05-17	2016-05-17	4.47%	100.0			100.0
	Loans in KRW	2012-03-14	2017-03-14	4.12%	150.0			150.0
	Loans in KRW	2011-04-29	2016-04-29	4.65%	100.0			100.0
Shinhan Capital	Loans in KRW	2011-05-17	2016-05-17	4.47%	50.0			50.0
	Loans in KRW	2012-03-14	2017-03-14	4.12%	50.0			50.0
	Loans in KRW	2012-12-14	2017-12-14	3.33%	50.0			50.0
	Loans in KRW	2013-01-18	2018-01-18	3.18%	50.0			50.0
	Loans in KRW	2013-09-05	2018-09-05	3.61%	80.0			80.0
	Loans in KRW	2014-01-27	2019-01-27	3.60%	50.0			50.0
Shinhan Private Equity	Loans in KRW	2014-08-08	2015-08-07	2.81%	2.5	2.5		
	Loans in KRW	2014-11-26	2015-11-25	2.42%	5.0	5.0		
	Loans in KRW	2015-11-25	2016-11-23	2.12%			5.0	5.0
Total					1,337.5	107.5	5.0	1,235.0

Table of Contents

For more detailed information, please refer to the Independent Accountant's Audit Report, which was reported on Form 6-K on March 9, 2016.

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: March 30, 2016