

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

November 14, 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 November 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)**

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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 FY2016 3Q Business Report**

On November 14, 2016, Shinhan Financial Group ( SFG ) filed its FY2016 3Q 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

**Table of Contents**

**1. Introduction of the Group**

**Company History in 2010 through 2016**

Jan. 2010 : Shinhan Data System became a direct subsidiary of 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 : 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 Sekuritas Indonesia became an indirect subsidiary of SFG

**Table of Contents****Principal Subsidiaries under Korean Law (as of Sep. 30, 2016)*****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 Sep. 30, 2016)**

<b>Direct Subsidiaries</b>	<b>Indirect Subsidiaries</b>	<b>Ownership by the Parent</b>
Shinhan Bank	Shinhan Asia Limited	100.0%
	Shinhan Bank America	100.0%
	Shinhan Bank Europe	100.0%
	Shinhan Khmer Bank Limited <sup>1)</sup>	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 Shinhan Indonesia	97.76%	
PT Centratama Nasional Bank	75.0%	
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%
	Shinhan Maritime Private Equity Fund I	7.1%
	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 Sekuritas 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 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 Sep. 30, 2016)*

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

\* On April 21, 2016, we redeemed all of the Series 12 redeemable preferred shares.



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

	(KRW billion)			
	<b>2016 3Q</b>	<b>2015 3Q</b>	<b>FY2015</b>	<b>FY2014</b>
	<b>(Jan. 1 ~ Sep. 30)</b>	<b>(Jan. 1 ~ Sep. 30)</b>	<b>(Jan. 1 ~ Dec. 31)</b>	<b>(Jan. 1 ~ Dec. 31)</b>
Operating income	2,482.5	2,417.4	2,973.1	2,654.8
Equity method income	5.9	14.0	21.0	30.6
Other non-operating income	48.4	152.9	146.5	182.2
Profit before income taxes	2,536.8	2,584.3	3,140.6	2,867.6
Income tax expense	326.3	561.1	694.6	668.0
Consolidated net income	2,210.5	2,023.2	2,446.0	2,199.6
Net income attributable to equity holders of the Group	2,162.7	1,963.1	2,367.2	2,081.1
Net income attributable to non-controlling interest	47.8	60.0	78.8	118.5
Notes :				

Some of the totals may not sum due to rounding.

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

Consolidated Basis	FY2016 Jan. 1 ~ Sep. 30				FY2015 Jan. 1 ~ Dec. 31				FY2014 Jan. 1 ~ Dec. 31			
	Average Balance <sup>1)</sup>	Proportions (%)	Interest Paid	Rate (%)	Average Balance <sup>1)</sup>	Proportions (%)	Interest Paid	Rate (%)	Average Balance <sup>1)</sup>	Proportions (%)	Interest Paid	Rate (%)
Deposits	224,802.5	58.5	1,965.2	1.17	203,910.5	57.3	2,861.0	1.40	186,086.1	57.2	3,449.5	1.17
Borrowings	14,791.9	3.9	131.9	1.19	13,492.9	3.8	150.7	1.12	12,145.2	3.7	190.0	1.12
Debt Securities												
Issued	42,406.8	11.0	820.7	2.58	39,334.8	11.0	1,183.8	3.01	36,609.9	11.3	1,301.9	3.01
Other Liabilities	71,152.2	18.5			68,378.1	19.2			60,397.7	18.6		
Total Liabilities	353,153.3	91.8			325,116.3	91.3			295,238.9	90.8		
Total Stockholders Equity	31,438.2	8.2			31,063.1	8.7			30,023.9	9.2		
Total Liabilities & SE	384,591.5	100.0			356,179.4	100.0			325,262.8	100.0		
Cash & Due from Banks	21,309.2	5.5	142.3	0.89	21,993.4	6.2	225.6	1.03	19,646.5	6.0	236.9	1.03
Loans	250,412.6	65.1	6,892.5	3.67	231,889.2	65.1	9,031.6	3.89	212,237.2	65.3	9,722.5	3.89
Loans in KRW	196,740.6	51.2	4,882.2	3.31	180,410.1	50.7	6,479.5	3.59	164,597.9	50.6	7,092.5	3.59
Loans in Foreign Currency	14,645.8	3.8	353.8	3.22	13,528.2	3.8	415.0	3.07	11,598.8	3.6	403.0	3.07
Credit Card Accounts	18,642.8	4.9	1,277.5	9.14	17,819.5	5.0	1,635.3	9.18	17,575.1	5.4	1,702.5	9.18
Others	20,383.5	5.3	378.9	2.48	20,131.5	5.7	501.9	2.49	18,465.4	5.7	524.5	2.49
AFS Financial Assets	29,818.3	7.8	455.5	2.04	26,830.0	7.5	654.4	2.44	26,801.5	8.2	814.8	2.44
HTM Financial Assets	16,810.8	4.4	416.5	3.30	14,961.0	4.2	539.0	3.60	12,076.7	3.7	521.7	3.60
Other Assets	66,240.6	17.2			60,505.8	17.0			54,500.9	16.8		
Total Assets	384,591.5	100.0			356,179.4	100.0			325,262.8	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 Sep. 30, 2016 listed herein may be subject to change.

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

	(KRW billion)		
	Sep. 30, 2016(e)	Dec. 31, 2015	Dec. 31, 2014
Aggregate Amount of Equity Capital (A)	29,075.4	27,216.4	25,938.0
Risk-Weighted Assets (B)	209,668.5	203,274.5	198,832.9
BIS Ratio (A/B)	13.87%	13.39%	13.05%

Note) based on Basel III

**Capital Adequacy Ratios (Subsidiaries)**

Subsidiary	Capital Adequacy Ratio	(%)		
		Sep. 30, 2016(e)	Dec. 31, 2015	Dec. 31, 2014
Shinhan Bank	BIS Capital Adequacy Ratio	15.1	14.8	15.4
Shinhan Card	Adjusted Equity Capital Ratio	25.4	28.9	29.7
Shinhan Investment Corp.	Net Capital Ratio	956.1	387.2	461.8
Shinhan Life Insurance	Risk Based Capital Ratio	204.8	204.2	230.7
Shinhan BNP Paribas Asset Management	Equity Capital (KRW billion)	147.8	157.3	159.0
	Minimum Capital Requirement (KRW billion)	24.1	23.2	22.1
Shinhan Capital	Adjusted Equity Capital Ratio	15.9	16.8	15.5
Jeju Bank	BIS Capital Adequacy Ratio	12.6	12.6	14.3
Shinhan Savings Bank	BIS Capital Adequacy Ratio	15.1	16.3	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	Sep. 30, 2016			Dec. 31, 2015			(KRW billion, %) Dec. 31, 2014		
	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)
Shinhan Financial Group	422.3	35.8	1,178.6	624.1	216.0	288.9	76.1	41.4	183.9
Shinhan Bank							55,338.0	45,258.5	122.3
Shinhan Card	15,291.8	4,684.4	326.4	14,588.0	3,845.4	379.4	14,583.7	3,014.5	483.8
Shinhan Investment Corp.	15,590.3	10,515.8	148.3	11,546.7	6,525.0	177.0	17,500.5	11,305.5	154.8
Shinhan Life Insurance	1,344.3	497.5	270.2	1,189.5	486.7	244.4	1,302.2	472.6	275.6
Shinhan Capital	491.4	390.2	125.9	784.7	355.4	220.8	567.6	161.1	352.3
Jeju Bank							798.2	716.9	111.3
Shinhan Savings Bank	235.6	222.5	105.9	144.2	103.1	139.9	242.0	94.9	255.0
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	Sep. 30, 2016			Dec. 31, 2015			(KRW billion, %) Dec. 31, 2014		
	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	36,192.8	38,018.7	95.2	37,421.5	38,253.3	97.8		
Jeju Bank	571.2	430.7	132.6	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****Foreign Currency (FC) Liquidity Ratio**

Company	Sep. 30, 2016			Dec. 31, 2015			(USD millions, %) Dec. 31, 2014		
	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	36,975.8	33,477.9	110.5	31,925.0	27,205.6	117.4	25,309.1	19,472.6	130.0
Shinhan Investment Corp.	7,663.8	7,133.7	107.4	1,875.7	1,793.8	104.6	1,195.7	871.5	137.2
Shinhan Capital	55.1	51.1	107.8	83.1	73.4	113.2	73.8	49.6	148.8
Jeju Bank	14.4	11.0	130.1	15.2	9.7	156.3	9.8	6.1	160.0

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)		
	Sep. 30, 2016	Dec. 31, 2015	Dec. 31, 2014
Total Loans	258,348.1	246,487.6	226,503.2
Substandard & Below	2,248.9	2,171.6	2,595.3
Substandard & Below Ratio	0.87%	0.88%	1.15%
Non-Performing Loans	1,912.4	1,691.5	2,031.7
NPL Ratio	0.74%	0.69%	0.90%
Substandard & Below Coverage Ratio	201.70%	191.22%	168.88%
Loan Loss Allowance <sup>1)</sup>	4,536.0	4,152.5	4,383.0
Substandard & Below Loans	2,248.9	2,171.6	2,595.3

1) Including reserve for credit losses.

***Separate Basis***

	Sep. 30, 2016			Dec. 31, 2015			Dec. 31, 2014		
	Substandard & Below Ratio		NPL Ratio	Substandard & Below Ratio		NPL Ratio	Substandard & Below Ratio		NPL Ratio
	Ratio	Ratio	Ratio	Ratio	Ratio	Ratio	Ratio	Ratio	Ratio
	Substandard & Below Coverage Ratio <sup>1)</sup>			Substandard & Below Coverage Ratio <sup>1)</sup>			Substandard & Below Coverage Ratio <sup>1)</sup>		
Shinhan Financial Group									
Shinhan Bank	0.79	0.69	178	0.80	0.61	173	1.03	0.78	154
Shinhan Card	1.18	0.77	377	1.24	0.81	355	1.69	1.21	295
Shinhan Investment Corp.	0.12	0.12	615	0.15	0.15	485	1.37	1.36	208
Shinhan Life Insurance	0.09	0.09	890	0.09	0.09	927	0.1	0.09	867
Shinhan Capital	3.38	3.99	87	3.06	3.58	86	2.87	4.08	96
Jeju Bank	1.27	1.27	103	0.87	0.50	141	2.04	1.84	80
Shinhan Savings Bank	5.20	3.96	58	6.51	5.37	58	12.15	10.27	33

1) Including reserve for credit losses.

**4) Debt to Equity Ratios*****Shinhan Financial Group (Separate Basis)***

	(KRW billion)		
	<b>Sep. 30, 2016</b>	<b>Dec. 31, 2015</b>	<b>Dec. 31, 2014</b>
Debt	6,781.9	6,894.5	6,859.4
Equity	20,512.4	20,781.0	20,235.1
Debt to Equity Ratio	33.06%	33.18%	33.90%

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

(KRW billion)

<b>As of Sep. 30, 2016 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		9,091.0		9,091.0	
Bank of Korea	1,400.0		6,116.3	0.1	7,516.4	
Korea Housing Finance Corporation	0.0		4,634.7		4,634.8	
Korea Development Bank	15.6	74.5	4,444.2	0.2	4,534.6	
Industrial Bank of Korea	664.8	142.5	1,545.5		2,352.9	
Korea Deposit Insurance Corporation			1,681.1		1,681.1	
Korea Securities Finance Corporation	24.6		1,457.1		1,481.7	
Hana Bank	163.1	326.7	935.7	0.0	1,425.4	
NongHyup Bank	475.6	123.9	819.1	4.3	1,422.9	
Samsung Electronics co., Ltd.	0.2	1,308.2	16.0		1,324.4	
Woori Bank	227.3		1,043.9	0.6	1,271.8	
Kookmin Bank	421.8		770.3		1,192.1	
National Agricultural Cooperative Federation	682.8	15.4	455.3		1,153.4	
Korea Land & Housing Corporation			1,084.5		1,084.5	
Export-Import Bank of Korea			1,075.4	0.6	1,076.1	
Hyundai Heavy Industries Co., Ltd.	78.2	79.6	13.5	856.1	1,027.4	
Samsung Heavy Industries Co., Ltd.	150.0		10.0	579.8	739.8	
LG Electronics Inc.	128.5	51.7	111.5	401.6	693.2	
National Federation of Fisheries Cooperatives	2.1	60.8	624.4		687.3	
Korea Investment & Securities Co., Ltd	558.8		60.1		618.9	
<b>Total</b>	<b>4,993.2</b>	<b>2,183.2</b>	<b>35,989.7</b>	<b>1,843.1</b>	<b>0.2</b>	<b>45,009.5</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 Sep. 30, 2016 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	546.9	1,891.2	1,239.4	1,251.4	0.1	4,928.9
Hyundai Motors	1,004.7	1,194.9	912.2	292.8	3.2	3,407.8
Lotte	469.7	884.2	1,067.4	412.7	0.0	2,834.0
SK	496.9	287.1	601.3	852.4	0.0	2,237.7
Hyundai Heavy Industries	182.5	138.3	293.6	1,576.4		2,190.9
LG	513.7	406.4	344.1	662.9	0.0	1,927.0
LS	91.4	316.2	400.3	546.7	0.0	1,354.6
Hanwha	436.0	243.9	358.9	206.1	0.1	1,244.9
GS	361.2	77.1	335.6	129.9	0.0	903.8
Hyosung	174.5	395.1	32.6	172.1	0.0	774.3
<b>Total</b>	<b>4,277.5</b>	<b>5,834.2</b>	<b>5,585.5</b>	<b>6,103.3</b>	<b>3.4</b>	<b>21,803.9</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 Sep. 30, 2016 Consolidated basis</b>	<b>Total Exposures</b>	
	<b>Amount</b>	<b>Weight (%)</b>
Finance and Insurance	71,250.2	20.3%
Manufacturing	41,557.1	11.9%
Retail and wholesale	16,591.8	4.7%
Real Estate, leasing and service	21,960.9	6.3%
Construction	4,010.3	1.1%
Hotel and Restaurant	5,288.7	1.5%
Others	55,808.9	15.9%
Consumers	133,983.3	38.2%
<b>Total</b>	<b>350,451.2</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	Substandard & Below	Allowance for Loan Losses
A	Manufacture of Cold Rolled, Drawn and Extruded Iron or Steel Products	114.2	114.2	30.8
B	Construction of Highways, Streets and Roads	88.1	88.1	0.0
C	Manufacture of Distilling Machinery, Heat exchange unit and Gas Generators	81.0	81.0	55.9
D	Manufacture of Synthetic Resin and Other Plastic Materials	58.0	58.0	26.1
E	Manufacture of Plastic Products for Fabricating of Machine	55.4	55.4	41.1
F	Wholesale of Non-Specialized Goods	48.4	48.4	32.9
G	Building of Steel Ships	43.3	43.3	0.4
H	Manufacture of Sections for Ships	42.7	40.4	25.4
I	Renting of Non-Residential Buildings	31.5	31.5	0.0
J	Development and Subdividing of Residential Buildings	30.0	30.0	22.2
K	Other Civil Engineering Construction	29.9	29.9	11.7
L	Building of Steel Ships	26.0	26.0	12.7
M	Manufacture of Sections for Ships	27.3	25.8	0.0
N	Building of Steel Ships	21.9	21.9	0.7
O	Construction of Highways, Streets and Roads	17.8	17.8	10.3
P	Apartment Building Construction	16.9	16.9	2.8
Q	Apartment Building Construction	17.6	16.6	11.0
R	Apartment Building Construction	16.0	16.0	2.4
S	Manufacture of Sections for Ships	15.9	15.9	0.0
T	Freight Transport Brokerage, Agency and Other Supporting Transport Services	15.7	15.7	11.5
	<b>Total</b>	<b>797.6</b>	<b>792.8</b>	<b>298.0</b>

Notes :

Consolidated basis as of Sep. 30, 2016.

Some of the totals may not sum due to rounding.

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

	2016 3Q	FY2015	FY2014
Audit Opinion		Unqualified	Unqualified

\* For the third quarter of 2016, 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
FY2016	KPMG Samjong Accounting Corp.	581 (annualized basis)	Review/Audit of Financial Statements	3,770 Hours
	KPMG Samjong Accounting Corp.	73 (annualized basis)	K-IFRS Report Package Audit for Shinhan Savings Bank	479 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
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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 KRW1,302 million (excluding value-added taxes) for FY2016.

**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 Sep. 30, 2016**

Name	No. of Common Shares owned <sup>2)</sup>	Ownership %
National Pension Service	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) Based on the results of shareholder registry closing as of December 31, 2015

**Share ownership of Employee Stock Ownership Association**

Share ownership	Beginning Balance (Jan. 1, 2016)	Increase	Decrease	(Number of shares, %)	
				Ending Balance (Sep. 30, 2016)	Ownership % <sup>1)</sup> (Sep. 30, 2016)
Employee Stock Ownership	21,200,687	2,861,237	1,631,748	22,430,176	
ESOA account	72,686	42,137		114,823	
Total	21,273,373	2,903,374	1,631,748	22,544,999	4.75%

1) Common share basis.

**Common Share Traded on the Korea Exchange**

		(KRW, number of shares)					
		Apr.2016	May.2016	Jun.2016	Jul.2016	Aug.2016	Sep.2016
Price per share	High	42,900	40,700	40,300	40,350	41,050	41,500
	Low	39,350	39,150	37,050	37,300	39,450	39,500
	Avg.	41,298	39,785	38,521	38,743	40,441	40,566
Trading Volume		20,310,571	13,151,793	17,854,427	14,316,441	13,120,803	12,441,477
Highest Daily Trading Volume		3,245,943	1,270,825	1,410,049	1,104,791	1,006,658	1,044,950
Lowest Daily Trading Volume		593,312	332,958	422,564	386,030	265,512	447,025

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

		(USD, number of shares)					
		Apr.2016	May.2016	Jun.2016	Jul.2016	Aug.2016	Sep.2016
Price per share	High	38.23	35.81	34.68	35.69	37.45	37.70



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Low	34.19	33.16	30.66	31.82	35.43	35.15
Avg.	36.20	33.90	32.89	33.78	36.43	36.31
Trading Volume	3,408,447	1,901,607	1,914,258	1,342,910	1,081,119	1,083,707
Highest Daily Trading Volume	395,760	159,994	158,772	116,971	105,227	106,438
Lowest Daily Trading Volume	52,419	42,364	44,737	40,129	20,504	24,042

Note) 1 ADR = 1 Common Shares

**Table of Contents**

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

*Directors and Executive Officers*

1) Executive Director

			(As of Sep. 30, 2016)
Name	Month and Year of Birth	Position	Service Term
		- Chairman of Shinhan Financial Group	
		- Board Steering Committee Chair	
Han Dongwoo	November, 1948	- Corporate Governance & CEO Recommendation Committee member	6 years starting from March 23, 2011
		- 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, 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 Sep. 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	4 years starting from March 28, 2013
			Corporate Governance & CEO Recommendation Committee member	
			Chairman of Board of Directors	
Park Cheul	April, 1946	O	Risk Management Committee Chair	2 years starting from March 25, 2015
			Compensation Committee Chair	
			Corporate Governance & CEO Recommendation Committee member	
Lee Manwoo	November, 1954	O	Audit Committee Chair	3 years starting from March 26, 2014
			Corporate Social Responsibility Committee member	
			Outside Director Recommendation Committee member	
Lee Sang-kyung	September, 1945	O	Corporate Governance & CEO Recommendation Committee Chair	5 years starting from March 29, 2012
			Audit Committee member	

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			Compensation Committee member	
			Board Steering Committee member	
			Outside Director Recommendation Committee Chair	
Lee Sung-ryang	August. 1955	O	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
Namkoong Hoon	June. 1947	X	Corporate Social Responsibility Committee Chair	1 years starting from March 24, 2016

Risk Management Committee  
member

Board Steering Committee  
member

Corporate Governance & CEO

Recommendation Committee  
member

**Table of Contents**

## 3) Executive Officers

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

(As of Sep. 30, 2016)

<b>Name</b>	<b>Month and Year of Birth</b>	<b>Position</b>	<b>In charge of</b>
			- Strategic Planning Team
			- Global Business Strategy Team
Kim Hyung-jin	August. 1958	Deputy President & Chief Strategy Officer	- 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
			- Investor Relations Team
Yim Bo-hyuk	March. 1961	Deputy President & Chief Financial Officer	- 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	Executive Director	- Compliance Team
Kim Im-geun	July. 1963	Executive Director	- Risk Management Team

**Compensation to Directors**

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

Total amount approved

at shareholders meeting

	Total number of persons	(KRW millions)	Notes
Directors (Outside directors)	12(9)	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 Sep. 30, 2016)

	Total number of Persons	Total Compensation (KRW millions)	Average Compensation per person (KRW millions)	Notes
Registered Directors	3	1,419	526	Excluding outside directors
Outside Directors	6	237	40	Excluding Audit committee members
Audit committee members or internal auditor	3	150	45	
<b>Total</b>	<b>12</b>	<b>1,806</b>	<b>151</b>	

Notes :

Represents the total number of applicable persons as of Sep. 30, 2016.

**Stock Options**

(As of Sep. 30, 2016)

	No. of Granted Options (A)	No. of Exercised Options (B)	No. of Cancelled Options (C)	No. of Exercisable Options (D = A - B - C)	Exercise Price (KRW)
Granted in 2005	2,620,331	2,266,642	251,300	102,389	28,006
Granted in 2006	3,206,173	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
<b>Total</b>	<b>7,862,847</b>	<b>6,425,401</b>	<b>1,122,309</b>	<b>315,137</b>	

Notes :

The weighted-average exercise price of outstanding exercisable options as of Sep. 30, 2016 is KRW 39,726

The closing price of our common stock was KRW 40,150 on Sep. 30, 2016.



On March 18, 2015, the exercise period for all outstanding stock options expired, except for a limited number of stock options for which the expiration of the exercise period has been suspended by a resolution of the board of directors.

**Employees**

		(As of Sep. 30, 2016)		
Gender	Number of Employees	Average length of Service	Total Salaries and wages paid in 2016 (KRW million)	Average Payment per person (KRW million)
Male	120	2 yrs 10 mths (13 yrs 9 mths) <sup>1)</sup>	10,503	87
Female	27	5 yrs 9 mths (9 yrs 9 mths) <sup>1)</sup>	1,640	60
Total	147	3 yrs 4 mths (13 yrs) <sup>1)</sup>	12,143	82

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	Beginning Balance		(KRW billion) Ending Balance	
					(Jan. 1, 2016)	Decrease	Increase	(Sep. 30, 2016)
Shinhan Investment Corp.	Loans in KRW	2012-01-30	2017-01-30	4.11%	100	100		
	Loans in KRW	2012-06-28	2017-06-28	3.84%	100	100		
	Loans in KRW	2011-01-28	2016-01-28	4.91%	100	100		
Shinhan Card	Loans in KRW	2011-02-24	2016-02-24	4.82%	250	250		
	Loans in KRW	2011-05-17	2016-05-17	4.47%	100	100		
	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
Shinhan Capital	Loans in KRW	2011-04-29	2016-04-29	4.65%	100	100		
	Loans in KRW	2011-05-17	2016-05-17	4.47%	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
	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
Shinhan Private Equity	Loans in KRW	2016-04-27	2019-04-27	1.63%			100	100
	Loans in KRW	2015-11-25	2016-11-23	2.12%	5			5
Shinhan Savings Bank	Loans in KRW	2016-06-17	2021-06-17	1.61%			50	50
<b>Total</b>					<b>1,235</b>	<b>800</b>	<b>500</b>	<b>935</b>

**Table of Contents**

**Exhibit 99.1**

Independent Auditors Review Report (Separate Financial Statements) of Shinhan Financial Group as of Sep. 30, 2016

**Exhibit 99.2**

Independent Auditors Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of Sep. 30, 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: November 14, 2016