

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

November 14, 2017

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

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

**Under the Securities Exchange Act of 1934**

**For the Month of November 2017**

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

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

**20, Sejong-daero 9-gil, Jung-gu, Seoul 04513, Korea**

**(Address of principal executive offices)**

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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.

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**Summary of FY2017 3Q Business Report**

On November 14, 2017, Shinhan Financial Group ( SFG ) filed its FY2017 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.

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**1. Introduction of the Group**

**Company History in 2010 through 2017**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dec. 2016 : Launched new integrated PT Bank Shinhan Indonesia

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

| <b>Subsidiaries</b>                  | <b>Ownership by SFG</b> |
|--------------------------------------|-------------------------|
| Shinhan Bank                         | 100.0%                  |
| Shinhan Card                         | 100.0%                  |
| Shinhan Investment Corp.             | 100.0%                  |
| Shinhan Life Insurance               | 100.0%                  |
| Shinhan BNP Paribas Asset Management | 65.0%                   |
| Shinhan Capital                      | 100.0%                  |
| Jeju Bank <sup>1)</sup>              | 68.9%                   |
| Shinhan Savings Bank <sup>2)</sup>   | 100.0%                  |
| Shinhan Data System                  | 100.0%                  |
| Shinhan AITAS <sup>3)</sup>          | 99.8%                   |
| Shinhan Credit Information           | 100.0%                  |
| Shinhan Private Equity               | 100.0%                  |
| SHC Management <sup>4)</sup>         | 100.0%                  |

- 1) Jeju Bank is currently listed on the Korea Exchange.
- 2) On January 30, 2013, Yehanbyoul Savings Bank joined SFG as a direct subsidiary. On April 1, 2013, Shinhan Savings Bank merged with Yehanbyoul Savings Bank, both of which were direct subsidiaries of Shinhan Financial Group. As a result of the integration of the two savings banks, the previous Shinhan Savings Bank has been liquidated and is thus no longer a subsidiary of Shinhan Financial Group and instead, Yehanbyoul Savings Bank now exists under the name of Shinhan Savings Bank as an existing legal entity constituting a member of Shinhan Financial Group.
- 3) On November 30, 2012, Shinhan AITAS Co., Ltd. joined SFG as a direct subsidiary. Prior to November 30, 2012, Shinhan AITAS was an indirect subsidiary of SFG under Shinhan Bank, a wholly-owned bank subsidiary of SFG.
- 4) Currently in liquidation proceedings

**Table of Contents****Indirect subsidiaries held through direct subsidiaries (as of Sep. 30, 2017)**

| <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 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%  |                                |
| Shinhan Card                         | LLP MFO Shinhan Finance  | 100.0%                         |
|                                      | PT. Shinhan Indo Finance   | 50.0%                          |
|                                      | Shinhan Microfinance Co., Ltd.                                   | 100.00%                        |
| Shinhan Investment Corp.             | Shinhan Investment Corp. USA Inc.                                | 100.0%                         |
|                                      | Shinhan Investment Corp. Asia Inc.                               | 100.0%                         |
|                                      | KOFC Shinhan Frontier Champ 2010-4 PEF <sup>1)</sup>             | 8.5%                           |
|                                      | Shinhan Praxis K-Growth Global Private Equity Fund <sup>2)</sup> | 14.1%                          |
|                                      | Shinhan Securities Vietnam Co., Ltd                              | 100.0%                         |
| PT Shinhan Securities Indonesia      | 99.0%  |                                |
| Shinhan BNP Paribas Asset Management | Shinhan BNP Paribas Asset Management (Hong Kong) Limited         | 100.0%                         |
| Shinhan Private Equity               | Shinhan NPS Private Equity Fund 1st <sup>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%                           |

- 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 Sep. 30, 2017)**

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

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

|  | (KRW billion)             |                           |                           |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | <b>2017 3Q</b>            | <b>2016 3Q</b>            | <b>FY2016</b>             | <b>FY2015</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                                       | 3,493.2                   | 2,482.5                   | 3,108.6                   | 2,973.1                   |
| Equity method income                                   | 19.5                      | 5.9                       | 10.0                      | 21.0                      |
| Other non-operating income                             | 63.1                      | 48.4                      | 51.8                      | 146.5                     |
| Profit before income taxes                             | 3,575.7                   | 2,536.8                   | 3,170.5                   | 3,140.6                   |
| Income tax expense                                     | 838.1                     | 326.3                     | 345.6                     | 694.6                     |
| Consolidated net income                                | 2,737.6                   | 2,210.5                   | 2,824.9                   | 2,446.0                   |
| Net income attributable to equity holders of the Group | 2,706.4                   | 2,162.7                   | 2,774.8                   | 2,367.2                   |
| Net income attributable to non-controlling interest    | 31.2                      | 47.8                      | 50.1                      | 78.8                      |
| Notes :  |                           |                           |                           |                           |

Some of the totals may not sum due to rounding.

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

| Statement Basis            | 2017 3Q<br>Jan. 1 ~ Sep. 30      |                   |                  |                         | FY2016<br>Jan. 1 ~ Dec. 31       |                   |                  |                         | FY2015<br>Jan. 1 ~ Dec. 31       |                   |                  |
|----------------------------|----------------------------------|-------------------|------------------|-------------------------|----------------------------------|-------------------|------------------|-------------------------|----------------------------------|-------------------|------------------|
|                            | Average<br>Balance <sup>1)</sup> | Proportion<br>(%) | Interest<br>Paid | Interest<br>Rate<br>(%) | Average<br>Balance <sup>1)</sup> | Proportion<br>(%) | Interest<br>Paid | Interest<br>Rate<br>(%) | Average<br>Balance <sup>1)</sup> | Proportion<br>(%) | Interest<br>Paid |
| (Billion, %)               |                                  |                   |                  |                         |                                  |                   |                  |                         |                                  |                   |                  |
| Deposits                   | 239,441.2                        | 58.2              | 1,826.1          | 1.02                    | 226,966.8                        | 58.7              | 2,586.7          | 1.14                    | 203,910.5                        | 57.3              | 2,861.0          |
| Borrowings                 | 17,434.8                         | 4.2               | 154.8            | 1.19                    | 15,047.2                         | 3.9               | 176.4            | 1.17                    | 13,492.9                         | 3.8               | 150.7            |
| Debt Securities Issued     | 46,658.0                         | 11.3              | 802.0            | 2.30                    | 42,790.8                         | 11.1              | 1,085.8          | 2.54                    | 39,334.8                         | 11.0              | 1,183.8          |
| Other Liabilities          | 75,048.5                         | 18.4              |                  |                         | 70,504.9                         | 18.2              |                  |                         | 68,378.1                         | 19.2              |                  |
| Total Liabilities          | 378,582.5                        | 92.0              |                  |                         | 355,309.7                        | 91.9              |                  |                         | 325,116.3                        | 91.3              |                  |
| Total Stockholder's Equity | 32,512.5                         | 7.9               |                  |                         | 31,499.5                         | 8.1               |                  |                         | 31,063.1                         | 8.7               |                  |
| Total Liabilities & SE     | 411,095.0                        | 100.0             |                  |                         | 386,809.3                        | 100.0             |                  |                         | 356,179.4                        | 100.0             |                  |
| Cash & Due from Banks      | 21,297.3                         | 5.2               | 127.3            | 0.80                    | 20,933.1                         | 5.4               | 185.5            | 0.89                    | 21,993.4                         | 6.2               | 225.6            |
| Loans                      | 263,852.8                        | 64.2              | 7,128.3          | 3.61                    | 252,132.2                        | 65.2              | 9,244.0          | 3.67                    | 231,889.2                        | 65.1              | 9,031.6          |
| Loans in KRW               | 205,148.5                        | 49.9              | 5,022.0          | 3.27                    | 197,841.4                        | 51.2              | 6,541.9          | 3.31                    | 180,410.1                        | 50.7              | 6,479.5          |
| Loans in Foreign Currency  | 16,627.4                         | 4.0               | 422.8            | 3.40                    | 14,936.7                         | 3.9               | 482.2            | 3.23                    | 13,528.2                         | 3.8               | 415.0            |
| Credit Card Accounts       | 19,780.9                         | 4.8               | 1,254.5          | 8.48                    | 18,804.3                         | 4.9               | 1,708.5          | 9.09                    | 17,819.5                         | 5.0               | 1,635.3          |
| Others                     | 22,296.0                         | 5.5               | 429.1            | 2.57                    | 20,549.8                         | 5.3               | 511.4            | 2.49                    | 20,131.5                         | 5.7               | 501.9            |
| AFS Financial Assets       | 33,690.6                         | 8.2               | 470.6            | 1.87                    | 30,308.9                         | 7.8               | 612.1            | 2.02                    | 26,830.0                         | 7.5               | 654.4            |
| HTM Financial Assets       | 21,501.8                         | 5.2               | 476.5            | 2.96                    | 17,409.7                         | 4.5               | 561.8            | 3.23                    | 14,961.0                         | 4.2               | 539.0            |
| Other Assets               | 70,752.5                         | 17.2              |                  |                         | 66,025.3                         | 17.1              |                  |                         | 60,505.8                         | 17.0              |                  |
| Total Assets               | 411,095.0                        | 100.0             |                  |                         | 386,809.3                        | 100.0             |                  |                         | 356,179.4                        | 100.0             |                  |

1) The Average Balance is the arithmetic mean of the ending balance of each quarter.

**Table of Contents****Other Financial Information**

\* The main serial financial figures and indices for Sep. 30, 2017 listed herein may be subject to change.

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

|  | Sep. 30, 2017 (e) | Dec. 31, 2016 | (KRW billion)<br>Dec. 31, 2015 |
|--|-------------------|---------------|--------------------------------|
| Aggregate Amount of Equity Capital (A) | 31,472.2          | 29,786.5      | 27,216.4                       |
| Risk-Weighted Assets (B)               | 207,440.1         | 198,642.6     | 203,274.5                      |
| BIS Ratio (A/B)                        | 15.17%            | 15.00%        | 13.39%                         |

Note) based on Basel III

**Capital Adequacy Ratios (Subsidiaries) (%)**

| Subsidiary                           | Capital Adequacy Ratio                    | Sep. 30, 2017 (e) | Dec. 31, 2016 | (%)<br>Dec. 31, 2015 |
|--------------------------------------|---|-------------------|---------------|----------------------|
| Shinhan Bank                         | BIS Capital Adequacy Ratio                | 16.1              | 15.7          | 14.8                 |
| Shinhan Card                         | Adjusted Equity Capital Ratio             | 24.2              | 26.2          | 28.9                 |
| Shinhan Investment Corp.             | Net Capital Ratio                         | 867.5             | 892.0         | 387.2                |
| Shinhan Life Insurance               | Risk Based Capital Ratio                  | 181.5             | 178.3         | 204.2                |
| Shinhan BNP Paribas Asset Management | Equity Capital (KRW billion)              | 152.4             | 148.6         | 157.3                |
|                                      | Minimum Capital Requirement (KRW billion) | 23.8              | 24.0          | 23.2                 |
| Shinhan Capital                      | Adjusted Equity Capital Ratio             | 13.8              | 14.9          | 16.8                 |
| Jeju Bank                            | BIS Capital Adequacy Ratio                | 14.5              | 12.8          | 12.6                 |
| Shinhan Savings Bank                 | BIS Capital Adequacy Ratio                | 14.6              | 14.9          | 16.3                 |

Notes :

The BIS Capital Adequacy Ratio is computed in accordance with the guidelines issued by the FSS for commercial banks. Under these guidelines, commercial banks are required to maintain a minimum capital adequacy ratio of 8%.

Basel III FIRB was applied in calculating Shinhan Bank's BIS Capital Adequacy Ratio.

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

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

The Adjusted Equity Capital Ratio represents the ratio of total adjusted shareholder's equity to total adjusted assets and is computed in accordance with the guidelines issued by FSS. Under these guidelines, Shinhan Card and Shinhan Capital are required to maintain a minimum adjusted equity capital ratio of 8%.

Net Capital Ratio is computed in accordance with the guidelines issued by the FSS. Under these guidelines, Shinhan Investment Corporation is required to maintain a minimum net capital ratio of 100%.

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

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

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

| Company                  | Sep. 30, 2017 |             |                    | Dec. 31, 2016 |             |                    | Dec. 31, 2015 |             |                    |
|--------------------------|---------------|-------------|--------------------|---------------|-------------|--------------------|---------------|-------------|--------------------|
|                          | Won           | Won         | Won                | Won           | Won         | Won                | Won           | Won         |                    |
|                          | Assets        | Liabilities | Liquidity Ratio(%) | Assets        | Liabilities | Liquidity Ratio(%) | Assets        | Liabilities | Liquidity Ratio(%) |
| Shinhan Financial Group  | 531.6         | 134.4       | 395.5              | 198.8         | 134.8       | 147.5              | 624.1         | 216.0       | 288.9              |
| Shinhan Card             | 16,080.7      | 4,574.0     | 351.6              | 14,722.9      | 4,069.1     | 361.8              | 14,588.0      | 3,845.4     | 379.4              |
| Shinhan Investment Corp. | 14,786.9      | 10,033.6    | 147.4              | 12,472.3      | 8,227.4     | 151.6              | 11,546.7      | 6,525.0     | 177.0              |
| Shinhan Life Insurance   | 892.3         | 540.2       | 165.2              | 915.8         | 502.0       | 182.4              | 1,189.5       | 486.7       | 244.4              |
| Shinhan Capital          | 733.6         | 629.5       | 116.5              | 684.5         | 521.2       | 131.3              | 784.7         | 355.4       | 220.8              |
| Shinhan Savings Bank     | 253.0         | 204.1       | 123.9              | 169.8         | 138.7       | 122.4              | 144.2         | 103.1       | 139.9              |

Notes :

Shinhan Financial Group: Due within 1 month

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

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

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

**Liquidity Coverage Ratio**

| Company      | Sep. 30, 2017 |          |                    | Dec. 31, 2016 |          |                   | Dec. 31, 2015 |          |                   |
|--------------|---------------|----------|--------------------|---------------|----------|-------------------|---------------|----------|-------------------|
|              | High          |          | High               | High          |          | High              |               | High     |                   |
|              | Quality       | Net Cash | Liquidity          | Quality       | Net Cash | Liquidity         | Quality       | Net Cash | Liquidity         |
| Shinhan Bank | Liquid Assets | Outflows | Coverage Ratio(%)* | Liquid Assets | Outflows | Coverage Ratio(%) | Liquid Assets | Outflows | Coverage Ratio(%) |
|              | 44,384.8      | 46,052.5 | 96.4               | 35,961.9      | 37,257.5 | 96.7              | 37,421.5      | 38,253.3 | 97.8              |

|           |       |       |       |       |       |       |       |       |       |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Jeju Bank | 536.5 | 469.4 | 114.7 | 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.

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

| Company                  | Sep. 30, 2017 |             |                    | Dec. 31, 2016 |             |                    | (USD millions, %)<br>Dec. 31, 2015 |             |                    |
|--------------------------|---------------|-------------|--------------------|---------------|-------------|--------------------|------------------------------------|-------------|--------------------|
|                          | FC            | FC          | FC                 | FC            | FC          | FC                 | FC                                 | FC          | FC                 |
|                          | Assets        | Liabilities | Liquidity Ratio(%) | Assets        | Liabilities | Liquidity Ratio(%) | Assets                             | Liabilities | Liquidity Ratio(%) |
| Shinhan Financial Group  |               |             |                    |               |             |                    |                                    |             |                    |
| Shinhan Bank             | 52,096.0      | 46,811.0    | 111.3              | 39,631.1      | 35,968.5    | 110.2              | 31,925.0                           | 27,205.6    | 117.4              |
| Shinhan Investment Corp. | 7,931.2       | 6,915.6     | 114.7              | 5,635.3       | 5,073.4     | 111.1              | 1,875.7                            | 1,793.8     | 104.6              |
| Shinhan Capital          | 93.0          | 0.3         | 30,573.9           | 80.3          | 1.1         | 7,333.0            | 83.1                               | 73.4        | 113.2              |
| Jeju Bank                | 20.4          | 14.0        | 145.5              | 13.3          | 10.7        | 124.7              | 15.2                               | 9.7         | 156.3              |

Notes :

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

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

Shinhan Financial Group figures are based on the separate basis.

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

|                                    | (KRW billion) |               |                       |
|------------------------------------|---------------|---------------|-----------------------|
|                                    | Sep. 30, 2017 | Dec. 31, 2016 | Dec. 31, 2015         |
| Total Loans                        | 271,951.3     | 259,772.6     | 246,487.6             |
| Substandard & Below                | 1,742.1       | 1,927.6       | 2,171.6               |
| Substandard & Below Ratio          | 0.64%         | 0.74%         | 0.88%                 |
| Non-Performing Loans               | 1,460.1       | 1,595.8       | 1,691.5               |
| NPL Ratio                          | 0.54%         | 0.61%         | 0.69%                 |
| Substandard & Below Coverage Ratio | 127.40%       | 125.99%       | 191.22%               |
| Loan Loss Allowance                | 2,219.5       | 2,428.7       | 4,152.5 <sup>1)</sup> |
| Substandard & Below Loans          | 1,742.1       | 1,927.6       | 2,171.6               |

1) Including reserve for credit losses

**Separate Basis**

|                                | Sep. 30, 2017             |           |                | Dec. 31, 2016             |           |                | Dec. 31, 2015             |           |                              |
|--------------------------------|---------------------------|-----------|----------------|---------------------------|-----------|----------------|---------------------------|-----------|------------------------------|
|                                | Substandard & Below Ratio |           | NPL Ratio      | Substandard & Below Ratio |           | NPL Ratio      | Substandard & Below Ratio |           | NPL Ratio                    |
|                                | Substandard & Below Ratio | NPL Ratio | Coverage Ratio | Substandard & Below Ratio | NPL Ratio | Coverage Ratio | Substandard & Below Ratio | NPL Ratio | Coverage Ratio <sup>1)</sup> |
| <b>Shinhan Financial Group</b> |                           |           |                |                           |           |                |                           |           |                              |
| Shinhan Bank                   | 0.57                      | 0.49      | 104            | 0.65                      | 0.56      | 96             | 0.80                      | 0.61      | 173                          |
| Shinhan Card                   | 1.12                      | 0.72      | 226            | 1.16                      | 0.76      | 271            | 1.24                      | 0.81      | 355                          |
| Shinhan Investment Corp.       | 0.09                      | 0.09      | 470            | 0.10                      | 0.10      | 413            | 0.15                      | 0.15      | 485                          |
| Shinhan Life Insurance         | 0.07                      | 0.06      | 336            | 0.09                      | 0.08      | 335            | 0.09                      | 0.09      | 927                          |
| Shinhan Capital                | 1.36                      | 1.61      | 124            | 2.61                      | 2.93      | 94             | 3.06                      | 3.58      | 86                           |
| Jeju Bank                      | 1.17                      | 1.12      | 27             | 1.24                      | 0.93      | 35             | 0.87                      | 0.50      | 141                          |
| Shinhan Savings Bank           | 4.37                      | 3.16      | 61             | 5.42                      | 3.45      | 53             | 6.51                      | 5.37      | 58                           |

1) Including reserve for credit losses

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

(KRW billion)

|                      | <b>Sep. 30, 2017</b> | <b>Dec. 31, 2016</b> | <b>Dec. 31, 2015</b> |
|----------------------|----------------------|----------------------|----------------------|
| Debt                 | 7,668.1              | 6,977.7              | 6,894.5              |
| Equity               | 20,243.2             | 20,217.9             | 20,781.0             |
| Debt to Equity Ratio | 37.88%               | 34.51%               | 33.18%               |

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

(KRW billion)

| <b>As of Sep. 30, 2017 Consolidated basis</b> | <b>Loans<br/>in<br/>Won</b> | <b>Loans in<br/>Foreign<br/>Currency</b> | <b>Securities</b> | <b>Guarantees<br/>and<br/>Acceptance<br/>Others</b> | <b>Total<br/>Exposures</b> |
|---|-----------------------------|--|-------------------|---|----------------------------|
| Ministry of Strategy & Finance                | 0.0                         |  | 14,561.4          |   | 14,561.4                   |
| Bank of Korea                                 | 170.0                       |  | 5,654.2           | 0.1   | 5,824.2                    |
| Korea Development Bank                        | 465.3                       |  | 5,080.3           |   | 5,545.6                    |
| Korea Housing Finance Corporation             | 0.0                         |  | 5,015.5           |   | 5,015.5                    |
| Industrial Bank of Korea                      | 652.1                       | 149.1                                    | 2,165.4           | 0.5   | 2,967.0                    |
| Export-Import Bank of Korea                   |                             |  | 2,374.7           | 58.0  | 2,432.6                    |
| Korea Deposit Insurance Corporation           |                             |  | 2,350.0           |   | 2,350.0                    |
| Korea Securities Finance Corporation          | 995.0                       |  | 1,313.8           |   | 2,308.8                    |
| Samsung Electronics Co., Ltd.                 |                             | 2,165.4                                  | 25.7              | 0.0   | 2,191.1                    |
| NongHyup Bank                                 | 1,567.6                     | 7.5                                      | 592.5             | 2.4   | 2,170.0                    |
| Korea Land & Housing Corporation              |                             |  | 1,367.7           |   | 1,367.7                    |
| Kookmin Bank                                  | 477.1                       | 114.7                                    | 689.7             | 0.6   | 1,281.9                    |
| Woori Bank                                    | 90.6                        | 154.3                                    | 1,009.2           | 0.1   | 1,254.2                    |
| Hana Bank                                     | 138.8                       | 289.9                                    | 580.8             | 2.9   | 1,012.4                    |
| Small & medium Business Corporation           | 0.0                         |  | 873.3             |   | 873.3                      |
| Korea Investment & Securities Co., Ltd.       | 651.2                       |  | 170.0             |   | 821.2                      |
| LG Electronics Inc.                           | 71.3                        | 60.8                                     | 206.2             | 445.0   | 783.4                      |
| Hotel Lotte Co., Ltd.                         | 160.0                       | 321.1                                    | 10.0              | 196.0   | 687.1                      |
| Hyundai Motor Company                         | 58.7                        | 525.4                                    | 40.0              | 26.1  | 650.2                      |
| Korea Student Aid Foundation                  |                             |  | 622.8             |   | 622.8                      |
| <b>Total</b>                                  | <b>5,497.6</b>              | <b>3,788.1</b>                           | <b>44,703.0</b>   | <b>731.6</b>  | <b>54,720.3</b>            |

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

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

(KRW billion)

| As of Sep. 30, 2017 Consolidated basis | Loans<br>in<br>Won | Loans<br>in<br>Foreign<br>Currency | Securities     | Guarantees<br>and<br>Acceptances | Others     | Total<br>Exposures |
|--|--------------------|------------------------------------|----------------|----------------------------------|------------|--------------------|
| Samsung                                | 409.0              | 2,710.4                            | 1,075.6        | 833.9                            | 0.0        | 5,028.9            |
| Hyundai Motors                         | 1,031.7            | 2,053.8                            | 986.1          | 364.5                            | 0.2        | 4,436.4            |
| Lotte                                  | 379.8              | 789.9                              | 978.0          | 482.9                            | 0.2        | 2,630.8            |
| SK                                     | 603.5              | 262.9                              | 637.6          | 451.6                            | 0.0        | 1,955.6            |
| LG                                     | 393.8              | 197.1                              | 421.0          | 601.5                            | 0.0        | 1,613.4            |
| Hyundai Heavy Industries               | 178.4              | 161.5                              | 385.9          | 887.1                            |            | 1,612.9            |
| Hanwha                                 | 477.5              | 244.6                              | 554.5          | 308.6                            | 0.0        | 1,585.2            |
| LS                                     | 127.8              | 426.3                              | 239.3          | 599.1                            |            | 1,392.5            |
| GS                                     | 345.0              | 100.0                              | 366.6          | 133.5                            | 0.0        | 945.1              |
| Hyosung                                | 152.5              | 426.8                              | 75.0           | 151.3                            | 0.0        | 805.6              |
| <b>Total</b>                           | <b>4,098.9</b>     | <b>7,373.1</b>                     | <b>5,719.7</b> | <b>4,814.2</b>                   | <b>0.4</b> | <b>22,006.4</b>    |

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

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

(KRW billion)

| As of Sep. 30, 2017 Consolidated basis | Total Exposures  |               |
|--|------------------|---------------|
|  | Amount           | Weight (%)    |
| Finance and Insurance                  | 77,370.8         | 20.4%         |
| Manufacturing                          | 46,413.6         | 12.2%         |
| Retail and wholesale                   | 17,633.5         | 4.6%          |
| Real Estate, leasing and service       | 24,717.6         | 6.5%          |
| Construction                           | 4,039.4          | 1.1%          |
| Hotel and Restaurant                   | 5,284.4          | 1.4%          |
| Others                                 | 64,335.5         | 16.9%         |
| Consumers                              | 140,244.4        | 36.9%         |
| <b>Total</b>                           | <b>380,039.2</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  | Allowance for Loan Losses |
| A        | Manufacture of Cold Rolled, Drawn and Extruded Iron or Steel Products      | 113.2                       | 113.2        | 32.3                      |
| B        | Manufacture of Distilling Machinery, Heat exchange unit and Gas Generators | 81.0                        | 81.0         | 54.6                      |
| C        | Manufacture of Plastic Products for Fabricating of Machine                 | 56.8                        | 56.8         | 42.0                      |
| D        | Manufacture of Sections for Ships  | 40.6                        | 38.3         | 25.8                      |
| E        | Building of Steel Ships  | 35.8                        | 35.8         | 11.5                      |
| F        | Other Civil Engineering Construction                                       | 29.9                        | 29.9         | 20.5                      |
| G        | Building of Steel Ships  | 24.6                        | 24.6         | 12.0                      |
| H        | Manufacture of Sections for Ships  | 25.9                        | 24.4         | 0.0                       |
| I        | Building of Steel Ships  | 22.9                        | 22.9         | 0.8                       |
| J        | Construction of Highways, Streets and Roads                                | 17.4                        | 17.4         | 12.3                      |
| K        | Apartment Building Construction  | 16.7                        | 16.7         | 1.8                       |
| L        | Apartment Building Construction  | 17.6                        | 16.6         | 15.0                      |
| M        | Golf Course Operation  | 14.2                        | 14.2         | 0.0                       |
| N        | Wholesale of Non-Specialized Goods   | 12.1                        | 12.1         | 11.4                      |
| O        | Manufacture of Sections for Ships  | 11.4                        | 11.4         | 3.4                       |
| P        | Golf Course Operation  | 11.4                        | 11.4         | 0.0                       |
| Q        | Manufacture of Other Smelting, Refining and Alloys of Non-ferrous Metals   | 9.2                         | 9.2          | 3.3                       |
| R        | Development and Subdividing of Other Real Estate                           | 8.2                         | 8.2          | 0.0                       |
| S        | Wastewater Treatment Services  | 7.7                         | 7.7          | 3.7                       |
| T        | Wedding Chapel Services  | 7.4                         | 7.4          | 0.0                       |
|          | <b>Total</b>   | <b>564.0</b>                | <b>559.2</b> | <b>250.4</b>              |

Notes :

Consolidated basis as of Sep. 30, 2017.

Some of the totals may not sum due to rounding.

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

|               | 2017 3Q | FY2016      | FY2015      |
|---------------|---------|-------------|-------------|
| Audit Opinion |         | Unqualified | Unqualified |

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

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

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

| Year   | Auditor                       | Payment <sup>1)</sup><br>(KRW mil.) | Details  | Working hours  |
|--------|-------------------------------|-------------------------------------|--|----------------|
| FY2017 | KPMG Samjong Accounting Corp. | 626<br>(annualized basis)           | Review/Audit of Financial Statements                                     | 3,768<br>Hours |
|        | KPMG Samjong Accounting Corp. | 78<br>(annualized basis)            | K-IFRS Report Package Audit for Shinhan Savings Bank                     | 408<br>Hours   |
| FY2016 | KPMG Samjong Accounting Corp. | 581<br>(annualized basis)           | Review/Audit of Financial Statements                                     | 7,512<br>Hours |
|        | KPMG Samjong Accounting Corp. | 73<br>(annualized basis)            | K-IFRS Report Package Audit for Shinhan Savings Bank                     | 807<br>Hours   |
| FY2015 | KPMG Samjong Accounting Corp. | 561<br>(annualized basis)           | Review/Audit of Financial Statements                                     | 8,236<br>Hours |
|        | KPMG Samjong Accounting Corp. | 73<br>(annualized basis)            | K-IFRS Report Package Audit for Shinhan Savings Bank                     | 895<br>Hours   |
|        | KPMG Samjong Accounting Corp. | 12                                  | Non-statutory audit of subsidiaries under the consolidated corporate tax | 282<br>hours   |

(annualized  
basis) system for CY2015

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

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

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

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

**Share ownership of Employee Stock Ownership Association**

| Share ownership          | Beginning Balance |                  |                  | Ending Balance    |                            |
|--------------------------|-------------------|------------------|------------------|-------------------|----------------------------|
|                          | (Jan. 1, 2017)    | Increase         | Decrease         | (Sep. 30, 2017)   | Ownership% (Sep. 30, 2017) |
| Employee Stock Ownership | 22,310,764        | 2,366,996        | 2,371,330        | 22,306,430        |                            |
| ESOA account             | 88,320            | 41,775           | 25,621           | 104,474           |                            |
| <b>Total</b>             | <b>22,399,084</b> | <b>2,408,771</b> | <b>2,396,951</b> | <b>22,410,904</b> | <b>4.73%</b>               |

**Common Share Traded on the Korea Exchange**

|                              |      | (KRW, number of shares) |            |            |            |            |            |
|------------------------------|------|-------------------------|------------|------------|------------|------------|------------|
|                              |      | Apr. 2017               | May. 2017  | Jun. 2017  | Jul. 2017  | Aug. 2017  | Sep. 2017  |
| Price per share              | High | 48,900                  | 50,800     | 50,700     | 53,200     | 55,400     | 51,700     |
|                              | Low  | 45,600                  | 48,150     | 48,450     | 48,900     | 51,600     | 48,000     |
|                              | Avg. | 47,200                  | 49,392     | 49,567     | 50,671     | 53,277     | 50,114     |
| Trading Volume               |      | 15,982,095              | 20,318,010 | 19,994,728 | 20,212,738 | 18,024,052 | 20,132,865 |
| Highest Daily Trading Volume |      | 1,314,224               | 2,329,091  | 1,404,702  | 2,426,599  | 1,350,593  | 1,992,199  |
| Lowest Daily Trading Volume  |      | 369,293                 | 543,818    | 437,819    | 503,554    | 393,748    | 443,303    |

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

| (USD, number of shares) |  |           |           |           |           |           |           |
|-------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|
|                         |  | Apr. 2017 | May. 2017 | Jun. 2017 | Jul. 2017 | Aug. 2017 | Sep. 2017 |

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|                              |      |           |           |           |           |           |           |
|------------------------------|------|-----------|-----------|-----------|-----------|-----------|-----------|
| Price per share              | High | 43.06     | 45.35     | 45.1      | 47.63     | 48.76     | 46.32     |
|                              | Low  | 40.2      | 41.79     | 42.66     | 42.5      | 45.52     | 42.59     |
|                              | Avg. | 41.57     | 43.83     | 43.99     | 44.98     | 46.97     | 44.09     |
| Trading Volume               |      | 1,457,502 | 1,862,440 | 2,066,088 | 1,740,216 | 1,718,672 | 1,714,260 |
| Highest Daily Trading Volume |      | 109,599   | 196,431   | 227,522   | 159,928   | 158,601   | 195,481   |
| Lowest Daily Trading Volume  |      | 54,358    | 28,081    | 52,780    | 37,466    | 35,920    | 41,549    |

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, 2017)

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

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## 2) Non-Executive Directors

Currently, 11 non-executive directors are in office, 10 of which outside directors who are nominated by our Outside Director Recommendation Committee and appointed pursuant to the approval of general shareholders meeting.

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

Our non-executive directors are as follows:

(As of Sep. 30, 2017)

| <b>Name</b>           | <b>Month and Year<br/>of Birth</b> | <b>Outside<br/>Director</b> | <b>Sub-Committees</b>   | <b>Service Term</b>                  |
|-----------------------|------------------------------------|-----------------------------|---|--------------------------------------|
| Wi Sung-ho            | June 1958                          | X                           | -<br>Corporate Social Responsibility<br>Committee member  | 2 years starting from March 23, 2017 |
| Park Ansoon           | January 1945                       | O                           | Outside Director Recommendation<br>Committee member<br>Chairman of Board of Directors<br><br>Outside Director Recommendation  | 2 years starting from March 23, 2017 |
| Park Cheul            | April 1946                         | O                           | Committee Chair<br><br>Risk Management Committee member<br><br>Board Steering Committee member<br>Audit Committee Chair   | 3 years starting from March 25, 2015 |
| Lee Manwoo            | November 1954                      | O                           | Corporate Social Responsibility<br>Committee member<br><br>Board Steering Committee member<br>Corporate Governance & CEO<br>Recommendation Committee member<br><br>Audit Committee member | 4 years starting from March 26, 2014 |
| Lee Sang-kyung        | September 1945                     | O                           | Remuneration Committee member<br><br>Outside Director Recommendation<br><br>Committee member  | 6 years starting from March 29, 2012 |
| Lee Steven Sung-ryang | August 1955                        | O                           | Remuneration Committee Chair  | 2 years starting from March 24, 2016 |

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

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

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## 3) Executive Officers

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

(As of Sep. 30, 2017)

| <b>Name</b>     | <b>Month and Year of Birth</b> | <b>Position</b>                               | <b>In charge of</b>  |
|-----------------|--------------------------------|---|--|
| Lee Dong-hwan   | September 1959                 | Deputy President                              | - Group & Global Investment Banking Business Department<br>- Finance Management Team   |
| Yim Bo-hyuk     | March 1961                     | Deputy President &<br>Chief Financial Officer | - Investor Relations Team<br>- Human Resource Team<br>- Accounting Team  |
| Heo Young-taeg  | August 1961                    | Deputy President                              | - Corporate Culture Development Team<br>- Global Business Planning Office<br>- Strategic Planning Team   |
| Woo Young-woong | March 1960                     | Deputy President &<br>Chief Strategy Officer  | - Global Business & Capital Market Team<br>- Future Strategy Research Institute<br>- Digital Strategy Team<br>- One Shinhan Strategy Team<br>- Public Relations Team |
| Jin Okdong      | February 1961                  | Deputy President                              | - Management Support Team<br>- CSR Team<br>- Platform Marketing Team   |
| Lee Chang-goo   | January 1961                   | Executive Vice President                      | - Wealth Management Planning Office  |
| Park Woo-gyun   | March 1959                     | Executive Director &<br>Compliance Officer    | - Compliance Team  |
| Kim Im-geun     | July 1963                      | Executive Director &<br>Chief Risk Officer    | - Risk Management Team<br>- Risk Model Validation Team   |

***Compensation to Directors***

1) Total Amount Approved at the Meeting of Shareholders

(As of Sep. 30, 2017)

Total amount approved  
at shareholders meeting

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

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

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## 2) Total Amount Paid

(As of Sep. 30, 2017)

|   | Total number of<br>Persons | Total Compensation<br>(KRW million) | Average<br>Compensation<br>per<br>person<br>(KRW millions) | Notes                             |
|---|----------------------------|-------------------------------------|--|-----------------------------------|
| Registered Directors                        | 2                          | 1,026                               | 446  | Excluding outside directors       |
| Outside Directors                           | 7                          | 312                                 | 47   | Excluding Audit committee members |
| Audit committee members or internal auditor | 3                          | 162                                 | 54   |                                   |
| <b>Total</b>                                | <b>12</b>                  | <b>1,500</b>                        | <b>125</b>   |                                   |

Notes :

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

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

**Stock Options**

(As of Sep. 30, 2017)

|                 | No. of<br>Granted<br>Options<br>(A) | No. of<br>Exercised<br>Options<br>(B) | No. of<br>Cancelled<br>Options<br>(C) | No. of<br>Exercisable<br>Options<br>(D = A - B - C) | Exercise<br>Price<br>(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                     |
| <b>Total</b>    | <b>330,262</b>                      | <b>205,745</b>                        | <b>15,125</b>                         | <b>109,392</b>                                      |                            |

Notes :

The weighted-average exercise price of outstanding exercisable options as of Sep. 30, 2017 is KRW 51,297.

The closing price of our common stock was KRW 50,300 on Sep. 30, 2017.

As of Sep. 30, 2017, the exercise of 9,466 options granted in 2008 is temporarily suspended.

**Table of Contents***Employees*

| Gender | Number of Employees | Average length of Service                     | (As of Sep. 30, 2017)                               |  |
|--------|---------------------|---|---|--|
|        |                     |   | Total Salaries and wages paid in 2017 (KRW million) | Average Payment per person (KRW million) |
| Male   | 121                 | 2 yrs 7 mths<br>(13 yrs 5 mths) <sup>1)</sup> | 10,012  | 82                                       |
| Female | 22                  | 5 yrs 6 mths<br>(9 yrs 3 mths) <sup>1)</sup>  | 1,240   | 56                                       |
| Total  | 143                 | 3 yrs 0 mths<br>(12 yrs 9 mths) <sup>1)</sup> | 11,252  | 78                                       |

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 (Jan. 1, 2017) | (KRW billion)                    |                                |
|------------------------|--------------|------------------|---------------|-----------------------------|----------------------------------|--------------------------------|
|                        |              |                  |               |                             | Beginning Balance (Jan. 1, 2017) | Ending Balance (Sep. 30, 2017) |
| 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                            |
|                        | Loans in KRW | 2017-04-20       | 2022-04-20    | 2.21%                       |                                  | 100                            |
|                        | Loans in KRW | 2017-05-12       | 2022-05-12    | 2.35%                       |                                  | 50                             |
|                        |              |                  |               |                             |                                  |                                |
| Shinhan Capital        | Loans in KRW | 2012-03-14       | 2017-03-14    | 4.12%                       | 50                               | 50                             |
|                        | Loans in KRW | 2012-12-14       | 2017-12-14    | 3.33%                       | 50                               | 50                             |
|                        | Loans in KRW | 2013-01-18       | 2018-01-18    | 3.18%                       | 50                               | 50                             |
|                        | Loans in KRW | 2013-09-05       | 2018-09-05    | 3.61%                       | 80                               | 80                             |
|                        | Loans in KRW | 2014-01-27       | 2019-01-27    | 3.60%                       | 50                               | 50                             |
|                        | Loans in KRW | 2016-03-16       | 2021-03-16    | 1.90%                       | 50                               | 50                             |
|                        | Loans in KRW | 2016-04-27       | 2019-04-27    | 1.63%                       | 100                              | 100                            |
|                        | Loans in KRW | 2017-03-22       | 2022-03-22    | 2.22%                       |                                  | 50                             |
|                        | Loans in KRW | 2017-04-20       | 2022-04-20    | 2.21%                       |                                  | 50                             |
|                        | Loans in KRW | 2017-05-12       | 2022-05-12    | 2.35%                       |                                  | 50                             |
| Shinhan Private Equity | Loans in KRW | 2016-11-23       | 2017-11-22    | 1.95%                       | 5                                | 5                              |
|                        |              |                  |               |                             |                                  |                                |
| Shinhan Savings Bank   | Loans in KRW | 2016-06-17       | 2021-06-17    | 1.61%                       | 50                               | 50                             |

|                 |            |            |       |            |            |            |              |
|-----------------|------------|------------|-------|------------|------------|------------|--------------|
| Loans in<br>KRW | 2017-06-23 | 2022-06-23 | 2.27% |            | 50         | 50         |              |
| <b>Total</b>    |            |            |       | <b>935</b> | <b>200</b> | <b>550</b> | <b>1,285</b> |

**Table of Contents**

**Exhibit 99.1**

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

**Exhibit 99.2**

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

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SIGNATURES

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

SHINHAN FINANCIAL GROUP CO., LTD.

/s/ Yim Bo-hyuk

Name: Yim Bo-hyuk

Title: Chief Financial Officer

Date: November 14, 2017