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;"> 845.8

1,808.6

1,029.3

331.9

0.7

4,016.3

SK

836.6

378.2

786.5

803.9

0.0

2,805.1

Lotte

327.8

718.0

925.6

339.4

1.6

2,312.4

LG

460.5

255.7

603.5

536.9

0.0

1,856.6

Hanwha

341.1

264.6

571.8

328.3

0.2

1,505.9

Hyundai Heavy Industries

158.2

170.7

75.6

1,073.9

-

1,478.4

LS

78.2

388.0

250.0

627.2

-

1,343.4

Hyosung

186.4

452.9
 59.7
 139.2
 0.0
 838.1
 GS
 55.7
 198.0
 216.8
 193.3
 0.0
 663.8
 Total
 3,835.4
 6,635.9
 5,542.4
 5,341.9
 2.6
 21,358.2

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

Loans, Due from banks and Securities Concentration by Industry

| As of Dec. 31, 2018 | (KRW billion) | |
|-----------------------|-----------------|------------|
| | Total Exposures | |
| Consolidated basis | Amount | Weight (%) |
| Finance and Insurance | 88,022.5 | 20.8% |

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| | | |
|----------------------------------|-----------|--------|
| Manufacturing | 47,825.0 | 11.3% |
| Retail and Wholesale | 19,287.6 | 4.6% |
| Real Estate, Leasing and Service | 28,676.9 | 6.8% |
| Construction | 4,600.6 | 1.1% |
| Hotel and Restaurant | 5,695.4 | 1.3% |
| Others | 92,157.3 | 21.8% |
| Retail customers | 136,601.0 | 32.3% |
| Total | 422,866.3 | 100.0% |

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

Top Twenty Non-Performing Loans

| Borrower | Industry | Gross Principal Outstanding | (KRW billion) | |
|----------|--|--------------------------------|------------------------|------------------------------|
| | | | Substandard & Below | Allowance for Loan Losses |
| A | Manufacture of steel products by cold rolling, cold extrusion and cold drawing | 87.4 | 87.4 | 77.7 |
| B | Manufacture of distilling machinery, heat exchangers and gas generators | 76 | 76 | 54.4 |
| C | Manufacture of plastic products for fabricating of machine | 40.7 | 40.7 | 35.2 |
| D | Manufacture of sections for ships | 41.8 | 39.5 | 27.1 |
| E | Building of steel ships | 24.1 | 24.1 | 25.3 |
| F | Building of steel ships | 23.4 | 23.4 | 7.1 |
| G | Building of steel ships | 22.3 | 22.3 | 0.7 |
| H | Manufacture of sections for ships | 22.1 | 20.7 | 0 |
| I | Other construction of civil engineering projects | 19.7 | 19.7 | 8.3 |
| J | Construction of highways, streets and roads | 17.1 | 17.1 | 14.6 |
| K | Apartment building construction | 16.7 | 15.8 | 14.5 |
| L | Manufacture of sections for ships | 11.5 | 11.5 | 4.4 |
| M | Development and subdividing of other real estate | 8.2 | 8.2 | 0 |
| N | General hospitals | 8.2 | 8.2 | 8.2 |
| O | Manufacture of smelting, refining and alloys of other non-ferrous metals | 6.5 | 6.5 | 3.2 |
| P | Golf course operation | 5.9 | 5.9 | 0 |
| Q | Wholesale of outerwear and shirts | 5.6 | 5.6 | 5.1 |
| R | Other engineering services | 8.3 | 5.5 | 5.5 |
| S | Sea freight water transport | 5.4 | 5.2 | 5.2 |
| T | Operation of Passenger Bus Terminal Facilities | 5.1 | 5.1 | 0.9 |
| Total | | 456.1 | 448.4 | 297.4 |

Notes :

Consolidated basis as of Dec. 31, 2018.

Some of the totals may not sum due to rounding.

3. Independent Auditor

Audit Opinion for the last 3 years

| | FY2018 | FY2017 | FY2016 |
|---------------|-------------|-------------|-------------|
| Audit Opinion | Unqualified | Unqualified | Unqualified |

Compensation to the Independent Auditor for Audit and Review Services

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

| Year | Auditor | Payment ¹⁾ (KRW mil.) | Details | Working hours |
|--------|-------------------------------|-------------------------------------|--|------------------|
| FY2018 | KPMG Samjong Accounting Corp. | 715 (annualized basis) | Review/Audit of Financial Statements | 8,470 Hours |
| | | 94 (annualized basis) | K-IFRS Report Package Audit for Shinhan Savings Bank | 850 Hours |
| | | 626 (annualized basis) | Review/Audit of Financial Statements | 7,641 Hours |
| FY2017 | KPMG Samjong Accounting Corp. | 78 (annualized basis) | K-IFRS Report Package Audit for Shinhan Savings Bank | 896 Hours |
| | | 261 (annualized basis) | Non-statutory audit for IFRS 9 adoption | 2,896 Hours |
| FY2016 | KPMG Samjong Accounting Corp. | 581 (annualized basis) | Review/Audit of Financial Statements | 7,512 Hours |
| | | 73 (annualized basis) | K-IFRS Report Package Audit for Shinhan Savings Bank | 807 Hours |

1) Excluding value-added taxes.

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* 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 KRW1,582 million(excluding value-added taxes) for FY2018 and a comfort letter issuance services between June 11, 2018 and August 13, 2018 which we paid KRW 120 million(excluding value-added taxes).

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

Major Shareholders¹⁾ of Shinhan Financial Group as of Dec. 31, 2018

| Name | No. of Common Shares owned ²⁾ | Ownership% |
|---------------------------------------|--|------------|
| National Pension Service | 44,497,838 | 9.38% |
| BlackRock Fund Advisors ³⁾ | 29,063,012 | 6.13% |

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, 2018

3) Based on the large equity ownership disclosure by BlackRock Fund Advisors with the Financial Supervisory Service on Sep. 27, 2018.

4) Ownership is based on the total number of shares, 474,199,587

Share ownership of Employee Stock Ownership Association

| Share ownership | Beginning Balance (Jan. 1, 2018) | Increase | Decrease | (Number of shares, %) | |
|--------------------------|-------------------------------------|-----------|-----------|-----------------------------------|-------------------------------|
| | | | | Ending Balance (Dec. 31, 2018) | Ownership% (Dec. 31, 2018) |
| Employee Stock Ownership | 22,211,786 | 3,101,808 | 3,252,637 | 22,060,957 | - |
| ESOA account | 112,241 | 35,699 | 29,668 | 118,272 | - |
| Total | 22,324,027 | 3,137,507 | 3,282,305 | 22,179,229 | 4.68% |

Common Share Traded on the Korea Exchange

| | (KRW, number of shares) | | | | | |
|------------------------------|-------------------------|------------|------------|------------|------------|------------|
| | Jul. 2018 | Aug. 2018 | Sep. 2018 | Oct. 2018 | Nov. 2018 | Dec. 2018 |
| High | 45,700 | 43,600 | 45,000 | 45,700 | 43,600 | 45,000 |
| Price per share | Low 42,800 | 41,450 | 42,000 | 42,800 | 41,450 | 42,000 |
| | Avg. 44,143 | 42,859 | 43,015 | 44,143 | 42,859 | 43,015 |
| Trading Volume | 19,688,334 | 19,200,154 | 22,771,013 | 19,688,334 | 19,200,154 | 22,771,013 |
| Highest Daily Trading Volume | 2,374,170 | 1,613,802 | 2,656,021 | 2,374,170 | 1,613,802 | 2,656,021 |
| Lowest Daily Trading Volume | 459,214 | 491,336 | 595,359 | 459,214 | 491,336 | 595,359 |

American Depositary Receipts traded on the New York Stock Exchange

| | (USD, number of shares) | | | | | |
|-----------------|-------------------------|-----------|-----------|-----------|-----------|-----------|
| | Jul. 2018 | Aug. 2018 | Sep. 2018 | Oct. 2018 | Nov. 2018 | Dec. 2018 |
| High | 40.43 | 39.42 | 40.13 | 40.68 | 38.71 | 37.64 |
| Price per share | Low 38.13 | 36.58 | 37.23 | 37.01 | 37.01 | 34.78 |
| | Avg. 39.26 | 38.1 | 38.48 | 39.13 | 37.85 | 35.98 |
| Trading Volume | 1,754,178 | 1,742,128 | 1,830,101 | 2,002,067 | 2,052,878 | 4,531,946 |

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| | | | | | | |
|------------------------------|---------|---------|---------|---------|---------|---------|
| Highest Daily Trading Volume | 128,160 | 152,221 | 194,238 | 124,497 | 266,511 | 630,887 |
| Lowest Daily Trading Volume | 46,876 | 37,392 | 55,291 | 56,620 | 39,956 | 80,891 |

Note) 1 ADR = 1 Common Shares

5. Directors, Executive Officers and Employees

Directors and Executive Officers

1) Executive Director

(As of Mar. 31, 2019)

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

Note) The date on which the term will end will be the date of the general shareholders' meeting in the relevant year

2) Non-Executive Directors

Currently, 12 non-executive directors are in office, 11 of which outside directors who are nominated by our Outside Director Recommendation Committee and appointed pursuant to the approval of general shareholders' meeting.

9 outside directors were appointed as board of directors at the 18th Annual General Meeting of Shareholders on March 27, 2019, of which 5 directors renewed their terms and 4 directors were newly appointed.

Our non-executive directors are as follows:

(As of Mar. 31, 2019)

| Name | Month and Year of Birth | Outside Director | Sub-Committees | Service Term |
|----------------|-------------------------|------------------|--|--------------------------------------|
| | | | Chairman of Board of Directors | |
| Park Cheul | April 1946 | O | Corporate Governance & CEO Recommendation Committee member Remuneration Committee member Board Steering Committee member Audit Committee chair | 5 years starting from March 25, 2015 |
| Lee Manwoo | November 1954 | O | Corporate Governance & CEO Recommendation Committee chair Outside Director Recommendation Committee member Remuneration Committee member Corporate Governance & CEO Recommendation Committee member | 6 years starting from March 26, 2014 |
| Yuki Hirakawa | October 1960 | O | Corporate Social Responsibility Committee member | 5 years starting from March 25, 2015 |
| Philippe Avril | April 1960 | O | Corporate Governance & CEO Recommendation Committee member Risk Management Committee member | 5 years starting from March 25, 2015 |
| Park Ansoon | January 1945 | O | Corporate Social Responsibility Committee member Corporate Governance & CEO Recommendation Committee member | 3 years starting from March 23, 2017 |
| Kim Hwa-nam | December 1945 | O | Outside Director Recommendation Committee member | 2 years starting from March 22, 2018 |
| Choi Kyong-rok | May 1966 | O | Outside Director Recommendation Committee member | 2 years starting from March 22, 2018 |

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| | | | | |
|---------------|----------------|---|--|--------------------------------------|
| | | | Risk Management Committee member | |
| | | | Board Steering Committee member | |
| | | | Corporate Social Responsibility Committee chair | |
| Lee Yoon-jae | November 1950 | O | Outside Director Recommendation Committee member | 2 years starting from March 27, 2019 |
| | | | Audit Committee member | |
| | | | Risk Management Committee chair | |
| Byeon Yang-ho | July 1954 | O | Corporate Governance & CEO Recommendation Committee member | 2 years starting from March 27, 2019 |
| | | | Board Steering Committee member | |
| Huh Yong-hak | September 1958 | O | Corporate Social Responsibility Committee member | 2 years starting from March 27, 2019 |
| | | | Remuneration Committee chair | |
| | | | Risk Management Committee member | |
| | | | Outside Director Recommendation Committee chair | |
| Sung Jae-ho | March 1960 | O | Corporate Governance & CEO Recommendation Committee member | 2 years starting from March 27, 2019 |
| | | | Audit Committee member | |
| | | | Board Steering Committee member | |
| Jin Ok-dong | February 1961 | X | - | 2 years starting from March 27, 2019 |

Note 1) Audit Committee Member Recommendation Committee consists of all the outside directors.

Note2) The date on which the term will end will be the date of the general shareholders' meeting in the relevant year

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3) Executive Officers

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

(As of Mar 31, 2019)

| Name | Month and Year of Birth | Position | In charge of |
|------------------|-------------------------|---|--|
| | | | - Strategic Planning Team |
| Park Woo-hyuk | March 1963 | Deputy President and Chief Strategy Officer | - One Shinhan Strategy Team - Digital Strategy Team - Platform Marketing Team - Finance Management Team |
| Yu Sung-hun | January 1965 | Deputy President and Chief Financial Officer | - Accounting Team - Investor Relations Team - Internal Control on Financial Reporting Team |
| Lee Byeong-cheol | January 1963 | Deputy President and Chief Public Relations Officer | - Brand Strategy Division |
| Jeong Woon-jin | April 1964 | Deputy President | - Global Investment Banking Business Group |
| Jang Dong-ki | January 1964 | Deputy President | - Global Markets & Securities Business Group |
| Jeong Jiho | June 1963 | Deputy President | - Global Business Management Group |
| Wang Mi-hwa | October 1964 | Deputy President | - Wealth Management Planning Group - Risk Management Team |
| Kim Im-geun | July 1963 | Deputy President and Chief Risk Officer | - Risk Model Validation Team - Credit Review Team |
| Wang Ho-min | March 1964 | Managing Director and Chief Compliance Officer | - Compliance Team - Shinhan Leadership Center |
| Lee Een-kyoon | April 1967 | Managing Director and Chief Operating Officer | - Management Support Team - Management Innovation Team |

Compensation to Directors

1) Total Amount Approved at the Meeting of Shareholders

(As of Dec. 31, 2018)

| Total number of persons | Total amount approved | Notes |
|-------------------------|-----------------------|--------------------------|
| | | at shareholders' meeting |

(KRW millions)

Directors

12(10)

3,500

-

(Outside directors)

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

2) Total Amount Paid

(As of Dec. 31, 2018)

| | Total number of Persons | Total Compensation (KRW millions) | Average Compensation per person (KRW millions) | Notes |
|--|-------------------------------|---|--|--------------------------------------|
| Registered Directors | 2 | 1,149 | 574 | Excluding outside directors |
| Outside Directors | 6 | 387 | 62 | Excluding Audit committee members |
| Audit committee members or internal auditor | 4 | 262 | 69 | |
| Total | 12 | 1,798 | 150 | |

Notes :

Represents the total number of applicable persons as of Dec. 31, 2018.

Under the Financial Supervisory Service's standards for preparing corporate disclosure forms, which standards were amended in November 2013, we are required to disclose in our Business Report the individual annual compensation paid by us to our directors and auditors if such individual annual compensation is ₩ 500 million or greater.

In 2018, Cho Yong-byoung, our Chairman and Chief Executive Officer, received ₩ 1,149 million in salaries and wages. He also currently holds 18,200 performance shares. The exercisability of these performance shares will be determined based on business performance evaluation and share price performance during the period from 2018 to 2021. Additionally, in 2018, Woo Young-woong, our former deputy president and Chief Strategy Officer, received ₩ 552 million which consisted of ₩ 517 million in salaries and wages, ₩ 35 million in severance payments. He also currently holds 5,500 performance shares. The exercisability of these performance shares will be determined based on business performance evaluation and share price performance during the period from 2018 to 2021.

Stock Options

(As of Dec. 31, 2018)

| | 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 | 2,500 | 2,500 | - | - | 28,006 |
| Granted in 2006 | 2,500 | - | - | 2,500 | 38,829 |
| Granted in 2007 | 58,764 | - | - | 58,764 | 54,560 |
| Granted in 2008 | 60,753 | - | 15,125 | 45,628 | 49,053 |
| Total | 124,517 | 2,500 | 15,125 | 106,892 | - |

Notes :

The weighted-average exercise price of outstanding exercisable options as of Dec. 31, 2018 is KRW 51,841.

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The closing price of our common stock was KRW 39,600 on Dec. 31, 2018.

As of Dec. 31, 2018, the exercise of 9,466 options granted in 2008 is temporarily suspended.

Employees

| | | (As of Dec. 31, 2018) | |
|--------|---------------------|--------------------------------|-----------------|
| | | Total Salaries and wages | Average Payment |
| Gender | Number of Employees | paid in 2018 | per person |
| | | (KRW million) | (KRW million) |
| | | 2 yrs 11 mths | |
| Male | 137 | 17,569 | 128 |
| | | (14 yrs 7 mths) ¹⁾ | |
| | | 4 yrs 6 mths | |
| Female | 29 | 2,308 | 79 |
| | | (10 yrs 11 mths) ¹⁾ | |
| | | 3 yrs 1 mths | |
| Total | 166 | 19,878 | 119 |
| | | (13 yrs 3 mths) ¹⁾ | |

1) Average length of service including service within group subsidiaries

6. Related Party Transactions

Loans to Subsidiaries

| Subsidiary | Loan Type | Origination Maturity | | Lending Rate | Beginning Balance (Jan. 1, 2018) | | | | Ending Balance (Dec. 31, 2018) |
|---|-----------|----------------------|------------|--------------|-------------------------------------|----------|----------|--------|-----------------------------------|
| | | Date | Date | | | Decrease | Increase | Others | |
| | KRW | 2016-01-26 | 2021-01-26 | 1.98% | 150 | - | - | - | 150 |
| | KRW | 2016-02-24 | 2021-02-24 | 1.84% | 150 | - | - | - | 150 |
| | KRW | 2017-03-22 | 2022-03-22 | 2.22% | 150 | - | - | - | 150 |
| Shinhan Card | KRW | 2017-04-20 | 2022-04-20 | 2.21% | 100 | - | - | - | 100 |
| | KRW | 2017-05-12 | 2022-05-12 | 2.35% | 50 | - | - | - | 50 |
| | KRW | 2018-02-22 | 2023-02-22 | 2.90% | - | - | 100 | - | 100 |
| | KRW | 2013-01-18 | 2018-01-18 | 3.18% | 50 | 50 | - | - | - |
| | KRW | 2013-09-05 | 2018-09-05 | 3.61% | 80 | 80 | - | - | - |
| | KRW | 2014-01-27 | 2019-01-27 | 3.60% | 50 | - | - | - | 50 |
| | KRW | 2016-03-16 | 2021-03-16 | 1.90% | 50 | - | - | - | 50 |
| Shinhan Capital | KRW | 2016-04-27 | 2019-04-27 | 1.63% | 100 | - | - | - | 100 |
| | KRW | 2017-03-22 | 2022-03-22 | 2.22% | 50 | - | - | - | 50 |
| | KRW | 2017-04-20 | 2022-04-20 | 2.21% | 50 | - | - | - | 50 |
| | KRW | 2017-05-12 | 2022-05-12 | 2.35% | 50 | - | - | - | 50 |
| | KRW | 2017-08-24 | 2022-08-24 | 2.37% | 50 | - | - | - | 50 |
| | KRW | 2018-01-22 | 2023-01-22 | 2.75% | - | - | 50 | - | 50 |
| Shinhan Alternative Investment Management | KRW | 2017-11-22 | 2018-11-21 | 2.24% | 5 | 5 | - | - | - |
| | KRW | 2018-11-21 | 2019-11-20 | 2.36% | - | - | 5 | - | 5 |
| Shinhan Savings Bank | KRW | 2016-06-17 | 2021-06-17 | 1.61% | 50 | - | - | - | 50 |
| | KRW | 2017-06-23 | 2022-06-23 | 2.27% | 50 | - | - | - | 50 |
| Shinhan Life | USD | 2018-11-30 | 2028-11-30 | 5.10% | - | - | 393 | -1 | 391 |
| Total | | | | | 1,235 | 135 | 548 | -1 | 1,646 |

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For more detailed information, please refer to the Independent Accountant's Audit Report, which was reported on Form 6-K on March 11, 2019.

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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.

By: /s/ Yu Sung-hun

Name: Yu Sung-hun

Title: Chief Financial Officer

Date: April 1, 2019

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