

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

May 31, 2011

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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 of
the Securities Exchange Act of 1934**

For the Month of March 2011

SHINHAN FINANCIAL GROUP CO., LTD.

(Translation of registrant's name into English)

120, 2-Ga, Taepyung-Ro, Jung-Gu, Seoul 100-102, Korea

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will
file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in
paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in
paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the
information contained in this form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under the
Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the
registrant in connection with Rule 12g3-2(b): 82-_____.

Summary of 1Q 2011 Business Report

On May 30, 2011, Shinhan Financial Group (SFG) filed its 1Q 2011 Business Report (the Business Report) with the Financial Supervisory Service of the Republic of Korea (Korea) 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 International Financial Reporting Standards.

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Exhibit 99-1

Independent Auditor s Review Report (Separate Financial Statements) of Shinhan Financial Group as of March 31, 2011

Exhibit 99-2

Independent Auditor s Review Report (Consolidated Financial Statements) of Shinhan Financial Group and subsidiaries as of March 31, 2011

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1. Introduction of the Group

Company History in 2009 through 2011

- § January 2009: Shinhan BNP Paribas Asset Management launched through the merger of Shinhan BNP Paribas ITMC and SH Asset Management
- § June 2009 : SH&C separated from SFG after SFG consummated share transfers of SH&C
- § Sep. 2009 : SBJ became an indirect subsidiary of SFG
- § Oct. 2009 : Shinhan Vietnam Bank became an indirect subsidiary of SFG
- § Nov. 2009 : Liquidated Shinhan Finance Ltd. , an indirect subsidiary of SFG
- § Dec. 2009 : Shinhan Capital Petra PEF became an indirect subsidiary of SFG
- § Jan. 2010 : Shinhan Data System became a subsidiary of SFG
- § June 2010 : CHB Valuemeet 2001 First SPC was disaffiliated from SFG
- § June 2010 : CHB Valuemeet 2001 Second SPC and CHB Valuemeet 2002 First SPC were disaffiliated from SFG
- § Aug. 2010 : Shinhan Macquarie Financial Advisory was disaffiliated from SFG
- § Oct. 2010 : Shinhan Maritime Private Equity Fund I became a 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

Table of Contents**Change in Management**

On March 23, 2011 the Board of Directors of Shinhan Financial Group appointed Mr. Dong Woo Han as Chairman and CEO of the Group and Mr. Hoon Namkoong as the Chairman of the Board of Directors.

Principal Subsidiaries under Korean Law (as of March 31, 2011)***Direct Subsidiaries***

	Subsidiaries	Ownership by SFG
Shinhan Bank		100.0%
Shinhan Card		100.0%
Shinhan Investment Corp.		100.0%
Shinhan Life Insurance		100.0%
Shinhan Capital		100.0%
Jeju Bank ¹⁾		68.9%
Shinhan BNP Paribas Asset Management		65.0%
Shinhan Data System		100.0%
Shinhan Credit Information		100.0%
Shinhan Private Equity		100.0%
SHC Management		100.0%

1) Jeju Bank is currently listed on the Korea Exchange.

Table of Contents***Indirect subsidiaries held through direct subsidiaries***

Direct Subsidiaries	Indirect Subsidiaries	Ownership by the Parent
Shinhan Bank	Shinhan Asia Limited	100.0%
	Shinhan Bank America	100.0%
	Shinhan Bank Europe	100.0%
	Shinhan Vina Bank	50.0%
	Shinhan Khmer Bank Limited	90.0%
	Shinhan Bank Kazakhstan	100.0%
	Shinhan Bank China Limited	100.0%
	Shinhan AITAS	89.6%
	Shinhan Bank Canada	100.0%
	Shinhan Bank Japan	100.0%
	Shinhan Vietnam Bank	100.0%
	Shinhan Card	Shinhan-KT Mobile Card
Shinhan Investment Corp.	Shinhan Investment Corporation Europe Ltd.	100.0%
	Shinhan Investment Corporation USA Inc.	100.0%
	Shinhan Investment Corporation Asia Ltd.	100.0%
	Shinhan Maritime Private Equity Fund I	7.1%
	KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp ³⁾	8.5%
Shinhan Capital	PETRA PEF	23.8%
Shinhan BNP Paribas Asset Management	Shinhan BNP Paribas Asset Management (Hong Kong) Limited	100.0%
Shinhan Private Equity	Shinhan NPS Private Equity Fund 1st	5.0% ¹⁾
	Shinhan Private Equity Fund 2nd	2.2% ²⁾

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

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

3) Shinhan Capital currently owns 6.5% of KOFC Shinhan Frontier Champ 2010-4 PEF Investment Corp.

Number of Shares (as of March 31, 2011)

Types of Shares	Number of Shares
Common Shares	474,199,587
Redeemable Preferred Shares	28,990,000
Redeemable Convertible Preferred Shares	14,721,000
Total	517,910,587

Note)

On April 2011, a total of 11,100,000 shares of 12th series Redeemable Preferred Shares were issued through a 3rd party assignment. Please refer to the Form 6-K filed on April 7, 2011 for detail of the terms and conditions of these shares.

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

(KRW billion)

	2011 (Jan.1~Mar.31)	2010 (Jan.1~Mar.31)
Operating income	1,257.2	1,263.8
Equity in income(loss) of equity method accounted investments	12.8	1.7
Earnings before income tax	1,270.1	1,265.5
Income taxes	301.7	303.4
Consolidated net income	968.4	962.1
Net income in majority interest	924.3	917.5
Net income in minority interest	44.0	44.6

F Some of the totals may not sum due to rounding.

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

	2011				2010			
	Jan. 1 ~ Mar. 31				Jan. 1 ~ Mar. 31			
(In KRW billion, %)	Average	Ratio	Interest	Interest	Average	Ratio	Interest	Interest
	Balance	(%)	Paid	Rate	Balance	(%)	Paid	Rate
Source								
Deposits	152,252	61.87	948	2.49	147,400	62.40	999	2.71
Borrowings	18,610	7.56	96	2.07	17,020	7.21	77	1.80
Debentures	39,928	16.22	465	4.66	40,600	17.19	520	5.12
Other Liabilities	35,307	14.35			31,190	13.20		
Total Liabilities	246,098	100.00			236,209	100.00		
Stockholder s Equity	27,385				25,026			
Use								
Currency & Due								
from Banks	14,135	5.17	57	1.60	14,670	5.62	42	1.14
Loans	182,290	66.65	2,662	5.84	170,003	65.08	2,600	6.12
Loan in KRW	139,783	51.11	1,927	5.51	133,991	51.29	1,904	5.68
Loan in Foreign								
Currency	9,058	3.31	90	3.99	8,252	3.16	90	4.34
Credit Card Accounts	17,466	6.39	462	10.57	15,541	5.95	418	10.75
Others	15,982	5.84	183	4.59	12,220	4.68	189	6.18
HTM Assets	12,563	4.59	163	5.20	13,134	5.03	173	5.27
Other Assets	64,496	23.58			63,429	24.28		
Total Assets	273,483	100.00			261,236	100.00		

1) The Average Balance is the arithmetic mean of the beginning balance and the ending balance of first quarter.

Table of Contents**Other Financial Information**

Financial information for Mar.31, 2011 contained in this section are provisional figures.

<i>Group BIS Ratio</i>	(KRW billion)	
	Mar. 31, 2011	Dec. 31, 2010
Aggregate Amount of Equity Capital (A)	24,162.5	23,369.7
Risk-Weighted Assets (B)	187,928.8	188,785.7
BIS Ratio (A/B) ¹⁾	12.86%	12.38%

- 1) In accordance with the amendments in the Financial Holding Company Guidelines of the Financial Service Commission (FSC), the Group BIS Ratio under BASEL I is used as an index for measuring capital adequacy.
- 2) BIS ratio for Dec. 31, 2010 based on K GAAP is 12.77%

<i>Won Liquidity Ratio</i>	(KRW billion)	
	Mar. 31, 2011	Dec. 31, 2010
Won Assets due within 1 months (A)	2,084.9	972.6
Won Liabilities due within 1 months (B)	651.2	246.0
Won Liquidity Ratio (A/B)	320.18%	395.31%

<i>Liabilities to Equity Ratio</i>	(KRW billion)	
	Mar. 31, 2011	Dec. 31, 2010
Liabilities (A)	7,802.7	6,907.6
Equity (B)	21,217.4	20,753.0
Liabilities to Equity Ratio (A/B)	36.77%	33.29%

Capital Adequacy Ratio and Other Ratios of Major Subsidiaries

(1) BIS Capital Adequacy Ratio (%) ¹⁾

	Mar. 31, 2011	Dec. 31, 2010
Shinhan Bank ²⁾	15.49	15.47
Jeju Bank	12.76	13.40

1) The BIS Capital Adequacy Ratio is computed in accordance with the guidelines issued by the FSC for commercial banks. Under these guidelines, commercial banks are required to maintain a minimum capital adequacy ratio of 8%. Basel II FIRB Approach was applied in calculating BIS Capital Adequacy Ratios

2) BIS ratio for Dec. 31, 2010 based on K GAAP is 15.93%

(2) Adjusted Equity Capital Ratio (%)

	Dec. 31, 2010	Dec. 31, 2010
Shinhan Card	24.20	25.18
Shinhan Capital	14.06	14.23

1)

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 FSC. Under these guidelines, Shinhan Card and Shinhan Capital are required to maintain a minimum adjusted equity capital ratio of 8%.

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(3) Net Capital Ratio (%)

	Mar. 31, 2011	Dec. 31, 2010
Shinhan Investment Corp.	610.24	658.31
Shinhan BNP Paribas Asset Management	740.40	708.31

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

(4) Solvency Margin Ratio (%)

	Mar. 31, 2011	Dec. 31, 2010
Shinhan Life Insurance	361.42	397.93

* Under the guidelines issued by the FSC, Shinhan Life Insurance is required to maintain a minimum solvency margin ratio of 100%.

(6) Liability to Equity Ratio (%)

	Mar. 31, 2011	Dec. 31, 2010
Shinhan Private Equity	233.3	216.2

Non- Performing Loans of Certain Subsidiaries ¹⁾(1) Non- Performing Loans (KRW billion)

	Mar. 31, 2011		Dec. 31, 2010	
	Balance of NPL	NPL to total Loans (%)	Balance of NPL	NPL to total Loans (%)
Shinhan Bank ¹⁾	1,630.3	1.04	1,410.0	0.91
Jeju Bank ¹⁾	35.7	1.61	28.5	1.28
Shinhan Card ²⁾	316.6	1.59	325.9	1.60
Shinhan Investment ²⁾	132.7	11.28	186.9	16.27
Shinhan Life Insurance	5.9	0.23	6.0	0.24
Shinhan Capital	82.1	2.63	76.5	2.39

1) Non-performing loans of banks are defined as those loans are past due more than 90 days or those are placed on non-accrual status according to the guidelines of the FSC.

2) Under the guidelines of the FSC, every securities brokerage company and credit card company shall classify its loans into five categories: normal, precautionary, substandard, doubtful and estimated loss. Under the Group's internal measures, non-performing loans of Shinhan Investment, and Shinhan Card includes loans classified as substandard, doubtful, and estimated loss.

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(2) Loan Loss Allowances & Write-offs for the period

		(KRW billion)	
		Jan. 1, 2011~ Mar. 31, 2011	Jan. 1, 2010~ Dec. 31, 2010
Shinhan Bank	Allowance for Possible Loan Losses	1,912.6	1,805.1
	Allowance for losses on guarantees and acceptances	163.0	208.7
	Allowance for unused credit commitments	86.9	85.8
	Other Allowances	104.8	111.8
	Allowance for Valuation of Bonds	1.1	1.0
	Total	2,268.2	2,212.4
	Write-offs	89.4	709.8
Jeju Bank	Allowance for Possible Loan Losses	39.6	39.7
	Allowance for losses on guarantees and acceptances	0.1	0.2
	Allowance for unused credit commitments	1.7	1.7
	Other Allowances	0	0
	Total	41.4	41.6
	Write-offs	0.3	10.6
Shinhan Card	Allowance for Possible Loan Losses	675.4	703.8
	Allowance for reward on credit card use	23.8	25.2
	Allowance for unused credit commitments	362.1	367.5
	Other Allowances	8.9	8.8
	Total	1,070.1	1,105.3
	Write-offs	106.2	494.4
Shinhan Investment Corp.	Allowance for Possible Loan Losses	115.9	151.3
	Other Allowances	25.2	25.3
	Total	141.1	176.6
	Write-offs	0	8.0
Shinhan Life Insurance	Allowance for Possible Loan Losses	29.2	29.0
	Total	29.2	29.0
	Write-offs	0	6.8
Shinhan Capital	Allowance for Possible Loan Losses	88.1	61.5
	Total	88.1	61.5
	Write-offs	12.7	35.8

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

(KRW billion)

As of Mar. 31, 2011 Consolidated basis	Loans in Won	Loans in Foreign Currency	Securities	Guarantees and Acceptances	Others	Total Exposures
Ministry of Strategy & Finance	0	0	9,451	0	0	9,451
Bank of Korea	2,500	0	6,471	0	0	8,971
Korea Land & Housing Corporation	0	0	2,676	0	0	2,676
Hyundai Heavy Industries Co., Ltd.	71	210	682	1,558	0	2,521
Korea Deposit Insurance Corporation	0	0	2,046	0	0	2,046
Industrial Bank of Korea	511	38	1,486	0	0	2,035
Korea Development Bank	18	22	1,694	0	0	1,734
Hana Bank	17	114	1,381	0	0	1,513
Woori Bank	59	22	1,371	2	0	1,455
Samsung Heavy Industries Co., LTD.	0	100	1	1,266	0	1,367
Songdo Cosmopolitan City Development Inc.	1,012	0	250	0	0	1,262
National Agricultural Cooperative Federation	46	28	1,155	3	0	1,231
Kookmin Bank	39	1	1,122	3	0	1,165
POSCO	7	88	1,014	41	1	1,151
Korea Finance Corporation	0	0	1,096	0	0	1,096
Hyundai Samho Heavy Industries Co., Ltd.	3	56	10	1,011	0	1,080
Samsung Electronics Co., Ltd.	0	882	25	0	0	907
Hynix	0	277	452	92	0	821
KEPCO	20	0	797	0	0	817
SH Corporation	240	0	572	0	0	813