

SHINHAN FINANCIAL GROUP CO LTD
Form 6-K
November 14, 2018
UNITED STATES

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 2018

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)

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 .

Summary of FY2018 3Q Business Report

On November 14, 2018, Shinhan Financial Group (“SFG”) filed its FY2018 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 2018

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
Oct. 2017 : Established Shinhan REITs(Real Estate Investment Trusts) Management Co.,Ltd. as SFG subsidiary
Dec. 2017 : Shinhan K REITs became an indirect subsidiary of SFG
Apr. 2018 : Shinhan Alpha REITs (formerly known as Shinhan K REITs) was disaffiliated from SFG’s indirect subsidiary due to a change in the largest shareholder
May. 2018 : GX SHINHAN INTERVEST 1st PEF became an indirect subsidiary of SFG
Sep. 2018 : Shinhan Alpha Yongsan REIT became an indirect subsidiary of SFG

Principal Subsidiaries under Korean Law (as of Sep. 30, 2018)

Direct Subsidiaries

Subsidiaries	Ownership by SFG
Shinhan Bank	100.0%
Shinhan Card	100.0%
Shinhan Investment Corp.	100.0%
Shinhan Life Insurance	100.0%
Shinhan BNP Paribas Asset Management	65.0%
Shinhan Capital	100.0%
Jeju Bank ¹⁾	68.9%
Shinhan Savings Bank ²⁾	100.0%
Shinhan DS ³⁾	100.0%
Shinhan AITAS ⁴⁾	99.8%
Shinhan Credit Information	100.0%
Shinhan Alternative Investment Management	100.0%
Shinhan REITs Management	100.0%
SHC Management ⁵⁾	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)Shinhan Data System changed its company name to Shinhan DS on May 13, 2018.

4)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.

5)Currently in liquidation proceedings

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Indirect subsidiaries held through direct subsidiaries (as of Sep. 30, 2018)

Direct Subsidiaries	Indirect Subsidiaries	Ownership by the Parent
Shinhan Bank	Shinhan Asia Limited	100.0%
	Shinhan Bank America	100.0%
	Shinhan Bank Japan	100.0%
	Shinhan Bank Europe	100.0%
	Shinhan Bank Cambodia	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%
	LLP MFO Shinhan Finance	100.0%
	Shinhan Card	PT. Shinhan Indo Finance
Shinhan Microfinance Co., Ltd.		100.00%
Shinhan Investment Corp. USA Inc.		100.0%
Shinhan Investment Corp. Asia Inc.		100.0%
Shinhan Securities Vietnam Co., Ltd		100.0%
PT Shinhan Sekuritas Indonesia		99.0%
Shinhan Investment Corp.	KOFC Shinhan Frontier Champ 2010-4 PEF ¹⁾	8.5%
	GX SHINHAN INTERVEST 1st PEF ⁶⁾	14.5%
	Shinhan Praxis K-Growth Global Private Equity Fund 2)	14.1%
	Shinhan BNP Paribas Asset Management	Shinhan BNP Paribas Asset Management (Hong Kong) Limited
Shinhan Alternative Investment Management	Shinhan NPS Private Equity Fund 1st ³⁾	5.0%
	Shinhan Private Equity Fund 2nd ⁴⁾	2.2%
	Shinhan-Stonebridge Petro Private Equity Fund ⁵⁾	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.

6) Shinhan Financial Group and its subsidiaries currently own 25.3% of GX SHINHAN INTERVEST 1st PEF.

Number of Shares (as of Sep. 30, 2018)

Types of Shares	Number of Shares
Common Shares	474,199,587
Total	474,199,587

Treasury Stocks 550,000

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2. Business Results

Operation Results

(KRW billion)

	2018 3Q	2017 3Q	FY2017	FY2016
	(Jan. 1 ~ Sep. 30)	(Jan. 1 ~ Sep. 30)	(Jan. 1 ~ Dec. 31)	(Jan. 1 ~ Dec. 31)
Operating income	3,642.5	3,493.2	3,828.7	3,108.6
Equity method income	41.3	19.5	20.4	10.0
Other non-operating income	-14.7	63.1	-52.8	51.8
Profit before income taxes	3,669.1	3,575.7	3,796.3	3,170.5
Income tax expense	994.5	838.1	848.1	345.6
Consolidated net income	2,674.6	2,737.6	2,948.1	2,824.9
Net income attributable to equity holders of the Group	2,643.4	2,706.4	2,917.7	2,774.8
Net income attributable to non-controlling interest	31.2	31.2	30.4	50.1

Notes :

Some of the totals may not sum due to rounding.

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Source and Use of Funds

Consolidated Basis (KRW billion, %)	2018 3Q Jan. 1 ~ Sep. 30			FY2017 Jan. 1 ~ Dec. 31			FY2016 Jan. 1 ~ Dec. 31				
	Average Balance ¹⁾ (%)	Proportions (%)	Interest		Average Balance ¹⁾ (%)	Proportions (%)	Interest		Average Balance ¹⁾ (%)	Proportions (%)	
			Interest Paid	Rate (%)			Interest Paid	Rate (%)			
Deposits	255,466.6	57.8	2,248.8	1.18	241,523.7	58.3	2,482.5	1.03	226,966.8	58.7	2,586.7
Borrowings	19,188.1	4.3	228.5	1.59	17,479.8	4.2	217.3	1.24	15,047.2	3.9	176.4
Debt	54,722.6	12.4	960.2	2.35	47,594.6	11.5	1,085.4	2.28	42,790.8	11.1	1,085.8
Securities Issued											
Other Liabilities	77,812.7	17.7	-	-	74,788.5	18.1	-	-	70,504.9	18.2	-
Source Total	407,190.0	92.2	-	-	381,386.6	92.1	-	-	355,309.7	91.9	-
Liabilities Total	34,593.4	7.8	-	-	32,750.5	7.9	-	-	31,499.5	8.1	-
Stockholder's Equity Total	441,783.4	100	-	-	414,137.1	100	-	-	386,809.3	100	-
Liabilities & SE											
Cash & Due from Banks	21,465.6	4.9	134.3	0.84	21,609.4	5.2	167.8	0.78	20,933.1	5.4	185.5
Loans	284,128.5	64.3	8,227.3	3.87	266,195.4	64.3	9,681.4	3.64	252,132.2	65.2	9,244.0
Loans in KRW	221,816.3	50.2	5,799.2	3.5	207,439.9	50.1	6,828.2	3.29	197,841.4	51.2	6,541.9
Loans in Foreign Currency	19,051.2	4.3	572.8	4.02	16,841.6	4.1	583.2	3.46	14,936.7	3.9	482.2
Credit Card Accounts	21,328.6	4.8	1,328.9	8.33	19,952.8	4.8	1,680.9	8.42	18,804.3	4.9	1,708.5
Others	21,932.4	5	526.4	3.21	21,961.1	5.3	589.1	2.68	20,549.8	5.3	511.4
AFS Financial Assets	37,116.2	8.4	556.6	2.01	34,272.9	8.3	645.3	1.88	30,308.9	7.8	612.1
HTM Financial Assets	25,727.0	5.8	535.2	2.78	22,199.6	5.4	651.1	2.93	17,409.7	4.5	561.8
Other Assets	73,346.1	16.6	-	-	69,859.8	16.8	-	-	66,025.3	17.1	-
Total Assets	441,783.4	100	-	-	414,137.1	100	-	-	386,809.3	100	-

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

Other Financial Information

The main serial financial figures and indices for Sep. 30, 2018 listed herein may be subject to change.

1) Capital Adequacy

Consolidated BIS Ratio (Shinhan Financial Group) (KRW billion)

	Sep. 30, 2018(e)	Dec. 31, 2017	Dec. 31, 2016
Aggregate Amount of Equity Capital (A)	34,195.7	30,713.5	29,786.5
Risk-Weighted Assets (B)	223,497.1	207,768.6	198,642.6
BIS Ratio (A/B)	15.30%	14.78%	15.00%

Note) based on Basel III

Capital Adequacy Ratios (Subsidiaries) (%)

Subsidiary	Capital Adequacy Ratio	Sep. 30, 2018(e)	Dec. 31, 2017	Dec. 31, 2016
Shinhan Bank	BIS Capital Adequacy Ratio	16.4	15.6	15.7
Shinhan Card	Adjusted Equity Capital Ratio	21.7	24.5	26.2
Shinhan Investment Corp.	Net Capital Ratio	679.0	706.4	892.0
Shinhan Life Insurance	Risk Based Capital Ratio	199.6	175.4	178.3
Shinhan BNP Paribas Asset Management	Equity Capital (KRW billion) Minimum Capital Requirement (KRW billion)	154.7 27.3	156 23.5	148.6 24.0
Shinhan Capital	Adjusted Equity Capital Ratio	13.3	14	14.9
Jeju Bank	BIS Capital Adequacy Ratio	14.2	14.7	12.8
Shinhan Savings Bank	BIS Capital Adequacy Ratio	14.3	14.3	14.9

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.

2) Liquidity

Won Liquidity Ratio

(KRW billion, %)

Company	Sep. 30, 2018			Dec. 31, 2017			Dec. 31, 2016		
	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)	Won Assets	Won Liabilities	Won Liquidity Ratio(%)
Shinhan Financial Group	1,440.2	231.3	622.7	309.8	131.6	235.3	198.8	134.8	147.5
Shinhan Card	17,702.6	5,385.2	328.7	15,768.6	4,236.0	372.3	14,722.9	4,069.1	361.8
Shinhan Investment Corp.	15,207.1	9,252.5	164.4	12,873.9	9,320.8	138.1	12,472.3	8,227.4	151.6
Shinhan Life Insurance	996.4	606.9	164.2	917.5	553.3	165.8	915.8	502.0	182.4
Shinhan Capital	880.8	503.2	175.0	768.9	560.4	137.2	684.5	521.2	131.3
Shinhan Savings Bank	288.7	271.5	106.3	308.0	213.3	144.4	169.8	138.7	122.4

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

(KRW billion, %)

Company	Sep. 30, 2018			Dec. 31, 2017			Dec. 31, 2016		
	High Quality Liquid Assets	Net Cash Outflows	Liquidity Coverage Ratio(%)*	High Quality Liquid Assets	Net Cash Outflows	Liquidity Coverage Ratio(%)	High Quality Liquid Assets	Net Cash Outflows	Liquidity Coverage Ratio(%)
Shinhan Bank	48,583.2	49,001.3	99.2	46,813.9	49,493.3	94.7	35,961.9	37,257.5	96.7
Jeju Bank	620.8	488.3	128.1	560.3	476.0	117.9	563.2	401.9	142.6

* The "High quality liquid assets" and "Net cash outflows" are the arithmetic mean of the ending balance of every day.

Foreign Currency (FC) Liquidity Ratio

(USD millions, %)

Company	Sep. 30, 2018			Dec. 31, 2017			Dec. 31, 2016		
	FC Assets	FC Liabilities	FC Liquidity Ratio(%)	FC Assets	FC Liabilities	FC Liquidity Ratio(%)	FC Assets	FC Liabilities	FC Liquidity Ratio(%)
Shinhan Financial Group	-	-	-	-	-	-	-	-	-
Shinhan Bank	-	-	-	49,850.7	46,790.4	106.5	39,631.1	35,968.5	110.2
Shinhan Investment Corp.	6,374.5	5,929.0	107.5	7,577.9	7,913.3	95.8	5,635.3	5,073.4	111.1
Shinhan Capital	113.4	59.6	190.3	99.8	0.3	29325.2	80.3	1.1	7333.0
Jeju Bank	42.6	24.4	174.7	43.2	37.9	114.1	13.3	10.7	124.7

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.

Foreign Currency (FC) Liquidity Coverage Ratio

(USD millions, %)

Company	2018 3Q Jul. 1 ~ Sep. 30	2018 2Q Apr. 1 ~ Jun. 30	2018 1Q Jan. 1 ~ Mar. 31	2017 4Q Oct. 1 ~ Dec. 31
Shinhan Bank	124.2	117.6	107.3	107.3

Notes :

Under the guidelines issued by the FSS, Shinhan Bank is required to hold a minimum requirement of foreign exchange debt in high-quality liquidity assets to withstand a 30-day net cash outflow in systemic risks. The minimum requirement of the foreign currency liquidity coverage ratio was set at 60% in 2017, 70% in 2018 and will be increased gradually to 80% in 2019.

3) Asset Quality

SFG Consolidated Basis

(KRW billion)

	Sep. 30, 2018	Dec. 31, 2017	Dec. 31, 2016
Total Loans	293,971.1	274,719.1	259,772.6
Substandard & Below	1,642.8	1,734.1	1,927.6
Substandard & Below Ratio	0.56%	0.63%	0.74%
Non-Performing Loans	1,327.5	1,467.1	1,595.8
NPL Ratio	0.45%	0.53%	0.61%
Substandard & Below Coverage Ratio	171.17%	135.15%	125.99%
Loan Loss Allowance	2,811.9	2,343.6	2,428.7
Substandard & Below Loans	1,642.8	1,734.1	1,927.6

Separate Basis

(%)

	Sep. 30, 2018			Dec. 31, 2017			Dec. 31, 2016		
	Substandard & Below Ratio	NPL Ratio	Substandard & Below Coverage Ratio	Substandard & Below Ratio	NPL Ratio	Substandard & Below Coverage Ratio	Substandard & Below Ratio	NPL Ratio	Substandard & Below Coverage Ratio ¹⁾
Shinhan Financial Group	-	-	-	-	-	-	-	-	-
Shinhan Bank	0.47	0.41	142	0.55	0.49	114	0.65	0.56	96
Shinhan Card	1.08	0.61	290	1.06	0.61	238	1.16	0.76	271
Shinhan Investment Corp.	0.08	0.08	648	0.08	0.08	497	0.1	0.1	413
Shinhan Life Insurance	0.08	0.07	437	0.09	0.07	274	0.09	0.08	335
Shinhan Capital	1.48	1.5	107	1.33	1.6	129	2.61	2.93	94
Jeju Bank	0.46	0.44	112	1.09	0.8	41	1.24	0.93	35
Shinhan Savings Bank	3.79	3.31	75	3.86	2.98	62	5.42	3.45	53

4) Debt to Equity Ratios

Shinhan Financial Group (Separate Basis)

(KRW billion)

	Sep. 30, 2018	Dec. 31, 2017	Dec. 31, 2016
Debt	7,704.9	7,447.7	6,977.7
Equity	21,842.9	20,192.1	20,217.9
Debt to Equity Ratio	35.27%	36.88%	34.51%

Twenty Largest Exposures by Borrower

(KRW billion)

As of Sep. 30, 2018	Loans in Won	Loans in Foreign Currency	Securities	Guarantees and Acceptances	Others	Total Exposures
Consolidated basis						
Ministry of Strategy & Finance	0.0	-	16,816.8	-	-	16,816.8
Korea Housing Finance Corporation	0.0	-	6,869.1	-	-	6,869.1
Bank of Korea	350.0	-	5,705.3	0.1	-	6,055.4
Korea Development Bank	12.1	-	5,072.1	-	-	5,084.1
Industrial Bank of Korea	671.8	-	2,676.1	-	-	3,347.9
Export-Import Bank of Korea	-	-	2,795.8	-	-	2,795.8
Samsung Electronics Co., Ltd.	0.0	1,935.5	2.0	-	0.0	1,937.5
Woori Bank	726.9	80.8	759.1	-	-	1,566.8
Korea Deposit Insurance Corporation	-	-	1,459.2	-	-	1,459.2
Kookmin Bank	628.9	133.5	652.5	25.7	-	1,440.7
Korea Securities Finance Corporation	556.3	-	870.6	-	-	1,426.9
NongHyup Bank	642.2	8.1	493.1	15.5	-	1,158.9
Korea Land & Housing Corporation	0.0	-	1,107.3	-	-	1,107.4
United States of America	-	-	998.3	-	-	998.3
KB Investment & Securities Co.,Ltd	800.0	-	180.9	-	-	980.9
Korea Electric Power Corporation	0.3	-	849.5	87.0	-	936.8
National Agricultural Cooperative Federation	520.5	-	400.4	-	-	920.8
KEB Hana Bank	141.8	278.2	488.6	2.1	-	910.7
LG Electronics Inc.	71.6	109.3	162.2	434.8	-	777.8
Hyundai Motors	87.2	593.1	39.3	46.0	0.1	765.7
Total	5,209.6	3,138.5	48,398.1	611.1	0.1	57,357.4

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

Exposure to ten Main Debtor Groups

(KRW billion)

As of Sep. 30, 2018	Loans in Won	Loans in Foreign Currency	Securities	Guarantees and Acceptances	Others	Total Exposures
Consolidated basis						
Samsung	325.5	2,310.9	866.8	936.0	0.1	4,439.20
Hyundai Motors	872.4	1,892.7	956.1	378.3	1.2	4,100.70
Lotte	182.6	721.1	829.5	421.6	1	2,155.90
SK	504.2	283.3	531.1	831.7	0.1	2,150.40
LG	398.2	232.2	512.3	719.1	0	1,861.90
Hyundai Heavy Industries	157.3	153.7	126.1	1401.4	0	1,838.50
Hanwha	349.2	227.6	513.6	355.0	0	1,445.40
LS	84.3	326.7	214.8	589.2	-	1,215.00
CJ	128.5	428.5	230.0	78.4	-	865.4
Hyosung	154.3	436.3	59.3	168.4	0	818.2
Total	3,156.50	7,013.0	4,839.60	5879.1	2.4	20,890.5

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, 2018	Total Exposures	
	Amount	Weight (%)
Consolidated basis		
Finance and Insurance	87,735.7	21.2%
Manufacturing	47,934.3	11.6%
Retail and Wholesale	18,568.1	4.5%
Real Estate, Leasing and Service	28,163.2	6.8%
Construction	4,547.5	1.1%
Hotel and Restaurant	5,827.9	1.4%
Others	88,521.0	21.4%
Retail customers	132,425.1	32.0%
Total	413,722.8	100.0%

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

Top Twenty Non-Performing Loans

(KRW billion)

Borrower	Industry	Gross Principal Outstanding	Substandard & Below	Allowance for Loan Losses
A	Manufacture of steel products by cold rolling, cold extrusion and cold drawing	90.7	90.7	75
B	Manufacture of distilling machinery, heat exchangers and gas generators	76	76	53.9
C	Manufacture of plastic products for fabricating of machine	42	42	36.2
D	Manufacture of sections for ships	41.5	39.2	26.9
E	Building of steel ships	25.7	25.7	22.1
F	Building of steel ships	23.4	23.4	5.3
G	Building of steel ships	22.2	22.2	0.8
H	Manufacture of sections for ships	22.9	21.4	0
I	Other construction of civil engineering projects	19.8	19.8	8.3
J	Apartment building construction	18.5	18.5	0
K	Sea freight water transport	17.8	17.8	0
L	Construction of highways, streets and roads	17.1	17.1	14.6
M	Apartment building construction	17.1	16.1	14.5
N	Golf course operation	14	14	0
O	Manufacture of sections for ships	11.5	11.5	1.1
P	Manufacture of smelting, refining and alloys of other non-ferrous metals	9.1	9.1	5.5
Q	Development and subdividing of other real estate	8.2	8.2	0
R	Golf course operation	6	6	0
S	Wholesale of outerwear and shirts	5.8	5.8	5.1
T	Operation of Passenger Bus Terminal Facilities	5.7	5.7	1
Total		495.1	490.3	270.2

Notes :

Consolidated basis as of Sep. 30, 2018.

Some of the totals may not sum due to rounding.

3. Independent Auditor

Audit Opinion for the last 3 years

	2018 3Q	FY2017	FY2016
Audit Opinion -		Unqualified	Unqualified

* For the third quarter of 2018, 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 ¹⁾ (KRW mil.)	Details	Working hours
FY2018	KPMG Samjong Accounting Corp.	715 (annualized basis)	Review/Audit of Financial Statements	4,480 Hours
	KPMG Samjong Accounting Corp.	94 (annualized basis)	K-IFRS Report Package Audit for Shinhan Savings Bank	442 Hours
FY2017	KPMG Samjong Accounting Corp.	626 (annualized basis)	Review/Audit of Financial Statements	7,641 Hours
	KPMG Samjong Accounting Corp.	78 (annualized basis)	K-IFRS Report Package Audit for Shinhan Savings Bank	896 Hours
	KPMG Samjong Accounting Corp.	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

FY2016

		K-IFRS	
KPMG	73	Report	807
Samjong		Package	
Accounting (annualized		Audit for	Hours
Corp.	basis)	Shinhan	
		Savings Bank	

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 KRW1,582 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 Sep. 30, 2018

Name	No. of Common Shares owned ²⁾	Ownership%
National Pension Service	45,285,762	9.55%
BlackRock Fund Advisors ³⁾	24,320,723	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, 2017

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

Share ownership of Employee Stock Ownership Association (Number of shares, %)

Share ownership	Beginning Balance (Jan. 1, 2018)	Increase Decrease		Ending Balance Ownership%	
				(Sep. 30, 2018)	(Sep. 30, 2018)
Employee Stock Ownership	22,211,786	2,418,422	2,761,141	21,869,067	-
ESOA account	112,241	29,326	-	141,567	-
Total	22,324,027	2,447,748	2,761,141	22,010,634	4.64%

Common Share Traded on the Korea Exchange (KRW, number of shares)

	Apr. 2018	May. 2018	Jun. 2018	Jul. 2018	Aug. 2018	Sep. 2018
High	47,650	48,400	47,550	45,700	43,600	45,000
Price per share Low	43,950	43,750	43,000	42,800	41,450	42,000
Avg.	45,600	47,095	45,287	44,143	42,859	43,015
Trading Volume	20,275,001	17,495,411	19,085,065	19,688,334	19,200,154	22,771,013
Highest Daily Trading Volume	1,688,993	2,649,024	1,744,218	2,374,170	1,613,802	2,656,021
Lowest Daily Trading Volume	517,399	369,865	601,472	459,214	491,336	595,359

American Depositary Receipts traded on the New York Stock Exchange (USD, number of shares)

	Apr. 2018	May. 2018	Jun. 2018	Jul. 2018	Aug. 2018	Sep. 2018
High	44.62	45.2	44.25	40.43	39.42	40.13
Price per share Low	41.92	41.24	38.14	38.13	36.58	37.23
Avg.	42.73	43.87	41.37	39.26	38.1	38.48
Trading Volume	1,906,027	1,618,809	2,013,497	1,754,178	1,742,128	1,830,101
Highest Daily Trading Volume	181,814	192,835	276,588	128,160	152,221	194,238
Lowest Daily Trading Volume	46,443	41,813	29,937	46,876	37,392	55,291

Note) 1 ADR = 1 Common Shares

5. Directors, Executive Officers and Employees

Directors and Executive Officers

1) Executive Director (As of Sep. 30, 2018)

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

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.

8 outside directors were appointed as board of directors at the 17th Annual General Meeting of Shareholders on March 22, 2018, of which 5 directors renewed their terms and 3 directors were newly appointed.

Our non-executive directors are as follows:

(As of Sep. 30, 2018)

Name	Month and Year of Birth	Outside Director	Sub-Committees	Service Term
			Chairman of Board of Directors	
			Outside Director Recommendation Committee Chair	
Park Cheul	April 1946	O	Corporate Governance & CEO Recommendation Committee member Remuneration Committee member Risk Management Committee member Audit Committee Chair	4 years starting from March 25, 2015
Lee Manwoo	November 1954	O	Corporate Social Responsibility Committee member Board Steering Committee member Corporate Governance & CEO Recommendation Committee member	5 years starting from March 26, 2014
Yuki Hirakawa	October 1960	O	Corporate Social Responsibility Committee member Risk Management Committee member	4 years starting from March 25, 2015
Philippe Avril	April 1960	O	Corporate Governance & CEO Recommendation Committee member Corporate Social Responsibility Committee Chair	4 years starting from March 25, 2015
Lee Steven Sung-ryang	August 1955	O	Audit Committee member Board Steering Committee member	3 years starting from March 24, 2016
Park Ansoon	January 1945	O		

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			Outside Director Recommendation Committee member	2 years starting from March 23, 2017
			Corporate Social Responsibility Committee member	
			Board Steering Committee member Risk Management Committee Chair	
Joo Jaeseong	January 1956	O	Audit Committee member	2 years starting from March 23, 2017
Kim Hwa-nam	December 1945	O	Remuneration Committee member Corporate Governance & CEO Recommendation Committee member Corporate Governance & CEO Recommendation Committee Chair	2 years starting from March 22, 2018
Park Byoung-dae	September 1957	O	Remuneration Committee Chair Outside Director Recommendation Committee member	2 years starting from March 22, 2018
			Audit Committee member Outside Director Recommendation Committee member	
Choi Kyong-rok	May 1966	O	Risk Management Committee member	2 years starting from March 22, 2018
			Board Steering Committee member	
Wi Sung-ho	June 1958	X	-	2 years starting from March 23, 2017

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

3) Executive Officers

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

(As of Sep 30, 2018)

Name	Month and Year of Birth	Position	In charge of
Lee Dong-hwan	September 1959	Deputy President	- Group & Global Investment Banking Business Department - Strategic Planning Team - Investor Relations Team
Woo Young-woong	March 1960	Deputy President & Chief Strategy Officer	- Future Strategy Research Institute - Digital Strategy Team - One Shinhan Strategy Team - Platform Marketing Team - Brand Strategy Team - Management Support Team
Jin Okdong	February 1961	Deputy President	- Human Resource Team - Shinhan Culture & Leadership Center - CSR Team
Kim Byeong-cheol	January 1962	Deputy President	- Global Markets & Securities Planning Office
Heo Young-taeg	August 1961	Deputy President	- Global Business Planning Office
Lee Chang-goo	January 1961	Deputy President	- Wealth Management Planning Office - Finance Management Team
Jang Dong-ki	January 1964	Executive Vice President	- Accounting Team - Global Business & Capital Market Team - Risk Management Team
Kim Im-geun	July 1963	Executive Director & Chief Risk Officer	- Risk Model Validation Team - Credit Review Team
Lee Soonwoo	October 1962	Executive Director & Compliance Officer	- Compliance Team

Compensation to Directors

1) Total Amount Approved at the Meeting of Shareholders

(As of Sep. 30, 2018)

	Total number of persons at shareholders' meeting	Total amount approved	Notes
		(KRW millions)	
Directors	12(10)	3,500	-

(Outside directors)

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

2) Total Amount Paid

(As of Sep. 30, 2018)

	Total number of Persons	Total Compensation (KRW millions)	Average Compensation per person (KRW millions)	Notes
Registered Directors	2	948	474	Excluding outside directors
Outside Directors	6	286	45	Excluding Audit committee members
Audit committee members or internal auditor	4	182	49	
Total	12	1,416	-	

Notes :

Represents the total number of applicable persons as of Sep. 30, 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 W500 million or greater.

Stock Options

(As of Sep. 30, 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	-	15,125	109,392	-

Notes :

The weighted-average exercise price of outstanding exercisable options as of Sep. 30, 2018 is KRW 51,297.

The closing price of our common stock was KRW 45,000 on Sep. 30, 2018.

As of Sep. 30, 2018, the exercise of 9,466 options granted in 2008 is temporarily suspended.

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Employees

(As of Sep. 30, 2018)

Gender	Number of Employees	Average length of Service	Total Salaries and wages	Average Payment
			paid in 2018	per person
			(KRW million)	(KRW million)
Male	120	2 yrs 9 mths (13 yrs 10 mths) ¹⁾	11,212	91
Female	27	4 yrs 6 mths (10 yrs 10 mths) ¹⁾	1,684	60
Total	147	2 yrs 8 mths (13 yrs 2 mths) ¹⁾	12,896	85

1) Average length of service including service within group subsidiaries

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6. Related Party Transactions

Loans to Subsidiaries

(KRW billion)

Subsidiary	Loan Type	Origination	Maturity	Lending	Beginning			Ending
		Date	Date	Rate	Balance	Decrease	Increase	Balance
					(Jan. 1, 2018)			(Sep. 30, 2018)
Shinhan Card	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	-	-	150
	Loans in KRW	2017-04-20	2022-04-20	2.21%	100	-	-	100
	Loans in KRW	2017-05-12	2022-05-12	2.35%	50	-	-	50
	Loans in KRW	2018-02-22	2023-02-22	2.90%	-	-	100	100
	Loans in KRW	2013-01-18	2018-01-18	3.18%	50	50	-	-
	Loans in KRW	2013-09-05	2018-09-05	3.61%	80	80	-	-
	Loans in KRW	2014-01-27	2019-01-27	3.60%	50	-	-	50
	Loans in KRW	2016-03-16	2021-03-16	1.90%	50	-	-	50
Shinhan Capital	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	-	-	50
	Loans in KRW	2017-04-20	2022-04-20	2.21%	50	-	-	50
	Loans in KRW	2017-05-12	2022-05-12	2.35%	50	-	-	50
	Loans in KRW	2017-08-24	2022-08-24	2.37%	50	-	-	50
	Loans in KRW	2018-01-22	2023-01-22	2.75%	-	-	50	50
	Loans in KRW	2017-11-22	2018-11-21	2.24%	5	-	-	5
Shinhan Alternative Investment Management	Loans in KRW	2016-06-17	2021-06-17	1.61%	50	-	-	50
Shinhan Savings Bank	Loans in KRW	2017-06-23	2022-06-23	2.27%	50	-	-	50
Total					1,235	130	150	1,255

EXHIBIT INDEX

Exhibit No.	Description
99.1	Independent Auditors' Review Report (Separate Financial Statements) of Shinhan Financial Group as of September 30, 2018
99.2	Independent Auditors' Review Report (Consolidated Financial Statements) of Shinhan Financial Group as of September 30, 2018

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.

Date: November 14, 2018

By: /s/ Woo Young-woong

Name: Woo Young-woong

Title: Chief Strategy Officer