

SHINHAN FINANCIAL GROUP CO LTD
Form 6-K
February 24, 2015

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 February 2015

SHINHAN FINANCIAL GROUP CO., LTD.

(Translation of registrant's name into English)

20, Sejong-daero 9-gil, Jung-gu, Seoul 100-724, 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.

Edgar Filing: SHINHAN FINANCIAL GROUP CO LTD - Form 6-K

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- .

Convocation Notice of the 14th Annual General Meeting of Shareholders

Table of Contents

Convocation Notice of the 14th Annual General Meeting of Shareholders

Meeting Agendas

AGENDA ITEM NO. 1 APPROVAL OF FINANCIAL STATEMENTS

(INCLUDING STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS)

AGENDA ITEM NO. 2 APPROVAL OF REVISION TO ARTICLES OF INCORPORATION

AGENDA ITEM NO. 3 APPOINTMENT OF DIRECTORS (1 Non-Executive Director & 8 Outside Directors)

Agenda Item No. 3-1 Non-Executive Director Candidate : Mr. Yong Byoung Cho

Agenda Item No. 3-2 Outside Director Candidate : Mr. Boo In Ko

Agenda Item No. 3-3 Outside Director Candidate : Mr. Taeun Kwon

Agenda Item No. 3-4 Outside Director Candidate : Mr. Seok Won Kim

Agenda Item No. 3-5 Outside Director Candidate : Mr. Hoon Namkoong

Agenda Item No. 3-6 Outside Director Candidate : Mr. Cheul Park

Agenda Item No. 3-7 Outside Director Candidate : Mr. Sang Kyung Lee

Agenda Item No. 3-8 Outside Director Candidate : Mr. Yuki Hirakawa

Agenda Item No. 3-9 Outside Director Candidate : Mr. Philippe Avril

AGENDA ITEM NO. 4 APPOINTMENT OF AUDIT COMMITTEE MEMBERS (4 MEMBERS)

Agenda Item No. 4-1 Audit Committee Member Candidate : Mr. Taeun Kwon

Agenda Item No. 4-2 Audit Committee Member Candidate : Mr. Seok Won Kim

Agenda Item No. 4-3 Audit Committee Member Candidate : Mr. Man Woo Lee

Agenda Item No. 4-4 Audit Committee Member Candidate : Mr. Sang Kyung Lee

AGENDA ITEM NO. 5 APPROVAL OF THE MAXIMUM LIMIT ON DIRECTOR REMUNERATION

Additional Information

I. Number and Classification of Voting Shares

II. Method of Resolutions

III. Members of the Board of Directors after the 14th Annual General Meeting of Shareholders

IV. Committees of the Board of Directors

Appendix A Financial Statements for FY 2014

Shinhan Financial Group

20, Sejong-daero 9-gil, Jung-gu,

Seoul 100-724, Korea

February 24, 2015

Convocation Notice of the 14th Annual General Meeting of Shareholders

To our Shareholders:

Notice is hereby given that the 14th Annual General Meeting of Shareholders of Shinhan Financial Group will be held as described hereunder and your attendance is cordially requested.

Meeting Description

1. Date and Time: March 25, 2015 10 A.M. in Seoul time.
2. Place: Auditorium, 20th floor, Shinhan Bank, 20, Sejong-daero 9-gil, Jung-gu, Seoul 100-724, Korea

Agendas to be voted on:

- 1) Approval of Financial Statements (Including Statements of Appropriation of Retained Earnings) for fiscal year 2014 (January 1, 2014 ~ December 31, 2014)
- 2) Approval of Revision to Articles of Incorporation
- 3) Appointment of Directors (1 Non-Executive Director & 8 Outside Directors)
 - 3-1) Non-Executive Director Candidate : Mr. Yong Byoung Cho
 - 3-2) Outside Director Candidate : Mr. Boo In Ko
 - 3-3) Outside Director Candidate : Mr. Taeun Kwon
 - 3-4) Outside Director Candidate : Mr. Seok Won Kim
 - 3-5) Outside Director Candidate : Mr. Hoon Namkoong
 - 3-6) Outside Director Candidate : Mr. Cheul Park
 - 3-7) Outside Director Candidate : Mr. Sang Kyung Lee
 - 3-8) Outside Director Candidate : Mr. Yuki Hirakawa
 - 3-9) Outside Director Candidate : Mr. Philippe Avril

- 4) Appointment of Audit Committee Members (4 members)
 - 4-1) Audit Committee Member Candidate: Mr. Taeun Kwon
 - 4-2) Audit Committee Member Candidate: Mr. Seok Won Kim
 - 4-3) Audit Committee Member Candidate: Mr. Man Woo Lee
 - 4-4) Audit Committee Member Candidate: Mr. Sang Kyung Lee

- 5) Approval of the maximum limit on Director Remuneration

Meeting Agendas

AGENDA ITEM NO. 1 APPROVAL OF FINANCIAL STATEMENTS

(Separate Financial Statements & Consolidated Financial Statements for fiscal year 2014 (January 1, 2014 ~ December 31, 2014), Including Statements of Appropriation of Retained Earnings)

Pursuant to Article 449 of the Commercial Act, we seek shareholders' approval during the Annual General Meeting of Shareholders on the Company's separate financial statements and consolidated financial statements for fiscal year 2014.

Business Results for FY 2014 (stand-alone or separate basis)

Shinhan Financial Group is a financial holding company established in accordance with the Financial Holding Company Acts and engages in the primary business of 1) controlling or managing companies that either provide financial services or are closely related to financial business through ownership of shares, 2) investing in or providing financial support to subsidiaries and to raise capital necessary for financial support, and 3) supporting the business of subsidiaries for joint development, marketing of new products and joint utilization of facilities and IT systems and etc.

As of December 31, 2014, Shinhan Financial Group consists of 13 direct subsidiaries that include Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance and Shinhan BNP Paribas Asset Management, and 18 indirect subsidiaries.

Business Results of FY 2014 (consolidated basis)

For the fiscal year 2014, Shinhan Financial Group recorded KRW 2,081.1 billion of consolidated net income attributable to equity shareholders.

Group net income increased by 9.6% year-on-year, re-entering 2 trillion mark.

Interest income increased by 2.8% year-on-year attributed to resilient loan growth despite falling net interest margin whereas non-interest income dropped by 9.6% year-on-year due to reduction in security sales gains along with increase in impairment losses from restructured equity holdings.

Group's accumulated provision for credit losses decreased by 19.8% year-on-year to 949.9bil. Credit Cost entering into historically low level attributed to consistent risk management and moderate loan growth.

Shinhan Bank reported net income of KRW 1,455.2 billion, increased by 6.0% from the previous year and Jeju Bank reported net income of KRW 9.5 billion, down by 32.4% from 2013.

Non-bank subsidiaries realized a combined net income of KRW 923.7 billion, increased by 7.7% from 2013. Shinhan Card and Shinhan BNPP AM net profits fell by 3.5% and 10.4% year-on-year respectively, whereas Shinhan Investment Corp. and Shinhan Life Insurance increased by 56.9% and 6.9% respectively year-on-year.

The net income contribution from non-bank subsidiaries in 2014 marked 923.7billion, slightly improved at 39% from 2013, as non-banking subsidiaries continue to report stable earnings.

The dividend proposed by the Board of Directors for fiscal year 2014 is as follows;

1) Dividend for Common Stocks: KRW 450,490 million
(KRW 950 per share, 19% of par value and 2.0% of market price of Common Stock)

2) Dividend for Preferred Stocks: KRW 61,938 million

3) Total Dividend Amount: KRW 512,428 million

- Please refer to Appendix A for the separate financial statements and Consolidate financial statements of Shinhan Financial Group. For more detailed information of notes to financial statements, please refer to the audit report through a 6-K filing disclosure provisionally scheduled to be released on 10 March, 2015, allowing shareholders to view the financial statements at least two weeks to review prior to the Annual General Meeting.

AGENDA ITEM NO. 2 APPROVAL OF REVISIONS TO ARTICLES OF INCORPORATION

Pursuant to Article 433 of the Commercial Act, we seek shareholders approval during the Annual General Meeting of Shareholders on revision to the Articles of Incorporation.

Relevant Articles of the Articles of Incorporation

Reasons for the Amendment

Articles 19

To establish the basis for the electronic registration of corporate bonds under the Korean Commercial Code.

To reflect the recent amendments to the Korean Commercial Code and other relevant laws and regulations.

Articles 23

The new Article has been added to ensure that the Company has sufficient flexibility in the event of distress. Since the Write-Down Contingent Capital Securities cannot be converted into equity, they will not dilute the value of existing shares of the Company.

Articles 39, 41, 47, 48 and 51

To reflect the recent enactment of the Model Policy and recent amendments to other relevant regulations.

Current Provisions	Proposed Amendments	Remarks
Article 1 ~ 18	[No change]	
Article 19 (Issuance of Corporate Bonds)	Article 19 (Issuance of Corporate Bonds)	
(1~3)	(1)~(3) [No change]	
	[Added] (4) With respect to the corporate bonds set forth in Paragraph 1, the Company may register such bonds on the electronic registry in lieu of issuing physical certificates.	This addition establishes the basis for the electronic registration of corporate bonds under the Korean Commercial Code.
Article 20 ~ 22	[No change]	
	[Added] Article 23 (Issuance of Write-down Contingent Capital Securities)	This addition establishes the basis for the issuance of Write-down Contingent Capital Securities as permitted under the amendments to the Financial Investment Services and Capital Markets Act.
	(1) The Company may, by resolution of the Board of Directors, issue corporate bonds whose terms provide that the obligation to repay the principal and pay the interest thereon shall be waived upon the occurrence of a contingency event as determined at the time of the issuance of such bonds based on reasonable and objective criteria; provided that the aggregate face value of such bonds do not exceed 10 trillion Won (such bonds hereinafter referred to as the Write-down Contingent Capital Securities).	
	(2) The obligation to repay the principal and pay the interest on the Write-down Contingent Capital Securities shall be waived upon the occurrence of the event described in	

any of the following sub-paragraphs (such waiver hereinafter referred to as Debt Modification):

1. The Company is designated as an insolvent financial institution pursuant to the Act on the Structural Improvement of the Financial Industry; or

2. The Company receives a directive in the form of management improvement order from the Financial Services Commission pursuant to the Supervisory Regulations on Financial Holding Companies.

(3) The Board of Directors of the Company may, to the extent permitted by applicable law and at the time of the issuance, determine the scope of changes to be made to the terms and conditions of the Write-down Contingent Capital Securities as a result of the Debt Modification.

Article 23 ~ 37

[No change other than renumbering of the articles]

Current Provisions Article 38 (Eligibility of Outside Director)	Proposed Amendments Article 39 (Eligibility of Outside Director)	Remarks Article renumbered
(1) The Company must appoint a person who has extensive expertise or practical experience in related areas such as finance, economy, business management, law, accounting or media, and has one of the following qualifications	[Replaced in entirety with the following] <u>(1) The Company shall appoint a person with expertise and general knowledge as an outside director considering the qualifications set forth in each of the following subparagraphs.</u>	This provision reflects Article 16, Paragraph 1 of the Model Policy.
1. a professional manager (it being noted that an individual who is or was an executive officer or served at an equivalent or more senior position, of a company that is subject to external audit according to the Act on External Audit of Stock Companies or similar foreign law, provided that, even if such company does not meet the above eligibility requirement, an individual who has worked for five or more years at a company meeting the minimum size requirements prescribed by the Outside Director Recommendation Committee equivalent or higher than an executive position shall be regarded as a professional manager)	<u>1. Whether such person possesses sufficient work experience or expert knowledge in relevant areas such as finance, economy, business administration, accounting or legal affairs to the extent necessary to perform duties as an Outside Director;</u>	Members of the press and other media experts excluded.
2. a lawyer or certified public accountant who has five or more years of work experience in related fields	<u>2. Whether as an Outside Director such person is not bound to any special interests and is able to perform the relevant duties fairly in the interest of the entire shareholders group and consumers of financial services;</u>	
3. a person who has a master's or higher degree in finance, economics, business management, law or accounting and has five or more years of work experience as a researcher, full-time lecturer or in a more senior capacity in related fields at a research institution or a university	<u>3. Whether such person has a sense of ethics and responsibility that is appropriate to perform duties as an Outside Director; and</u>	
4. a person who has ten or more years of work experience at a financial company	<u>4. Whether such person is able to dedicate sufficient time and efforts in order to faithfully perform duties as an Outside Director.</u> <u>(2) An Outside Director may not be appointed as an outside director for other companies during his/her term as an Outside Director, except where such Outside Director concurrently serves as an outside director of a subsidiary, etc. of the Company.</u>	This provision reflects Article 16 of the Model Policy. Other companies is a comprehensive concept that includes other financial

5. a person who has worked for five or more years as an executive officer, or ten or more years as an executive officer or employee, of a listed corporation (as defined in the Financial Investment Services and Capital Markets Act) in fields related to finance or accounting;

6. a person who has five or more years of work experience in fields related to finance or accounting, or in supervisory capacity in respect thereof, as an employee of the central government, a local government, a public institution as defined in the Act on the Management of Public Institutions, the Financial Supervisory Service, the Korea Exchange as defined in the Financial Investment Services and Capital Markets Act, or a financial investment services institution (not including a financial investment related entity) as defined in Article 9, Paragraph 17 of the same Act);

7. a person who has work experience in fields related to finance or accounting at an institution subject to inspection (including an equivalent foreign financial institution) pursuant to Article 38 of the Act on the Establishment, etc. of Financial Services Commission; or

companies.
Accordingly, the reference to financial companies in the Model Policy was not reflected.

Current Provisions	Proposed Amendments	Remarks
<p>8. any other person with extensive expertise or practical experience who is recognized by the Outside Director Recommendation Committee as having qualifications corresponding to Subparagraphs 1 through 7 above.</p>		
<p>(2) Any person meeting the specifications set forth in any of the following subparagraphs cannot become an Outside Director of the Company or shall be disqualified from such position if such person meets the specifications set forth in any of the following subparagraphs:</p>		
<p>1. a person who is prohibited from being appointed as the Outside Director under the Financial Holding Companies Act or related laws and regulations; or</p>		
<p>2. a person serving as an outside director, non-standing director or non-standing auditor with another company, which is not an affiliate of the Company and is engaged in the business of finance.</p>		
Article 39	[No change other than renumbering of the article]	
<u>Article 40 (Appointment of Representative Director, et al.)</u>	<u>Article 41 (Appointment of Representative Director)</u>	Deletes the reference to Representative Director, et al.
The Company may appoint one Representative Director-Chairman by resolution of the Board of Directors.	<u>[Replaced in entirety with the following] The Company may, by resolution of the Board of Directors, appoint one Director as a Representative Director-Chairman.</u>	
Articles 41 ~ 45	[No change other than renumbering of the articles]	

Article 46 (Minutes of the Meeting of Board of Directors)

(1) The proceedings of a Board meeting shall be recorded in the minutes.

(2) The minutes for a Board meeting should record the agenda, proceedings, resolutions, the identity of dissenting directors (if any) and the reasons for such dissent and must be prepared, signed or affixed a seal by the Directors present at the meeting.

Article 47 (Minutes of the Meeting of Board of Directors)

(1) [No change]

(2) [Replaced in entirety with the following] The minutes for a Board meeting should record the agenda, proceedings, resolutions, the identity of dissenting directors (if any) and the reasons for such dissent and must be signed or affixed a seal by the Directors present at the meeting.

Article renumbered

Amendments conform to the standard articles of incorporation of a listed company.

Article 47 (Committees)

(1) The Company may have the following Committees within the Board of Directors.

1. Governance & CEO Recommendation Committee

2. Board Steering Committee

3. Audit Committee

4. Outside Director Recommendation Committee

5. Risk Management Committee

6. Compensation Committee

Article 48 (Committees under the Board of Directors)

[Amendments underlined]

(1) The Company shall **maintain committees set forth in each of the following subparagraphs as its Committees under the Board of Directors on an ongoing basis.**

1. Governance & CEO Recommendation Committee

2. Board Steering Committee

3. Audit Committee

Article renumbered

Reflects Article 8 of the Model Policy; title revised in part.

Current Provisions	Proposed Amendments	Remarks
7. Audit Committee Member Recommendation Committee	4. Outside Director Recommendation Committee	
	5. Risk Management Committee	
	6. Compensation Committee	
	7. Audit Committee Member Recommendation Committee	
	<u>8. Corporate Social Responsibility Committee</u>	
(2) Details regarding composition, power, operation, etc. of <u>each committee</u> shall be determined by the resolution of the Board of Directors.	(2) Details regarding composition, authority, operation, etc. of <u>each Committee under the Board of Directors</u> shall be determined by the resolution of the Board of Directors.	Term change.
(3) Articles 43, 45 and 46 shall apply mutatis mutandis with respect to the committees.	(3) Articles 44, 46 and 47 shall apply to the Committees.	
Articles 48 ~ 49	[No change other than renumbering of the articles]	
Article 50 (Constitution of Audit Committee)	Article 51 (Constitution of Audit Committee)	Article renumbered
(1) The Company shall have the Audit Committee, as prescribed by article 41 paragraph 1 of the Financial Holding Company Act.	(1) [No change]	
	[Amendments underlined]	
(2) Candidates for the Audit Committee shall be recommended by the Audit Committee Member Recommendation Committee, comprised entirely of Outside directors. The Audit Committee Member Recommendation Committee <u>shall make resolution based by an</u>	(2) Candidates for the Audit Committee shall be recommended by the Audit Committee Member Recommendation Committee comprised entirely of Outside directors. The Audit Committee Member Recommendation Committee shall <u>make resolution by an</u>	For consistency with the Internal Regulations

affirmative vote of at least two-thirds (2/3) of the members present.

affirmative vote of at least two-thirds (2/3) of the members.

(3) The Audit Committee shall consist of three (3) or more Directors and must satisfy the following.

(3) The Audit Committee shall consist of not less than three (3) but no more than five (5) directors, of whom at least two-thirds shall be Outside Directors.

For consistency with the Internal Regulations

1. Two-thirds (2/3) of the members of the Audit Committee shall be Outside Directors.

(4) At least one member shall be an expert in the area of accounting or finance, as defined by relevant laws and regulations.

For consistency with the Internal Regulations

2. At least one member must be an expert in the area of accounting or finance, as defined under 19.2 of Presidential Decree to the Financial Holding Company Act.

(5) The Audit Committee shall by its resolution elect one of its Outside Director members as its Chairman.

For consistency with the Internal Regulations

(4) The chairman of the Audit Committee shall be elected among the outside directors
by a resolution of the Audit Committee.

Article 51~60

[No change other than renumbering of the articles]

Addenda(1) ~ Addenda(9)

Addenda(1) ~ Addenda(9)

[No change]

[Added]

Amendments to be effective upon the approval of the AGM in March 2015.

Addenda (10)

Article 1 (Effective Date) These Articles of Incorporation shall become effective as of March 25, 2015.

AGENDA ITEM NO. 3 APPOINTMENT OF DIRECTORS (1 Non-Executive Director & 8 Outside Directors)

Pursuant to Article 382 of the Commercial Act and Article 36 of the Company's Articles of Incorporation, we seek shareholders' approval during the Annual General Meeting of Shareholders on the appointment of directors.

At the 14th Annual General Meeting of Shareholders 9 directors will seek the approval of appointment from shareholders.

The Board of Directors is currently composed of 12 directors, 1 executive director and 1 non-executive director and 10 outside directors. The terms of 1 Non-executive director (Mr. Jin-Won Suh) and 8 outside directors (Messrs. Boo In Ko, Taeun Kwon, Kee Young Kim, Seok Won Kim, Hoon Namkoong, Sang Kyung Lee, Haruki Hirakawa and Philippe Aguinier) terms will be completed in March 2015 on the date of the Annual General Meeting of Shareholders.

The Board Steering Committee, the committee under the Board of Directors which recommends non-executive directors for the Company, recommended Mr. Yong Byoung Cho, the current CEO of Shinhan BNP Paribas Asset Management, an asset management subsidiary of the Company, as a non-executive director for the Company.

On February 24, 2015, the Board of Directors endorsed the nominees selected by the Board Steering Committee.

The Outside Director Recommendation Committee under the Board of Directors recommended 8 outside directors, of which 5 directors, Messrs. Boo In Ko, Taeun Kwon, Seok Won Kim, Hoon Namkoong, and Sang Kyung Lee are to renew their terms. Mr. Cheul Park, Yuki Hirakawa and Mr. Philippe Avril have been newly nominated and recommended as an outside directors.

The Outside Director Recommendation Committee is a committee under the Board of Directors and assesses the independence and ability of potential candidates for outside directors and recommends relevant candidates to the Board of Directors.

On February 24, 2015, the Board of Directors endorsed the nominees selected by the Outside Director Recommendation Committee.

The Board of Directors recommends a vote **FOR** the election of the following candidate;

Please refer to the Additional information section provided at the end of this document for information on the a) Members of the Board of Directors after the 14th Annual General Meeting of Shareholders and b) Committees of Board of Directors.

- | | |
|--|---|
| 1. Date of Birth | June 30, 1957 |
| 2. Nominator | Board Steering Committee |
| 3. Relation to the largest shareholder | None |
| 4. Business transaction with SFG during the last 3 years | None |
| 5. Term of Office | From Mar. 25, 2015 until the 16th AGM (2 years) |
| 6. Current Position | CEO, Shinhan BNP Paribas Asset Management |
| 7. New Appointment | Yes |
| 7-1 If incumbent, prior year BoD meeting attendance rate | N.A. |
| 8. Education | B.A. in Law, Korea University |
| 9. Main Work Experience | |
| 2013 - current | CEO, Shinhan BNP Paribas asset management |
| 2011 - 2013 | Deputy President of Retail Business Development Group, Shinhan Bank |
| 2010 - 2011 | Executive Vice President of Management Support Group, Shinhan Bank |
| 2009 - 2010 | Executive Vice President of Global Business Group, Shinhan Bank |
| 2007 - 2009 | Branch Manager of New York Branch, Shinhan Bank |

1. Date of Birth	December 25, 1941
2. Nominator	Outside Director Recommendation Committee
2-1 Rationale	Mr. Ko is a successful Korean-Japanese entrepreneur and expected to share his various experience and knowhow as a businessman with the Company. The committee recommends to renew his term as he is expected to further contribute to the activities of the Board of Directors, and in turn, the development of the Company.
3. Relation to the largest shareholder	None
4. Business transaction with SFG during the last 3 years	None
5. Term of Office	From Mar. 25, 2015 until the 15 th AGM (1 year)
6. Current Position	CEO, Sansei Co., Ltd
7. New Appointment	No
7-1 If incumbent, prior year BoD meeting attendance rate	63%*
8. Education	BA, Meiji University
9. Main Work Experience	
2005 - current	CEO, Sansei Co., Ltd
2009 - 2010	Outside Director, Shinhan Financial Group
2005 - 2009	Outside Director, Jeju Bank
2002	Director, JEJU International Convention Center
1998	Advisor, The National Unification Advisory Council
1998	Vice Chairman, Korea Chamber of Commerce and Industry in Tokyo

* Mr. Boo In Ko was eligible to attend eight (8) Board meetings during the 2014 financial year, of which he has missed three (3) meetings. This has resulted in an attendance rate of 63%. Mr. Boo In Ko was not able to participate in the Board meeting on November 19, 2014, and December 29, 2014, due to a private family emergency and a medical issue (influenza), respectively. Excluding these two occasions, his attendance rate would have been 88%. It is also important to note that Mr. Boo In Ko's attendance at Board meetings in the previous financial year was 83% even though he had family emergencies to attend to, suggesting that his level of attendance this year is not a chronic attendance issue.

- | | | |
|----|--|---|
| 1. | Date of Birth | January 29, 1941 |
| 2. | Nominator | Outside Director Recommendation Committee |
| | 2-1 Rationale | Mr. Kwon is an expert in accounting and served as a Professor at Nagoya University of Foreign Studies. He has contributed to the development of the Company with the academic background coupled with hands-on experience through management of business administration. The committee recommends to renew his term as he is expected to further contribute to the activities of the Board of Directors, and in turn, the development of the Company. |
| 3. | Relation to the largest shareholder | None |
| 4. | Business transaction with SFG during the last 3 years | None |
| 5. | Term of Office | From Mar. 25, 2015 until the 15 th AGM (1 year) |
| 6. | Current Position | Emeritus Professor, Nagoya University of Foreign Studies |
| 7. | New Appointment | No |
| | 7-1 If incumbent, prior year BoD meeting attendance rate | 100% |
| 8. | Education | Ph.D. in Business Administration, Nanzan University |
| 9. | Main Work Experience | |
| | 2012 - current | Emeritus Professor, Nagoya University of Foreign Studies |
| | 2010 - 2012 | Dean, Department of Global Business, School of Contemporary International Studies, Nagoya University of Foreign Studies |
| | 2004 - 2012 | Professor, Department of Global Business, School of Contemporary International Studies, Nagoya University of Foreign Studies |
| | 1983 - 2010 | Chief Executive Officer, Nam Bu Ham Co., Ltd |
| | 1997 - 2009 | Committee member, Korean Residents Union HQ in Japan |
| | 1991 - 2008 | Counsel and Director, Korea Education Foundation |

- | | |
|--|--|
| 1. Date of Birth | April 29, 1947 |
| 2. Nominator | Outside Director Recommendation Committee |
| 2-1 Rationale | Mr. Kim, with the experiences in government institutions such as ministry of finance and career as a Chairman of Korea Federation of Savings Banks as well as Chairman of Credit Information Companies Association, he is expected to further contribute to the activities of the Board of Directors, and in turn, the development of the Company. |
| 3. Relation to the largest shareholder | None |
| 4. Business transaction with SFG during the last 3 years | None |
| 5. Term of Office | From Mar. 25, 2015 until the 15 th AGM (1 year) |
| 6. Current Position | Former) Chairman, Credit Information Companies Association. |
| 7. New Appointment | No |
| 7-1 If incumbent, prior year BoD meeting attendance rate | 100% |
| 8. Education | Ph.D. in Economics, Kyung Hee University |
| 9. Main Work Experience | |
| 2009 - 2012 | Chairman, Credit Information Companies Association |
| 2006 - 2009 | Chairman, Korea Federation of Savings Banks |
| 2005 - 2006 | Outside Director, Woori Bank |
| 2002 - 2005 | Vice President, Korea Deposit Insurance Corporation |
| 1999 - 2001 | Head of the Korea-OECD Multilateral Tax Center |

- | | |
|--|--|
| 1. Date of Birth | June 26, 1947 |
| 2. Nominator | Outside Director Recommendation Committee |
| 2-1 Rationale | Mr. Namkoong is an expert in finance with a career as a Member of Monetary Policy Committee at Bank of Korea and has made an effort for the stability of the board as a Chairman of Board of Directors during his tenure. The committee recommends to renew his term as he is expected to further contribute to the activities of the Board of Directors, and in turn, the development of the Company. |
| 3. Relation to the largest shareholder | None |
| 4. Business transaction with SFG during the last 3 years | None |
| 5. Term of Office | From Mar. 25, 2015 until the 15 th AGM (1 year) |
| 6. Current Position | Former) Chairman, Korea Life Insurance Association |
| 7. New Appointment | No |
| 7-1 If incumbent, prior year BoD meeting attendance rate | 100% |
| 8. Education | M.A. in public administration from University of Wisconsin at Madison |
| 9. Main Work Experience | |
| 2009 - 2011 | Outside Director, KORAMCO (Korea Real Asset Management Company) |
| 2005 - 2014 | Outside Director, Samsung Electro-Magnetics Co., Ltd |
| 2005 - 2008 | Chairman, Korea Life Insurance Association |
| 2000 - 2004 | Member, Monetary Policy Committee, Bank of Korea |
| 1999 - 2000 | Chairman and President, Korea Deposit Insurance Corporation |

- | | |
|--|---|
| 1. Date of Birth | April 27, 1946 |
| 2. Nominator | Outside Director Recommendation Committee |
| 2-1 Rationale | Mr. Park is an expert in finance with a career as a Member of National Economy Advisory Council and served as a Senior Deputy Governor at Bank of Korea. The committee newly nominated and recommended him as an outside director as he is expected to further contribute to the activities of the Board of Directors, and in turn, the development of the Company. |
| 3. Relation to the largest shareholder | None |
| 4. Business transaction with SFG during the last 3 years | None |
| 5. Term of Office | From Mar. 25, 2015 until the 16 th AGM (2 years) |
| 6. Current Position | Former) Chairman & CEO, Leading Investment & Securities Co. Ltd. |
| 7. New Appointment | Yes |
| 7-1 If incumbent, prior year BoD meeting attendance rate | N.A. |
| 8. Education | M.A. in Economics, New York University |
| 9. Main Work Experience | |
| 2006 - 2013 | Chairman & CEO, Leading Investment & Securities Co. Ltd. |
| 2004 | Member of the committee, National Economy Advisory Council |
| 2003 - 2006 | Outside Director, Korea Development Bank |
| 2000 - 2003 | Senior Deputy Governor, Bank of Korea |

- | | |
|--|---|
| 1. Date of Birth | September 20, 1945 |
| 2. Nominator | Outside Director Recommendation Committee |
| 2-1 Rationale | Mr. Lee is a seasoned legal expert who honorably served as the Chief Judge of the Constitutional Court of Korea. The committee recommends Mr. Lee based on his renowned capacity and character as he is expected to contribute to the development of the Company. |
| 3. Relation to the largest shareholder | None |
| 4. Business transaction with SFG during the last 3 years | None |
| 5. Term of Office | From Mar. 25, 2015 until the 15 th AGM (1 year) |
| 6. Current Position | Representative Attorney, Law Firm Lee Sang Kyung |
| 7. New Appointment | No |
| 7-1 If incumbent, prior year BoD meeting attendance rate | 100% |
| 8. Education | B.A. in Law, Chung-Ang University |
| 9. Main Work Experience | |
| 2014 - current | Representative Attorney, Law Firm Lee Sang Kyung |
| 2010 - 2013 | Representative Attorney, Law Firm WONJON |
| 2009 - 2010 | Lawyer, DW Partners Law Firm |
| 2005 - 2009 | Lawyer, Law Firm LEEWOO |
| 2004 - 2005 | Chief Judge, Constitutional Court of Korea |
| 2002 - 2004 | President, Busan High Court |
| 2000 - 2002 | President, Daegu District Court & Incheon District Court |
| 2000 - 2000 | Senior Presiding Judge, Patent Court of Korea |
| 1992 - 2000 | Senior Judge, Daegu High Court |

- | | |
|--|--|
| 1. Date of Birth | October 21, 1960 |
| 2. Nominator | Outside Director Recommendation Committee |
| 2-1 Rationale | Mr. Yuki is a successful Korean-Japanese entrepreneur and expected to share his various experience and knowhow as a businessman with the Company. The committee newly nominated and recommended him as an outside director as he is expected to further contribute to the activities of the Board of Directors, and in turn, the development of the Company. |
| 3. Relation to the largest shareholder | None |
| 4. Business transaction with SFG during the last 3 years | None |
| 5. Term of Office | From Mar. 25, 2015 until the 16 th AGM (2 years) |
| 6. Current Position | CEO, Level River Co., Ltd |
| 7. New Appointment | Yes |
| 7-1 If incumbent, prior year BoD meeting attendance rate | N.A. |
| 8. Education | B.A. in Spanish, Osaka University |
| 9. Main Work Experience | |
| 2013 - current | CEO, Level River Co., Ltd |
| 1994 - 2012 | CEO, Hirakawa Industry Co., Ltd |

- | | | |
|----|--|--|
| 1. | Date of Birth | April 27, 1960 |
| 2. | Nominator | Outside Director Recommendation Committee |
| | 2-1 Rationale | Mr. Avril is an expert in finance joining the industry as a derivatives trader in Paris in 1985. He has worked as a specialist of financial derivatives and as a member of general management at Banque Indosuez, Deutsche Bank, Dai-Ichi Kangyo Bank, Commerzbank and the Royal Bank of Scotland in offices including Paris, Tokyo, New York, Frankfurt and Hong Kong. The committee newly nominated and recommended him as an outside director as he is expected to further contribute to the activities of the Board of Directors, and in turn, the development of the Company. |
| 3. | Relation to the largest shareholder | None |
| 4. | Business transaction with SFG during the last 3 years | None |
| 5. | Term of Office | From Mar. 25, 2015 until the 16 th AGM (2 year) |
| 6. | Current Position | CEO & Representative Director BNP Paribas Securities(Japan) Ltd., Chief Country Officer BNP Paribas, Tokyo Branch |
| 7. | New Appointment | Yes |
| | 7-1 If incumbent, prior year BoD meeting attendance rate | N.A. |
| 8. | Education | M.A. in Economics from Universite de Paris Dauphine |
| 9. | Main Work Experience | |
| | 2011 - current | CEO & Representative Director BNP Paribas Securities(Japan) Ltd. |
| | 2012 - current | Chief Country Officer BNP Paribas, Tokyo Branch |

AGENDA ITEM NO. 4 APPOINTMENT OF AUDIT COMMITTEE MEMBERS (4 MEMBERS)

Pursuant to Article 542.12 of the Commercial Act, Article 41 of the Financial Holding Companies Act and Article 39 of the Company's Articles of Incorporation, we seek shareholders' approval during the Annual General Meeting of Shareholders on the appointment of the Audit Committee Members.

Among the existing outside director candidates, Messrs. Taeun Kwon, Seok Won Kim, Man Woo Lee and Sang Kyung Lee were recommended as candidates of the Audit Committee Members for fiscal year 2015 through the resolution of the Audit Committee Member Recommendation Committee.

Under the Korean Commercial Code, Mr. Taeun Kwon and Man Woo Lee are considered the financial experts within this fully independent audit committee.

The Board of Directors recommends a vote **FOR** the election of each of the following nominee;

**AGENDA ITEM No.4-1 AUDIT COMMITTEE MEMBER
CANDIDATE**

MR. TAE EUN KWON

- | | | |
|----|---|--|
| 1. | Date of Birth | January 29, 1941 |
| 2. | Nominator | Audit Committee Member Recommendation Committee |
| 3. | Relation to the largest shareholder | None |
| 4. | Business transaction with SFG during the last 3 years | None |
| 5. | Term of Office | From Mar. 25, 2015 until the 15 th AGM (1 year) |
| 6. | Current Position | Emeritus Professor, Nagoya University of Foreign Studies |
| 7. | Education | Ph.D. in Business Administration, Nanzan University |
| 8. | Main Work Experience | |
| | 2012 - current | Emeritus Professor, Nagoya University of Foreign Studies |
| | 2010 - 2012 | Dean, Department of Global Business, School of Contemporary International Studies, Nagoya University of Foreign Studies |
| | 2004 - 2012 | Professor, Department of Global Business, School of Contemporary International Studies, Nagoya University of Foreign Studies |
| | 1983 - 2010 | Chief Executive Officer, Nam Bu Ham Co., Ltd |
| | 1997 - 2009 | Committee member, Korean Residents Union HQ in Japan |
| | 1991 - 2008 | Counsel and Director, Korea Education Foundation |

**AGENDA ITEM No.4-2 AUDIT COMMITTEE MEMBER
CANDIDATE**

MR. SEOK WON KIM

- | | |
|--|---|
| 1. Date of Birth | April 29, 1947 |
| 2. Nominator | Audit Committee Member Recommendation Committee |
| 3. Relation to the largest shareholder | None |
| 4. Business transaction with SFG during the last 3 years | None |
| 5. Term of Office | From Mar. 25, 2015 until the 15 th AGM (1 year) |
| 6. Current Position | Former) Chairman, Credit Information Companies Association. |
| 7. Education | Ph.D. in Economics, Kyung Hee University |
| 8. Main Work Experience | |
| 2009 - 2012 | Chairman, Credit Information Companies Association |
| 2006 - 2009 | Chairman, Korea Federation of Savings Banks |
| 2005 - 2006 | Outside Director, Woori Bank |
| 2002 - 2005 | Vice President, Korea Deposit Insurance Corporation |
| 1999 - 2001 | Head of the Korea-OECD Multilateral Tax Center |

**AGENDA ITEM No.4-3 AUDIT COMMITTEE MEMBER
CANDIDATE**

MR. MAN WOO LEE

1. Date of Birth November 22, 1954
2. Nominator Audit Committee Member Recommendation Committee
3. Relation to the largest shareholder None
4. Business transaction with SFG during the last 3 years None
5. Term of Office From Mar. 25, 2015 until the 15th AGM (1 year)
6. Current Position Professor, Korea University Business School
7. Education Ph.D. in Business Administration from University of Georgia
8. Main Work Experience
 - 1988 - current Professor, Korea University Business School
 - 2007 - 2008 Chairman, Korean Accounting Association
 - 2006 - 2007 Chairman, Korean Academic society of taxation
 - 2001 - 2007 Committee member of Securities listing, Korea Exchange

**AGENDA ITEM NO.4-4 AUDIT COMMITTEE MEMBER
CANDIDATE**

MR. SANG KYUNG LEE

- | | |
|--|--|
| 1. Date of Birth | September 20, 1945 |
| 2. Nominator | Audit Committee Member Recommendation Committee |
| 3. Relation to the largest shareholder | None |
| 4. Business transaction with SFG during the last 3 years | None |
| 5. Term of Office | From Mar. 25, 2015 until the 15 th AGM (1 year) |
| 6. Current Position | Representative Attorney, Law Firm Lee Sang Kyung |
| 7. Education | B.A. in Law, Chung-Ang University |
| 8. Main Work Experience | |
| 2014 - current | Representative Attorney, Law Firm Lee Sang Kyung |
| 2010 - 2013 | Representative Attorney, Law Firm WONJON |
| 2009 - 2010 | Lawyer, DW Partners Law Firm |
| 2005 - 2009 | Lawyer, Law Firm LEEWOO |
| 2004 - 2005 | Chief Judge, Constitutional Court of Korea |
| 2002 - 2004 | President, Busan High Court |
| 2000 - 2002 | President, Daegu District Court & Incheon District Court |
| 2000 - 2000 | Senior Presiding Judge, Patent Court of Korea |
| 1992 - 2000 | Senior Judge, Daegu High Court |
| 1981 - 1992 | Judge, Seoul High Court |

AGENDA ITEM No.5 APPROVAL OF THE MAXIMUM LIMIT ON DIRECTOR REMUNERATION

Pursuant to Article 388 of the Commercial Act and Article 48 of the Company's Articles of Incorporation, we hereby request that the shareholders approve the following:

Directors Remuneration for FY2013~FY2015

FY2013(Approved)	FY2014(Approved)	FY2015(Proposed)
6.0 billion	3.0 billion	4.5 billion*

(1) the maximum amount of total remuneration payable to the directors of the board of the Company in fiscal year 2015 be set as KRW 4.5billion*.

(2) the maximum number of performance shares to be granted to the directors of the board of the Company in respect of fiscal year 2015 be set as 18,900 shares, provided that payments accrued in relation thereto shall be made in fiscal 2019 in accordance with the standards for and method of such grant and payment as determined by the board of directors, and the board of directors be hereby delegated with the authority to make such determination.

- * The proposed limit relates to remuneration that may be paid by the Company to its 12 directors (including 10 outside directors) in fiscal year 2015.
- * The proposed limit for the fiscal year 2015 represents a 50% increase from the limit approved for the fiscal year 2014. For your reference, the remuneration limit for Directors had been reduced by 50% from 6.0 billion to 3.0 billion in fiscal year 2014 in an effort to take the initiative and set an example to all the employees of the cost control amid lingering uncertainties within the financial market. The proposed increase for the fiscal year 2015 is mainly to reflect the vesting of performance units that were granted in fiscal year 2011. These performance units provided the right to receive cash compensation based on a four-year performance review following the grant date. There is no increase for the general compensation limit which includes base salary and annual incentives, relative to fiscal year 2014.

It should be noted, however, that in addition to such limit, additional compensation in the form of performance shares may be made in fiscal year 2015 to the extent that the total number of such shares falls within the limit approved at previous shareholders' meetings held during the period from 2010 to 2013.

Note) Long-Term Incentives

Since March 20, 2007, we have granted performance units to certain high-ranking officers of select group companies. These performance units are performance-based cash compensation, the per-unit value of which is initially determined at the time of grant subject to adjustment after a fixed number of years based on the operating and financial performance of the relevant group company over the same or another fixed term, at the end of which a cash amount equal to the adjusted number of the performance units is paid out. For performance units granted prior to April 1, 2010, the performance review period was three years, and the payout was made at the end of the three-year term. For performance units granted on or after April 1, 2010, the performance review period has been extended principally to four years (and to a limited extent, five years), and the payment is made at the end of such four- or five-year term. As of February 11, 2014, we have consolidated the granting of new performance units with Performance shares into Performance shares, in order to simplify the structure of long-term incentives.

Since April 1, 2010, in addition to the performance units, we also grant performance shares to certain high-ranking officers of select group companies. The performance shares are conceptually similar to the performance units granted since April 1, 2010, in that the number of performance shares is based on the operating and financial performance of the relevant group company, except that the number of performance shares granted is adjusted on the basis of the movements in the market price of our shares. In addition, while the performance shares are paid out in cash at the end of the adjustment period, the grantee is contractually required to use the payout solely to purchase our shares in the market at the then-prevailing market price.

Additional Information

I. Number and Classification of Voting Shares

The record date for exercising voting rights at the Annual General Meeting of Shareholders is December 31, 2014. As of the record date, there were 474,199,587 shares outstanding, all of which are valid shares for voting.

II. Method of Resolutions

Pursuant to the provisions of the Commercial Act, Agenda Item No. 1, 3, 4 and 5 shall be passed a majority of the votes cast by the shareholders present at the meeting and at least one-fourth of the total shares that are entitled to vote. Agenda Item No. 2 shall be passed by at least two-thirds of the votes cast by the shareholders present at the meeting and at least one-third of total shares entitled to vote.

III. Members of the Board of Directors after the 14th Annual General Meeting of Shareholders

Before AGM		After AGM		
		Initially Appointed on	Reappointed on	End of Tenure
Executive Director	Executive Director			
Dong Woo Han	Dong Woo Han	March 23, 2011	March 26, 2014	FY 2016 AGM
Non-executive Director	Non-executive Director			
Jin Won Suh	Yong Byoung Cho	March 25, 2015		FY 2016 AGM
Outside Directors*	Outside Directors*			
Man Woo Lee	Man Woo Lee	March 26, 2014		FY 2015 AGM
Jin Chung	Jin Chung	March 26, 2014		FY 2015 AGM
Boo In Ko	Boo In Ko	March 28, 2013	March 25, 2015	FY 2015 AGM
Sang Kyung Lee	Sang Kyung Lee	March 29, 2012	March 25, 2015	FY 2015 AGM
Taeun Kwon	Taeun Kwon	March 23, 2011	March 25, 2015	FY 2015 AGM
Seok Won Kim	Seok Won Kim	March 23, 2011	March 25, 2015	FY 2015 AGM
Hoon Namkoong**	Hoon Namkoong	March 23, 2011	March 25, 2015	FY 2015 AGM
Kee Young Kim	Cheul Park	March 25, 2015		FY 2016 AGM
Haruki Hirakawa	Yuki Hirakawa	March 25, 2015		FY 2016 AGM
Philippe Aguihier	Philippe Avril	March 25, 2015		FY 2016 AGM

* Outside Directors is defined by the Financial Holding Companies Act and the Securities and Exchange Act as a director who does not engage in the regular affairs of the financial holding company, and who is elected at a shareholders meeting, after having been nominated by the outside director nominating committee. None of the largest shareholder, those persons specially related to the largest shareholder of such company, persons who during the past two years have served as an officer or employee of such company, the spouses and immediate family members of an officer of such company, and certain other persons specified by law may qualify as an outside director of such company.

** Mr. Hoon Namkoong was the Chairman of the Board of Directors for Shinhan Financial Group.

The new Chairman of the Board of Directors will be elected on the following meeting of Board of Directors after the AGM.

indicates outside directors whose tenure expired and who seeks shareholders approval to renew their terms.

IV. Committees of the Board of Directors

There are currently eight management committees that serve under the board:

the Governance and CEO Recommendation Committee;

the Board Steering Committee;

the Risk Management Committee;

the Audit Committee;

the Compensation Committee;

the Outside Director Recommendation Committee; and

the Audit Committee Member Recommendation Committee

Each committee member is appointed by the Board of Directors, except for members of the Audit Committee, who are elected at the general meeting of shareholders.

The following table lists the members of each committee as of February 24, 2015. Each committee members for FY 2015, except for the members of the Audit Committee, will be appointed by the new Board of Directors after the 14th Annual General Meeting of Shareholders;

Committee	Members	Objective	Number of	
			Attendance Record*	Meetings Held*
Governance and CEO Recommendation Committee	Chair (Mar. 2013~Mar. 2014)	The committee is responsible for overall corporate governance matters of the Company. It will deliberate on matters related to corporate governance of the Company, such as the code of conduct and code of ethics, size of the Board of Directors and matters necessary for improvements to the Company's corporate governance structure.		1
	Kee Young Kim (o)		100%	
	Chair (Mar. 2014~Current)			
	Sang Kyung Lee (o)		100%	
	Members (Mar. 2013~Mar. 2014)		100%	

Edgar Filing: SHINHAN FINANCIAL GROUP CO LTD - Form 6-K

	Boo In Ko (o)	The committee is also responsible to develop, operate and review the	100%
	Taeun Kwon (o)	Company's management succession plan, including setting CEO	100%
	Hoon Namkoong (o)	qualification criteria, evaluating CEO candidate pool and recommending	100%
	Philippe Aguiñier (o)	CEO candidates.	100%
	Dong Woo Han		
		The Chair of this committee will be elected among the outside director	0%
	Members (Mar. 2014~Current)	members.	100%
	Boo In Ko (o)		100%
	Taeun Kwon (o)	The participation, and voting right, of the incumbent CEO will be limited if	100%
	Hoon Namkoong (o)	he or she is included in the CEO candidate pool.	100%
	Philippe Aguiñier (o)		
	Dong Woop Han		
Board Steering Committee	Chair (Mar. 2013~Mar. 2014)	The committee is responsible for ensuring the efficient operations of the board and the facilitation of the board's functions. The committee's	4
	Dong Woo Han	responsibilities also include reviewing and assessing the board's structure and the effectiveness of that structure in fulfilling the board's fiduciary responsibilities.	100%
	Chair (Mar. 2014~Current)		
	Dong Woo Han		100%
	Members (Mar. 2013~Mar.2014)		
	Boo In Ko (o)		67%
	Kee Young Kim (o)		100%
	Seok Won Kim (o)		100%
	Haruki Hirakawa (o)		67%
	Members (Mar. 2014~Current)		50%
	Boo In Ko (o)		100%

Edgar Filing: SHINHAN FINANCIAL GROUP CO LTD - Form 6-K

Kee Young Kim (o)	100%
Seok Won Kim (o)	67%
Jin Chung (o)	

Risk Management Committee	Chair	The committee oversees and makes determinations on all issues relating to our comprehensive risk management function. In order to ensure our stable financial condition and to maximize our profits, the committee monitors our overall risk exposure and reviews our compliance with risk policies and risk limits. In addition, the committee reviews risk and control strategies and policies, evaluates whether each risk is at an adequate level, establishes or abolishes risk management divisions, reviews risk-based capital allocations, and reviews the plans and evaluation of internal control.	100%	4
	Members			
	Kee Young Kim (o)			
	Hoon Namkoong (o)		100%	
Compensation Committee	Philippe Aguihier (o)		100%	4
	Chair (Mar. 2013~Mar. 2014)	This committee is responsible for reviewing and approving the management's evaluation and compensation programs.	100%	
	Sang Kyung Lee (o)			
	Chair (Mar. 2014~Current)			
	Members (Mar. 2013~Mar. 2014)		100%	
	Seok Won Kim (o)		100%	
	Hoon Namkoong (o)			
	Ke Sop Yun (o)		100%	
	Jung Il Lee (o)		100%	
	Members (Mar. 2014~Current)		100%	
Hoon Namkoong (o)		100%		
Man Woo Lee (o)		100%		
Haruki Hirakawa (o)		50%		
Chair (Mar. 2013~Mar. 2014)	The committee oversees our financial reporting and approves the appointment of and interaction with our independent auditors and our internal audit-related officers. The committee also reviews our financial information, audit examinations, key financial	100%	8	
				Ke Sop Yun (o)
				Chair (Mar. 2014~Current)

Edgar Filing: SHINHAN FINANCIAL GROUP CO LTD - Form 6-K

	Taeun Kwon (o)	statement issues and the administration of our financial affairs by the Board of Directors. In connection with the general meetings of	100%	
	Members (Mar. 2013~Mar. 2014)	stockholders, the committee examines the agenda for, and financial statements and other	89%	
	Taeun Kwon (o)	reports to be submitted by, the Board of Directors for each general meeting of	100%	
	Seok Won Kim (o)	stockholders.	100%	
	Sang Kyung Lee (o)			
			100%	
	Members (Mar. 2014~Current)		100%	
	Seok Won Kim (o)		100%	
	Sang Kyung Lee (o)			
	Man Woo Lee (o)			
	Chair	Members of this committee will be appointed by our Board of Directors if and only to the extent necessary to recommend and nominate candidates for our outside director positions and related matters. The committee meetings are called by the chairman of this committee, who must be an outside director.		
	Kee Young Kim (o)		100%	
	Members (Mar. 2014~Current)			
Outside Director Recommendation Committee	Boo In Ko (o)			3
	Man Woo Lee (o)		100%	
	Haruki Hirakawa (o)		100%	
	Dong-Woo Han		100%	
			100%	
	Chair	Members of this committee will be appointed by our Board of Directors if and only to the extent necessary to recommend and nominate candidates for our audit committee member positions and related matters. The committee should consist of all of the outside directors of the Group.		
Audit Committee Member Recommendation Committee	Hoon Namkoong (o)		100%	
	Member			1
	All outside Directors (o)		100%	

indicates committees with a majority of outside directors as committee members

- * The number of meetings held and the attendance record for the Board Steering Committee, Risk Management Committee, Compensation Committee and the Audit Committee have been counted for the period from the appointment of the members to the committee until the end of FY 2014, that is December 31, 2014, based on the Financial Supervisory Service disclosure guideline for proxy materials. However, for the outside director Recommendation Committee and the Audit Committee Member Recommendation Committee, those records were counted for the meetings held to recommend and nominate candidates that constitute the next Outside Directors among the Board of Directors and the Audit Committee Members for FY 2015, which both were held during February 2015.
- (o) indicates outside directors

For detailed information of notes to financial statements, please refer to audit report through 6-K disclosure scheduled on 10th of March, 2015.

Actual date of disclosure that is scheduled on 10th of March, 2015 may be subject to change.

Appendix A. Financial Statements for FY 2014

SHINHAN FINANCIAL GROUP CO., LTD.
Separate Financial Statements

December 31, 2014 and 2013

Contents

	Page
Separate Statements of Financial Position	1
Separate Statements of Comprehensive Income	2
Separate Statements of Appropriation of Retained Earnings	3
Separate Statements of Changes in Equity	4
Separate Statements of Cash Flows	5
Notes to the Separate Financial Statements	6

SHINHAN FINANCIAL GROUP CO., LTD.

Separate Statements of Financial Position

As of December 31, 2014 and 2013

<i>(In millions of won)</i>	December 31, 2014	December 31, 2013
Assets		
Due from banks	120,790	385
Trading assets	69,338	520,116
Loans, net	1,337,083	1,337,083
Property and equipment, net	1,029	1,159
Intangible assets, net	6,093	6,508
Investments in subsidiaries	25,203,159	25,261,909
Deferred tax assets	3,421	2,331
Other assets, net	353,635	295,154
Total assets	27,094,548	27,424,645
Liabilities		
Borrowings	7,500	7,500
Debt securities issued	6,451,436	7,098,797
Liabilities for defined benefit obligations	4,502	2,981
Other liabilities	395,991	340,895
Total liabilities	6,859,429	7,450,173
Equity		
Capital stock	2,645,053	2,645,053
Hybrid bonds	537,443	537,443
Capital surplus	9,494,842	9,494,842
Accumulated other comprehensive loss	(4,788)	(2,919)
Retained earnings	7,562,569	7,300,053
Total equity	20,235,119	19,974,472
Total liabilities and equity	27,094,548	27,424,645

See accompanying notes to the separate financial statements.

SHINHAN FINANCIAL GROUP CO., LTD.

Separate Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

<i>(In millions of won, except earnings per share data)</i>	2014	2013
Interest income	58,363	61,864
Interest expense	(271,909)	(310,438)
Net interest expense	(213,546)	(248,574)
Fees and commission income	70,034	114,321
Fees and commission expense	(182)	(214)
Net fees and commission income	69,852	114,107
Dividend income	922,734	919,805
Net trading income	10,409	10,991
Reversal of (provision for) credit losses	(37)	10
General and administrative expenses	(68,125)	(66,785)
Operating income	721,287	729,554
Non-operating income (expense)	(59,157)	1,654
Profit before income taxes	662,130	731,208
Income tax benefit	493	430
Net profit for the year	662,623	731,638
Other comprehensive income for the year, net of income tax		
Items that will never be reclassified to profit or loss:		
Remeasurements of the defined benefit liability	(1,869)	(269)
Total comprehensive income for the year	660,754	731,369
Basic and diluted earnings per share in won	1,204	1,349

See accompanying notes to the separate financial statements

SHINHAN FINANCIAL GROUP CO., LTD.

Separate Statements of Appropriation of Retained Earnings

For the years ended December 31, 2014 and 2013

<i>(In millions of won)</i>	2014	2013
Unappropriated retained earnings:		
Balance at beginning of year	5,232,139	4,972,608
Dividend to hybrid bonds	(29,940)	(29,940)
Net income	662,623	731,638
	5,864,822	5,674,306
Reversal of regulatory reserve for loan losses		1,165
Balance at end of year before appropriation	5,864,822	5,675,471
Appropriation of retained earnings:		
Legal reserve	66,262	73,164
Regulatory reserve for loan losses	858	
Dividends	512,428	370,168
Dividends on common stocks paid	450,490	308,230
Dividends on preferred stocks paid	61,938	61,938
	579,548	443,332
Unappropriated retained earnings to be carried over to subsequent year	5,285,274	5,232,139
Date of appropriation:	March 25, 2015	March 26, 2014
<i>See accompanying notes to the separate financial statements.</i>		

SHINHAN FINANCIAL GROUP CO., LTD.

Separate Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

<i>(In millions of won)</i>	Capital stock	Hybrid bonds	Capital surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2013	2,645,053	537,443	9,494,842	(2,650)	6,992,233	19,666,921
Total comprehensive income for the year:						
Net profit for the year					731,638	731,638
Other comprehensive income, net of income tax:						
Remeasurements of the defined benefit liability				(269)		(269)
				(269)	731,638	731,369
Transactions with owners:						
Dividends					(393,878)	(393,878)
Dividend to hybrid bonds					(29,940)	(29,940)
					(423,818)	(423,818)
Balance at December 31, 2013	2,645,053	537,443	9,494,842	(2,919)	7,300,053	19,974,472

<i>(In millions of won)</i>	Capital stock	Hybrid bonds	Capital surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2014	2,645,053	537,443	9,494,842	(2,919)	7,300,053	19,974,472
Total comprehensive income for the year:						
Net profit for the year					662,623	662,623
Other comprehensive income, net of income tax:						
Remeasurements of the defined benefit liability				(1,869)		(1,869)
				(1,869)	662,623	660,754
Transactions with owners:						

Edgar Filing: SHINHAN FINANCIAL GROUP CO LTD - Form 6-K

Dividends					(370,167)	(370,167)
Dividend to hybrid bonds					(29,940)	(29,940)
					(400,107)	(400,107)
Balance at December 31, 2014	2,645,053	537,443	9,494,842	(4,788)	7,562,569	20,235,119

See accompanying notes to the separate financial statements.

SHINHAN FINANCIAL GROUP CO., LTD.

Separate Statements of Cash Flows

For the years ended December 31, 2014 and 2013

<i>(In millions of won)</i>	2014	2013
Cash flows from operating activities		
Profit before income taxes	662,130	731,208
Adjustments for:		
Interest income	(58,363)	(61,864)
Interest expense	271,909	310,438
Dividend income	(922,734)	(919,805)
Net trading income	(116)	(1,116)
Provision for (reversal of) credit losses	37	(10)
Employee costs	3,991	4,732
Depreciation and amortization	1,034	1,113
Non-operating expense	58,904	57
	(645,338)	(666,455)
Changes in assets and liabilities:		
Trading assets	450,894	(400,452)
Other assets	474	404
Liabilities for defined benefit obligations	(2,718)	(1,878)
Other liabilities	(1,637)	96
	447,013	(401,830)
Interest received	57,861	62,672
Interest paid	(271,854)	(304,086)
Dividend received	922,734	919,805
Net cash provided by operating activities	1,172,546	341,314
Cash flows from investing activities		
Lending of loans	(50,000)	(137,500)
Collection of loans	50,000	160,000
Acquisition of property and equipment	(327)	(363)
Acquisition of intangible assets	(2,428)	(85)
Disposal of intangible assets	2,190	
Acquisition of subsidiaries		(45,813)
Net cash used in investing activities	(565)	(23,761)
Cash flows from financing activities		
Increase in borrowings	37,500	17,500
Repayments of borrowings	(37,500)	(20,000)

Edgar Filing: SHINHAN FINANCIAL GROUP CO LTD - Form 6-K

Issuance of debt securities	820,000	1,600,000
Redemption of debt securities issued	(1,470,000)	(1,700,000)
Debentures issuance cost paid	(1,762)	(3,475)
Dividends paid	(399,791)	(424,014)
Net cash used in financing activities	(1,051,553)	(529,989)
Net increase (decrease) in cash and cash equivalents	120,428	(212,436)
Cash and cash equivalents at beginning of year	382	212,818
Cash and cash equivalents at end of year	120,810	382

See accompanying notes to the separate financial statements.

SHINHAN FINANCIAL GROUP CO., LTD.

Notes to the Separate Financial Statements

December 31, 2014 and 2013

1. Reporting entity

Shinhan Financial Group Co., Ltd. (the Company) was incorporated on September 1, 2001 through a business combination involving the exchange of the Company's common stock with the former shareholders of Shinhan Bank, Shinhan Investment Corp., Shinhan Capital Co., Ltd. and Shinhan BNP Paribas Investment Trust Management Co., Ltd. The Company's shares were listed on the Korea Exchange on September 10, 2001 and the Company's American depository shares were listed on the New York Stock Exchange on September 16, 2003.

2. Basis of preparation

(a) Statement of compliance

The accompanying separate financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRS), as prescribed in *the Act on External Audits of Corporations in the Republic of Korea*.

These financial statements are separate financial statements prepared in accordance with K-IFRS No.1027 *Separate Financial Statements* presented by a parent, an investor with joint control of, significant influence over, an investee, in which the investments are accounted for cost.

(b) Basis of measurement

The separate financial statements have been prepared on the historical cost basis except for the following material items in the separate statement of financial position.

Financial instruments at fair value through profit or loss are measured at fair value

Liabilities for cash-settled share-based payment arrangements are measured at fair value

Liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

(c) Functional and presentation currency

These separate financial statements are presented in Korean won which is the Company's functional currency and the currency of the primary economic environment in which the Company operates.

(d) Use of estimates and judgments

The preparation of the separate financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

SHINHAN FINANCIAL GROUP CO., LTD.

Notes to the Separate Financial Statements

December 31, 2014 and 2013

2. Basis of preparation (continued)

(e) Approval of separate financial statements

These separate financial statements were approved by the Board of Directors on February 4, 2015, which will be submitted for approval to shareholder s meeting to be held on March 25, 2015.

3. Significant accounting policies

The significant accounting policies applied by the Company in preparation of its separate financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

(a) Investments in subsidiaries

The accompanying separate financial statements have been prepared on a stand-alone basis in accordance with K-IFRS No. 1027 *Separate Financial Statements*. The Company s investments in subsidiaries are recorded at cost in accordance with K-IFRS No. 1027. The Company applied K-IFRS No. 1101 *First-time Adoption of K-IFRS*, and considered the amount reported previously in separate financial statements prepared in accordance with previous K-GAAP as deemed cost at the date of transition. Dividends received from its subsidiaries are recognized in profit or loss when the Company is entitled to receive the dividend.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and are used by the Company in management of its short-term commitments. Generally equity investments are excluded from cash and cash equivalents.

SHINHAN FINANCIAL GROUP CO., LTD.

Notes to the Separate Financial Statements

December 31, 2014 and 2013

3. Significant accounting policies (continued)

(c) Non-derivative financial assets

The Company recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Company recognizes financial assets in the separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset's acquisition or issuance.

i) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

ii) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Company has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Subsequent to initial recognition, they are measured at fair value, which changes in fair value, net of any tax effect, recorded in other comprehensive income in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

SHINHAN FINANCIAL GROUP CO., LTD.

Notes to the Separate Financial Statements

December 31, 2014 and 2013

3. Significant accounting policies (continued)

v) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

If the Company retains substantially all the risks and rewards of ownership of the transferred financial assets, the Company continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the separate statement of financial position only when the Company currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(d) Derivative financial instruments

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss. In other cases the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

SHINHAN FINANCIAL GROUP CO., LTD.

Notes to the Separate Financial Statements

December 31, 2014 and 2013

3. Significant accounting policies (continued)

(e) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

The Company first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

(f) Property and equipment

Property and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate