

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

February 23, 2012

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# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

## FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of the

Securities Exchange Act of 1934

For the Month of February 2012

# SHINHAN FINANCIAL GROUP CO., LTD.

(Translation of registrant's name into English)

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

(Address of principal executive offices)

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

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- .

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Shinhan Financial Group

120, 2-Ga, Taepyungro, Jung Gu,

Seoul 100-102, Korea

February 23, 2012

**Convocation Notice of the 11th Annual General Meeting of Shareholders**

To our Shareholders:

Notice is hereby given that the 11th 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 29, 2012 10 A.M. in Seoul time.
2. Place: Auditorium, 20th floor, Shinhan Bank, 120, 2Ga, Taepyung-ro, Jung-gu, Seoul, Korea

**Agendas to be voted on:**

- 1) Approval of Financial Statements (Statement of Financial Position, Statement of Income and Statement of Appropriation of Retained Earnings) for fiscal year 2011 (January 1, 2011~ December 31, 2011)
- 2) Approval of Revisions to Articles of Incorporation
  - 2-1) Revisions related to amendments to the Commercial Act and other legislations
  - 2-2) Revisions to incorporate the establishment of the Governance and CEO Recommendation Committee
- 3) Appointment of Directors (6 directors)
  - 3-1) Non-executive Director Candidate : Mr. Jin Won Suh
  - 3-2) Outside Director Candidate : Mr. Ke Sop Yun
  - 3-3) Outside Director Candidate : Mr. Sang-Kyeong Lee
  - 3-4) Outside Director Candidate : Mr. Jung Il Lee

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3-5) Outside Director Candidate : Mr. Haruki Hirakawa

3-6) Outside Director Candidate : Mr. Philippe Aguinier

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. Ke Sop Yun

4-4) Audit Committee Member Candidate: Mr. Sang-Kyeong Lee

5) Approval of Director Remuneration Limit

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### Meeting Agendas

**AGENDA ITEM No. 1** APPROVAL OF FINANCIAL STATEMENTS (Statement of Financial Position, Statement of Income and Statement of Appropriation of Retained Earnings) for fiscal year 2011 (January 1, 2011 ~ December 31, 2011)  
*Pursuant to Article 449 of the Commercial Act, we seek shareholders' approval during the Annual General Meeting of Shareholders on the Company's separate statement of financial position, separate statement of income and separate statement of appropriation of retained earnings for fiscal year 2011.*

Since FY 2011, the Company has adopted the International Financial Reporting Standards ( IFRS ), and the accompanying financial statements herein have been prepared in accordance with the newly adopted IFRS. Note that under IFRS, in preparing its separate financial statements, the Company applies cost accounting in lieu of the equity method of accounting in treating its investments in subsidiaries. Under the cost accounting, profit or loss for the Company's share of each subsidiary is not recognized in the separate statement of income, as was the case for the equity method of accounting based on the previous accounting standard, and dividend income from its subsidiaries are recognized in profit or loss when the Company is entitled to receive the dividend.

Due to this change in accounting, net income stated in the Company's separate statement of income, KRW 1,672.9 billion, is different from the consolidated net income attributable to equity shareholders, KRW 3,100.0 billion.

### Business Results for FY 2011 (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, 2011, Shinhan Financial Group consists of 12 direct subsidiaries that include Shinahn Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance and Shinhan BNP Paribas Asset Management, and 19 indirect subsidiaries.

During the fiscal year of 2011, Shinhan Financial Group received annual dividend for FY 2010 and interim dividend for FY 2011 from its subsidiaries that amounts KRW 1,837.5 billion in total. In addition, as the owner of Shinhan brand trademark, Shinhan Financial Group received brand fees from users of our brand and recognized brand fee income of total KRW 121.2 billion in 2011.

*- Please refer to Appendix A for the separate financial statements of Shinhan Financial Group.*

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*Under the current Commercial Act, the Company is not required to seek shareholders' approval for its consolidated financial statements; however, the consolidated based financials are deemed to better reflect the operation of a holding company, such as the Company. Therefore, a review of the Company's business results on a consolidated basis has been provided for your reference.*

### **Business Results of FY 2011 (consolidated basis)**

For the fiscal year 2011, Shinhan Financial Group recorded KRW 3,100 billion of consolidated net income attributable to equity shareholders, supported by a modest growth of loan assets, preservation of stable margin and a significant decrease in credit cost.

In particular, the profitability of banking subsidiaries have rebounded significantly, increasing the net income contribution from bank subsidiaries- which had bottomed to 40% in 2009- to a level over 62% in 2011. Also, the group's net interest margin (NIM) measured by adding those of Shinhan Bank and Shinhan Card remained stable at a mid 3% level. Accordingly, for 4 consecutive years, Shinhan Financial Group posted the largest net income among its peers in Korea

Shinhan Bank reported net income of KRW 2,118.4 billion, up by 26.8% from the previous year while Jeju Bank achieved net income of KRW 15.4 billion, up by 28.6% from 2010.

Non-bank subsidiaries realized a combined net income of KRW 1,281.1 billion, down by 10% year-over-year from 2010. However, this decrease is mostly attributable to the base effect from the prior year 2010, during which a significant tax refund one-off gain in total of KRW 195.6 billion for Shinhan Card was realized.

Both Shinhan Card and Shinhan Investment Corp. net profits fell by 11.6% and 32.5% year-over-year respectively from 2010, whereas Shinhan Life Insurance and Shinhan Capital achieved a sharp net income increased by 11.0% and 27.4% year-over-year respectively from 2010.

Shinhan Card and Shinhan Investment Corp. recorded net income of KRW 875.9 billion and KRW 236.9 billion each, maintaining their stable earnings stream.

The net income contribution from non-bank subsidiaries in 2011 dropped down to 38% from 46% in 2011, mainly due to the recovery of the banking operation while non-banking subsidiaries continue to report stable earnings.



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The dividend proposed by the Board of Directors for fiscal year 2011 is as follows;

1) Dividend for Common Stocks: KRW 355,650 million  
(KRW 750 per share, 15% of par value and 1.83% of market price of Common Stock)

2) Dividend for Preferred Stocks: KRW 273,858 million

3) Total Dividend Amount: KRW 629,508 million

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**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.*

The Company divided this agenda into two separate agenda items based on the contents of the revision as follows;

**AGENDA ITEM No. 2-1** REVISIONS RELATED TO AMENDMENTS TO THE COMMERCIAL ACT AND OTHER LEGISLATIONS  
 We seek the approval from Shareholders to revise the affected Articles within its Article of Incorporation to reflect the amendments to the Commercial Act and the Act on External Audit of Stock Companies, including related Enforcement Decrees, scheduled to come into effect in 2012.

*Please refer to the following table that sets for the summary of the proposed revisions to the Articles of Incorporation.*

**AGENDA ITEM No. 2-2** REVISIONS TO INCORPORATE THE ESTABLISHMENT OF THE GOVERNANCE AND CEO RECOMMENDATION COMMITTEE  
 We seek the approval from Shareholders to revise related Articles within its Article of Incorporation to incorporate the establishment of a Governance and CEO Recommendation Committee under the Board of Directors.

*Please refer to the following table that sets for the summary of the proposed revisions to the Articles of Incorporation.*

Current Provisions	Proposed Amendments	Remarks
<b>Article 1 ~ 8</b> (omitted)	<b>Article 1 ~ 8</b> (not subject to change)	
<b>Article 9 (Number and Rights of Preferred Shares)</b>	<b>Article 9 (Number and Rights of Preferred Shares)</b>	
(1) (omitted)	(1) (omitted)	To reflect amendments to Article 344 of the Commercial Act
(2) The dividends on non-voting preferred shares <u>shall be no less than 1% per annum of their par value and the rate thereof</u> shall be determined by the Board of Directors at the time of issuance; provided that when issuing preferred shares whose dividend ratio may be adjusted, the following must be determined at the time of issuance: acknowledgement of the fact that the Board of Directors may adjust the preferred dividend ratio, the reasons for such adjustment, the base date for adjustment and the method of adjustment.	(2) The dividends on non-voting preferred shares shall be determined by the Board of Directors at the time of issuance; provided that when issuing preferred shares whose dividend ratio may be adjusted, the following must be determined at the time of issuance: acknowledgement of the fact that the Board of Directors may adjust the preferred dividend ratio, the reasons for such adjustment, the base date for adjustment and the method of adjustment.	
(3 ~6) (omitted)	(3 ~ 6) (omitted)	
<b>Article 10 ~ 11</b> (omitted)	<b>Article 10 ~ 11</b> (not subject to change)	
<b>Article 12 (Redeemable Stock)</b>	<b>Article 12 (Redeemable Stock)</b>	
(1 ~ 4) (omitted)	(1 ~ 4) (omitted)	To reflect amendments to Article 345 of the Commercial Act
(5) If the Company intends to redeem redeemable shares, the Company shall give public notice of	(5) If the Company intends to redeem redeemable shares, the Company <u>shall give</u>	

such intention, subject shares and the fact that the subject stock certificates must be submitted to the Company during the specified period, which shall be determined by the company to the extent not less than one month. The Company shall give separate notice to the shareholders and pledgees recorded in the shareholders registry, and upon the expiry of such period, the subject shares shall be redeemed compulsorily.

**notice to the shareholders and pledgees recorded in the shareholders registry of such intention, the subject shares and the fact that the subject stock certificates must be submitted to the Company during the specified period, which shall be determined by the company to the extent not less than two weeks, and upon the expiry of such period, the subject shares shall be redeemed compulsorily ; provided that such notice may be substituted with a public notice.**

(6)(omitted)

(6) (omitted)

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Current Provisions	Proposed Amendments	Remarks
<b>Article 13 (Pre-emptive Rights)</b>	<b>Article 13 (Pre-emptive Rights)</b>	
(1 ~ 2) (omitted)	(1 ~ 2) (not subject to change)	To reflect amendments to Article 418 Paragraph 4 of the Commercial Act
<b>(new provision)</b>	<b><u>(3) When allotting newly-issued shares to those who are not shareholders in accordance with Paragraph 2, the matters set forth in Paragraphs 1, 2, 2.2, 3 and 4 of Article 416 of the Commercial Act shall be publicly announced or notified to the shareholders no later than by 2 weeks prior to the payment deadline.</u></b>	
(3 ~ 4) (omitted)	(4 ~ 5) (not subject to change)	Article number changed
<b>Articles 14 ~ 18 (omitted)</b>	<b>Articles 14 ~ 18 (not subject to change)</b>	
<b><u>(new provision)</u></b>	<b><u>Article 19 (Issuance of Corporate Bonds)</u></b>	To reflect amendments to Article 469 Paragraph 4 of the Commercial Act
	<b><u>(1) The Company may issue corporate bonds upon the approval of the Board of Directors.</u></b>	
	<b><u>(2) The Board of Directors may delegate to the Representative Director its authority to determine the bond type, amount and timing of the issuance, which shall occur within 1 year from the approval of such delegation.</u></b>	Article 22 of the AOI is consolidated into this Article
	<b><u>(3) Articles 16 and 17 shall apply to the issuance of corporate bonds.</u></b>	
<b>Articles 19 ~ 21 (omitted)</b>	<b>Articles 20 ~ 22 (not subject to change)</b>	Article number changed
<b>Article 22 (Application of Rules to Issuances of Corporate Bonds)</b>	<b><u>(Deleted)</u></b>	Merged into Article 19 Paragraph 3
The Provisions of Articles 16 and 17 hereof shall be applicable to the issuance of bonds.		
<b>Articles 23 ~ 35 (omitted)</b>	<b>Articles 23 ~ 35 (not subject to change)</b>	
<b>Article 36 (Director Appointment)</b>	<b>Article 36 (Director Appointment)</b>	To reflect the establishment of the Governance and CEO Recommendation Committee
(1) Directors shall be appointed at the GSM. <u>(2) Outside directors shall be recommended by the Outside Director Recommendation Committee pursuant to Article 47 and elected at the GMS.</u>	(1) Directors shall be appointed at the GSM.	
	<b><u>(2) (Deleted)</u></b>	
	<b><u>(3) (Deleted)</u></b>	
<u>(3) Directors other than Outside Directors shall be recommended by the Board Steering Committee pursuant to Article 47 of these Articles of Incorporation and elected at the GMS.</u>		To reflect matters relating to director recommendation in the Board Regulations



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Current Provisions	Proposed Amendments	Remarks
<b>Articles 37 ~ 44</b> (omitted)	<b>Articles 37 ~ 44</b> (not subject to change)	
<b>Article 45 (Method of Resolution)</b>	<b>Article 45 (Resolutions of the Board of Directors)</b>	
(1) (omitted)	(1) (not subject to change)	To reflect amendments to Article 391 of the Commercial Act
(2) The Board meetings may be held by means of a video conference or other similar arrangement whereby all or part of the Directors may participate in the meeting and vote on matters at the same time. In such case, a Director participating in the meeting by such arrangement shall be considered present at the meeting.	(2) The Board meetings may be held by means of a <b>telephone</b> conference or other similar arrangement whereby all or part of the Directors may participate in the meeting and vote on matters at the same time. In such case, a Director participating in the meeting by such arrangement shall be considered present at the meeting.	
<b>Article 46</b> (omitted)	<b>Article 46</b> (not subject to change)	
<b>Article 47 (Committees)</b>	<b>Article 47 (Committees)</b>	
(1) The Company may have the following Committees within the Board of Directors. <b><u>(New provision)</u></b>	(1) The Company shall have the following Committees of the Board of Directors. <b><u>1. Governance and CEO Recommendation Committee</u></b>	To establish the new Governance and CEO Recommendation Committee of the Board of Directors
1. Board Steering Committee	2. Board Steering Committee	
2. Audit Committee	3. Audit Committee	
3. Outside Director Recommendation Committee	4. Outside Director Recommendation Committee	
4. Risk Management Committee	5. Risk Mgt. Committee	
5. Compensation Committee	6. Compensation Committee	
6. Audit Committee Member Recommendation Committee (2 ~ 3) (omitted)	7. Audit Committee Member Recommendation Committee (2 ~ 3) (not subject to change)	
<b>Articles 48 ~ 50</b> (omitted)	<b>Articles 48 ~ 50</b> (not subject to change)	
<b>Article 51 (Duties of the Audit Committee)</b>	<b>Article 51 (Duties of the Audit Committee)</b>	
(1 ~ 2) (omitted)	(1 ~ 2) (not subject to change)	To reflect amendments to Article 412-4 of the Commercial Act
<b><u>(new provision)</u></b>	<b><u>(3) If determined necessary, the Audit Committee may request convocation of a meeting of the Board of Directors by submitting the purpose and agenda of such meeting in writing to the person with the authority to convene such meeting.</u></b>	
	<b><u>(4) If the request was submitted as set forth above in Paragraph 3, but the person with the authority to convene the meeting fails</u></b>	

**to do so, the Audit Committee may convene  
the meeting itself.**

(3 ~ 5) (omitted)

(5 ~ 7) (not subject to change)

Paragraph number changed

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Current Provisions	Proposed Amendments	Remarks
<b>Articles 52 ~ 53</b> (omitted)	<b>Articles 52 ~ 53</b> (not subject to change)	
<b>Article 54 (Preparation and Maintenance of Financial Statements and Business Report)</b>	<b>Article 54 (Preparation and Display of Financial Statements and Business Report)</b>	To reflect amendments to Article 447 Paragraph 1 Subparagraph 3 of the Commercial Act
(1) (omitted)	(1) (not subject to change)	To reflect amendments to Article 447 Paragraph 2 of the Commercial Act
a. ~ b. (omitted)	a. ~ b. (not subject to change)	
<u>c. statement of appropriations of retained earnings or statement of disposition of deficit.</u>	<b><u>c. Other documents that reflect the Company's financial position and management performance according to the Enforcement Decree to the Commercial Act</u></b>	
(new provisions)	<b><u>(2) If the Company is required to prepare consolidated financial statements under the Enforcement Decree to the Commercial Act, the documents set forth in each Subparagraph of Paragraph (1) shall include consolidated financial statements.</u></b>	
(2) (omitted)	(3) (not subject to change)	Paragraph number changed
(3) The Representative Director-Chairman shall keep file copies of the <u>documents described in Paragraph (1) above, together with the business report and Audit Committee's audit report thereon, at the head office of the Company for five(5) years, and certified copies of all of such documents at the branches of the Company for three (3) years, beginning from one (1) week before the date of the Ordinary General Meeting of Shareholders.</u>	<b><u>(4) The Representative Director-Chairman shall keep file copies of the documents described in Paragraph (1) and Audit Committee's audit report thereon, at the head office of the Company for five (5) years and certified copies of all such documents at the branches of the Company for three (3) years, beginning from one (1) week before the date of the Ordinary General Meeting of Shareholders.</u></b>	To clarify the documents needed to be presented
(4) (omitted)	(5) (not subject to change)	Paragraph number changed
<b>Article 55 (Appointment of External Auditor)</b>	<b>Article 55 (Appointment of External Auditor)</b>	To reflect the Enforcement Decree of the Act on External Audit of Stock Companies
The Company shall appoint an external auditor with the approval of the Audit Committee, and shall report such fact to the Ordinary General Meeting of Shareholders to be held first after such appointment.	The Company shall appoint an external auditor with the approval of the Audit Committee and either report such fact to the Ordinary General Meeting of Shareholders to be held first after such appointment <b><u>or notify the shareholders as of the date of the closing of the shareholders' registry by email or written notice or make an announcement on the Company's homepage.</u></b>	



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Current Provisions	Proposed Amendments	Remarks
<b>Articles 56 ~ 58</b> (omitted)	<b>Articles 56 ~ 58</b> (not subject to change)	
<b>Article 58-2 (Interim Dividends)</b>	<b>Article 58.2 (Interim Dividends)</b>	
(1 ~ 2) (omitted) (3) The maximum amount to be paid as interim dividends shall be calculated by deducting the following amounts from the net asset amounts recorded in the balance sheet of the fiscal year immediately prior to the fiscal year concerned: 1. Capital of the company for the fiscal year immediately prior to the fiscal year concerned;	(1 ~ 2) (not subject to change)  <b><u>(3) The maximum amount to be paid as interim dividends shall be calculated by deducting the following amounts from the net asset amount recorded in the balance sheet of the fiscal year immediately prior to the fiscal year concerned: 1. Capital stock of the company for the fiscal year immediately prior to the fiscal year concerned</u></b>	To reflect amendments to Article 462 Paragraph 1 Subparagraph 4 of the Commercial Act
2. ~5. (omitted)	2. ~ 5. (not subject to change)	
Articles 59 ~ 60 (omitted)	<b>Articles 59 ~60</b> (not subject to change)  <b><u>Additional Provisions (9)</u></b>	
	<b><u>Article 1 (Date of Enforcement) These Articles shall take effect on April 15, 2012, except for Article 36, Article 47 Paragraph 1 Subparagraph 1 and Article 55 which shall take effect on March 29, 2012.</u></b>	Amendments related to reflect changes in the Commercial Act will become effective as of the date of effectiveness of those amendments, whereas other amendments are to be enforced after the approval of the AGM in March 2012.

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**AGENDA ITEM No. 3 APPOINTMENT OF DIRECTORS (6 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 11th Annual General Meeting of Shareholders 1 non-executive director and 5 outside directors will seek the approval of appointment from shareholders.

The Board of Directors is currently composed of 11 directors, 1 executive director and 1 non-executive director and 9 outside directors. The terms of 1 non-executive director (Mr. Jin Won Suh), and 4 outside directors (Messrs. Ke Sop Yun, Jung Il Lee, Haruki Hirakawa and Philippe Aguinier) terms will be completed in March 2012 on the date of the Annual General Meetings of Shareholders.

The Board Steering Committee, the committee under the Board of Directors which recommends non-executive directors for the Company, recommended Mr. Jin Won Suh, the current CEO of Shinhan Bank, a bank subsidiary of the Company, as a non-executive director for the Company.

In addition, the Outside Director Recommendation Committee under the Board of Directors recommended 5 outside directors, of which 4 directors, Messrs. Ke Sop Yun, Jung Il Lee, Haruki Hirakawa and Philippe Aguinier, are to renew their terms. Mr. Sang-Kyeong Lee has been newly nominated and recommended as an outside director.

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 23, 2012, the Board of Directors endorsed the nominees selected by the Board Steering Committee and 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 11th Annual General Meeting of Shareholders and b) Committees of Board of Directors.*

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**AGENDA ITEM NO.3-1 NON-EXECUTIVE DIRECTOR CANDIDATE MR. JIN WON SUH**

1. Date of Birth	April 20, 1951
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. 29, 2012 until the 14 <sup>th</sup> AGM  (3 year)
6. Current Position	President & CEO of Shinhan Bank
7. New Appointment	No
7-1 If incumbent, prior year BoD meeting attendance rate	100%
8. Education	BA in Historical Science, Korea University
9. Main Work Experience	
2010 - current	President & CEO, Shinhan Bank
2007	Chief Executive Officer, Shinhan Life Insurance
2006	Deputy President, Shinhan Financial Group
2004	Deputy President, Shinhan Bank
2002	Deputy Head of the Retail Banking Division, Shinhan Bank
2000	General Manager, Human Resource Department, Shinhan Bank
1997	General Manager, Information & Technology Department, Shinhan Bank
1995	General Manager, Pohang Branch
1993	General Manager, Myeonmuk-Dong Branch
1991	General Manager, Personnel Training Office, Shinhan Bank
1983	Joined Shinhan Bank

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**AGENDA ITEM NO.3-2 OUTSIDE DIRECTOR CANDIDATE MR. KE SOP YUN**

1. Date of Birth	May 20, 1945
2. Nominator	Outside Director Recommendation Committee
2-1. Rationale	Mr. Yun possesses a strong academic background as well as practical experience in accounting, and has been duly performing his role as an outside director 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.
3. Relation to the largest shareholder	None
4. Business transaction with SFG during the last 3 years	None
5. Term of Office	From Mar. 29, 2012 until the 12 <sup>th</sup> AGM  (1 year)
6. Current Position	Chairman, Seoul Economist Club
7. New Appointment	No
7-1 If incumbent, prior year BoD meeting attendance rate	92%
8. Education	Ph.D in Business Administration,  Seoul National University
9. Main Work Experience	
2001 - current	Chairman, Seoul Economist Club
2010 - current	Emeritus Professor, College of Business Administration, Seoul National University
1999 - 2001	Dean, College of Business Administration, Seoul National University
1997 - 1998	Exchange professor of London Graduate School, England (LBS)
1997	Member, Financial Renovation Committee

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AGENDA ITEM No.3-3 OUTSIDE DIRECTOR CANDIDATE MR. SANG-KYEONG LEE

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. 29, 2012 until the 13 <sup>th</sup> AGM  (2 year)
6. Current Position	Representative Attorney, Law Firm WONJON
7. New Appointment	Yes
7-1 If incumbent, prior year BoD meeting attendance rate	n/a
8. Education	B.A. in Law, Chung-Ang University
9. Main Work Experience	
2010 - current	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

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AGENDA ITEM No.3-4 OUTSIDE DIRECTOR CANDIDATE MR. JUNG IL LEE

1. Date of Birth	August 28, 1952
2. Nominator	Outside Director Recommendation Committee
2-1 Rationale	Mr. Lee is a successful Korean-Japanese entrepreneur and has shared 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. 29, 2012 until the 12 <sup>th</sup> AGM  (1 year)
6. Current Position	CEO, Hirakawa Shoji Co., Ltd.
7. New Appointment	No
7-1 If incumbent, prior year BoD meeting attendance rate	100%
8. Education	BA in Political Science & Economics,  Meiji University
9. Main Work Experience	
2006	Board Member, Korean Residents Union in Japan
1985	CEO, Hirakawa Shoji Co., Ltd

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**AGENDA ITEM No.3-5 OUTSIDE DIRECTOR CANDIDATE MR. HARUKI HIRAKAWA**

1. Date of Birth	November 7, 1964
2. Nominator	Outside Director Recommendation Committee
2-1 Rationale	Mr. Hirakawa is a successful Korean-Japanese entrepreneur and has been actively participating in the meetings of the Board of Directors and its committees. 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. 29, 2012 until the 12 <sup>th</sup> AGM  (1 year)
6. Current Position	CEO, Kokusai Kaihatsu Co., Ltd
7. New Appointment	No
7-1 If incumbent, prior year BoD meeting attendance rate	89%
8. Education	BA in Political Science & Economics, Kinki  University
9. Main Work Experience	
2008	CEO, Kokusai Kaihatsu Co., Ltd
2006	CEO, Shinei Shoji Co., Ltd
1994	CEO, Hirakawa Shoji Co., Ltd

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**AGENDA ITEM NO.3-6 OUTSIDE DIRECTOR CANDIDATE MR. PHILIPPE AGUIGNIER**

1. Date of Birth	September 26, 1957
2. Nominator	Outside Director Recommendation Committee
2-1 Rationale	Mr. Agugnier has been duly performing his role as an outside director during his tenure. The committee recommends to renew his term as he is expected to further contribute to the development of the Company.
3. Relation to the largest shareholder	Employee
4. Business transaction with SFG during the last 3 years	None
5. Term of Office	From Mar. 29, 2012 until the 12 <sup>th</sup> AGM  (1 year)
6. Current Position	Head of Retail Banking for Asia, BNP Paribas
7. New Appointment	No
7-1 If incumbent, prior year BoD meeting attendance rate	100%
8. Education	Ph.D in Far Eastern Studies,  Universite Paris III (Inalco)
9. Main Work Experience	
2010 - current	Head of Retail Banking for Asia, BNP Paribas
2006 - 2009	Vice-President, Bank of Nanjing  Head of Retail Banking for China, BNP Paribas
2002 - 2006	Head, BNP Paribas Group Investor Relations and Financial Information



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**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 incumbent outside directors and newly nominated outside director candidates, Messrs. Taeun Kwon, Seok Won Kim, Ke Sop Yun and Sang-Kyeong Lee were recommended as candidates of the Audit Committee Members for fiscal year 2012 through the resolution of the Audit Committee Member Recommendation Committee.

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

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**AGENDA ITEM NO.4-1 AUDIT COMMITTEE MEMBER CANDIDATE. MR. TAEUN 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. 29, 2012 until the 12 <sup>th</sup> AGM  (1 year)
6. Current Position	Professor, Nagoya University of Foreign Studies
7. Education	Ph.D. in Business Administration,  Nanzan University
8. Main Work Experience	
2010 - current	Dean, 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
2004	Professor, Department of Global Business, School of Contemporary International Studies, Nagoya University of Foreign Studies

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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. 29, 2012 until the 12 <sup>th</sup> AGM  (1 year)
6. Current Position	Chairman, Credit Information Companies Association
7. Education	Ph.D. in Economics, Kyung Hee University
8. Main Work Experience	
2009 - current	Chairman, Credit Information Companies Association
2006 - 2009	Chairman, Korea Federation of Savings Banks
2005	Outside Director, Woori Bank
2002 - 2005	Vice President, Korea Deposit Insurance Corporation
1999 - 2001	Head of the Korea-OECD Multilateral Tax Center

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AGENDA ITEM NO.4-3 AUDIT COMMITTEE MEMBER CANDIDATE. MR. KE SOP YUN

1. Date of Birth	May 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. 29, 2012 until the 12 <sup>th</sup> AGM  (1 year)
6. Current Position	Chairman, Seoul Economist Club
7. Education	Ph.D in Business Administration, Seoul  National University
8. Main Work Experience	
2001 - current	Chairman, Seoul Economist Club
2010 - current	Emeritus Professor, College of Business Administration, Seoul National University
1999 - 2001	Dean, College of Business Administration, Seoul National University
1997 - 1998	Exchange professor of London Graduate School, England(LBS)
1997	Member, Financial Renovation Committee

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**AGENDA ITEM No.4-4 AUDIT COMMITTEE MEMBER CANDIDATE MR. SANG-KYEONG 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. 29, 2012 until the 12 <sup>th</sup> AGM  (1 year)
6. Current Position	Representative Attorney, Law Firm WONJON
7. Education	B.A. in Law, Chung-Ang University
8. Main Work Experience	
2010 - current	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

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**AGENDA ITEM No.5 APPROVAL OF DIRECTOR REMUNERATION LIMIT**

*Pursuant to Article 388 of the Commercial Act and Article 47 of the Company's Articles of Incorporation, we seek shareholders' approval during the Annual General Meeting of Shareholders on the aggregate remuneration levels for directors for fiscal year 2012.*

KRW 6.0 billion is proposed as the maximum amount of aggregate remuneration that may be disbursed to the 12 directors, including 10 outside directors, of the Company for fiscal year 2012. For your reference the limitation for fiscal year 2011 for 12 directors, including 10 outside directors, was KRW 6.0 billion.

Additionally, 59,000 performance shares are proposed to be granted as the maximum aggregate amount of shares that may be disbursed from April 1, 2010 to December 31, 2013 to the directors of Shinhan Financial Group as long-term incentives over the term of their office. The approval and ratification of awards, performance measure and allocation for these performance shares will be delegated to the Board of Directors.

**Table of Contents****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, 2011. 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 11<sup>th</sup> Annual General Meeting of Shareholders**

Before AGM		After AGM Initially Appointed		
Executive Directors	Executive Directors	on	Reappointed on	End of Tenure
Dong Woo Han	Dong Woo Han	March 23, 2011	-	FY 2013 AGM
Non-executive Directors				
Jin Won Suh	Jin Won Suh	March 23, 2011	March 29, 2012	FY 2014 AGM
Outside Directors*				
Taeun Kwon	Taeun Kwon	March 23, 2011	-	FY 2012 AGM
Kee Young Kim	Kee Young Kim	March 23, 2011	-	FY 2012 AGM
Seok Won Kim	Seok Won Kim	March 23, 2011	-	FY 2012 AGM
Hoon Namkoong**	Hoon Namkoong	March 23, 2011	-	FY 2012 AGM
Jaekun Yoo	Jaekun Yoo	March 23, 2011	-	FY 2012 AGM
Ke Sop Yun	Ke Sop Yun	March 17, 2009	March 29, 2012	FY 2012 AGM
Jung Il Lee	Jung Il Lee	March 23, 2011	March 29, 2012	FY 2012 AGM
Haruki Hirakawa	Haruki Hirakawa	March 23, 2011	March 29, 2012	FY 2012 AGM
Philippe Aguinier	Philippe Aguinier	March 24, 2010	March 29, 2012	FY 2012 AGM
	Sang-Kyung Lee	March 29, 2012		FY 2013 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 for fiscal year 2011.

\*\*\* The new Chairman of the Board of Directors for fiscal year 2012 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.

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IV. Committees of the Board of Directors after the 11<sup>th</sup> Annual General Meeting of Shareholders

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

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.

In addition to the committees stated above, a Governance and CEO Recommendation Committee will be established provided that Agenda Item No. 2-2 (Revisions to incorporate the establishment of the Governance and CEO Recommendation Committee) is approved during the 11<sup>th</sup> Annual General Meeting of Shareholders.

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 23, 2012. Each committee members for FY 2012, except for the members of the Audit Committee, will be appointed by the new Board of Directors after the 11<sup>th</sup> Annual General Meeting of Shareholders;

Committee	Members	Objective	Attendance Record*	Number of Meetings Held*
Governance and CEO Recommendation Committee	To be established after the 11 <sup>th</sup> AGM.  Members will be comprised of 4 to 6 outside directors and Chairman & CEO.	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.  The committee is also responsible to develop, operate and review the Company's management succession plan, including setting CEO qualification criteria, evaluating CEO candidate pool and recommending CEO candidates.	n.a.	n.a.



The Chair of this committee will be elected among the outside director members.

The participation, and voting right, of the incumbent CEO will be limited if he or she is included in the CEO candidate pool.

Board Steering Committee	Chair	The committee is responsible for ensuring the efficient operations of the board and the facilitation of the board's functions. The committee's responsibilities also include reviewing and assessing the board's structure and the effectiveness of that structure in fulfilling the board's fiduciary responsibilities.	100%	4
	Dong Woo Han			
	Members			
	Hoon Namkoong (o)			
	Jung Il Lee (o)			
	Ke Sop Yun (o)		100%	

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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
	Kee Young Kim (o)			
	Members			
	Hoon Namkoong (o) Philippe Aguiñier (o)		100%	
Compensation Committee	Chair	This committee is responsible for reviewing and approving the management's evaluation and compensation programs.		3
	Seok Won Kim (o)		100%	
	Members			
	Kee Young Kim (o)		100%	
	Sun Tae Hwang (o) <sup>(1)</sup>		100%	
Haruki Hirakawa (o) <sup>(2)</sup>	100%			
Audit Committee	Chair	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 statement issues and the administration of our financial affairs by the Board of Directors. In connection with the general meetings of stockholders, the committee examines the agenda for, and financial statements and other reports to be submitted by, the Board of Directors for each general meeting of stockholders.	100%	6
	Ke Sop Yun (o)			
	Members			
	Taeun Kwon (o)		100%	
	Seok Won Kim (o)		100%	
Sun Tae Hwang (o) <sup>(1)</sup>	100%			
Outside Director Recommendation Committee	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.		3
	Kee Young Kim (o)		100%	
	Members			
	Taeun Kwon (o)		67%	
	Seok Won Kim (o)		100%	
Jaekun Yoo (o)	33%			
Dong Woo Han	100%			
Audit Committee Member	Chair	Members of this committee will be appointed by our Board of Directors if and only to the extent necessary to recommend		1

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Recommendation Committee	Kee Young Kim (o) Member	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.	100%
	All Outside Directors <sup>(3)</sup>		(3)

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 2011, that is December 31, 2011, 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 2012, which both were held during February 2012.
- (o) indicates outside directors
- (1) Mr. Sun Tae Hwang has tendered his resignation on June 16, 2011 for personal reasons. Attendance record for Mr. Hwang has been calculated for the period Mr. Hwang remained as an outside director, and the member of the committee, of the Company.
- (2) Mr. Haruki Hiramawa has been nominated as a member of the Compensation Committee by the resolution of the Board of Directors meeting held on December 15, 2011. Attendance record for Mr. Hiramawa has been calculated for the period Mr. Hiramawa participated as a committee member.
- (3) The Audit Committee Member Recommendation Committee is held once every year to nominate the members for the next fiscal year Audit Committee. Of the total 9 outside directors, 8 outside directors have participated the Audit Committee Member Recommendation Committee held on February 23, 2012. Mr. Haruki Hiramawa was not able to participate.

**Table of Contents****Appendix A. Separate Financial Statements of Shinhan Financial Group****1) Statement of Financial Position****Separate Statement of Financial Position**

December 31, 2011 and December 31, 2010

(In millions of KRW)

Description	December 31, 2011	December 31, 2010
<b>Assets</b>		
1. Cash and due from banks	2,220,171	609,659
2. Trading assets	1,856,712	251,414
3. Derivative assets		9,127
4. Loans	1,104,678	1,454,615
5. Property and equipment	1,363	1,651
6. Intangible assets	7,974	7,134
7. Investments in subsidiaries	25,050,002	25,046,002
8. Deferred tax assets	302	5,600
9. Other assets	603,048	275,394
<b>Total assets</b>	<b>30,844,250</b>	<b>27,660,596</b>
<b>Liabilities</b>		
1. Derivative liabilities		
2. Borrowings	5,000	5,000
3. Debt securities issued	7,034,393	6,581,104
4. Liability for defined benefit obligations	2,061	1,090
5. Other liabilities	4,371,989	320,442
<b>Total liabilities</b>	<b>11,413,443</b>	<b>6,907,636</b>
<b>Equity</b>		
1. Capital stock	2,645,053	2,589,553
2. Hybrid bond	238,582	
3. Capital surplus	9,494,842	8,444,178
4. Accumulated other comprehensive income		(-1,702)
5. Retained earnings	7,052,330	9,720,931
<b>Total equity</b>	<b>19,430,807</b>	<b>20,752,960</b>
<b>Total liabilities and equity</b>	<b>30,844,250</b>	<b>27,660,596</b>

**Table of Contents****2) Statements of Income****Separate Statements of Income**

Year ended December 31, 2011 and December 31, 2010

(In millions of KRW)

Description	For the year ended	For the year ended
	Dec. 31, 2011	Dec. 31, 2010
<b>I. Operating income</b>	<b>1,679,986</b>	<b>612,569</b>
(1) Net interest income	(261,428)	(253,535)
1. Interest income	110,656	97,993
2. Interest expense	(372,084)	(351,528)
(2) Net fees and commission income	120,884	121,082
1. Fees and commission income	121,213	121,283
2. Fees and commission expense	(329)	(201)
(3) Dividend income	1,837,479	817,312
(4) Net trading income (expense)	54,764	6,801
(5) Net foreign currency transaction gain (loss)	(21,594)	(21,482)
(6) Net impairment loss on financial assets	(103)	(223)
1. Impairment for Allowance	(103)	(223)
(7) General and administrative expenses	(72,033)	(78,992)
1. Salaries & Employee Benefits	(15,199)	(29,672)
2. Depreciation & Amortization	(1,251)	(1,312)
3. Other General & Administrative Expenses	(55,583)	(48,008)
(8) Other operating income (expense), net	22,017	21,606
<b>II. Income tax expense</b>	<b>7,078</b>	<b>(5,056)</b>
<b>III. Net income for year</b>	<b>1,672,908</b>	<b>617,625</b>
<b>IV. Other comprehensive income for year, net of income tax</b>	<b>1,702</b>	<b>2,575</b>
1. Cash flow hedges	2,246	2,032
2. Income tax effect	(544)	543
<b>V. Total comprehensive income for year</b>	<b>1,674,610</b>	<b>620,200</b>
<b>VI. Earnings (loss) per share in won</b>		
1. Basic earnings (loss) per share in won	2,945	816
2. Diluted earnings (loss) per share in won	2,913	816

**Table of Contents****3) Statements of Appropriations of Retained Earnings****Separate Statements of Appropriations of Retained Earnings (Draft)**

Year ended December 31, 2011 and December 31, 2010

(In millions of KRW)

Description	For the year ended	For the year ended
	Dec. 31, 2011	Dec. 31, 2010
<b>I. Unappropriated Retained Earnings</b>	<b>5,661,705</b>	<b>8,568,424</b>
1. Unappropriated Retained Earnings carried over from prior years	7,744,070	7,950,799
2. Redemption of Preferred Stocks	(3,752,679)	
3. Dividends to hybrid bond holders	(2,594)	
4. Net Income for Year	1,672,908	617,625
<b>II. Appropriation of Retained Earnings</b>	<b>815,486</b>	<b>824,354</b>
1. Legal Reserve	167,291	238,118
2. Regulatory reserve for loan loss	18,687	
3. Dividends	629,508	586,236
Cash Dividends on Common Stock	355,650	355,650
Dividend per share: KRW 750 for 2011		
KRW 400 for 2010		
Cash Dividends on Preferred Stock	273,858	230,586
Dividend per share		
Series 10: KRW 7,000 for 2011 & 2010		
Series 11: KRW 1,878.6950 for 2011 & 2010		
Series 12: KRW 3,898.3560 for 2011		
<b>III. Unappropriated Retained Earnings carried over to subsequent year</b>	<b>4,846,219</b>	<b>7,744,070</b>

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SIGNATURES

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

SHINHAN FINANCIAL GROUP CO., LTD.

By /s/ Jung Kee Min

Name: Jung Kee Min

Title: Chief Financial Officer

Date: February 23, 2012