

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

May 15, 2008

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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 May 2008

SHINHAN FINANCIAL GROUP CO., LTD.

(Translation of registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T

Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T

Rule 101(b)(7):

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

Yes No

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

82-_____.

Summary of 2008 1Q Business Report

On May 15, 2008, Shinhan Financial Group (SFG) filed the 2008 1Q Business Report (the Business Report) with the Financial Supervisory Service of the Republic of Korea (Korea) pursuant to the Securities and Exchange Act of Korea. This is the summary of the Business Report translated into English. Non-material or previously disclosed information are omitted or abridged.

The financial information in this report has been prepared in accordance with accounting principles generally accepted in Korea.

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Exhibit 99-1

Independent Accountant s Review Report (Non-consolidated Financial Statements) of Shinhan Financial Group as of March 31, 2008

Table of Contents**1. Introduction of the Group****Company History in 2008**

- n March 2008 : JSC Shinhan Bank Kazakhstan, a subsidiary of Shinhan Bank, joins SFG as an indirect subsidiary
- n April 2008 : SFG and Shinhan Bank obtain the Federal Reserve Bank's approval to become Financial Holding Companies
- n April 2008 : Shinhan Bank China Limited, a subsidiary of Shinhan Bank, joins SFG as an indirect subsidiary

Principal Subsidiaries under Korean Law as of Apr. 30, 2008***Direct Subsidiaries***

Subsidiaries	Ownership by SFG
Shinhan Bank	100.0%
Shinhan Card ¹⁾	100.0%
SHC Management ¹⁾	100.0%
Good Morning Shinhan Securities	100.0%
Shinhan Life Insurance	100.0%
Shinhan Capital	100.0%
Shinhan BNP Paribas ITMC	50.0%
Jeju Bank ²⁾	62.4%
SH&C Life Insurance	50.0%
Shinhan Macquarie Financial Advisory	51.0%
Shinhan Credit Information	100.0%
Shinhan Private Equity	100.0%

- 1) On September 21, 2007, LG Card became a wholly owned subsidiary of Shinhan Financial Group through a small scale share swap. LG Card shares were de-listed from the Korea Exchange on October 10, 2007. Further, through a process of business transfer and assumption, Shinhan Card's

business was fully assumed by LG Card. Subsequently, LG Card changed its name to Shinhan Card on October 1, 2007. Former Shinhan Card has changed its name to SHC Management and is in the process of liquidation.

- 2) Jeju Bank is currently listed on the Korea Exchange.

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

		(As of Apr. 30, 2008)
Direct Subsidiaries	Indirect Subsidiaries	Ownership by the Parent
Shinhan Bank	Shinhan Data System	100.00%
	Shinhan Finance Ltd.(Hong Kong) ¹⁾	100.00%
	SH Asset Management	100.00%
	Shinhan Asia Limited	100.00%
	Shinhan Bank America	100.00%
	Shinhan Bank Europe GmbH	100.00%
	Shinhan Vina Bank	50.00%
	CHB Valuemeet 2001 year 1 st Securitization	50.00%
	CHB Valuemeet 2001 year 2 nd Securitization	50.00%
	CHB Valuemeet 2002 year 1 st Securitization	50.00%
	Shinhan Khmer Bank Limited	100.00%
	JSC Shinhan Bank Kazakhstan	100.00%
	Shinhan Bank China Limited	100.00%
	Good Morning Shinhan Securities	Good Morning Shinhan Securities Europe Ltd.
Good Morning Shinhan Securities USA Inc.		100.00%
Good Morning Shinhan Securities Asia Ltd.		100.00%

Shinhan Private Equity	Shinhan NPS Private Equity Fund 1 st	5.00% ²⁾
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1) On November 1, 2006, Shinhan Finance Limited, Shinhan Financial Group's indirect subsidiary, was transferred to a branch of Shinhan Bank. The liquidation process is currently taking place.

2) Shinhan Financial Group and its subsidiaries currently own 36.7% of Shinhan NPS

Private Equity
Fund 1st.

Number of Shares

Number of issued and outstanding shares of the Group as of March 31, 2008

	Types of Shares	Number of Shares
Common Shares		396,199,587
Redeemable Preferred Shares		59,440,377
Redeemable Convertible Preferred Shares		14,721,000
	Total	470,360,964

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Table of Contents**Employee Stock Ownership Plan (ESOP)****(1) Contribution to ESOA (Employee Stock Ownership Association)**

Employee Accounts	Contribution Date	Contribution Amount (KRW)	Contributor	Objective
Contributed by relevant companies	March 12, 2008	29,688,000,000	Shinhan Bank	Stock Purchase
	March 21, 2008	3,129,681,195	GMSH Securites	Stock Purchase
	March 24, 2008	525,000,000	Shinhan Capital	Stock Purchase
	April 4, 2008	414,136,737	SFG	Stock Purchase
Sub-total		33,756,817,932		
Contributed by employees	March 12, 2008 ~	3,295,700,000		
	April 21, 2008			
Sub-total		3,295,700,000		
Total		37,052,517,932		

(2) Changes in ESOA Share Ownership

(As of March 31, 2008, Unit: shares)

	Share type	Beginning Balance			Ending Balance
		(Jan.1, 2008)	Increase	Decrease	(Mar. 31, 2008)
Association Accounts	Common Shares	1,236,075		41,306	1,194,769
Employee Accounts	Common Shares	4,336,056		218,519	4,117,537
Total		5,572,131		259,825	5,312,306

ESOP Ownership per company

(As of March 31, 2008, Unit: shares)

Company	Association Accounts	Employee Accounts	Total Balance
Shinhan Financial Group	24,971	36,185	61,156
Shinhan Bank	1,158,238	3,818,805	4,977,043
Good Morning Shinhan Securities		48,455	48,455
Shinhan Capital	11,560	43,272	54,832
Shinhan Card		89,851	89,851
Shinhan Life Insurance		75,116	75,116
SH&C Life Insurance		1,426	1,426
Shinhan Credit Information		1,392	1,392
Shinhan Data System		3,035	3,035
Total	1,194,769	4,117,537	5,312,306

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

	2008 1Q (Jan.1~Mar.31)	2007 (Jan.1~Dec.31)	(KRW million) 2006 (Jan.1~Dec.31)
Operating Revenue	734,907	2,749,536	2,003,752
Gain using the equity method of accounting	707,909	2,632,111	1,917,268
Interest income	26,998	117,333	79,151
Gain on Foreign Currency Transaction		92	5,838
Other income			1,495
Operating Expense	114,554	375,344	182,889
Loss using the equity method of accounting	2,547		
Interest Expense	99,789	326,928	129,644
Loss on Foreign Currency Transaction		93	5,838
Commission Expense	60	112	269
SG&A Expense	12,158	48,211	47,138
Operating Income	620,353	2,374,192	1,820,863

Source and Use of Funds**Source of Funds**

	2008 1Q (Jan.1~Mar.31)		2007 (Jan.1~Dec.31)		(KRW million) 2006 (Jan.1~Dec.31)	
	Average Balance ¹⁾	Ratio (%)	Average Balance ¹⁾	Ratio (%)	Average Balance ¹⁾	Ratio (%)
Stockholders Equity	17,180,285	70.19	15,896,140	71.40	10,376,235	76.70
Capital Stock	2,433,209	9.94	2,374,866	10.67	2,170,758	16.05
Capital Surplus	8,417,143	34.39	7,482,652	33.61	4,360,100	32.23
Capital Adjustment	(30,012)	(0.12)	19,669	0.09	25,520	0.19
Comprehensive Income	1,554,027	6.35	1,578,309	7.09	840,704	6.21
Retained Earnings	4,805,918	19.63	4,440,644	19.95	2,979,153	22.02
Liabilities	7,298,048	29.81	6,368,277	28.60	3,152,497	23.30
Borrowings	7,050,484	28.80	6,242,453	28.04	2,769,824	20.47
Other liabilities	247,564	1.01	125,824	0.57	382,673	2.83
Total	24,478,333	100.00	22,264,417	100.00	13,528,732	100.00

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

Table of Contents**Use of Funds**

	(KRW million)					
	2008 1Q (Jan.1~Mar.31)		2007 (Jan.1~Dec.31)		2006 (Jan.1~Dec.31)	
	Average Balance ¹⁾	Ratio (%)	Average Balance ¹⁾	Ratio (%)	Average Balance ¹⁾	Ratio (%)
Investments on equity stock	22,197,286	90.68	20,342,185	91.37	11,646,253	86.09
Shinhan Bank	11,148,374	45.54	10,820,953	48.60	8,997,565	66.50
Shinhan Card	7,478,792	30.55	5,963,810	26.79		
SHC Management Good Morning	766,095	3.13	955,862	4.29	639,038	4.72
Shinhan Securities	1,585,764	6.48	1,432,555	6.43	943,203	6.97
Shinhan Life Insurance	819,497	3.35	807,664	3.63	768,599	5.68
Shinhan Capital	252,727	1.03	220,347	0.99	170,264	1.26
Jeju Bank	76,270	0.31	73,916	0.33	66,809	0.49
Shinhan Credit Information	11,755	0.05	11,249	0.05	9,179	0.07
Shinhan Private Equity	9,888	0.04	9,864	0.04	8,987	0.07
Shinhan BNP Paribas ITMC	28,600	0.12	26,597	0.12	24,152	0.18
SH&C Life Insurance	17,651	0.07	17,821	0.08	17,322	0.13
Shinhan Macquarie FA	1,873	0.01	1,547	0.01	1,135	0.01
Loans	1,350,378	5.52	1,201,143	5.39	1,299,633	9.61
Fixed Assets	863	0.00	662	0.00	959	0.01
Cash Deposit in bank	876,314	3.58	557,627	2.50	422,201	3.12
Other Assets	53,492	0.22	162,800	0.73	159,686	1.18
Total	24,478,333	100.00	22,264,417	100.00	13,528,732	100.00

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

Other Financial Information

Financial information for 2008 1Q contained in this section are provisional figures.

Group BIS Ratio

	(KRW million)	
	2008 1Q	2007
Aggregate Amount of Equity Capital (A)	17,567,174	15,945,940
Risk-Weighted Assets (B)	168,663,244	161,849,385
BIS Ratio (A/B) ¹⁾	10.42%	9.85%

- 1) In accordance with the amendments in the Financial Holding Company Guidelines of the Financial Service Commission(FSC), the Group BIS Ratio, rather than the Requisite Capital Ratio, is used as an index for measuring capital adequacy, beginning FY2007.

Table of Contents**Won Liquidity Ratio**

	2008 1Q	2007	(KRW million) 2006
Won Assets due within 3 months (A)	1,973,252	220,009	605,415
Won Liabilities due within 3 months (B)	1,736,438	209,888	248,661
Won Liquidity Ratio (A/B) ¹⁾	113.64%	104.82%	243.47%

- 1) Under the guidelines issued by the FSC, we, at the holding company level, are required to maintain a Won liquidity ratio of no less than 100%.

Liabilities to Equity Ratio

	2008 1Q	2007	(KRW million) 2006
Liabilities (A)	8,290,963	7,349,727	3,642,105
Equity (B)	17,782,257	17,977,801	11,361,526
Liabilities to Equity Ratio (A/B)	46.62%	40.88%	32.06%

Capital Adequacy Ratio and Other Ratios of Certain Subsidiaries

- (1) BIS Capital Adequacy Ratio (%) ¹⁾

	2008 1Q	2007	2006
Shinhan Bank ²⁾	11.44	12.09	12.01
Jeju Bank	10.76	11.32	11.26

- 1) The BIS Capital Adequacy Ratio is computed in accordance with the guidelines issued by the FSC for commercial banks. Under these guidelines, commercial banks are required to maintain a minimum capital adequacy

ratio of 8%.

- 2) 2006 and 2007 ratios for Shinhan bank are based on Basel I. Basel II Standardize Approach was applied in calculating BIS for 2008 1Q.

(2) Adjusted Equity Capital Ratio (%)

	2008 1Q	2007	2006
Shinhan Card	21.81	25.31	34.25

- * The Adjusted Equity Capital Ratio represents the ratio of total adjusted shareholder s equity to total adjusted assets and is computed in accordance with the guidelines issued by FSC for credit card companies. Under these guidelines, Shinhan Card is required to maintain a minimum adjusted equity capital ratio of 8%. 2006 figure is of former LG Card.

(3) Net Capital Ratio (%)

	Mar.31 2008	Mar.31 2007	Mar.31 2006
Good Morning Shinhan Securities	699.80	451.69	558.60

- * Net Capital Ratio is computed in

accordance with
the guidelines
issued by the
FSC for
securities
brokerage
businesses.
Under these
guidelines,
Good Morning
Shinhan
Securities is
required to
maintain a
minimum net
capital ratio of
100%.

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(4) Solvency Margin Ratio (%)

	Mar.31 2008	Mar.31 2007	Mar.31 2006
Shinhan Life Insurance	222.74	224.70	230.80

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

Non- Performing Loans of Certain Subsidiaries ¹⁾

(1) Non- Performing Loans

	Mar.31, 2008		Dec.31, 2007		(KRW million) Dec.31, 2006	
	Balance	NPL to total Loans of NPL (%)	Balance	NPL to total Loans of NPL (%)	Balance	NPL to total Loans of NPL (%)
Shinhan Bank	991,572	0.70	848,846	0.63	729,655	0.62
Jeju Bank	13,452	0.65	11,952	0.60	13,120	0.74
Shinhan Card ²⁾	452,416	3.46	448,866	3.71	493,236	6.05

	Mar.31, 2008		Mar.31, 2007		Mar.31, 2006	
	Balance of NPL	NPL to total Loans (%)	Balance of NPL	NPL to total Loans (%)	Balance of NPL	NPL to total Loans (%)
GMSH Securities ²⁾	27,738	2.35%	25,888	2.54%	26,943	5.68%

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

2) Under the guidelines of the FSC, every

securities
 brokerage
 company and
 credit card
 company shall
 classify its loans
 into five
 categories:
 normal,
 precautionary,
 substandard,
 doubtful and
 estimated loss.

Under the
 Group's internal
 measures,
 non-performing
 loans of Good
 Morning
 Shinhan
 Securities, and
 Shinhan Card
 includes loans
 classified as
 substandard,
 doubtful, and
 estimated loss.

2006 figure for
 Shinhan Card is
 of former LG
 Card.

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

			(KRW million)		
			Jan. 1, 2008~ Mar. 31, 2008	Jan. 1, 2007~ Dec. 31, 2007	Jan. 1, 2006~ Dec. 31, 2006
Shinhan Bank	Loan Loss Allowance	Domestic	2,353,440	2,317,075	1,911,843
		Overseas	89,384	76,175	59,758
		Total	2,442,824	2,393,250	1,971,601
	Write-offs		31,426	186,316	160,636
Jeju Bank	Loan Loss Allowance	Domestic	31,469	31,849	26,313
		Overseas			
		Total	31,469	31,849	26,313
	Write-offs		550	7,188	8,325
Shinhan Card ¹⁾	Loan Loss Allowance	Domestic	940,130	947,737	1,031,823
		Overseas			
		Total	940,130	947,737	1,031,823
	Write-offs		118,460	430,535	535,622

1)

2006 figure for
Shinhan Card is
of former LG
Card.

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			Apr. 1, 2007~ Mar. 31, 2008	Apr. 1, 2006~ Mar. 31, 2007	Apr. 1, 2005~ Mar. 31, 2006
GMSH Securities	Loan Loss Allowance	Domestic Overseas Total	33,005	30,776	28,900
	Write-offs		983	1,117	2,300

3. Independent Auditor*Audit Opinion for the last 3 years*

	2008 1Q	FY 2007	FY 2006
Audit Opinion		Unqualified	Unqualified

Compensation to the Independent Auditor for Audit and Review Services

The following is a description of the fees for audit and review services performed by our independent auditor for the last three years in connection with our financial statements prepared in accordance with generally accepted accounting principles in Korea.

Year	Auditor	Payment (KRW mil.)	Working
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