

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

May 15, 2007

Table of Contents

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 2007

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 2007 1Q Business Report

On May 15, 2007, Shinhan Financial Group (SFG) filed the 2007 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.

Table of Contents

1. Introduction of the Group

2. Business Results

3. Independent Auditor

4. Directors, Executive Officers and Employees

5. Activities of Board of Directors and Sub-committees

6. Market Price Information of Our Common Shares and ADRs

7. Related Party Transactions

EX-99 INDEPENDENT ACCOUNTANT'S REVIEW REPORT AS OF MAR 31,2007

Exhibit 99 Independent Accountant s Review Report (Non Consolidated Financial Statements) of Shinhan Financial Group as of March 31, 2007

Table of Contents**1. Introduction of the Group****Company History in 2007**

On March 2007: LG Card joined Shinhan Financial Group as subsidiary

Principal Subsidiaries under Korean Law as of May 15, 2007**Direct Subsidiaries**

Subsidiaries	Ownership by SFG
Shinhan Bank	100.0%
LG Card ^{1) 2)}	85.7%
Good Morning Shinhan Securities	100.0%
Shinhan Life Insurance	100.0%
Shinhan Card	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) LG Card joined Shinhan Financial Group as a subsidiary on March 23, 2007.

Of total LG Card's common shares, Shinhan Financial Group and Shinhan Bank own 78.6% and 7.1% respectively.

2) Jeju Bank and LG Card are currently listed on the Korea Exchange.

Indirect subsidiaries held through direct subsidiaries

Direct Subsidiaries	Indirect Subsidiaries	(As of May 15, 2007) Ownership by the Parent	
Shinhan Bank	Shinhan Data System	100.0%	
	Shinhan Finance Ltd.(Hong Kong) ¹⁾	100.0%	
	SH Asset Management	79.8%	
	Shinhan Asia Limited	100.0%	
	Shinhan Bank America	100.0%	
	Shinhan Bank Europe GmbH	100.0%	
	Shinhan Vina Bank	50.0%	
	CHB Valuemeet 2001 year 1 st Securitization	50.0%	
	CHB Valuemeet 2001 year 2 nd Securitization	50.0%	
	CHB Valuemeet 2002 year 1 st Securitization	50.0%	
	Good Morning Shinhan Securities	Good Morning Shinhan Securities Europe	100.0%
		Good Morning Shinhan Securities USA	100.0%
	Shinhan Private Equity	Shinhan NPS Private Equity Fund 1 st	50.0% ²⁾

Table of Contents

- 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 and is expected to be finalized during the first half of 2007.
- 2) Shinhan Financial Group and its subsidiaries currently own 36.7% of Shinhan NPS Private Equity Fund 1st.

Number of Shares by Type

Number of issued and outstanding shares of the Group as of March 31, 2007

	Types of Shares	Number of Shares
Common Shares		381,567,614
Redeemable Preferred Shares		68,757,169
Redeemable Convertible Preferred Shares		14,721,000
	Total	465,045,783

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

Employee Accounts Contributed by relevant companies	Contribution Date	Contribution Amount (KRW)	Contributor	Objective
	March 23, 2007	2,049,000,000	Shinhan Card	Stock Purchase
	March 27, 2007	611,500,000	Shinhan Capital	Stock Purchase
	Sub-total	2,660,500,000		
Contributed by employees	Sub-total			
	Total	2,660,500,000		

4

Table of Contents**(2) Changes in ESOA Share Ownership**

		(As of March 31, 2007, Unit: shares)			
	Share type	Beginning Balance (Jan.1, 2007)	Increase	Decrease	Ending Balance (March 31, 2007)
Association Accounts	Common Shares	1,939,973		424,169	1,515,804
Employee Accounts	Common Shares	2,786,962	340,062	102,940	3,024,084
Total		4,726,935	340,062	527,109	4,539,888

* Subsequent events: On April 3, 2007 Shinhan Bank contributed 548,134 SFG common shares. Additionally on April 13, 2007 37,007 shares and 11,069 shares were purchased respectively for Shinhan Card and Shinhan Capital.

(3) ESOA Share Ownership per each company

		(As of March 31, 2007, Unit: shares)		
Company	Association Accounts	Employee Accounts	Total Balance	
Shinhan Financial Group	31,274	23,831	55,105	
Shinhan Bank	1,466,123	2,859,122	4,325,245	
Good Morning Shinhan Securities		20,363	20,363	
Shinhan Capital	18,407	22,997	41,404	
Shinhan Card		37,891	37,891	
Shinhan Life Insurance		55,223	55,223	
SH&C Life Insurance		1,126	1,126	
Shinhan Credit Information		1,074	1,074	
Shinhan Data System		2,457	2,457	
Total	1,515,804	3,024,084	4,539,888	

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

	2007 1Q (Jan.1~March 31)	2006 (Jan.1~Dec.31)	(KRW million) 2005 (Jan.1~Dec.31)
Operating Revenue	1,015,411	2,003,752	1,718,950
Gain using the equity method of accounting	952,272	1,917,268	1,618,314
Interest income	61,994	79,151	95,812
Gain on Foreign Currency Transaction	749	5,838	3,451
Other income	396	1,495	1,373
Operating Expense	78,229	182,889	158,321
Loss using the equity method of accounting			1,047
Interest Expense	62,647	129,644	114,544
Loss on Foreign Currency Transaction	749	5,838	3,449
Commission Expense	19	269	124
SG&A Expense	14,814	47,138	39,157
Operating Income	937,182	1,820,863	1,560,629

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

	2007 1Q (Jan.1~March 31)		2006 (Jan.1~Dec.31)		(KRW million) 2005 (Jan.1~Dec.31)	
	Average Balance ¹⁾	Ratio (%)	Average Balance ¹⁾	Ratio (%)	Average Balance ¹⁾	Ratio (%)
Stockholders Equity	11,435,040	74.41	10,376,235	76.70	8,463,137	77.36
Capital Stock	2,214,469	14.41	2,170,758	16.05	2,100,646	19.20
Capital Surplus	5,063,631	32.95	4,360,100	32.23	3,846,957	35.16
Capital Adjustment	32,858	0.21	25,520	0.19	11,475	0.10
Comprehensive Income	945,718	6.15	840,704	6.21	345,178	3.16
Retained Earnings	3,178,364	20.68	2,979,153	22.02	2,158,881	19.73
Liabilities	3,933,221	25.59	3,152,497	23.30	2,477,425	22.64
Borrowings	3,329,521	21.66	2,769,824	20.47	2,230,681	20.39
Other liabilities	603,700	3.93	382,673	2.83	246,744	2.26
Total	15,368,261	100.00	13,528,732	100.00	10,940,562	100.00

1) The Average Balance was calculated by averaging the ending balance of each quarter.

Table of Contents**Use of Funds**

	(KRW million)					
	2007 1Q		2006		2005	
	(Jan.1~March 31)		(Jan.1~Dec.31)		(Jan.1~Dec.31)	
	Average Balance ¹⁾	Ratio (%)	Average Balance ¹⁾	Ratio (%)	Average Balance ¹⁾	Ratio (%)
Investments on equity stock	13,472,737	87.67	11,646,253	86.09	9,060,179	82.82
Shinhan Bank	9,243,279	60.15	8,997,565	66.50	7,591,397	69.39
LG Card	1,347,676	8.77				
Shinhan Card	766,857	4.99	639,038	4.72	197,754	1.81
Good Morning						
Shinhan Securities	1,022,428	6.65	943,203	6.97	867,403	7.93
Shinhan Life						
Insurance	783,896	5.10	768,599	5.68	147,558	1.35
Shinhan Capital	176,769	1.15	170,264	1.26	139,108	1.27
Jeju Bank	69,403	0.45	66,809	0.49	57,606	0.53
Shinhan Credit						
Information	9,486	0.06	9,179	0.07	8,198	0.07
Shinhan Private						
Equity	9,364	0.06	8,987	0.07	9,300	0.09
Shinhan BNP						
Paribas ITMC	24,629	0.16	24,152	0.18	23,139	0.21
SH&C Life						
Insurance	17,770	0.12	17,322	0.13	14,879	0.14
Shinhan Macquarie						
FA	1,180	0.01	1,135	0.01	1,641	0.01
E-Shinhan					2,197	0.02
Loans	1,224,366	7.97	1,299,633	9.61	1,667,537	15.24
Fixed Assets	858	0.01	959	0.01	1,296	0.01
Cash Deposit in bank	501,410	3.26	422,201	3.12	177,313	1.62
Other Assets	168,890	1.10	159,686	1.18	34,237	0.31
Total	15,368,261	100.00	13,528,732	100.00	10,940,562	100.00

1) The Average Balance was calculated by averaging the ending balances of each quarter.

Other Financial Information**Group BIS Ratio**

	(KRW million)
Aggregate Amount of Equity Capital (A)	2007 1Q (E) 12,842,440
Risk-Weighted Assets (B)	140,273,878
BIS Ratio (A/B) ¹⁾	9.16%

1) Following amendments in the Financial Holding Company Guidelines of the Financial Supervisory Commission, the Group BIS Ratio, rather than the Requisite Capital Ratio, is used as an index for measuring capital adequacy, beginning FY2007.

Won Liquidity Ratio

	2007 1Q	2006	(KRW million) 2005
Won Assets due within 3 months (A)	487,895	605,415	341,547
Won Liabilities due within 3 months (B)	460,022	248,661	332,746
Won Liquidity Ratio (A/B) ¹⁾	106.06%	243.47%	102.65%

7

Table of Contents

- 1) Under the guidelines issued by the Financial Supervisory Commission, we, at the holding company level, are required to maintain a Won liquidity ratio of not less than 100%.

Liabilities to Equity Ratio

	2007 1Q	2006	(KRW million) 2005
Liabilities (A)	6,228,731	3,642,106	2,325,114
Equity (B)	15,431,036	11,361,526	10,137,017
Liabilities to Equity Ratio (A/B)	40.36%	32.06%	22.94%

Capital Adequacy Ratio and Other Ratios of Certain Subsidiaries

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

	2007 1Q	2006	2005
Shinhan Bank ²⁾	11.93	12.01	10.94
Jeju Bank	11.37	11.26	11.71

- 1) The BIS Capital Adequacy Ratio is computed in accordance with the guidelines issued by the Financial Supervisory Commission for commercial banks. Under these guidelines, commercial banks are required to maintain a minimum capital adequacy ratio of 8%.
- 2) The integrated Shinhan Bank was launched on April 1, 2006 and the figure for 2005 is of pre-merger Chohung Bank, the surviving entity.
- (2) Net Capital Ratio (%)

	Mar.31 2007	Mar.31 2006	Mar.31 2005
Good Morning Shinhan Securities	451.69	558.60	629.22

- * Net Capital Ratio is computed in accordance with the guidelines issued by the Financial Supervisory Commission for securities investment trust businesses. Under these guidelines, Good Morning Shinhan Securities is required to maintain a minimum net capital ratio of 100%.

- (3) Solvency Margin Ratio (%)

	Mar.31 2007	Mar.31 2006	Mar.31 2005
Shinhan Life Insurance	224.7	230.8	204.9

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

- (4) Adjusted Equity Capital Ratio (%)

	2007 1Q	2006	2005
LG Card	36.60	34.25	25.55
Shinhan Card	14.97	17.47	17.68

- * 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 the Financial Supervisory Commission for credit card companies. Under these guidelines, Shinhan Card and LG Card are required to maintain a minimum adjusted equity capital ratio of 8%.

Table of Contents**Non- Performing Loans of Certain Subsidiaries ¹⁾**

(1) Non- Performing Loans

	March 31,2007		Dec.31.2006		(KRW million) Dec.31. 2005	
	Balance of NPL	NPL to total Loans (%)	Balance of NPL	NPL to total Loans (%)	Balance of NPL	NPL to total Loans (%)
Shinhan Bank ²⁾	759,150	0.63	729,655	0.62	531,349	1.15
Jeju Bank	12,970	0.65	13,120	0.74	16,287	1.15
LG Card ³⁾	456,079	5.66	493,236	6.05	544,705	8.22
Shinhan Card ³⁾	87,399	2.81	111,770	3.50	33,420	2.71

	March 31,2007		March 31, 2006		March 31, 2005	
	Balance of NPL	NPL to total Loans (%)	Balance of NPL	NPL to total Loans (%)	Balance of NPL	NPL to total Loans (%)
GMS Securities ³⁾	25,888	2.54	26,943	5.68	30,745	11.77

- 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 Financial Supervisory Commission.
- 2) Figures for 2005 are of pre-merger Chohung Bank, the surviving entity.
- 3) Under the guidelines of the Financial Supervisory Commission, 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, Shinhan Card, and LG Card includes loans classified as substandard, doubtful, and estimated loss.

Table of Contents

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

			(KRW million)		
			Jan. 1, 2007~ Mar. 31, 2007	Jan. 1, 2006~ Dec. 31, 2006	Jan. 1, 2005~ Dec. 31, 2005
Shinhan Bank	Loan Loss Allowance	Domestic	1,964,255	1,911,843	905,000
		Overseas	60,798	59,758	27,600
		Total	2,025,053	1,971,601	932,600
	Write-offs		55,853	160,636	571,500
Jeju Bank	Loan Loss Allowance	Domestic	27,772	26,313	25,329
		Overseas			
		Total	27,772	26,313	25,329
	Write-offs		622	8,325	19,145
LG Card	Loan Loss Allowance	Domestic	774,188	894,173	911,739
		Overseas			
		Total	774,188	894,173	911,739
	Write-offs		115,025	533,403	1,528,629
Shinhan Card	Loan Loss Allowance	Domestic	133,078	148,724	46,269
		Overseas			
		Total	133,078	148,724	46,269
	Write-offs		31,765	179,351	117,583
			Apr. 1, 2006~ Mar. 31, 2007	Apr. 1, 2005~ Mar. 31, 2006	Apr. 1, 2004~ Mar. 31, 2005
GM Shinhan Securities	Loan Loss Allowance	Domestic	30,776	28,900	30,900
		Overseas			
		Total	30,776	28,900	30,900
	Write-offs		1,117	2,300	1,900

Table of Contents**3. Independent Auditor*****Audit Opinion for the last 3 years***

Audit Opinion	2007 1Q	FY 2006	FY 2005
		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.) (annual)	Details	Working hours
	KPMG Samjong Accounting Corp.	341	Review/Audit of Financial Statements	670 hours
2007 1Q	KPMG Samjong Accounting Corp.	399	Review of Financial Statements related to accounting treatment of LG Card acquisition	
2006	KPMG Samjong Accounting Corp.	304	Review/Audit of Financial Statements	3,150 hours
2005	KPMG Samjong Accounting Corp.	288	Review/Audit of Financial Statements	3,073 hours
		11		

Table of Contents

4. Directors, Executive Officers and Employees

Directors and Executive Officers