

SHINHAN FINANCIAL GROUP CO LTD

Form 6-K

February 22, 2008

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 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-_____.

Shinhan Financial Group
120, 2-Ga, Taepyungro, Jung Gu,
Seoul 100-724, Korea

February 22, 2008

To Shareholders:

Convocation Notice of the 7th Ordinary General Meeting of Shareholders

Notice is hereby given that the 7th Ordinary General Meeting of Shareholders of the Group will be held as described hereunder and your attendance is cordially requested.

Description

1. Date and Time March 19, 2008 10 A.M., Seoul time.
2. Venue Auditorium, 20th floor, Shinhan Bank,
120, 2Ga, Taepyung-ro, Jung-gu, Seoul, Korea
3. Agenda
 - 1) Approval of Financial Statements (balance sheet, income statement and statement of appropriation of retained earnings) for the fiscal year 2007 (January 1, 2007 ~ December 31, 2007)
 - 2) Approval of Revision to Articles of Incorporation
 - 3) Appointment of directors (13 directors)
 - 4) Appointment of Audit Committee members (4 members)
 - 5) Approval of director remuneration limit
 - 6) Approval of stock option grant to the executives and employees of Shinhan Financial Group and its Subsidiaries

Reference Document for the Exercise of Voting Right

1. Number of Voting Rights Held by All Shareholders: 396,119,587 shares

- * The total number of our outstanding common stock is 396,119,587 shares as of December 31, 2007, all of which are valid shares for voting.

2. Agenda Items and Reference Materials Thereof:

Agenda Item No. 1 Approval of Financial Statements (balance sheets, income statements and statements of appropriation of retained earnings for fiscal year 2007 [January 1, 2007 ~ December 31, 2007])

- Please refer to Appendix 1 for financial statements of the Shinhan Financial Group

- Total dividend amount proposed by BOD

1) Common Stock: KRW 356,580 million (KRW 900 per share)

2) Preferred Stock: KRW 263,862 million

3) Total: KRW 620,442 million

Agenda Item No. 2 Approval of Revision to Articles of Incorporation

Shinhan Financial Group proposes to revise its Articles of Incorporation in order to reflect the amendment of the Financial Holding Company Act and subordinate regulations.

A. Reflect the grounds for the establishment of the Audit Committee Member Recommendation Committee

Recently, article 41, paragraph 2 of the Financial Holding Company Act has been revised, and companies are now required to recommend candidates for its Audit Committee through an Audit Committee Member Recommendation Committee.

Accordingly, SFG proposes to revise article 46 and 49 of its Articles of Incorporation to stipulate the grounds for establishment of the Audit Committee Member Recommendation Committee as a subcommittee under the BOD, and also to specify the recommendation procedures for candidates under the Audit Committee Member Recommendation Committee.

B. Revise the extent of consolidated financial statements subject to public notice

Article 33 of supervisory regulation of Financial Holding Company Act has specified the types of financial statement for companies to announce to the public.

Companies are now required to publicly notice its consolidated balance sheet and income statement, in lieu of the previous consolidated financial statements, pursuant to The Act on External Audit of Corporation .

SFG proposes to revise article 53 of its Articles of Incorporation to stipulate the amendment.

As is

Article 46 (Committees)

(1) The Company may have the following committees within the Board of Directors.
1~5 (Omitted)

(Added)

Article 49 (Constitution of Audit Committee)

(1) The Company shall have the Audit Committee, as prescribed by the Commercial Code, the Securities Exchange Act and other applicable laws, instead of an Auditor.

(2) The Audit Committee of the Company shall consist of three (3) or more Directors; provided that two-thirds (2/3) of the members of the Audit Committee shall be elected from the Outside Directors.

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

Article 53 (Preparation and Maintenance of Financial Statements and Business Reports)

(1)~(3) (Omitted)

(4) Immediately upon obtaining approval for the documents mentioned in Paragraph (1) above from the General Meeting of Shareholders, the Representative Director-President shall make a public notice

To be

Article 46 (Committees)

(1)The Company may have the following committees within the Board of Directors.
1~5 (Unchanged)
6. Audit Committee Member
Recommendation Committee

Article 49 (Constitution of Audit Committee)

(1) The Company shall have the Audit Committee, as prescribed by article 41 paragraph 1 of the Financial Holding Company Act .

(2) Candidates for the Audit Committee shall be recommended by the Audit Committee Member Recommendation Committee, all of which members are Outside directors. The Audit Committee Member Recommendation Committee will make their resolution based on two-third(2/3) approval among the present members.

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

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

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

(4) (Identical to As-is (3) paragraph)

Article 53 (Preparation and Maintenance of Financial Statements and Business Reports)

(1)~(3) (Unchanged)

(4) Immediately upon obtaining approval for the documents mentioned in Paragraph (1) above from the General Meeting of Shareholders, the Representative Director-President shall make a public notice of the balance sheet, income statement,

of the balance sheet, income statement, consolidated financial statements pursuant to the Act on External Audit of Stock Companies and the opinion of an external auditor. In doing so, notwithstanding the provisions of Article 4, the Company may use the means of electronic document as prescribed by Article 55.2 of the Financial Holding Company Act.

consolidated balance sheet and income statement pursuant to the Act on External Audit of Stock Companies and the opinion of an external auditor. In doing so, notwithstanding the provisions of Article 4, the Company may use the means of electronic document as prescribed by Article 55.2 of the Financial Holding Company Act.

Addenda(5)

Article 1 (Effective Date) These Articles of Incorporation shall become effective as of March 19,2008.

Agenda Item No. 3 Appointment of directors (13 directors)

The following is the list of director candidates.

Candidate Name	Term(Year)	New Appointment	Outside Director
Sang Hoon Shin	3		
Pyung Joo Kim	1		O
Si Jong Kim	1		O
Young Woo Kim	1		O
Shee Yul Ryoo	1		O
Byung Hun Park	1		O
Yong Woong Yang	1		O
Sung Bin Chun	1		O
Haeng Nam Chung	1		O
Bong Youn Cho	1	O	O
Young Hoon Choi	1		O
Young Sup Huh	1	O	O
Philippe Reynieix	1		O

For the personal profiles of the candidates, please refer to Appendix 2.

Pyung Joo Kim, Shee Yul Ryoo, Sung Bin Chun, Bong Youn Cho and Young Sup Huh are candidates for outside directors with professional expertise, as defined under our Articles of Incorporation.

Agenda Item No. 4 Appointment of Audit Committee members (4 members)

Among the nominated outside director candidates, Young Woo Kim, Sung Bin Chun, Bong Youn Cho and Young Sup Huh were recommended as candidates of audit committee members for the year 2008 through the resolution of the Audit Committee Member Recommendation Committee.

Agenda Item No. 5 Approval of director remuneration limit

Limitation on the aggregate compensation to the directors: KRW 9 billion for the year 2008.

Agenda Item No. 6 Approval of stock option grant to the executives and employees of Shinhan Financial Group and its Subsidiaries

(Total stock options to grant to executives and employees of SFG and subsidiaries: 808,700 shares)

A. Grant of Stock Options to Executives and Officers

- 1) Grantees: A total of 46 executives and officers of Shinhan Financial Group and its subsidiaries (Shinhan Bank, Shinhan Card , Good Morning Shinhan Securities, Shinhan Life Insurance, Shinhan Capital, and Shinhan Credit Information)- See below for more details.
- 2) Number of options: 554,350 shares in total
- 3) Exercise price: Minimum exercise price calculated in accordance with Article 84.9 of the Presidential Decrees to the Securities Exchange Act of Korea
 - * Determination of exercise price: Based on the arithmetic mean of the three trading volume- weighted average closing prices during the 2-month, 1-month and 1-week periods counting backwards from the day before the grant date.
- 4) Date of grant: March 19, 2008
- 5) Exercise period: Exercisable during the 4 year period after 3rd anniversary of the grant date.
- 6) Method of option grant : Shinhan Financial Group will, at its discretion ,choose among the followings:
 - to issue new shares at the exercise price,
 - to provide from its treasury shares, or
 - to settle in cash for the amount of difference between the exercise price and market price as of the date of exercise.
- 7) Details of Stock Options Granted to Executives and Officers

Company	Title	Name	Grant Volume
Shinhan Financial Group	Chairman	Eung Chan Ra	55,000
Shinhan Financial Group	CEO	In Ho Lee	49,500
Shinhan Financial Group	Executive Vice President	Baek Soon Lee	11,000
Shinhan Financial Group	Executive Vice President	Buhmsoo Choi	11,000
Shinhan Financial Group	Executive Vice President	Jae Woon Yoon	11,000
Shinhan Bank	CEO	Sang Hoon Shin	44,000
Shinhan Bank	Executive Vice President	Hyu Won Lee	11,000
Shinhan Bank	Executive Vice President	Won Suk Choi	11,000
Shinhan Bank	Executive Vice President	Nam Lee	11,000
Shinhan Bank	Executive Vice President	Chang Kee Hur	11,000
Shinhan Bank	Executive Vice President	Jeum Joo Gweon	11,000
Shinhan Bank	Executive Vice President	Sung Woo Kim	10,000

Company	Title	Name	Grant Volume
Shinhan Bank	Executive Vice President	Hak Ju Kim	10,000
Shinhan Bank	Executive Vice President	Joo Won Park	10,000
Shinhan Bank	Executive Vice President	Chan Park	8,250
Shinhan Bank	Executive Vice President	Jung Won Lee	8,250
Shinhan Bank	Executive Vice President	Chan Hee Jin	8,250
Shinhan Bank	Executive Vice President	Hyung Jin Kim	7,500
Shinhan Bank	Executive Vice President	Young Hoon Lee	7,500
Shinhan Card	CEO	Jae Woo Lee	22,000
Shinhan Card	Executive Vice President	Hong Kyu Kang	8,250
Shinhan Card	Executive Vice President	Soo Ik Park	7,500
Shinhan Card	Executive Vice President	Doo Hwan Jun	8,250
Shinhan Card	Executive Vice President	Hee Geon Kim	8,250
Shinhan Card	Executive Vice President	Jong Kyun Shin	7,500
Shinhan Card	Managing Director	Chun Kuk Lee	6,600
Shinhan Card	Managing Director	Il Hwan Kim	6,600
Shinhan Card	Managing Director	Jae Gwang Soh	6,000
Shinhan Card	Managing Director	Ihl Soon Cho	6,000
Shinhan Card	Managing Director	In Chang Rou	6,000
GMSH Securities	CEO	Dong Girl Lee	20,000
GMSH Securities	Executive Vice President	Jin Kook Lee	8,250
GMSH Securities	Executive Vice President	Yoo Shin Jung	7,500
GMSH Securities	Executive Vice President	Seung Hee Hyun	7,500
Shinhan Life	CEO	Jin Won, Suh	22,000
Shinhan Life	Executive Vice President	Byung Chan Lee	8,250
Shinhan Life	Executive Vice President	Keun Jong Lee	8,250
Shinhan Life	Executive Vice President	Young Chul Bae	7,500
Shinhan Life	Executive Vice President	Sam Suck Rho	7,500
Shinhan Life	Executive Vice President	Jeong Kun Lee	7,500
Shinhan Life	Executive Vice President	Ki Won Kim	6,600
Shinhan Capital	CEO	Do Heui Han	18,000
Shinhan Capital	Executive Vice President	Seung Keun Oh	7,200
Shinhan Capital	Executive Vice President	Jun Gi Eun	6,600
Shinhan Capital	Executive Vice President	Young Sup Hwang	5,000
Shinhan Credit Info.	Executive Vice President	Pan Am Lee	7,500
Grantees : 46			No. of Shares : 554,350

B. Grant of Stock Options to Employees

1) Grantees:

Managing directors and BU heads with previous year's overall evaluation grade of 3 or higher will be granted with stock options.

* Companies : Shinhan Financial Group, Shinhan Bank, Shinhan Card, GMSH Security and Shinhan Capital

* Decisions regarding grantees selection and volumes to each grantee shall be delegated to CEO of SFG and be finalized with GSM's approval.

2) Number of options : 254,350 shares in total

3) Exercise price, date of grant, exercise period and method of option grants are the same as those applied to executive grantees.

C. Conditions for Stock Option Exercise

A) **33.4%** of Stock Option grant per each person: linked to **Stock Price performance**

If company's 3-year cumulative net income is greater than zero, exercisable volume is determined based on the comparison of SFG's stock price growth rate against average stock price growth rate of Big 3 players in the following manner.

Compared to BIG 3 ¹⁾	Below 70%	70~90%	90% or above
Exercisable volume	0%	16.7%	33.4%

Note1) BIG 3 refers to Kookmin Bank, Woori Financial Group and Hana Financial Group. Exercise amount of stock options is dependant on the three companies' average growth in share price.

B) **66.6%** of Stock Option grant per each person: linked to **adjusted ROE performance** against its target

Item	Group 1	Group 2	Group 3
Volume subject to exercise	1/3 of 66.6% of total grant volume	1/3 of 66.6% of total grant volume	1/3 of 66.6% of total grant volume

$$\text{Exercisable volume}^1 = \text{Volume subject to exercise} \times (\text{Actual ROE} / \text{Target ROE})$$

Exercisable volume Note 1) Total exercise volume cannot exceed 100% of that originally granted

Actual (target) ROE criteria	Grant year(G)'s actual (target) adjusted ROE	G+1 year actual (target) adjusted ROE	G+2 year actual (target) adjusted ROE
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Exercisable period During 4 years after 3rd anniversary of grant date

Appendix 1. Financial Statements of Shinhan Financial Group**1) Balance Sheets****Shinhan Financial Group Co., Ltd and Subsidiaries**

Non-Consolidated Balance Sheets

December 31, 2007 and December 31, 2006

(In millions of KRW)

	As of December 31, 2007		As of December 31, 2006	
Assets				
I. Cash & Due from Banks		131,994		468,561
1. Due from Banks		131,994		468,561
II. Securities		23,743,620		12,775,892
1. Equity Securities Accounted for by the Equity Method		23,743,620		12,775,892
III. Loans		1,407,925		1,179,147
Allowance for Possible Loan Losses		- 7,075		- 5,925
1. Loans in Won		1,415,000		1,120,000
2. Loans in Foreign Currency				65,072
IV. Premises and Equipment		528		776
1. Vehicles	171		261	
Accumulated Depreciation	137	34	187	74
2. Equipment	1,467		1,416	
Accumulated Depreciation	1,245	222	1,081	335
3. Other	1,823		1,728	
Accumulated Depreciation	1,551	272	1,361	367
V. Other Assets		43,461		579,255
1. Guarantee Deposits		10,068		9,915
2. Software		1,016		910
3. Accounts Receivable				37,907
4. Accrued Income		8,415		8,016
5. Advance Payments		10		519,328
6. Prepaid Expenses		17,060		1,023
7. Prepaid Income Taxes		3,651		346
8. Sundry Assets		3,241		1,810
Total Assets		25,327,528		15,003,631
Liabilities				
I. Borrowings		7,293,253		3,606,898
1. Borrowings in Won		1,255,000		120,000
2. Borrowings in Foreign Currency				65,072
3. Debentures in Won	6,050,000		3,430,000	
Discounts	11,747	6,038,253	8,174	3,421,826
II. Other Liabilities		56,474		35,207
1. Taxes Withheld		355		561
2. Dividends Payable		2,153		1,619
3. Accounts Payable		702		329
4. Accrued Expenses		52,415		31,916

	As of December 31, 2007		As of December 31, 2006	
5.Unearned Revenues		135		
6.Accrued Severance Benefits	1,903		2,015	
Deposits with Insurance Company for Severance Benefits	1,189	714	1,233	782
Total Liabilities		7,349,727		3,642,105
Stockholders Equity				
I. Capital Stock		2,462,473		2,170,758
1.Common Stock		1,980,998		1,907,838
2.Preferred Stock		481,475		262,920
II. Capital Surplus		8,648,799		4,360,082
1.Paid-in Capital in excess of Par Value		8,648,726		4,359,961
2.Other Capital Surplus		73		121
III. Capital Adjustment				44,491
1.Stock Options				44,491
IV. Accumulated Other Comprehensive Income		1,644,715		1,398,235
1.Unrealized Gain on Equity Securities under Equity Method		2,314,173		1,403,453
2.Unrealized Loss on Equity Securities under Equity Method		- 669,458		- 5,218
V. Retained Earnings		5,221,814		3,387,960
1.Legal Reserve		580,200		396,928
2.Retained Earnings Before Appropriation		4,641,614		2,991,032
Total Stockholders Equity		17,977,801		11,361,526
Total Liabilities and Stockholders Equity		25,327,528		15,003,631

2) Income Statements

Shinhan Financial Group Co., Ltd and Subsidiaries
 Non-Consolidated Statements of Income
 Year ended December 31, 2007 and December 31, 2006
 (In millions of KRW)

	FY 2007	FY 2006
I. Operating Revenues	2,749,536	2,003,752
(1) Gain using the Equity Method of Accounting	2,632,111	1,917,268
(2) Interest Income	117,333	79,151
1. Interest on Due from Banks	53,571	6,918
2. Interest on Loans	63,762	70,057
3. Interest on Privately Placed Bonds		2,176
(3) Gain on Foreign Currency Transaction	92	5,838
(4) Other Operating Revenues		1,495
1. (Reversal of Allowance for Possible Loan Losses)		1,495
II. Operating Expenses	375,344	182,889
(1) Interest Expenses	326,928	129,644
1. Interest on Borrowings	45,643	5,404
2. Interest on Debentures	281,285	124,167
3. Other		73
(2) Loss on Foreign Currency Transaction	93	5,838
(3) Commission Expenses	112	269
(4) Administrative Expenses	48,211	47,138
1. Salaries	30,629	29,133
2. Retirement Allowance	1,119	973
3. Employee Benefits	1,416	1,202
4. Rent	343	568
5. Entertainment	911	939
6. Depreciation	385	562
7. Amortization on Intangible Assets	329	295
8. Bad Debt Expense	1,150	
9. Taxes and Dues	406	2,453
10. Advertising	43	44
11. Commissions	8,964	8,484
12. Other	2,516	2,485
III. Operating Income	2,374,192	1,820,863
IV. Non-Operating Income	738	11,855
1. Gain on Sale of Tangible Assets	15	
2. Miscellaneous	723	11,855
V. Non-Operating Expenses	1,215	
1. Contribution	75	
2. Miscellaneous	1,140	
VI. Income Before Income Tax Expenses	2,373,715	1,832,718

VII. Income Tax Benefits	22,662	
VIII. Net Income for the Period	2,396,377	1,832,718
IX. (Earning per Share)		
1. (Basic Earning per Share)	KRW 5,562	KRW 4,149
2. (Diluted Earning per Share)	KRW 5,424	KRW 4,149

3) Statements of Appropriations of Retained Earnings**Non-Consolidated Statements of Appropriations of Retained Earnings (Draft)**

Year ended December 31, 2007 and December 31, 2006

(In millions of KRW)

	Year ended December 31, 2007	Year ended December 31, 2006
I. Unappropriated Retained Earnings	4,641,614	2,991,032
1. Unappropriated Retained Earnings carried over from prior years	2,242,709	1,263,407
2. Change in retained earnings of subsidiaries	2,528	-105,037
3. Redemption of preferred stock		-56
4. Net Income for the Period	2,396,377	1,832,718