

# PIONEER OF THE NEW NORM

Annual Report 2023

 Shinhan Financial Group

# Pioneer of the New Norm: Advancing Financial Inclusion

Shinhan Financial Group is continually innovating finance to make it simpler and more convenient. As a reliable financial partner—and trailblazer—Shinhan is constantly innovating our core businesses, always embracing bold changes without hesitation. Aiming to be the very best in all aspects of our business, we are proud to be the one setting the new norms for a more positive influence on finance that will impact the world in truly meaningful ways. Indeed, our goal is not tied to comparing ourselves to any other company but to forging a path towards excellence that benefits everyone—our customers and society at large.



# CONTENTS

## Shinhan at a Glance

- 04 Letters to Shareholders
- 13 Key Financial Performance
- 14 Stock Information

## Fast Read

- 16 Sustainable Capital Stewardship
- 18 Forward-Looking Risk Control
- 20 Customer-Centric Excellence
- 22 Empowerment through Technology
- 24 Pioneering Responsible Finance

## Management Review

- 27 2023 Milestones
- 30 Capital Management and Shareholder Return Policy
- 32 Risk Management
- 41 Consumer Protection
- 46 Human-Led Talent and Shinhan Culture

## Business Operations

- 50 Group Business Overview
- 51 Retail Banking
- 57 Corporate & Investment Banking
- 65 Insurance & Asset Management
- 70 International Business

## Appendix

- 74 Group Governance
- 76 Corporate Governance
- 81 Global Network

## Audited Financial Statements

- 01 Independent Auditor's Report
- 06 Consolidated Statements of Financial Position
- 08 Consolidated Statements of Comprehensive Income
- 10 Consolidated Statements of Changes in Equity
- 12 Consolidated Statements of Cash Flows
- 15 Notes to the Consolidated Financial Statements

[Home](#)

[Contents](#)

[Previous Page](#)

[Print](#)

[Website link](#)

This report has been published as an interactive PDF, allowing readers to move quickly and easily to pages in the report, and including shortcuts to related web pages.

# Letter from CEO

Valued Shareholders,  
It is my honor to address you with  
my second letter as the Chief Executive Officer  
of Shinhan Financial Group.

First and foremost, I extend my heartfelt gratitude for the remarkable interest and support you showed at the 23rd Annual General Shareholders' Meeting on March 26, 2024. This event marked the welcomed addition of Song Seongjoo and Choi Young-Gwon to our board of directors. Following this, at a subsequent provisional board meeting, Yoon Jaewon, our esteemed former Audit Committee Chair, had the honor of becoming the second woman to ever chair the board in Shinhan Financial Group's history. This meeting also culminated in the strategic appointment of chairs and members to various subcommittees, thereby completing the board's composition.

Looking ahead to 2024, Shinhan Financial Group is set to energetically pursue 'Excellence, Shinhan,' in collaboration with our renewed board of directors. We are committed to maintaining open lines of communication and sharing progress updates with our valued shareholders at every available opportunity. At this significant moment, I am prompted to compose this letter to not only reflect on the year 2023 but also share our perspective and strategic focal points for the year ahead.



## Board of Directors

Independence	Name	Sub-committees	Main Work Experience
Executive	Jin Okdong	<ul style="list-style-type: none"> <li>Subsidiaries' CEO Recommendation Committee (Chair)</li> <li>ESG Strategy Committee (Member)</li> </ul>	(2023-present) CEO, Shinhan Financial Group (2019-2022) CEO, Shinhan Bank (2017-2018) Deputy President, Shinhan Financial Group (2015-2016) CEO, Shinhan Bank Japan (SBJ)
Chair of the Board	Yoon Jaewon	<ul style="list-style-type: none"> <li>CEO Recommendation Committee (Chair)</li> <li>Audit Committee (Member)</li> <li>Subsidiaries' CEO Recommendation Committee (Member)</li> </ul>	(2023-present) Non-executive Member of the Accounting Standards Board of the Korea Accounting Institute (2017-present) Vice President of the Korean Tax Association (2004-present) Professor, College of Business Administration, Hogik University
Independent	Kwak Su Keun	<ul style="list-style-type: none"> <li>Audit Committee (Chair)</li> <li>Remuneration Committee (Member)</li> <li>Subsidiaries' CEO Recommendation Committee (Member)</li> </ul>	(2019-present) Chair of Corporate Governance Advisory Board, Korea Listed Companies Association (2019-present) Chairman, POSCO Corporate Citizenship Advisory Committee (2018-present) Honorary Professor of Accounting, Seoul National University Business School
Independent	Kim Jo Seol	<ul style="list-style-type: none"> <li>ESG Strategy Committee (Member)</li> <li>Remuneration Committee (Member)</li> <li>Independent Director and Audit Committee Member Recommendation Committee (Member)</li> </ul>	(2023-present) Standing Director and Vice President, Northeast Asian Society (2020-present) Professor, Osaka University of Commerce Department of Economics
Independent	Bae Hoon	<ul style="list-style-type: none"> <li>Audit Committee (Member)</li> <li>Subsidiaries' CEO Recommendation Committee (Member)</li> <li>CEO Recommendation Committee (Member)</li> </ul>	(2003-present) Representative Attorney, Orbis Legal Profession Corporation (2002-2006) Co-representative lawyer, LAZAK (Lawyers Association of Zainichi Korea)
Independent	Song Seongjoo	<ul style="list-style-type: none"> <li>Risk Management Committee (Chair)</li> <li>Independent Director and Audit Committee Member Recommendation Committee (Member)</li> </ul>	(2022-present) Director of the Korea Risk Management Society (2008-present) Professor, Statistics, Korea University
Independent	Lee Yong Guk	<ul style="list-style-type: none"> <li>ESG Strategy Committee (Chair)</li> <li>Risk Management Committee (Member)</li> <li>Subsidiaries' CEO Recommendation Committee (Member)</li> </ul>	(2020-present) Adjunct Professor, Seoul National University (1992-present) Partner Attorney at New York/Hong Kong Office, Representative and Senior Counsel at Seoul Office, Senior Counsel, Cleary Gottlieb Steen & Hamilton LLP
Independent	Jin Hyun-duk	<ul style="list-style-type: none"> <li>CEO Recommendation Committee (Member)</li> <li>Independent Director and Audit Committee Member Recommendation Committee (Member)</li> </ul>	(2017-present) Councilor, The Korea Educational Foundation (1986-present) CEO, PHOEDRA Co., Ltd.
Independent	Choi Young-Gwon	<ul style="list-style-type: none"> <li>Remuneration Committee (Chair)</li> <li>Risk Management Committee (Member)</li> <li>CEO Recommendation Committee (Member)</li> </ul>	(2023-present) Adjunct Professor, Graduate School of Business Administration, Sogang University (2019-2023) CEO, Woori Asset Management (2014-2017) CIO, Government Employees Pension Service
Independent	Choi Jae Boong	<ul style="list-style-type: none"> <li>Independent Director and Audit Committee Member Recommendation Committee (Chair)</li> <li>ESG Strategy Committee (Member)</li> <li>CEO Recommendation Committee (Member)</li> </ul>	(2023-present) Vice President and Head of Industry-Academia Cooperation Center, Sungkyunkwan University Natural Sciences Campus (2019-present) Member, Presidential Advisory Council on Science & Technology (2009-present) Professor, School of Mechanical Engineering, Sungkyunkwan University
Non-executive	Jung Sang Hyuk	<ul style="list-style-type: none"> <li>ESG Strategy Committee (Member)</li> </ul>	(2023-present) CEO, Shinhan Bank (2023-2023) Head of Capital Markets, Shinhan Bank (2020-2022) Head of Business Management Planning, Shinhan Bank

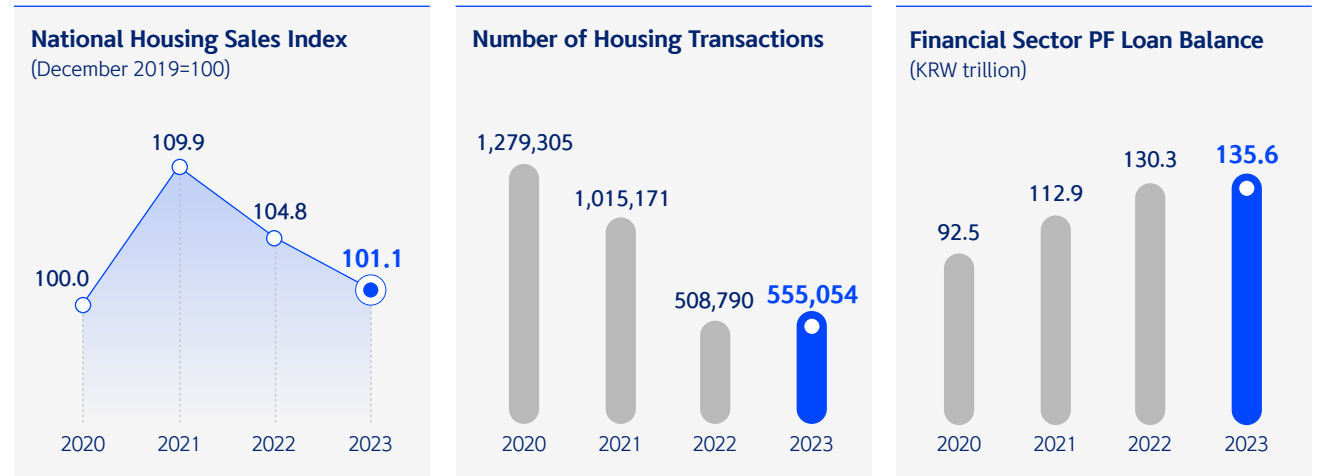
## Looking Back on 2023

Looking back on the past year brings to mind several issues that we had to deal with over those twelve months. The steep interest rate hikes that commenced in 2022, coupled with the liquidity crisis in the corporate bond market later that year, unsettled numerous players in Korea's economy.

Hit hardest was the real estate market, a foundational element of Korea's domestic economy, causing reverberations across related sectors. It was during this time that concerns regarding the real estate project finance (PF) market began to intensify.

The contracting domestic economy only deepened the financial hardships faced by ordinary households and small business owners. With refinanced maturities drawing near for borrowers who had their loan repayments suspended during the pandemic, anxiety over these debts added to societal tension.

### 4-Year Trends of Real Estate Price and Transaction Volumes



\*. Source: Korea Real Estate Board, Financial Supervisory Service reports

### SOHO Loan Growth Rate by Industry

	2019. 12.	2020. 12.	2021. 12.	2022. 12.	2023. 12.
Total Loans in KRW	9.7%	16.3%	12.7%	5.2%	1.9%
Manufacturing	6.0%	8.9%	13.5%	5.4%	-1.5%
Construction	8.9%	27.6%	22.3%	4.4%	-0.4%
Real Estate	10.3%	11.2%	11.1%	5.9%	5.0%
Wholesale and Retail	7.9%	20.6%	12.8%	5.7%	-0.5%
Accommodation & Food Services	11.6%	22.9%	9.3%	0.3%	-2.3%
Others	11.5%	26.9%	17.6%	6.1%	2.1%

These socio-economic challenges spurred public calls for financial institutions to step forward and ease some of the financial difficulties faced by those in distress.

Indeed, these factors subtly impacted Shinhan’s financial outcomes, leading to a modest decline in net income, which had been on a growth trajectory for ten consecutive years up until then. However, factoring in the proactive recognition of provisions for credit costs against uncertainties and efforts to support marginal borrowers to mitigate system risks and sustain our customer base, it is widely acknowledged that our core earning power remains robust. Of particular note, I would like to bring to your attention the quality and sustainability of our profits.

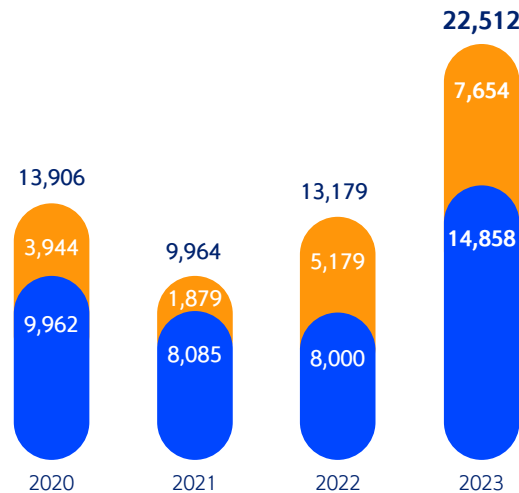
In 2023, operating income rose by 10.7%. Of this, non-interest income markedly increased by 51.0%, bolstered by a rise in fee income. This achievement holds considerable significance for Shinhan, as we aim for the long-term improvement of our return on equity (ROE). At the same time, we view it as reflective of our financial performance aligning with our strategic focus on expanding a capital-light business model.

Furthermore, in terms of costs, the preemptive adjustments to key risk indicators, such as the loss-given default (LGD), have prepared us to effectively buffer against potential future risks.

Shinhan’s financial performance has thus established a solid foundation for the ongoing enhancement of shareholder returns. Moving forward, we remain dedicated to fulfilling your expectations with a steadfast return policy.

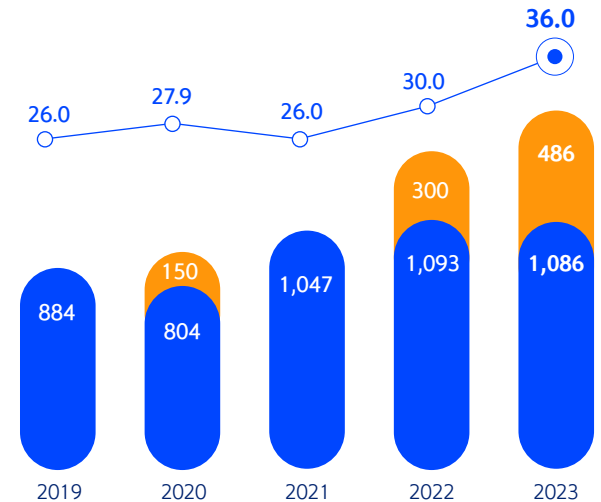
**4-Year Provisioning for Credit Losses** (KRW billion)

- Nominal Provisioning
- Recurring Provisioning
- COVID-19/Countercyclical Provisioning



**5-Year Shareholder Return Rates** (% , KRW billion)

- Total Shareholder Return Rate
- Cash Dividends
- Share Buyback and Cancellations



## Looking Ahead to 2024

Like other countries, Korea is also expected to experience the aftermath of an economic downturn, with anticipated difficulties in the credit sector. Despite potential improvements in macroeconomic indicators due to the recovery of key industries such as semiconductors, the Korean economy is expected to exhibit a ‘recessionary recovery’ amidst sagging domestic market sentiment, particularly in the real estate sector.

This situation will present a number of different challenges for the Korean financial sector, which is highly dependent on the domestic market. Without question, it will be a challenge to maintain financial stability, a prerequisite for continuous improvements in return on equity (ROE) and shareholder return policy. As mentioned above, there is growing concern over the asset soundness of SME loans and real estate PFs.

Nevertheless, Shinhan Bank’s overall delinquency rate, as well as that of Shinhan Card—barometers of general economic conditions—has remained stable without any significant changes since the end of 2022. With proactive monitoring of these indicators and effective management of asset quality—and utilizing the KRW 1.9 trillion in loan loss provisions additionally put aside during the pandemic between 2020 and 2023—Shinhan’s financial performance is expected to remain stable.

### Korea’s Real Estate Market

Now, let’s move on to the most pressing topic concerning Korea’s financial landscape in 2023: the real estate market.

A significant risk factor often cited for Korea’s financial market is the high household-debt-to-GDP ratio, which stems from Koreans’ trust and preference for real estate assets. The majority of Koreans, having experienced superior returns from real estate assets compared to the stock market in past decades, tend to believe in the invincibility of the real estate market. This has resulted in a propensity whereby 76% of household assets (according to Shinhan’s Future Strategy Research Institute) are concentrated in real estate and other non-financial assets.

More importantly, Korea’s unique “*jeonse* system,” a rental agreement in which the entire rent is paid in a lump sum up front and refunded at the end of the term, has also contributed to increasing household debt. Consequently, a significant portion of Korea’s household debt comprises mortgage loans or *jeonse* loans.

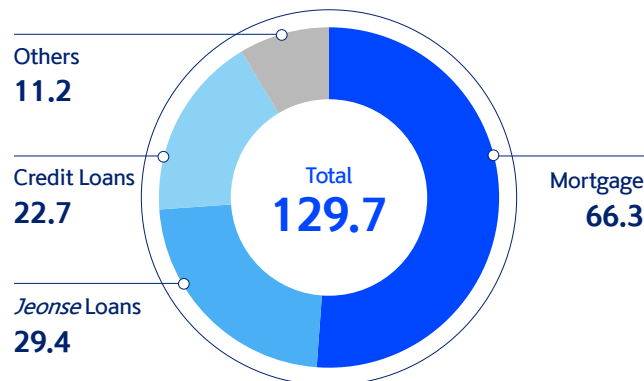
Tied in with this are the rapid interest rate hikes over the past few years that have dragged down housing transactions, leading to price adjustments and, eventually, concerns about the overall health of household debt.

However, let me remind you of the characteristically high entry barrier to the Korean real estate market. Korea’s conservative loan-to-value (LTV) and debt service ratio (DSR) requirements result in a relatively low LTV ratio for mortgage loans. Given that borrowers are individuals with a certain credit rating or income level and above, the likelihood of a crisis in the Korean economy due to household debt seems low. In point of fact, Shinhan Bank’s mortgage loan delinquency trends support this view.

Therefore, it is safe to say that concerns over the Korean real estate market are less about high household debt, but more about the stability of project financing (PF) market linked to new real estate developments.

### Shinhan Bank's Household Debt by Product

(as of December 2023, KRW trillion)



### 3-Year Trends in Shinhan Bank Delinquency Ratio by Product

(before write-off, %)	2021	2022	2023
Credit Loans	0.78	0.81	1.12
General Credit	2.30	2.13	2.90
Prime Credit	0.42	0.50	0.70
Microfinance	4.44	4.09	5.03
Secured Loans	0.18	0.20	0.35
Mortgage	0.15	0.18	0.31



## Real Estate PF Market Structure

	Land Acquisition/Permit			Construction/Sales Phase		Completion Phase
Project Phase	Land purchase contract	Final payment (land acquisition completed)	Permit acquisition, contractor selection	Groundbreaking	Pre-sale	Completion, Move-in
Funding	Land purchase contract	Bridge loan (land balance payment, other costs)		Main PF (construction costs, etc.)	Installment payment loans	Mortgage loan
Founding Source	Equity: Developer PF loan: securities firms, etc.	Senior: Mutual finance, savings banks Mid-tier: Asset management firms, investment corporations Subordinate: Securities firms		Financial institutions (securitized finance)	Home buyers (financial institutions)	Financial institutions
Risks	Permit risk Land acquisition feasibility Main PF funding sources, etc.			Sales risk Contractor risk Cash flow risk		Unsold/ Unleased/ Rental risks

## SFG's Real Estate PF Exposure

(KRW billion, %)	Group total	Shinhan Bank	Shinhan Card	Shinhan Securities	Shinhan Life	Shinhan Capital	Jeju Bank	Shinhan Savings Bank
Total	9,006.0	3,055.6	534.6	1,304.8	671.1	2,851.4	142.8	445.8
Substandard & Below Ratio	2.73	0.00	0.00	10.52	0.00	2.71	0.00	7.04
Delinquency Ratio	1.48	0.00	0.00	1.50	0.00	2.15	18.63	5.90
NPL Coverage Ratio	3.64	1.50	1.03	8.32	1.34	5.20	0.60	2.09
Seoul Metropolitan Areas	68.87	74.48	84.79	61.50	82.75	60.59	20.87	80.41
Residential	60.63	69.83	31.85	48.98	49.19	63.13	43.21	72.96

The commercial real estate market in Korea, concentrated around office buildings in and around Seoul, remains relatively resilient, with strong demand and low vacancy rates. Most of the issues concerning the real estate PF market are related to residential development, especially those projects that are being newly initiated or planned in their early stages.

Typically, residential real estate PF in Korea goes through three stages. Given that the majority of sales are made in the pre-sale stage, the likelihood of default decreases after the second stage, when construction usually begins.

As a result, issues in the PF market are likely to arise mainly in the first stage of financing—the bridge loan stage. Key participants in the bridge loan market are securities firms, savings banks, and capital companies, with the government estimating the market size at KRW 30 trillion (according to the Construction & Economy Research Institute of Korea). A temporary liquidity crisis in the Korean bond market in the latter half of 2022 revealed a variety of issues that emerged

around the bridge loan market, and the resultant sagging demand in the residential real estate market gave rise to concerns over the market.

While the bridge loan market problem could die down with an increase in real estate demand and a reduction in development costs, considering the economic developments currently unfolding, this does not seem like a short-term prospect. Well aware of this, the government has shifted its policy from encouraging maturity extensions through consortium agreements to promoting restructuring in the bridge loan market.

In this process of restructuring, additional defaults may occur among bridge loan market participants, necessitating close monitoring of the market situation. Yet considering the market size and the relatively low exposure of major financial institutions, we expect that the market can be managed at an appropriate level, contrary to the concerns some have expressed. Furthermore, in the process of

restructuring, major financial institutions like Shinhan may be presented with opportunities to secure quality deals.

Given the recent demographic changes taking place in Korean society, specifically in the notable rise in single-person households and the recent reduction in housing supply, the residential real estate PF market will regain momentum once market restructuring concludes in a recovering economy. As such, it is vital for us to stay nimble and patient as we wisely ride out the current uncertainties and seize upon emerging opportunities.

As of the end of December 2023, Shinhan's exposure to real estate PF stands at KRW 9 trillion, with bridge loans accounting for KRW 1.8 trillion. Nonetheless, when considering their percentage of our total loans, the magnitude of the loan loss provisions already allocated, and our current asset quality standing, their impact on the Group's financial stability, even in challenging circumstances, is expected to remain within a manageable level.

## Responding to Regulatory Changes

Following the pandemic, central banks worldwide, including the Bank of Korea, adopted contractionary monetary policies. A distinct feature of Korea, however, has been the preemptive and cautious approach to raising the base interest rate, managing its pace and trajectory to stably mitigate economic volatility. This approach has significantly influenced the asset quality management strategies of commercial banks in Korea, as is evidenced in Shinhan's current soundness figures.

Inevitable asset quality deterioration resulting from economic contraction is anticipated, with Shinhan expecting an increase in credit cost ratios and non-performing asset ratios over the previous year. In particular, the slump in the real estate market, which significantly affects the overall domestic market, is likely to have an impact on the soundness of loans to SMEs and SOHO customers. Thus, it is essential to manage the deterioration of asset quality within certain limits and thoroughly prepare to generate profits again once the economy recovers.

As mentioned above, our conservative provisioning policy, maintained post-pandemic until 2023, is poised to serve Shinhan well in the current recessionary climate.

Shinhan's crisis management prowess and achievements across various economic cycles are well-acknowledged in the market. With some central banks, including the Bank of Korea, showing signs of shifting away from contractionary policies, we are hopeful that the array of risk factors currently under scrutiny, including the much-discussed real estate PF issues, will be mitigated to a significant degree in the coming years.

Shinhan's management team, in collaboration with the board of directors, is not only meticulously addressing the current challenges but is also poised to agilely navigate impending regulatory shifts. Particularly in the finance sector, which is highly sensitive to regulatory changes, we are committed to closely monitoring these developments and actively engaging in the regulatory authorities' efforts towards advancing the regulations.

Globally, including Korea, there is a growing demand for enhanced consumer rights. Due to the potential for the information asymmetry inherent in financial products to arise between financial institutions and consumers, disputes have become more frequent. Korean financial supervisory authorities are therefore pushing ahead with measures and systemic reforms in response to this situation.

Leveraging our experiences and lessons learned over the past few years, Shinhan is proactively implementing and expanding systems to actively protect consumers and clearly delineate responsibility in cases of consumer rights infringements. Our objective extends beyond the mere introduction of systems to achieve operational excellence through process establishment and system development. It is our sincere hope that Shinhan's forward-looking efforts will proliferate across the Korean financial landscape, fostering greater customer trust.



### Effective Management of Shareholder Equity

It has been several years since Korea’s financial industry entered a low-growth phase. Previously, financial companies used to expand asset growth to improve capital profitability. Yet as Korea’s rapid economic growth slowed down, market competition intensified, reducing the margins available to financial companies. Today, relying solely on quantitative growth is no longer a viable strategy for enhancing return on equity (ROE).

In the past, we used to achieve a high ROE in non-banking operations such as the credit card business. Today, however, it has become challenging to realize a high ROE in these sectors, making it difficult to improve ROE solely through revenue expansion.

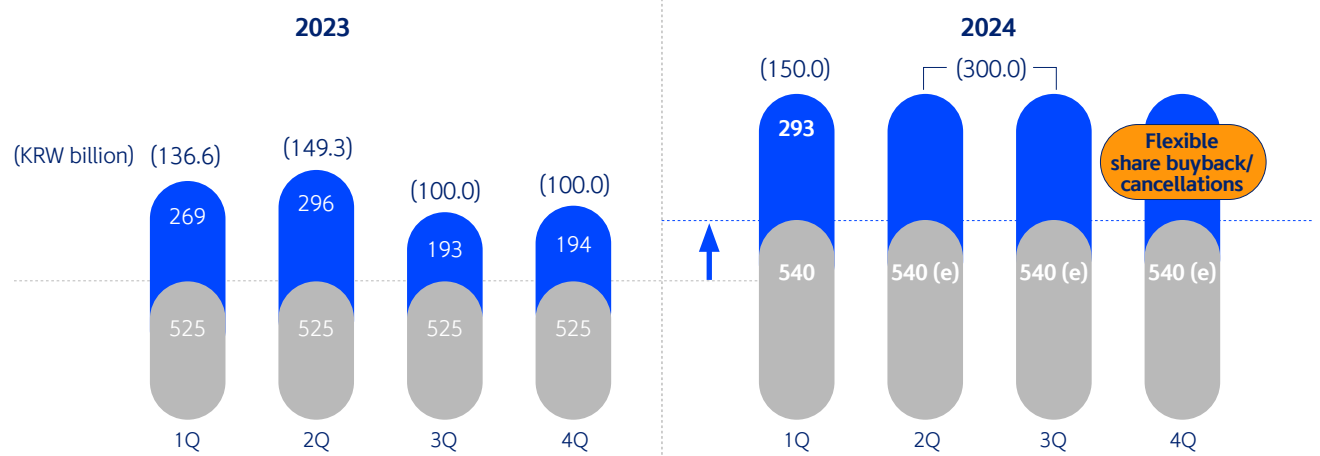
Many shareholders have become aware of this situation and have begun to call for the return of capital that does not guarantee capital profitability. In recognition of that, the government’s ongoing Corporate Value-Up Program is a policy being pursued over the medium to long term.

If capital-intensive businesses reach a limit in revenue expansion, reducing the total amount of capital can be a viable alternative for improving ROE. Especially in the current situation of low stock prices, share buyback and cancellation can not only secure stock price elasticity but also increase shareholder benefits at a relatively low cost. Under this rationale, Shinhan has been implementing a share buyback and cancellations policy as a main method of ensuring high returns to shareholders and as an effective capital management policy—and well before the Corporate Value-Up Program was even designed.

I mentioned this commitment in an interview with Bloomberg TV last February. Shinhan is firmly committed to gradually acquire and cancel shares to secure stock price elasticity.

In 2024, Shinhan intends to maintain an appropriate level of capital ratio based on financial stability and proceed with its uniform quarterly cash dividends, as well as the share buyback and cancellations mentioned above. Through these measures, we aim to gradually increase the scale of returns as part of our commitment to a predictable shareholder return policy.

### 2024 Shareholder Return Policy Plan



- **Equalization and regularization of quarterly cash dividend payments**  
(KRW 525/quarter x 4 = KRW 2,100/year)
- **Quarterly share buybacks and cancellations**  
(Totaling KRW 485.9 billion)
- **Total shareholder return rate 36%**

● Share Buyback Amount/Total Shares (KRW)  
● Dividend Per Share

- **Equal payment of cash dividends for quarterly and year-end**  
(i.e.: KRW 540/quarter x 4 = KRW 2,160/year)
- **Progressive increase<sup>1)</sup> in the total shareholder return rate through share buyback and cancellation**

**Considerations for deciding the level of shareholder returns**

- Economic uncertainties
- Consensus level based on regulatory authorities' stress testing results
- ※ The amount of cash dividends, and share buyback and cancellations are determined quarterly by the Board of Directors.

1) The scale of share buyback and cancellations is determined by considering the 2024 capital allocation plan (with a ratio of 6 for growth and 4 for shareholder return) along with other factors.

## In Closing

The year 2024 will be a crucial year, a time when financial stability could be threatened by any number of risk factors, making meticulous risk management imperative throughout the year.

The newly joined directors—Song Seongjoo and Choi Young-Gwon—are experts in risk management and capital markets. I have no doubt that they, along with the existing board and management team, will resolve the challenges facing the Korean financial market one by one and help build a sustainable Shinhan together.

Although it is my duty to meet every shareholder in person to share my thoughts and listen to your invaluable opinions directly, I appreciate your understanding as I am conveying my message through this letter. I hope this letter has faithfully shed light on the strong will and stable progress of Shinhan Financial Group, and I ask for your unwavering support moving forward.

Once again, I thank all the shareholders who supported us at the 23rd Annual General Meeting of shareholders, and I hope to be back in touch with you in the very near future.

Yours Sincerely,

진옥동

**Jin Okdong**

Chief Executive Officer  
Shinhan Financial Group



"Shinhan is proactively implementing and expanding systems to actively protect consumers and clearly delineate responsibility in cases of consumer rights infringements. It is our sincere hope that Shinhan's forward-looking efforts will proliferate across the Korean financial landscape, fostering greater customer trust."

# Key Financial Performance

## Financial Indicators<sup>1)</sup> (KRW billion)

		2023	2022	YoY%	
Selected Income Statement Data	Operating Income Before Expenses	14,247.4	12,867.6	10.7%	
	Interest Income	10,817.9	10,596.9	2.1%	
	Non-Interest Income	3,429.5	2,270.8	51.0%	
	G&A Expenses	5,895.3	5,644.2	4.5%	
	Operating Income	8,352.1	7,223.5	15.6%	
	Non-Operating Income	-135.9	461.1	n.a.	
	Pre-Provision Income	8,216.2	7,684.5	6.9%	
	Provision for Credit Losses	2,251.2	1,317.9	70.8%	
	Earnings Before Income Tax	5,965.0	6,366.6	-6.3%	
	Income Tax	1,487.0	1,611.1	-7.7%	
	Consolidated Net Income <sup>2)</sup>	4,368.0	4,665.6	-6.4%	
	Selected Balance Sheet Data	Group Assets (Consolidated)	691,795.3	664,433.2	4.1%
		Loans (Bank)	290,336.3	281,380.6	3.2%
Stockholder's Equity		56,321.9	53,423.6	5.4%	
Selected Ratios	ROE <sup>3)</sup>	8.6%	10.0%	-1.3%p	
	ROA	0.66%	0.72%	-0.1%p	
	Cost to Income Ratio	41.4%	43.9%	-2.5%p	
	Credit Cost Ratio	0.57%	0.34%	0.2%p	
	Credit Cost Ratio (Excluding One-Offs) <sup>4)</sup>	0.38%	0.20%	0.2%p	
	NPL Ratio	0.56%	0.41%	0.1%p	
	NPL Coverage Ratio	183.9%	209.26%	-25.3%p	
CET1 Ratio <sup>5)</sup>	13.17%	12.79%	0.3%p		

1) The figures are based on the earnings release report. 2) Net Income attributable to controlling interest basis 3) Common share basis

4) One-offs: Covid19-related provisioning and count-cyclical provisioning 5) When not reflecting the early adoption of the revised Basel III credit risk framework

\* The Financial figures for FY2023 have been stated in accordance with K-IFRS No.1117, 'Insurance Contracts'. The figures for FY2022 have been restated for the purpose of improved comparability.

# Stock Information

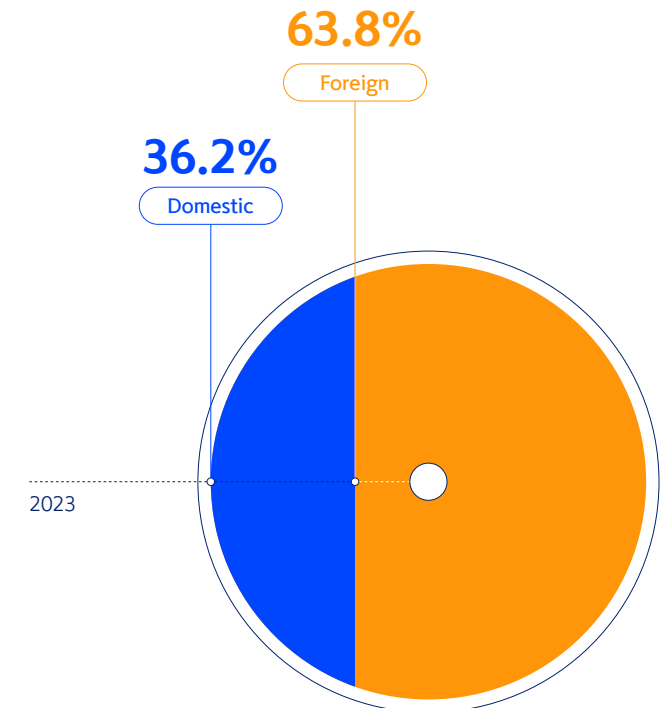
## Major Shareholders<sup>1)</sup>

Name of Shareholder	Number of Shares owned	Ownership
National Pension Service	38,279,553	7.47%
BlackRock Fund Advisors <sup>2)</sup>	29,063,012	5.67%
Shinhan Financial Group Employee Stock Ownership Association	26,654,678	5.20%
Centennial Investment Limited	20,239,539	3.95%
BNP PARIBAS SA	18,690,310	3.65%
Supreme, L.P.	18,588,400	3.63%
Mercury1, INC.	17,482,000	3.41%
Citibank, N.A. (ADR Dept.)	16,091,417	3.14%
KT Corporation	10,877,651	2.12%
THE GOVERNMENT OF SINGAPORE	9,419,543	1.84%
Vanguard Total International Stock Index Fund, a Series of V	6,695,069	1.31%
Peoples Bank of China	5,439,268	1.06%
Natwest Tstee N DPSTRY SRVCS LTD RE ST JAMES'S PL GBL EQ INC	5,146,309	1.00%
Others	290,092,722	56.57%
<b>Total</b>	<b>512,759,471</b>	<b>100%</b>

## Stock Performance

	2023	2022	YoY%
Market Capitalization (Year End)	20.70	17.91	15.6%
Share Price			
Year End	40,150	35,200	14.1%
High	44,900	43,200	3.9%
Low	32,500	33,400	-2.7%
Weighting in the KOSPI (% , Year End)	0.97%	1.01%	-0.04%p
Average Daily Trading Volume (Shares)	1,151,215	1,303,523	-11.7%
Dividend Per Share	2,100	2,065	1.7%
Total Dividend Paid	1,077	1,057	1.9%
Dividend Payout Ratio	24.7%	22.7%	2%p
Total Shareholder Payout Ratio	36.0%	30.0%	6%p
Price Earning Ratio	4.99×	4.14×	-
Price Book Value	0.41×	0.40×	-

## Share Ownership



## Number of Shares Issued

Type of Stock	Number of Shares
Common Stock	512,759,471
Convertible Preferred Stock	-

1) Holding ownership of more than 1% in common stock as of December 31, 2023  
 2) Based on the large equity ownership disclosure by BlackRock Fund Advisors with the Financial Supervisor Service on September 27, 2018

# Pioneer of the New Norm: Rooted in Excellence

## Consumer Protection →

Customer-Centric  
Excellence

In 2023, Shinhan Financial Group took a number of bold steps and pursued audacious innovations to advance significantly towards our vision of becoming "Excellence, Shinhan." We enhanced shareholder value through predictable and stable shareholder return policies and reinforced customer trust through rigorous management of our asset soundness while also enhancing consumer protection measures. Furthermore, we consistently expanded the scope and level of our digital finance services, exploring ways to spread a beneficial influence that supports tomorrow and is inclusive of everyone. Details of these efforts, achievements, and our future direction are outlined in the next 10 pages.

## Capital Management and Shareholder Return Policy →

Sustainable Capital  
Stewardship

## Risk Management →

Forward-Looking  
Risk Control

## Digital to Value →

Empowerment  
through Technology

## ESG Management →

Pioneering  
Responsible Finance

Shinhan Financial Group is dedicated to strengthening its core competencies with a far-sighted approach, focusing on refining and implementing strategies to maximize shareholder value. As the first Korean financial company to introduce quarterly dividends, we are pioneering shareholder-centric policies. We aim to improve the predictability of shareholder return by paying evenly distributed cash dividends for both quarterly and year-end dividend payouts. Additionally, this shareholder return policy is robustly supported by our consistent efforts to enhance corporate value through the regular share buyback and cancellations. We have also delineated our pledge to augment shareholder returns, inclusive of defined annual targets, and actively engage in communications with stakeholders.

## Capital Management and Shareholder Return Policy

# SUSTAINABLE CAPITAL STEWARDSHIP

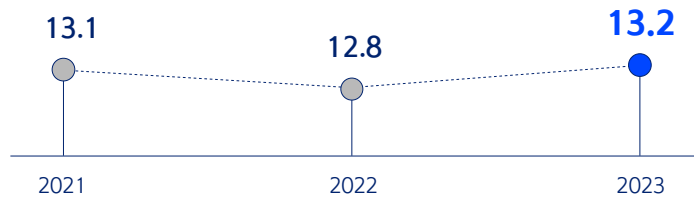




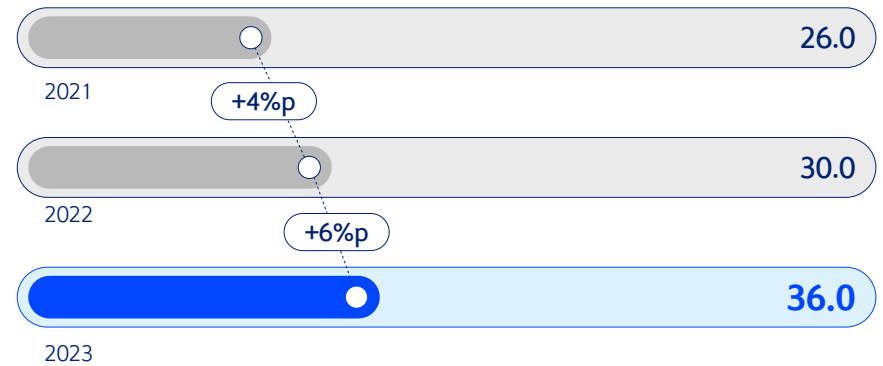
# CAPITAL MANAGEMENT AND SHAREHOLDER RETURN POLICY

[More Information →](#)

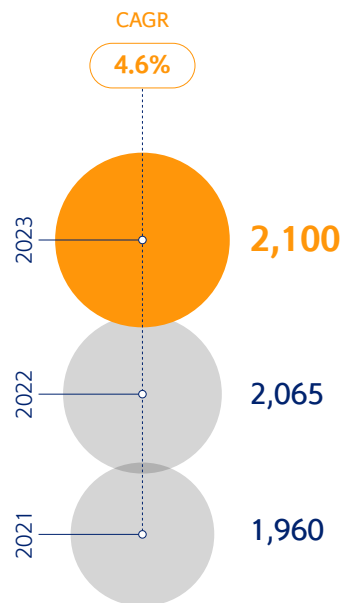
**CET1 Ratio (%)**



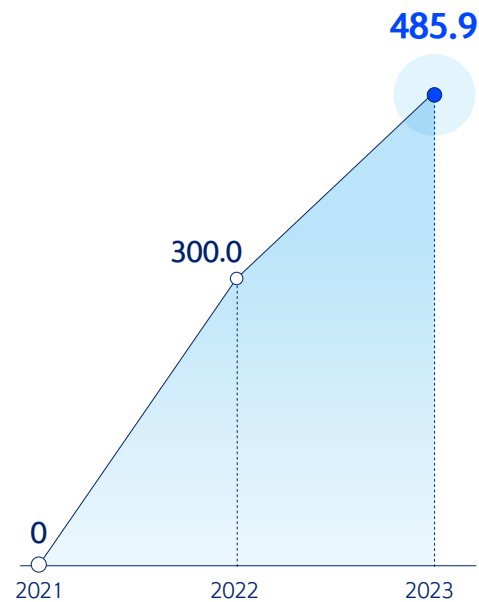
**Total Shareholder Return Rate (%)**



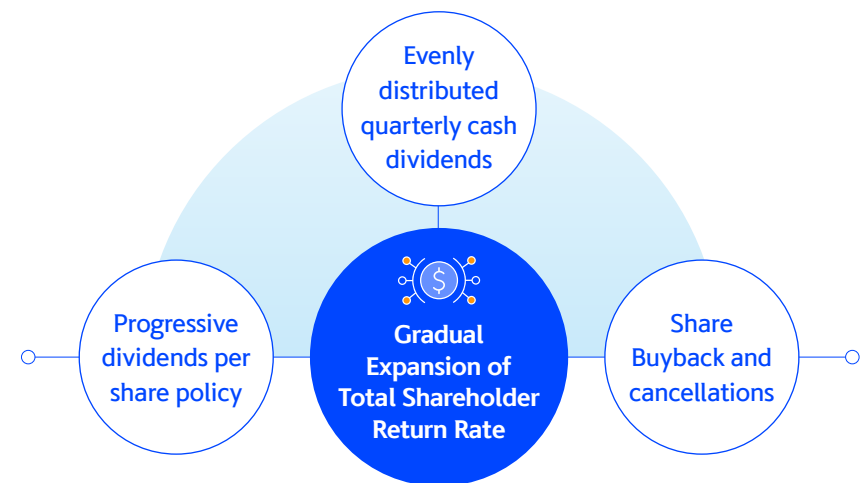
**Dividend Per Share (KRW)**



**Share Buyback and Cancellations (KRW billion)**



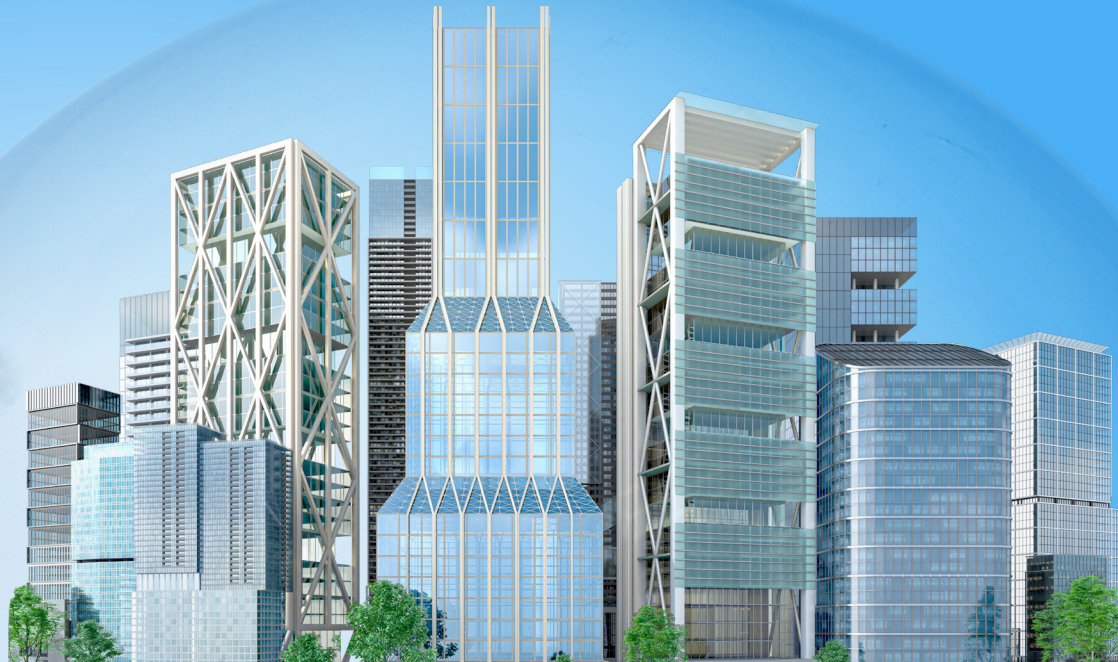
**Shareholder Return Policy**



Customer trust is undeniably the foundational value in finance. At Shinhan Financial Group, our goal extends beyond merely earning this trust; we strive to enhance our relationship with customers, transforming it into a partnership that instills pride. This commitment drives our first steps, as we are constantly refining our internal principles and systems to bolster integrity and reliability across all our operations. This includes sound management of the Group's assets, proactive responsiveness to potential market risks, and stringent protection of our customers' assets.

## Risk Management

# FORWARD-LOOKING RISK CONTROL

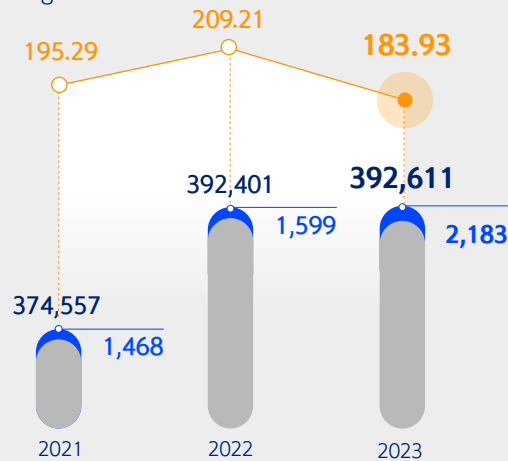


# RISK MANAGEMENT

[More Information →](#)

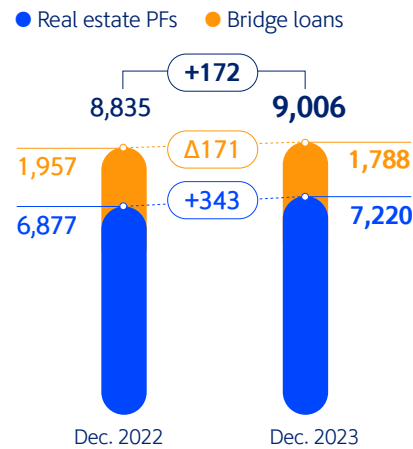
## Asset Quality Indices (KRW billion)

- Total loan assets
- Substandard & Below loans
- NPL coverage ratio

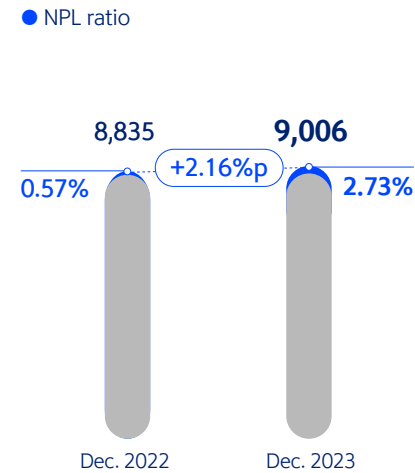


## Group Real Estate-Related Exposure

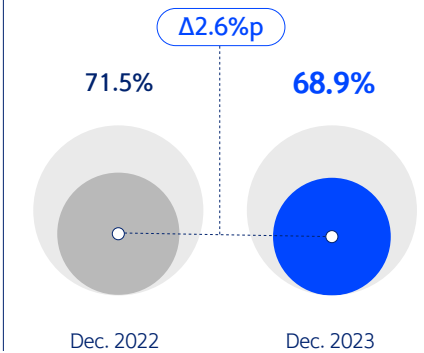
Size (KRW billion)  
(balance as of the end of 2022)



Asset Quality (KRW billion)

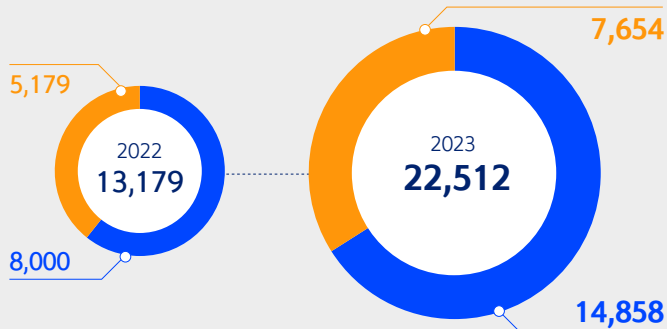


Percentage of PFs Located in the Seoul Metropolitan Area



## Consistent Total Loss Absorption Capacity (KRW billion)

- Group provisioning
- Recurring provisioning
- COVID-19 & Countercyclical additional provisioning



## Establishing a Responsible Risk Management System for Customer Assets

### Group-Wide Integrated Risk Management Process

- 1st line** Product Management Department
- 2nd line** Risk/Compliance/Consumer Protection Department
- 3rd line** Audit Department

### Systematic and Stringent Management of Customers' Assets

- Feb. 2024** Pre-sale: Pre-launch review of all customer assets through a professional evaluation process
- Mar. 2024** At sale: Integrated limit management through the unification of management organizations
- Mar. 2024** After sale: Establishment of a Group-level audit system

At Shinhan Financial Group, customer-centricity is not mere rhetoric; it dictates our strategic direction and behavioral guidelines. Recognizing that this must be underpinned by binding commitments to protect consumer interests, we have established a cohesive organizational framework and synergistic management that spans every part of the Group, from the holding company to each subsidiary, with a focus on proactive and preemptive actions. Embracing the ethos of “putting customers at the heart of Shinhan,” we pledge to forge ahead with unwavering integrity and earnestness.

## Consumer Protection

# CUSTOMER-CENTRIC EXCELLENCE



# CONSUMER PROTECTION

[More Information →](#)

## Industry-Leading Consumer Protection Measures Timeline

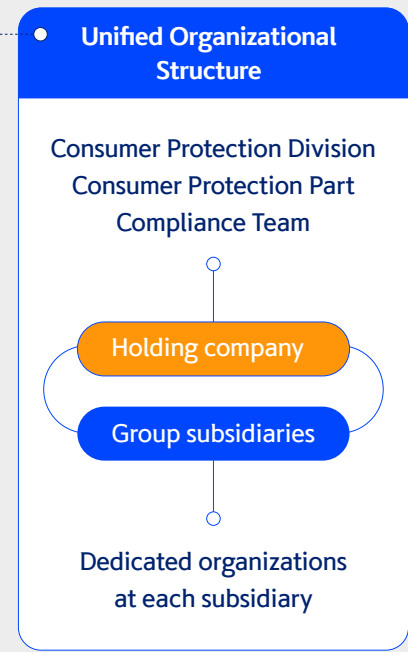
- Shinhan Bank
- Shinhan Financial Group

● **January 2020**      ● **May 2023**      ● **July 2023** +

The first Korean commercial bank to set up a Consumer Protection Group

Completed drafting the Responsibility Map

Established the Consumer Protection Division under the holding company



● **September 2023** +

Group-wide joint Consumer Protection Campaign involving all 10 Group subsidiaries implemented

**Group-Wide Campaigns**

**Protect Together**  
Prevention of financial fraud

**Find it Together**  
Tracking down dormant financial assets

**Stop it Together**  
Bolstering internal controls

● **January 2020**      +

Integrated the Consumer Protection Division and the Compliance Division

Established Group-level Consumer Protection Committee and Council consisting of executives, department heads, and working-level staff from all of the Group's subsidiaries

**Establishment of Monitoring System**

<b>Executives</b>	<b>Department heads</b>	<b>Working-level staff</b>
Group Consumer Protection Committee	Group Consumer Protection Council	Subdivision Working Groups

● **January 2025 (Plan)**

The remaining 9 Group subsidiaries are set to adopt the Responsibility Map

Shinhan Financial Group's digital innovation helps make finance easier and more convenient, achieving both quantitative growth in platform user numbers and qualitative growth as users' favorite platform. Additionally, the Group is simultaneously increasing its revenues and reducing its operational costs based on digital channels. By continuously strengthening the Group's overall digital capabilities, including AI and Data, and connecting these to new customer experiences, Shinhan aims to implement finance that naturally integrates into customers' lives without the constraints of time and place.

Digital to Value

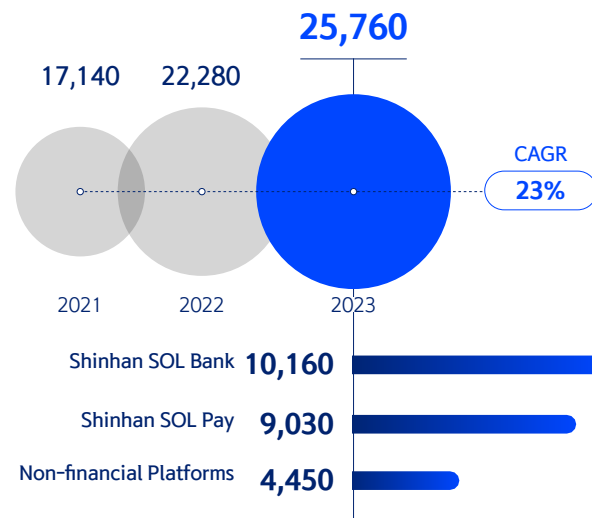
# EMPOWERMENT THROUGH TECHNOLOGY



## DIGITAL TO VALUE

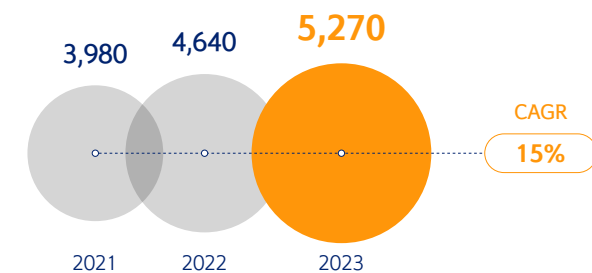
## Expanding Customer Base

## SFG Gross MAU (persons in thousands)



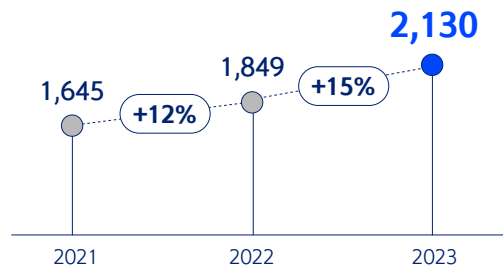
## DAU for Major Financial Platforms

(persons in thousands)



## Expanding Financial Contribution

## Digital Operating Profit before Expenses (KRW billion)



## Growth in Revenue from Digital Channels (Web/Apps)

- > Online banking
- > New product sign-ups via non-face-to-face channels
- > Platform revenue

## Digital Cost Efficiency (KRW billion)

**438**

Enhancement of work efficiency driven by digital transformation (DT) through expanded use of paperless procedures, chatbot and voicebot functions, and robotic process automation (RPA)

## Digital Innovation Projects

August 2023

**Data**

## Launched Shinhan ONE Data

Building a platform based on the standardization and integration of the Group's database, tailored for customer-specific utilization and analysis



November 2023

**AI**

## Established a Groupwide AI contact center

Integrating AI consultation models and establishing a cloud-based AICC to continuously enhance and expand the application of AI services



December 2023

**Platform**

## Launched Super SOL

Integrating the core functions of five subsidiaries\* (serving over 3 million users as of January 2024) through Shinhan Financial Group's super app

\*. The five subsidiaries connected to the Super SOL app are Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, and Shinhan Savings Bank.



Shinhan Financial Group embraces the role of finance and the importance of conducting it with integrity. We believe in the potential of finance to make a positive impact on the world. Shinhan Financial Group exists to benefit society through finance, extending practical support not only to our customers but also to all those in need. As a responsible corporate citizen, we are dedicated to extending our support to underserved communities, combatting climate change, empowering innovators, and promoting diversity and inclusion across society.

## ESG Management

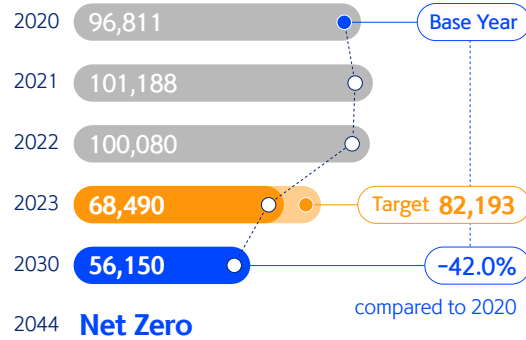
# PIONEERING RESPONSIBLE FINANCE





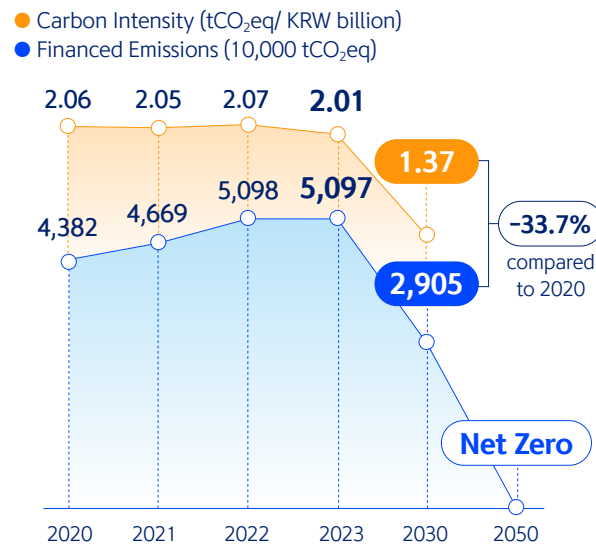
# ESG MANAGEMENT

## Internal Carbon Emissions (tCO<sub>2</sub>eq)



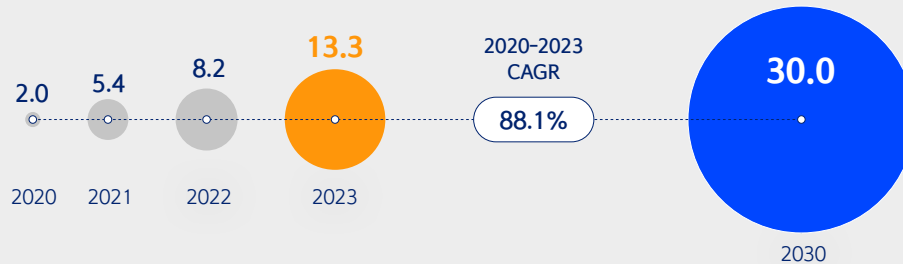
\*. 2023 data are the result of in-house calculations and are unaudited due to the timing discrepancy between the report publication and third-party assurance.

## Asset Carbon Emissions



## Green Finance

(KRW trillion)



## Inclusive & Co-prosperity Finance

(KRW billion)



## Global Recognition

**AA**

Received a AA grade for 8 consecutive years



**A/A-**

First Korean financial company to receive a Leadership A or A-rating for 11 consecutive years



**AA+**

Obtained an overall rating of A+ for 9 consecutive years



**5**

Included for 5 consecutive years



**11**

Included in the S&P Dow Jones Sustainability Indices World for 11 consecutive years



2023 Milestones →

Capital Management and Shareholder Return Policy →

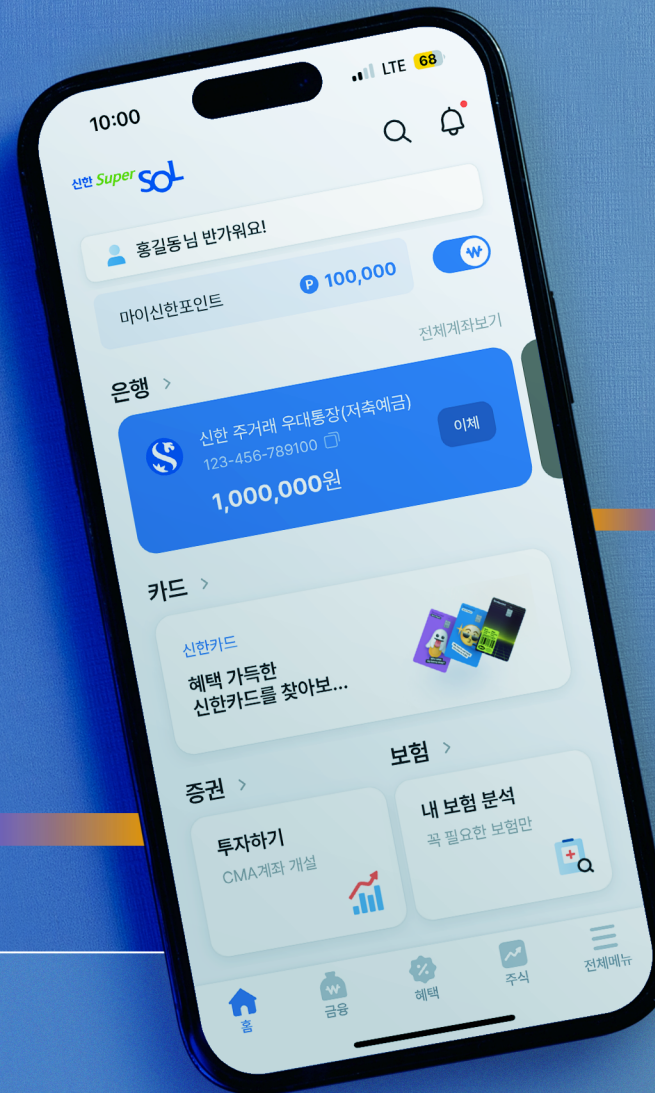
Risk Management →

Consumer Protection →

Human-Led Talent and Shinhan Culture →

▲ Please click the button

# MANAGEMENT REVIEW



# 2023 Milestones

January

## Shinhan Bank Waves Fees

Shinhan Bank has pioneered a comprehensive fee waiver program, the first of its kind among Korean commercial banks. Customers can now utilize money transfer services free of charge for all interbank and automatic transfers via the bank's mobile app, Shinhan SOL, and internet banking platforms. For senior customers who find visiting one of our branches in person more convenient, the bank offers a complete waiver of branch transfer fees for customers aged 60 and above.

## Fee Waiver



January

## Launch of Shinhan One Data

Shinhan Financial Group has become the first Korean financial group to establish an integrated data platform. Called 'Shinhan One Data,' this platform standardizes and consolidates data from major subsidiaries of the Group, supporting customized data analysis and utilization for users.

## Shinhan One Data



March

## Most Respected Companies in Korea

In March, Shinhan Bank and Shinhan Card were awarded top honors in the banking and credit card sectors, respectively, at Korea Management Association Consulting's Korea's Most Respected Companies awards ceremony. Shinhan Bank has consistently held the top spot for 20 consecutive years, and Shinhan Card has been the leader for 16 years. Marking its 20th anniversary in 2023, this award stands as one of Korea's most prestigious recognitions, evaluating the comprehensive capabilities and value of companies to identify and celebrate exceptional enterprises.

Shinhan Bank | Shinhan Card  
20 years | 16 years



April

## Group CEO Jin's First Overseas IR Event in Japan

In April, CEO Jin Okdong presided over his first overseas investor relations (IR) event, targeting institutional investors in Japan. This session was part of efforts to attract investment and foster private economic exchanges between Korea and Japan. In addition, CEO discussed with the Japanese Financial Services Agency the expansion of Korean startups into Japan and support plans for local startups in Japan. The event also focused on exploring opportunities for enhanced cooperation and private exchanges between SFG and Japanese financial institutions.



- Customer Value
- Digital Value
- International Business
- ESG Value

May

### Shinhan Bank Adopts Facial Recognition Service

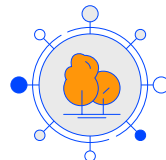
Shinhan Bank has introduced a facial recognition service that uses biometric data to increase convenience and security on its Shinhan SOL platform and at bank branches. The service enables single sign-on (SSO) through Shinhan SOL and allows access to a wide range of services on the platform. Additionally, this technology simplifies the money withdrawal process when at a branch by eliminating the need for traditional identification procedures, such as presenting an ID card, passbook, or debit card.



May

### Shinhan Financial Group Establishes ESG Data Platform

In May, Shinhan Financial Group pioneered the establishment of an ESG data platform, a first among Korean financial groups, which is geared towards addressing ESG disclosure requirements. Organized into four key segments—environment, social, governance, and ESG finance—the platform encompasses a diverse array of data, including details from regulatory and rating agencies. It consolidates ESG data from all subsidiaries and tier 2 subsidiaries, enhancing the Group's overall ESG reporting capabilities.



June

### Shinhan Card Introduces Sign Language Financial Guidebook

Specifically designed for the hearing impaired, Shinhan Card has published a guidebook titled "Financial Terms in Sign Language." This resource covers crucial financial terminology and concepts, featuring QR codes that users can scan to access video demonstrations of the appropriate finance-related signing. By significantly improving user convenience, this guidebook aims to boost financial literacy among financially underserved individuals, helping them stay vigilant against the pitfalls of financial scams.



June

### Jeju Bank Implements Financial Education for Children and Seniors

In June, Jeju Bank launched targeted financial education initiatives for local seniors and elementary school students. The program for seniors was designed to enhance mobile skills and prevent voice phishing, featuring hands-on, practical training to provide tangible assistance and support. Meanwhile, the "Financial Education for Children" initiative was conducted in partnership with 100 local schools, with the aim of fostering continuous financial literacy through annual engagements.



- Customer Value
- Digital Value
- International Business
- ESG Value

June

### Shinhan Bank Introduces Financial Product Comparison Service

In June, Shinhan Bank launched its Financial Product Comparison Service, a comprehensive platform that compares and recommends savings and loan products across various financial institutions. Featuring savings products from 51 institutions and loan products from 48, the service streamlines the entire process, from product selection through to registration and ongoing management. It does this by significantly reducing the time and effort customers spend searching for suitable products, thereby heightening transactional convenience.

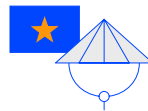


August

### Shinhan Bank Celebrates 30th Anniversary in Vietnam

In August, Shinhan Bank hosted a special event to celebrate its 30th anniversary of operations in Vietnam. Since entering the Vietnamese market as the first Korean financial institution in 1993, Shinhan Bank has grown to operate 50 branches across the country. By 2022, it had distinguished itself as the leading foreign bank in Vietnam, topping key financial metrics such as total assets and net income.

30 years



November

### Shinhan Bank Partners with UK Department for Business and Trade

In November, Shinhan Bank entered into an MOU with the UK Department for Business and Trade to enhance investment cooperation. The bank has committed to investing over 1 billion pounds over the next five years in new SOC and ESG projects within the UK. This includes joint investments with financial investment firms affiliated with the UK government. At the Group-wide level, Shinhan plans to channel an additional 1 billion pounds into these sectors through cross-selling with peer subsidiaries within the Group.

2 GBP billion



December

### Launch of Super SOL: Shinhan Financial Group's Super App

Launched in December, Super SOL is the Group's super app that consolidates key products and services from the Group's subsidiaries into one unified platform. It provides customers with access to frequently used services, including savings, money transfers, payments, investments, and insurance. Featuring the SSO authentication system, the app also bolsters user convenience by allowing seamless navigation between subsidiary apps without the need for additional logins.

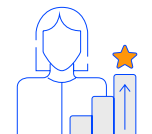


December

### Shinhan Financial Group Hosts 5th Shinhan SHeroes Conference

In December, Shinhan Financial Group held its 5th annual Shinhan SHeroes Conference. The event drew over 100 attendees, including female leaders from within the Group and 33 members from the 5th class of SHeroes. This gathering provided a platform to reaffirm the Group's dedication to fostering female leadership and to strengthen networking among all employees engaged in the SHeroes initiative.

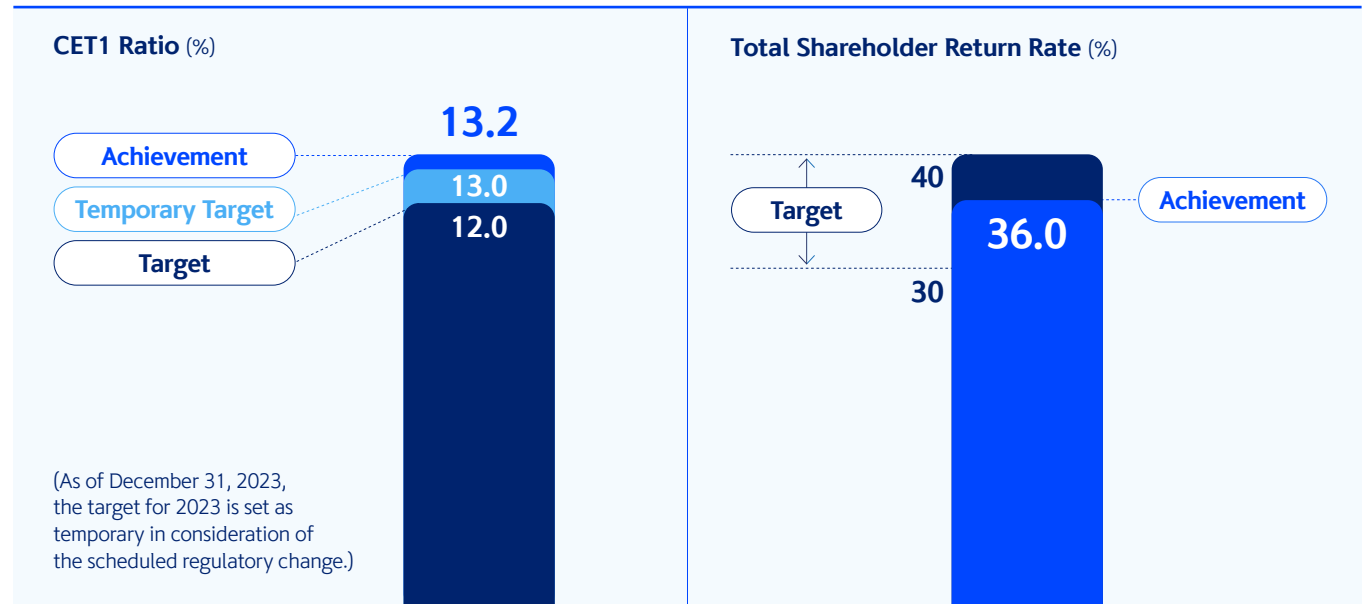
SHeroes



- Customer Value
- Digital Value
- International Business
- ESG Value

# Capital Management and Shareholder Return Policy

Shinhan Financial Group maintains sound capital management in compliance with the capital regulations set by financial authorities and is constantly bolstering shareholder value. By enacting efficient capital management practices that meet the expectations of diverse stakeholders—including potential investors, customers, and credit rating agencies—we uphold a steadfast shareholder return policy and diligently engage in stakeholder communication to foster deep-seated trust.



## Establishing Mid-term Financial Goals for Sustainable Growth

In 2022, Shinhan Financial Group established mid-term financial goals aimed at enhancing corporate value for various stakeholders—including shareholders, customers, employees, and society as a whole—and achieving sustainable growth. The goals were set at achieving a return on equity (ROE) of 10.5% and a return on tangible common equity (ROTCE) of 12%, underpinned by a CET1 ratio of 12%.

In anticipation of the new capital regulations scheduled

for introduction at the end of 2024, we temporarily raised the CET1 ratio target to 13% in 2023. Since then, the CET1 ratio has been consistently maintained at a stable level above 13%, permitting the use of excess capital for shareholder returns and guaranteeing sufficient total loss-absorption capacity (TLAC) along with the ability to pay dividends. Once the regulatory requirements are established, we plan on reassessing and potentially readjusting the CET1 target after an exhaustive review of the regulatory impacts and implications, followed by a reevaluation of the ROE and ROTCE targets.



### Expanding Shareholder Returns through Sound Capital Management

Shinhan Financial Group upholds a consistent and predictable shareholder return policy, based on a stable CET1 ratio, while actively communicating with investors regarding these initiatives. Our earnings release in early 2023 outlined the objectives for the year, which included aiming for a total shareholder return rate of 30-40%, maintaining or increasing dividends per share, standardizing the distribution of equal quarterly and year-end dividends, and executing share buyback and cancellations. We are happy to report that we fulfilled these plans throughout the year.

In fact, we implemented equal dividends of KRW 525 for both quarterly and year-end periods, bringing the total annual cash dividends to KRW 2,100, which marked a modest increase from the previous year. At the same time, we carried out quarterly share buybacks and cancellations, achieving a total shareholder return rate of 36%. This solid shareholder return policy was underpinned by a robust CET1 ratio. As of the end of 2023, the Group's CET 1 ratio was stably managed at 13.17%, surpassing both regulatory and internal management benchmarks.

### Implementing a Consistent and Predictable Capital and Shareholder Return Policy

In 2024, Shinhan Financial Group remains unwavering in its dedication to maintaining predictable capital and shareholder return policies, further strengthening trust through ongoing communication with the market. In light of regulatory demands and our financial goals, we intend

to maintain our CET1 ratio target at 13% or higher. This target will be achieved through efficient management of risk-weighted assets and anchored in our solid profitability.

In terms of shareholder returns, we aim to enhance our total shareholder return rate by either maintaining or increasing the dividends per share from 2023 payouts, ensuring the equal distribution of cash dividends throughout the year, while also carrying out share buyback and cancellations above the previous year's level. While closely monitoring changes in the economic environment, we are committed to pursuing stable capital management and augmenting shareholder value, adeptly navigating through situational variables, such as outcomes from supervisory authorities' stress tests, regulatory adjustments, and our entry into new business territories.

# Risk Management

When it comes to internal controls and risk containment, Shinhan prioritizes principle over efficiency, with our focus on customer value. Along the path of innovating our financial business, Shinhan Financial Group has maintained rigorous internal controls and adheres to principled management, offering convenience and satisfaction to our customers. In 2023, we established a Group-level risk management strategy dubbed S.M.A.R.T., which has since gone on to improve Group-wide risk management processes and responsiveness.



## Solidifying the Foundation for Sustainable Growth

### Exhaustive Management of Asset Quality and Liquidity

In response to the growing complexity in crisis migration routes and increased interdependency across different sectors, we have revamped our monitoring system to take into account any lags in risk migration among the Groups' asset portfolio, enabling early detection and proactive response to potential risks. Anticipating the detrimental effects of high interest rates and economic downturns on our soundness, we assessed the responsiveness of each subsidiary and established a risk management organization to ensure consistent asset quality management across the Group. Specifically, we have established and implemented a daily monitoring system to enhance liquidity management stability in the securities and credit finance sectors. Additionally, our stress testing now incorporates a bank run scenario to preemptively review and prepare the Group's banking operations' overall response system.

### Proactively Addressing Real Estate Risks

The Group periodically updates pinpoint scenarios of our stress testing framework to address real estate market risks in anticipation of any potential financial impact, including credit costs. These efforts have enabled us to establish a framework that supports robust decision-making, even in the face of an abrupt deepening of the current real estate crisis.

Notably, long before real estate market issues intensified in the second half of 2022, we were closely monitoring market developments and conducted a comprehensive review of the Group's real estate financing. This proactive approach allowed us to identify vulnerable segments and project sites requiring intensive monitoring early on. In anticipation that real estate market challenges may persist, we are committed to continuously improving and strengthening our overall real estate finance risk management system.



### Reinforcing Customer-Centric Risk Management

Our Group-wide efforts towards achieving our vision, “Excellence, Shinhan,” which is endorsed by customers carry over in our risk management practices. In particular, managing the risk associated with customer assets takes precedence over the management of the Group’s proprietary assets. Reflecting on both internal and external issues related to the security of customer assets, and in consideration of the Group’s customer-centric management principles, we have established a risk management system for customer assets that is on par with our system for managing proprietary assets. To enhance the growth potential of the Group, we have proactively realigned the risk-weighted assets (RWA) management system to support stable capital strength, while also refining the simulation function of this system to aid in the more efficient management of our entire portfolio.

### Balanced Risk Management

In 2024, we will continue our thorough risk management focus on soundness and liquidity, which is in balance with the Group’s non-financial risk management system. Furthermore, we will channel our resources into managing risks in non-financial areas such as operational risk and customer asset risk. With the goal of achieving zero incidents involving customer assets, we will continue to build a solid foundation for the Group’s sustainable growth.

### Asset Quality Indices

(KRW billion)	2021	2022	2023
<b>Total Loans</b>	374,557	392,401	<b>392,611</b>
<b>Substandard &amp; Below</b>	1,468	1,599	<b>2,183</b>
<b>NPL Ratio</b>	0.39%	0.41%	<b>0.56%</b>
<b>Precautionary &amp; Below</b>	3,930	4,631	<b>6,587</b>
<b>Precautionary &amp; Below Ratio</b>	1.05%	1.18%	<b>1.68%</b>
<b>NPL Coverage Ratio</b>	195.29%	209.21%	<b>183.93%</b>
<b>Shinhan Bank Delinquency Ratio</b>	0.19%	0.21%	<b>0.26%</b>
<b>SME Loans</b>	0.26%	0.26%	<b>0.32%</b>
<b>Retail Loans</b>	0.17%	0.20%	<b>0.25%</b>
<b>Shinhan Card Delinquency Ratio</b>	0.80%	1.04%	<b>1.45%</b>
<b>2M Delinquency Migration Ratio</b>	0.25%	0.38%	<b>0.46%</b>

### Group Provisioning & COVID-19 and Countercyclical Additional Provisioning

(KRW billion)	2021		2022		2023	
		Credit Cost Ratio		Credit Cost Ratio		Credit Cost Ratio
<b>Group Provisioning</b>	9,964	0.27%	13,179	0.34%	<b>22,512</b>	<b>0.57%</b>
<b>Recurring Provisioning</b>	8,085	0.22%	8,000	0.20%	<b>14,858</b>	<b>0.38%</b>
<b>COVID-19 and Countercyclical Additional Provisioning</b>	1,879	0.05%	5,179	0.14%	<b>7,654</b>	<b>0.19%</b>

## Risk Management Governance

Everyone at Shinhan shares the same risk management philosophy, one that emphasizes a sense of ownership in considering risk factors in their day-to-day duty performance. Indeed, the Group's risk management principles are grounded in this philosophy. From the decisions made by the Risk Management Committee under the BOD to routine operations at our front office, risk management is woven into our daily work processes as we remain steadfast in uncertain environments while bolstering external trust and internal pride.

## Risk Management Tools

### • Integrated Risk Monitoring System

We operate a comprehensive monitoring system for macroeconomic indicators and the Group's key risk indicators, as well as the current state of the Group's risk management, to timely identify potential risks and key issues. We analyze the impact of each identified potential risk and key issue to establish and implement Group-level countermeasures. In particular, we operate a risk dashboard system that detects anomalies in advance and controls risks in each subsidiary's portfolio assets as well as in external environmental issues.

### • Risk Expert Network (REN)

The Group-wide risk expert network (REN) cultivates risk experts and strengthens overall risk management capabilities through risk education and workshops. REN members are selected based on work experience and knowledge competencies in various business areas and risk types, and play a pivotal role in spreading the Group's risk management culture.

### • Group-Wide Corporate Credit Assessment System

For proactive credit risk management, we operate a Group-wide credit review system for corporate borrowers that is uniformly applied across all subsidiaries. Since obtaining approval for the internal ratings-based (IRB) approach by the Financial Supervisory Service in 2016, the system has been instrumental in enhancing the quality of the Group's credit portfolio management.

### • Group-Wide Risk Management System

We have established a Group-wide process for the preemptive management of risks, covering everything from risk detection and determining risk levels to devising and implementing countermeasures. Specifically, we operate a Group liquidity risk management system to monitor the liquidity management status of subsidiaries and to facilitate preemptive, efficient decision-making and emergency responses in case of a crisis.

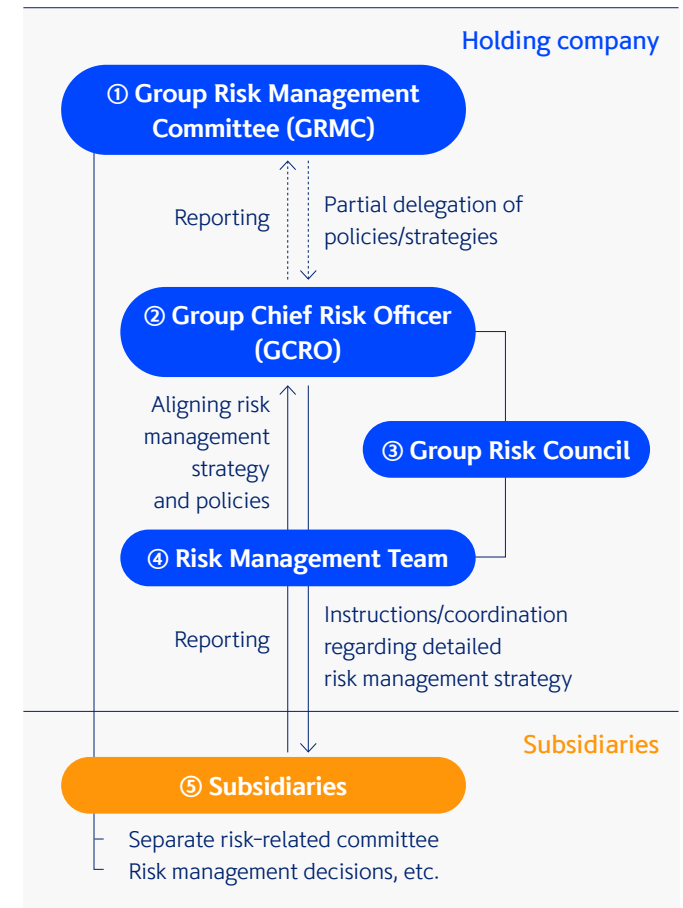
Furthermore, in response to climate risk, we have developed a system for gauging the Group's financed emissions, which helps identify our areas for improvement in addressing climate change and support our Zero Carbon Drive strategy. Moreover, we have established risk measurement systems for credit, market, and operational risks, reflecting Basel III regulatory requirements and utilizing them for regulatory compliance and portfolio management.

## Risk Management Organization

Shinhan Financial Group's risk management organization operates on two levels: at the holding company level and at the subsidiary level. At the holding company are the Group

Risk Management Committee (GRMC), Group Risk Council (GRC), Group Chief Risk Officer (GCRO), and the Group's Risk Management Team. Each subsidiary also operates their own risk committees, Chief Risk Officers (CRO), and dedicated teams.

## Risk Management Structure



### • Group Risk Management Committee (GRMC)

As the highest decision-making body for establishing the Group's fundamental policies and strategies concerning risk management, the GRMC is composed of independent directors within the holding company's Board of Directors.

#### The key resolutions of the committee include:

1. Establishing basic risk management policies in line with management strategies
2. Deciding on the level of risk that the Group and its subsidiaries can bear
3. Approving appropriate investment limits or loss tolerance limits
4. Enacting and revising the Group's risk management regulations and the Group Risk Consultation Council regulations
5. Matters related to the structure and division of duties within the risk management organization
6. Operational matters of the risk management system
7. Setting various limits and approving the exceedances of those limits
8. Decisions related to obtaining the FSS's approval of the Group's IRB approach for non-retail and retail credit review systems
9. Matters related to risk disclosure policy
10. Results of crisis situation analysis and related capital management plans, funding plans
11. Matters deemed necessary by the Board of Directors

12. Requirements from external regulations, such as the Financial Services Commission and other regulations and guidelines
13. Matters deemed necessary by the committee's chairperson

### • Group Risk Council (GRC)

The council discusses and decides on matters necessary for implementing policies set by the Group Risk Management Committee. The GRC comprises the Group's Chief Risk Officer and the chief risk officers of major subsidiaries.

#### The key decisions include:

1. Setting exposure limits for countries, watchlist groups, individual companies and affiliated companies
2. Conducting Group-wide integrated stress testing
3. Decision-making related to the Group's non-retail credit review system, not subject to the FSS's approval of the IRB approach.

#### Key deliberation and discussion points include:

1. Determining risk tolerance for the Group and subsidiaries
2. Results of the Group's integrated stress testing and related capital management plans and funding plans

3. Matters related to risk disclosure policy
4. Other matters deemed necessary by the council's chairperson

### • Group Chief Risk Officer

The Group Chief Risk Officer assists the Group Risk Management Committee, implements risk policies and strategies already decided upon, and ensures their consistent execution across all subsidiaries. In addition, this officer evaluates the performance of each subsidiary's Chief Risk Officers (CROs) and reviews the risk management status of each subsidiary.

### • Risk Management Teams

The holding company's Risk Management Team assists the Group CRO. Risk committees and dedicated organizations at each subsidiary implement the Group's risk policies and strategies, and report the status of risk management to the holding company. They also control risks that may arise within subsidiaries and continuously improve each subsidiary's risk management system.

## Featured Case

# Liquidity Management

In the wake of the March 2020 liquidity crisis associated with the COVID-19 outbreak and the 2022 credit crunch in Korean capital markets, Shinhan Financial Group has since fortified its liquidity crisis response capabilities.

This enhancement comes through the maintenance of ample liquidity reserves and the continuous refinement of our liquidity crisis management processes. Utilizing daily, weekly, and monthly liquidity monitoring systems, we conduct comprehensive liquidity management. Through the integration of liquidity indicators with the Group's broader crisis management framework, including our Recovery Plan, we proactively address potential liquidity challenges.

## Foreign Currency Liquidity Management

Since the 2008 financial crisis, Shinhan Financial Group has upheld a consistent approach to managing liquidity across both Korean won and foreign currencies, employing currency-specific liquidity management techniques.

The escalation of geopolitical risks, especially since the outbreak of the Ukraine-Russia war in February 2022, has prompted us to intensify our foreign currency liquidity management efforts.

With a substantial share of the Group's foreign exchange exposure, Shinhan Bank has recently expanded its readily available foreign currency liquidity reserves. Similarly, Shinhan Securities has established a robust foreign currency liquidity buffer, securing additional committed

lines to ensure its readiness for potential crises. In addition, the company maintains sufficient liquidity to comfortably cover margin call obligations and other such contingencies.

Also, the overseas subsidiaries of Shinhan Bank, Shinhan Card, Shinhan Securities, and Shinhan Life all maintain liquidity levels surpassing local regulatory requirements and internal guidelines. This is particularly critical in emerging markets, where the risk of capital flight from developed countries poses a significant concern, necessitating a cohesive and detailed liquidity management strategy across the Group's global operations, including local subsidiaries, affiliates, and the Group as a whole.

## Responsiveness to Digital Bank Runs

The Silicon Valley Bank collapse and subsequent bank run rumors involving savings banks in the first half of 2023 underscored the importance of a robust response framework for digital bank runs. Shinhan Financial Group has since established—and is actively managing—a dedicated response system for such scenarios.

This involves conducting crisis situation analyses under potential bank run scenarios for Shinhan Bank, Jeju Bank, and Shinhan Savings Bank, followed by the formulation of Contingency Funding Plans. Additionally, by expanding our intraday liquidity management indicators, we aim to enhance early detection and proactive management of bank run risks.

We remain dedicated to continuously strengthening our market volatility monitoring system and refining our liquidity management framework. We aim to ensure that Shinhan Financial Group's foundation for sustainable growth remains steadfast, regardless of the challenges that may arise.

## Featured Case

## Real Estate Financial Risk Management System

Shinhan Financial Group conducts monthly monitoring of real estate finance (including overseas real estate) to respond to real estate finance crises that arise domestically and internationally, identifying high-profile assets and watchlist assets along the way. Furthermore, we have selected real estate supply businesses and real estate PFs (including bridge loans) as key areas for managing group concentration risk. At the same time, we have set appropriate exposure limits for each Group subsidiary in these areas, conducting monthly monitoring and management. Through a comprehensive inspection of real estate finance by each Group company, a preemptive response system related to loss absorption capacity has been enhanced by predicting the magnitude of losses. Post-management has also been bolstered through overseas real estate site inspections and due diligence.

To manage ongoing real estate finance crises more timely and systematically throughout 2024, we plan to further strengthen the internal risk management system across all areas of deal sourcing, underwriting, monitoring, and post-management processes. With respect to the deal-sourcing process, a Group-wide joint deal guide will be established to control risks at appropriate levels regarding investment ratios and tranches. In the underwriting process, the type of internal limit management will be further detailed to adequately consider concentration risks from the underwriting stage.

Moreover, in the monitoring process, we plan to enhance our continuous monitoring system at the Group level by operating a common PF project viability evaluation system. Lastly, in the post-management process, the Group intends to continue securing a greater proactive loss absorption capacity by bolstering the regular inspection system for overseas real estate by applying pinpoint scenarios in real estate PF crisis analysis and loss magnitude prediction.

In the long term, Shinhan Financial Group aims to ensure its stable growth beyond the current real estate crisis by continuously upgrading its internal risk management system and further heightening the joint crisis response capabilities among Group subsidiaries.

### SFG's Real Estate Finance Exposures

(KRW billion)	Dec. 2022	Dec. 2023	YoY Change
<b>Total</b>	8,835	<b>9,006</b>	+172
PF Real Estate PF	6,877	<b>7,220</b>	+343
Bridge Loans	1,957	<b>1,788</b>	Δ171
<b>By Asset Quality</b>	8,835	<b>9,006</b>	
Substandard & Below	0.57%	<b>2.73%</b>	+2.16%p
Normal	8,345	<b>7,571</b>	Δ774
Precautionary	439	<b>1,189</b>	+750
Substandard & Below	51	<b>248</b>	+196
<b>By Region</b>	100.0%	<b>100.0%</b>	
Seoul Metropolitan Area	71.5%	<b>68.9%</b>	Δ2.6%p
Other Metropolitan Areas	18.0%	<b>21.6%</b>	+3.6%p
Others	10.5%	<b>9.6%</b>	Δ0.9%p
<b>Percentage of Residential Real Estate</b>	61.4%	<b>60.6%</b>	Δ0.8%p

## Featured Case

# Customer Asset Risk Management System

Recent developments have heightened concerns within the customer wealth management sector, primarily due to falling asset values amidst rising interest rates, potential losses to customer assets from expanded market volatility, and growing social demands for social responsibility on financial institutions. In response, since the latter half of 2023, we have embarked on creating a robust customer asset risk management system, which includes establishing dedicated organizations and operational frameworks. Moreover, we have identified four core tasks for an integrated risk management system at the Group level, with detailed execution strategies devised for each task.

## Enhancing Expertise in Investment Product Evaluation

A specialized unit has been set up to assess investment products, ensuring operational independence. We introduced a comprehensive evaluation framework capable of encompassing all customer assets, including funds, trusts, and retirement pensions. A nuanced product selection process was also designed, categorizing products based on their risk levels.

## Establishing a System for Investment Product Concentration and Limit Control

We have developed a strategic plan to mitigate concentration risk across different product types, establishing caps on the underlying assets of high-profile assets within the Group's portfolio, such as ELS and alternative investment vehicles. A significant aspect of this strategy involves managing ultra-high-risk assets at a Group level to ensure their size remains within tolerable limits, taking into account financial market fluctuations through the selection and limit management of such assets.

## Improving the Post-management System

We have established a uniform monitoring and inspection system across the Group and its subsidiaries, fostering an integrated management stance. This framework facilitates continuous oversight of customer asset-related issues, including the overall status of customer assets, limit management effectiveness, fluctuations in each underlying asset and segment, and inspection results.

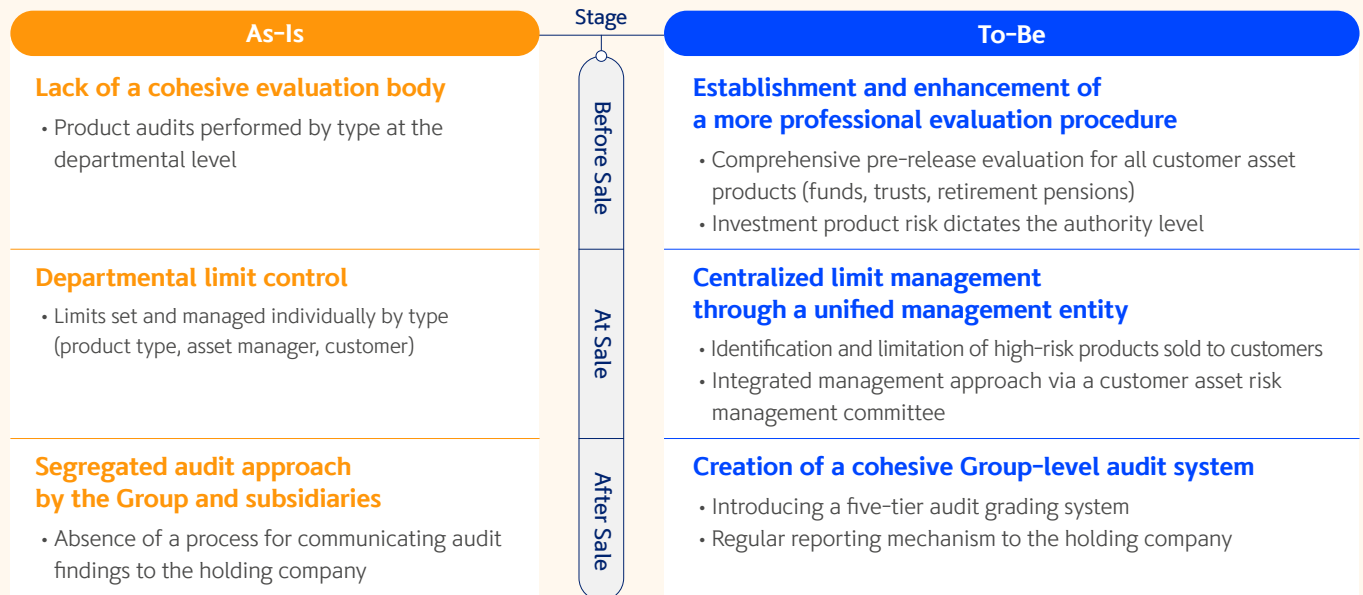
## Strengthening Consumer Protection

Our commitment to customer-centric consumer protection is unwavering. We focus on enhancing the suitability

assessment of investment vehicles from the customer's viewpoint and delivering tailored portfolios based on individual investment profiles.

In 2024, Shinhan Financial Group aims to complete and fully implement a dynamic customer asset risk management system, pivoting on the four core tasks outlined above, based on the strategic direction set in the second half of 2023. This initiative is geared towards offering only products with manageable risks and executing customer-oriented portfolio management for consumer protection, ultimately fostering a customer-centric risk management system.

## Advancement of Customer Asset Management System



Featured Case

# ESG Risk Management System

 SFG's Environment and Social Risk Management Policy Framework

In response to the escalating awareness among stakeholders about ESG (environmental, social, and governance) issues—chiefly the pressing need to address climate change—global efforts are underway to weave these considerations into the fabric of decision-making processes, particularly within the financial sector. The creation of frameworks such as the TCFD (Task Force on Climate-related Financial Disclosures) highlights the urgent need to assess and disclose the financial impacts of climate change. This urgency has, in turn, amplified the call from various stakeholders, including governments, evaluators, and investors, for more transparent information disclosure.

Although non-financial data, such as climate change-related information, is currently subject to voluntary disclosures, there's a noticeable shift towards mandatory sustainability data disclosure. This trend is gaining momentum not only in advanced markets like the United States and Europe but is also being observed in Korea, indicating a significant stride towards transparency.

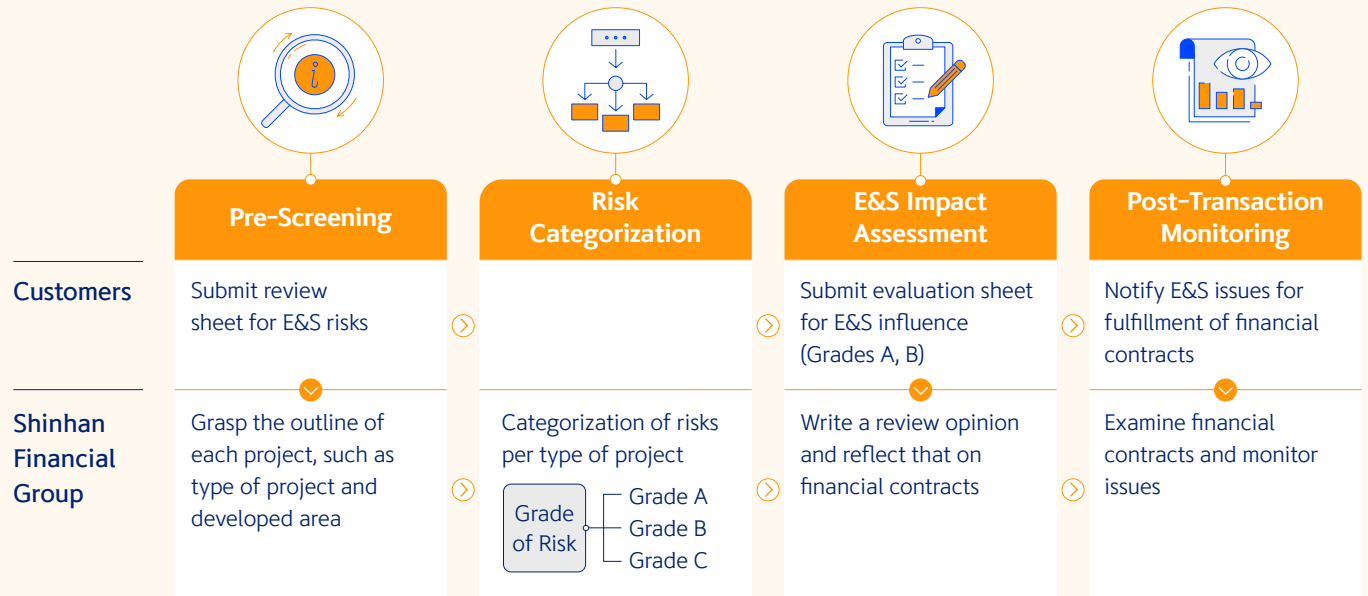
Shinhan Financial Group has long acknowledged the critical importance of ESG risk management. Since 2018, we have spearheaded the operation of Korea's first environmental and social risk management system, adopting an ESG-centric approach in managing credit and investment portfolios. Our strategies encompass divesting from coal-fired power generation in response

to climate change, diligently monitoring and managing areas of vulnerability, and conducting comprehensive environmental impact assessments for large-scale development project financing (PF). Specifically, for development PFs with the potential for significant environmental harm, we have instituted a rigorous process that mandates mitigation measures for environmental impacts and integrates these considerations into our financial contracts.

## Climate Risk Scenario Analysis

Recognizing the channels through which transitional and physical risks linked to climate change might impact financial institutions, we are analyzing and strategizing responses to the potential effects of this on our portfolios, among other factors. We have developed and operationalized models capable of assessing any financial impact stemming from climate risks by establishing various parameters for climate scenario analysis. These models help identify risk spread paths and quantify impacts under each scenario.

## Environmental and Social Risk Review Procedure



**• Transitional Risks**

In analyzing transitional risk scenarios, we have crafted a proprietary scenario analysis model that mirrors the characteristics of our portfolio. This model benchmarked various methodologies, such as the climate stress tests of the European Central Bank (ECB), while taking into account the characteristics of climate risks. Utilizing variables presented in climate scenarios from the Network for Greening the Financial System (NGFS)—such as GDP growth rates, market interest rates, carbon pricing, and the energy mix—we distinguished any impact according to macroeconomic and carbon policy scenarios. Accordingly, we project the future financial statements of individual subsidiaries, reassess their credit ratings based on these projections, and subsequently analyze the Group’s risk-weighted assets (RWA) and expected losses. This analysis extends to determining the capital ratios all the way up to 2050 based on these reassessed credit ratings.

**• Physical Risks**

For physical risk scenario analysis, we have devised a unique methodology that reflects Korea’s climate conditions, benchmarking the ECB’s physical risk analysis methods. By deriving a correlation between rainfall and damage from heavy rain/typhoons, we can estimate the frequency and severity of such damage. Utilizing maximum rainfall scenarios from the UN’s IPCC Assessment Reports (AR5, AR6) RPC 8.5/SSP5 8.5 and data on Korea’s tangible assets, we calculate the annual rate of physical capital damage for each region in Korea up to 2050. This enables us to analyze the Group’s RWA and expected losses under each scenario.

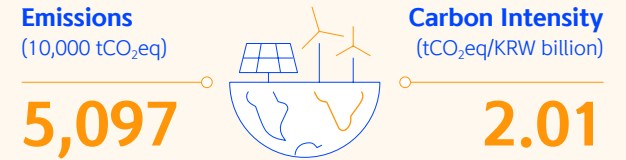
**Financed Emissions Calculation System**

To ascertain the impact and risk areas within the Group’s portfolio attributable to climate change, we have developed and implemented Korea’s first financed emissions calculation system. This system facilitates the regular measurement of the Group’s financed emissions by aggregating greenhouse gas emissions, financial data, and other pertinent information from companies within the Group’s portfolio. The calculations adhere to the standards set by the Partnership for Carbon Accounting Financials (PCAF), enabling a detailed and multi-faceted analysis by Group subsidiary, asset, industry, and company-specific segments.

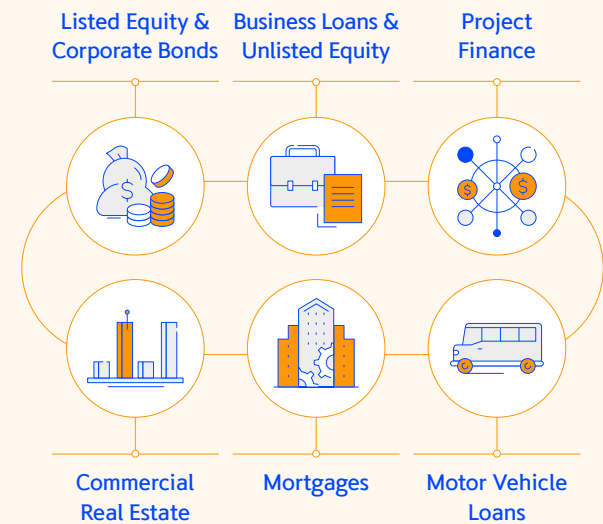
Additionally, we have introduced a financed emissions simulation feature to monitor shifts in financed emissions stemming from new transactions or changes in the emission levels of portfolio companies. Utilizing these financed emission figures, we have established a credit/investment decision-making process that factors in greenhouse gas emission levels and trends, along with the carbon reduction initiatives of target companies, especially those in emission-intensive sectors like steel/non-ferrous metals and utilities. These sectors are under close watch, with exposure limits set and managed separately.

In the short term, this system enables us to pinpoint and address vulnerabilities to climate change. Over the long haul, it will aid in financial support and portfolio management as we transition to a low-carbon economy. Moving forward, we aim to bolster measurement capabilities, expand the collection and analysis of climate-related data, and integrate the financed emissions calculation system into our broader climate risk scenario analysis framework.

**Financed Emissions Data**



**Application of PCAF Methodology for Measuring Financed Emissions**



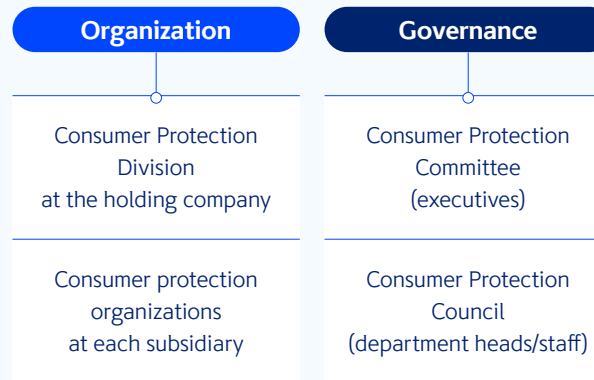


# Consumer Protection

Shinhan Financial Group is pioneering the consumer protection movement within the Korean financial sector with its proactive adoption of policies to establish a corporate culture that prioritizes customer value. We have established an integrated system and a bottom-up council that facilitates close communication and prompt sharing of consumer protection policies across the board. Following our declaration of a Group-wide consumer protection strategy, we have been deepening our consumer protection practices through Group-wide joint campaigns and use of our Responsibility Map.



## Group-Wide Organization and Governance



## Establishment of Consumer Protection Strategy System



## Pioneering Consumer Protection Policy

The development of advanced financial techniques has given rise to a plethora of complex financial products. Accordingly, protecting consumer assets requires a proactive and preemptive approach, a departure from the more passive and reactive approach of the past. To this end, Shinhan Financial Group has revamped its systems and frameworks so as to protect customer assets and bolster the trust of customers. Since 2020, Shinhan Bank has been steadily implementing heightened consumer protection measures. In June 2023, the bank was awarded a grand prize, endorsed by the FSS Chairman, at the Financial Services Commission-sponsored 2023 Korea Financial Consumer Rights Awards. In November, it won the Grand

Prize in the Consumer Protection category at the 2023 Korea Management Awards, which was organized by Korea Management Association Consultants Inc. (KMAC), in recognition of its efforts and accomplishments.

## Establishment of a Unified Organizational Structure

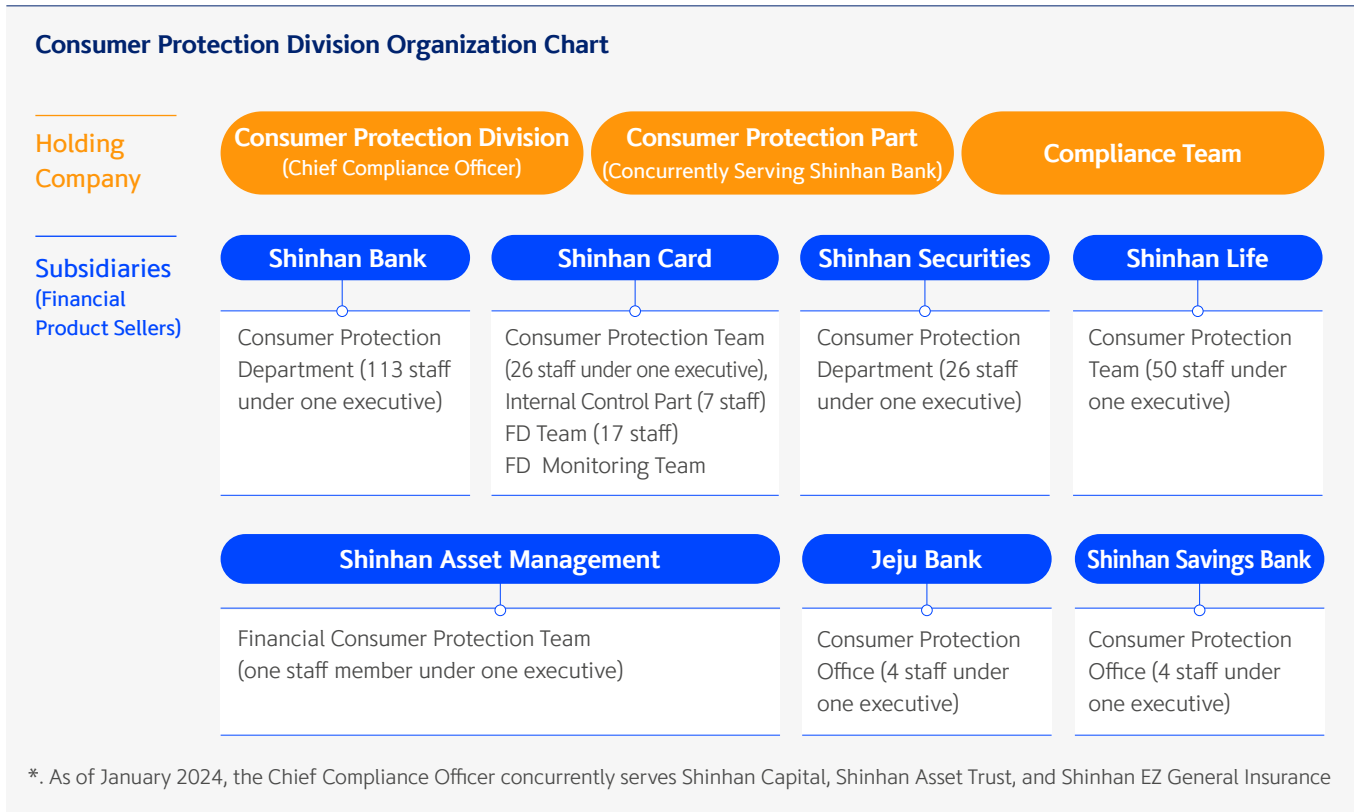
Shinhan Bank's pioneering commitment to a customer-centric culture took shape in January 2020 when it became the first Korean commercial bank to establish an independent Consumer Protection Group. That was also when the bank introduced the disciplinary measure of suspending investment product sales for underperforming branches based on Mystery Shopper assessments. In April, Shinhan Bank formed and deployed a team of 23 personnel

to branches for on-site inspections and support of consumer protection practices at the branch level. In July, the bank then organized the Product Audit Team, which is responsible for investment product audits, comprehensive inspection of private equity funds, and institution of audit guidelines.

Today, Shinhan Financial Group is expanding these systems initiated by Shinhan Bank right across the Group, promoting an integrated and systematic consumer protection strategy. In July 2023, we established a Consumer Protection Division within the holding company and formed a Consumer Protection Team, one that now concurrently serves under Shinhan Bank to streamline the Group’s initiatives. Later, in January 2024, we subsequently undertook a revamp of integrating and expanding the Consumer Protection Division and Compliance Division under the control of the Chief Compliance Officer, thereby facilitating interconnection between the two operations. The holding company, which does not have any consumer contact points, serves as the control tower of the Group-wide consumer protection functions, while individual subsidiaries that sell financial products directly to customers (Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Shinhan Asset Management, Jeju Bank, and Shinhan Savings Bank) operate their own consumer protection organizations with a combined workforce of 300 specialists, promoting a cohesive direction based on a unified system.

**Integrated Consumer Protection Governance across the Group**

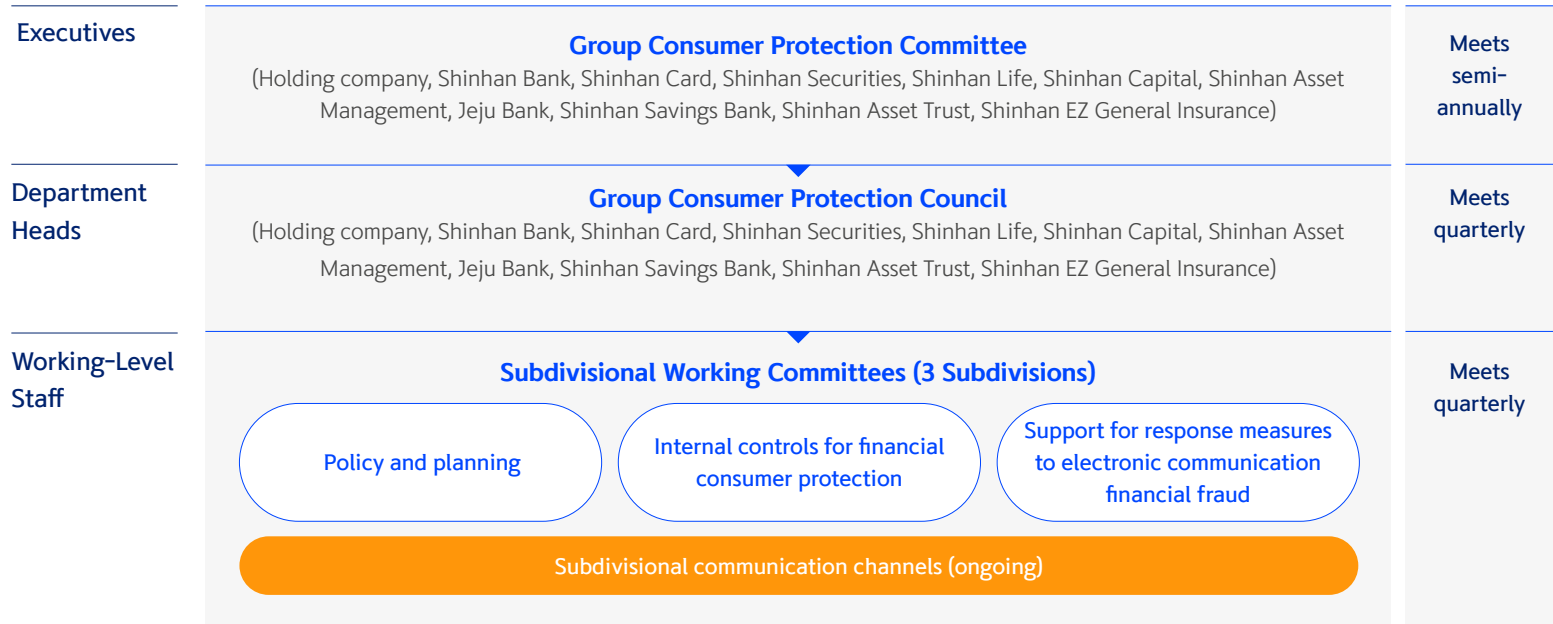
Shinhan Financial Group operates a comprehensive



governance system, with the recently revamped Consumer Protection Division serving as its cornerstone. In January 2024, we formed a dedicated committee and council with the aim of facilitating timely responses to consumer protection issues and fostering cohesive connections between the holding company and all Group subsidiaries. Additionally, we implemented a Group-wide three-lines-of-defense system which encompasses strategy formulation, implementation, and monitoring at the Group level. The

committee and council comprise consumer protection staff, department heads, and executives from the holding company and 10 subsidiaries. The Group Consumer Protection Committee, consisting of Chief Consumer Protection Officers from the holding company and 10 subsidiaries, convenes semiannually to define the fundamental direction of Group-wide consumer strategies, deliberate on key policies, and establish the consumer protection tone at the top.

**SFG’s Consumer Protection Governance**



The Group Consumer Protection Council, comprising consumer protection department heads from the holding company and subsidiaries, along with the Subdivisional Working Committees that consist of working-level staff, meets quarterly to discuss response measures based on monitoring of consumer protection activities and internal control checks. To facilitate in-depth communication among working-level staff, communication channels for each division—policy and planning, internal controls for financial consumer protection, and support for response measures to electronic communication financial fraud—remain operational year-round. Since 2023, Shinhan Financial Group has been actively working on establishing an integrated governance system to facilitate effective communication among departmental

heads responsible for consumer protection at the holding company and its subsidiaries. This includes sharing best practices among the subsidiaries and establishing a mutually reinforcing system where the holding company can provide consulting support upon identifying consumer protection-related vulnerabilities at individual subsidiaries. Furthermore, the governance structure has been refined to ensure prompt dissemination of information within the Group in the event of consumer protection issues arising in individual subsidiaries, minimizing the scope of damage and swiftly formulating measures for prevention of recurrence. Based on these efforts, we plan to continue driving customer-centric business activities and playing a more stringent role in consumer protection beyond regulatory compliance.

**Declaration of Commitment to Consumer Protection**

Attended by CEO Jin Okdong and Chief Consumer Protection Officers from 10 subsidiaries, Shinhan Financial Group held a declaration ceremony for consumer protection strategy in August 2023. At the ceremony, we declared “proactive measures to create an excellent financial consumer protection environment” as our consumer protection strategy. This reaffirmed our commitment to enhancing the consumer protection capabilities of all subsidiaries to the highest level, with the aim of becoming the most trusted financial group by customers.

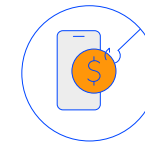
## Consumer Protection Strategy

Mission		<h3>A Better World Through Finance</h3>
Core Value		<p><b>Right</b></p> <p>We value doing what is RIGHT for our customers and for the future generations.</p>
		<p><b>Nimble</b></p> <p>We value being NIMBLE- executing with flexibility and efficiency, never stop learning and keep moving forward.</p>
		<p><b>Different</b></p> <p>We respect individual DIFFERENCES and value having DIFFERENTIATED outcomes.</p>
Vision	<p><b>+ We believe finance should be More Friendly, More Secure, More Creative</b></p>	
Strategic Goal	<p><b>Proactive measures to create an excellent financial consumer protection environment</b></p>	
Strategic Direction	<p><b>To fortify proactive measures to protect financial consumer To create an excellent financial consumer protection environment</b></p>	
Tasks	<ul style="list-style-type: none"> <li>• Proactive measures concerning financial consumer risk factors</li> <li>• Strengthening prevention of electronic communication financial fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Eradicating mis-selling practices from across the Group</li> <li>• Enhancing internal controls for financial consumer protection</li> </ul>
2023 Slogan	<p><b>Putting customer-centricity at the core of Shinhan</b></p>	

## SFG Joint Campaign for Consumer Protection

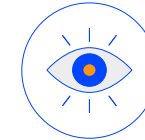
In September 2023, 10 subsidiaries of Shinhan Financial Group launched a joint consumer protection campaign. The campaign consisted of three activities: preventing financial fraud, uncovering dormant financial assets, and strengthening internal controls for financial consumers. The campaign helped raise employee awareness about consumer protection, while also providing practical assistance to customers and publicizing the Group's commitment to consumer protection. Shinhan Financial Group is committed to sustaining these campaign activities over time and incorporating them into the consumer protection efforts of all Group subsidiaries.

## Joint Consumer Protection Campaign



### Protect Together

- Voice phishing prevention drills
- Creating family passcodes
- Voice phishing prevention campaign for young adults



### Find it Together

- Tracking down dormant financial assets



### Stop it Together

- Seminars on financial consumer protection laws
- Target checks on the internal controls for the second half of 2023
- Consultation on internal controls related to the Financial Consumer Protection Act

## Featured Case

# Responsibility Map

A Responsibility Map clearly delineates responsibilities (who) for all tasks within a financial company and defines the actual operational procedures (what and how) rather than formal obligations. It articulates the internal control responsibilities and duties of the board of directors, CEO, and executives, empowering executives to effectively implement internal control measures and contribute to the proactive prevention of financial incidents.

Shinhan Financial Group has committed itself to proactively adopting this Responsibility Map to prevent financial incidents and ensure compliance across all business processes via comprehensive internal oversight and verification. Indeed, our 9 subsidiaries are on track to adopt the Responsibility Map by January 2025, well ahead of the deadline for initial submission mandated by the Act on Corporate Governance of Financial Companies. Smaller subsidiaries are also planning to implement internal control enhancement measures equivalent to the Responsibility Map. Preparations are currently underway to draft and apply the Responsibility Map, which will be tailored to the business characteristics of each subsidiary.

## Group-Wide Responsibility Map Governance

Shinhan Bank became the first Korean bank to complete the drafting of its Responsibility Map in May 2023. At present, the bank is developing an implementation system. Similarly, Shinhan Card, Shinhan Securities, and Shinhan Life have also embarked on drafting their own Responsibility Maps,

setting a precedent within their respective sectors.

The adoption of a Responsibility Map in each subsidiary will involve clearly defined authorities for internal controls to effectively activate the three-lines-of-defense system at each stage of the subsidiaries' respective internal control systems. As such, subsidiary CEOs will take charge of the overall management of internal controls, subsidiary BODs will oversee the adequacy of the internal control system's operation, and each executive will be tasked with managing internal control duties within their areas of responsibility.

## Enhancing Internal Control Governance of the Holding Company

The holding company is preparing a new system to support and oversee the effective operation of internal controls within subsidiaries. Enhancing the Group-wide internal control system will empower the holding company to assess the adequacy of internal control operations, monitor implementation progress, and take corrective actions at each subsidiary. Furthermore, the holding company will facilitate an integrated approach to addressing common issues among subsidiaries or significant internal control challenges. This will be achieved by enabling proactive sharing and reporting to the holding company's board of directors, with the aim of developing Group-wide response measures.

## Responsibility Map Governance

### BOD

Oversees the adequacy of the overall operation of internal controls

### CEO

Responsible for drafting the Responsibility Map and overall management of internal controls

### Executives

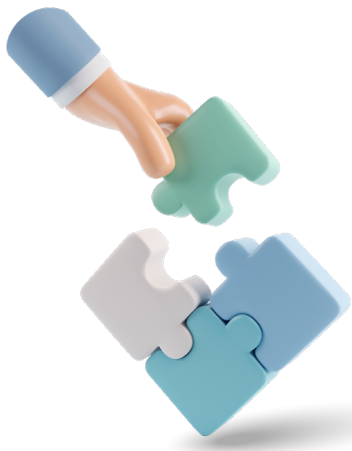
Responsible for internal controls within their respective areas of responsibility

### Business Groups

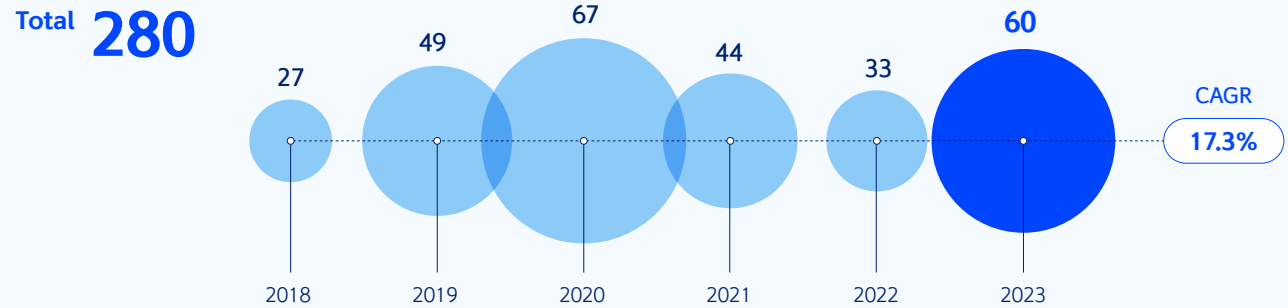
Reviews and examines operational activities from an internal control perspective by identifying and managing risks inherent in business operations

# Human-Led Talent and Shinhan Culture

Our people are the driving force behind implementing strategies and achieving the Group's vision. They are the ones who make it all possible. Shinhan Financial Group is dedicated to consistently enhancing institutional support to ensure that employees feel a sense of accomplishment in their work, achieve personal growth, and enjoy a fulfilling balance between their professional and personal lives. We strive to cultivate a forward-looking culture where sincere cooperation and mutual respect thrive under a fair system, together building one Shinhan.



## Number of Participants of Shinhan SHeroes (persons)



## Group-Wide Organizational Culture Re-creation Project Launched in 2021

### RE:Boot

#### Versatile and Talented People Leading Future Growth

Shinhan Financial Group is dedicated to fostering a dynamic synergy where diverse talents thrive in a fair corporate culture that values individual abilities, irrespective of gender, age, or any other factor. Our aim is to create a virtuous cycle where new business opportunities are discovered and achievements are expanded.

#### A Diverse and Inclusive Workplace for All Employees

We have established dedicated organizations and reporting systems to promote a corporate culture that embraces diversity and inclusion. Shinhan's human

resource management policies advocate gender equality and support a healthy work-life balance. Not only the Group but also individual subsidiaries are implementing policies tailored to their respective needs under the same direction. Furthermore, we have implemented measures and committees to prevent unfair discrimination, including committees that address sexual harassment and prevent workplace bullying. At the same time, we maintain an Ombudsman, oversee grievance handling procedures, and run an independent center for employee well-being. Since the declaration of "Shinhan's Commitment to Diversity and Inclusion" in 2021, we have been steadfast in practicing our commitment to diversity and inclusion.

### Nurturing Female Talent and Leaders

Our commitment to gender equality is encapsulated in the Group-wide common principle of C.O.R.E., which has helped reduce gender disparities among managers across the Group by nurturing female leaders. C.O.R.E. is an acronym that stands for “Confidence and pride, Opportunity for growth, Reinforcement of mutual growth and relationships, and Embracing an inclusive culture.”

Since its launch in 2018, Shinhan SHeroes, our industry-first female leader development program, has systematically fostered female leaders through various support programs aimed at cultivating leadership within our female workforce. Shinhan SHeroes has been highly successful in its goal of nurturing more female leaders and creating role models with extensive experience and outstanding leadership skills. It is progressively expanding the size of its leadership group by diversifying the regions and job positions targeted. As of 2023, a total of 280 female future leaders, including the latest sixth group of 60 members, have received support in sharing their vision of growth for themselves and the Group.

The SHeroes program enhances both personal and Group competitiveness by providing opportunities for outstanding female talents to expand their networks and exchange diverse opinions. Through various development programs such as leadership coaching, group mentoring, self-directed learning platforms, and community building, we promote growth and share achievements annually at the Shinhan SHeroes Conference.

At the same time, Shinhan is making every effort to foster a corporate culture that supports the best possible work-life balance and enables female employees to chart a clear career path. Group subsidiaries are being certified as family-friendly workplaces thanks to a range of family-oriented policies, such as promoting block leave of five consecutive days and active paternity leave for male employees. These efforts have led to our inclusion in the Bloomberg Gender-Equality Index (GEI) for five consecutive years since we became the first Korean company named to the list in 2019.

### A Total “RE:Boot” of Corporate Culture

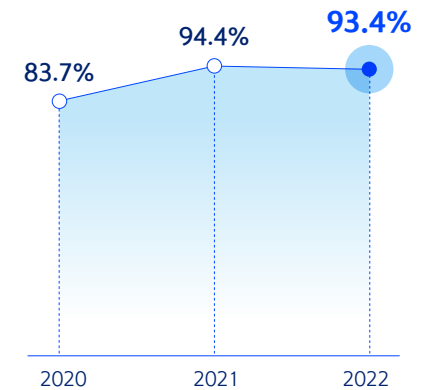
Shinhan Financial Group launched the RE:Boot Shinhan project at the inaugural Shinhan Culture Forum in 2021 to redefine and better Shinhan culture. The name “RE:Boot,” which symbolizes a reboot, reflects our determination to position Shinhan as a leading group in digital finance. The project’s two key strategies are setting a clear direction for the organization to pursue and implementing a system to pursue this direction. We firmly believe that a clearly defined strategy, supported by an appropriate corporate culture, can drive exponential success. With this belief in mind, Shinhan Financial Group has reinterpreted traditional Shinhan culture, which has been in place since the Group’s founding, to align with the digital era. We have also initiated various RE:Boot Shinhan projects aimed at enhancing Shinhan culture from the perspectives of customers, the future, and employees.

### Number of Subsidiaries Participating in the SHeroes Project

# 12

### Post-Parental Leave Employee Retention Rate

# 93.4%



### Selected to the Bloomberg GEI Consecutively from 2019 to 2023

# 5 years

### 2023 Progress with the RE:Boot Shinhan Project

In 2021, we formulated a new vision for the Group and redefined our core values as the guiding principles for all our employees. Shinhan Way 2.0, our new and core value system incorporates diverse opinions from customers and employees to represent values that resonate in the field and are expressed in a simple and intuitive manner, and has since been disseminated to all Shinhan employees in Korea and abroad.

In celebration of the Group's 40th anniversary, the focus of the RE-Boot Project in 2022 was a major transformation of cultural codes (mindset and processes) to adapt to paradigm shifts in the business environment, such as external environments and generational shifts among customers and employees. The second Shinhan Culture

Forum, held to share insights with employees on the project's progress and accomplishments, was a recap of the Group's 40-year history. The forum revealed an official book titled Shinhan's 40 Year History to review Shinhan's past success formula and determine the cultural direction that Shinhan should take based on the opinions of our front-office employees.

In 2023, the Project focused on spreading the Group CEO's management principles and messages across the board. During Culture Week events, a relay lecture program took place in which the Group CEO interacted with employees to communicate and share business goals. Additionally, a code of conduct for leaders' actions was established to ensure the spread of Shinhan Culture throughout the organization.





Group Business Overview



Retail Banking



Corporate & Investment Banking



Insurance & Asset Management



International Business

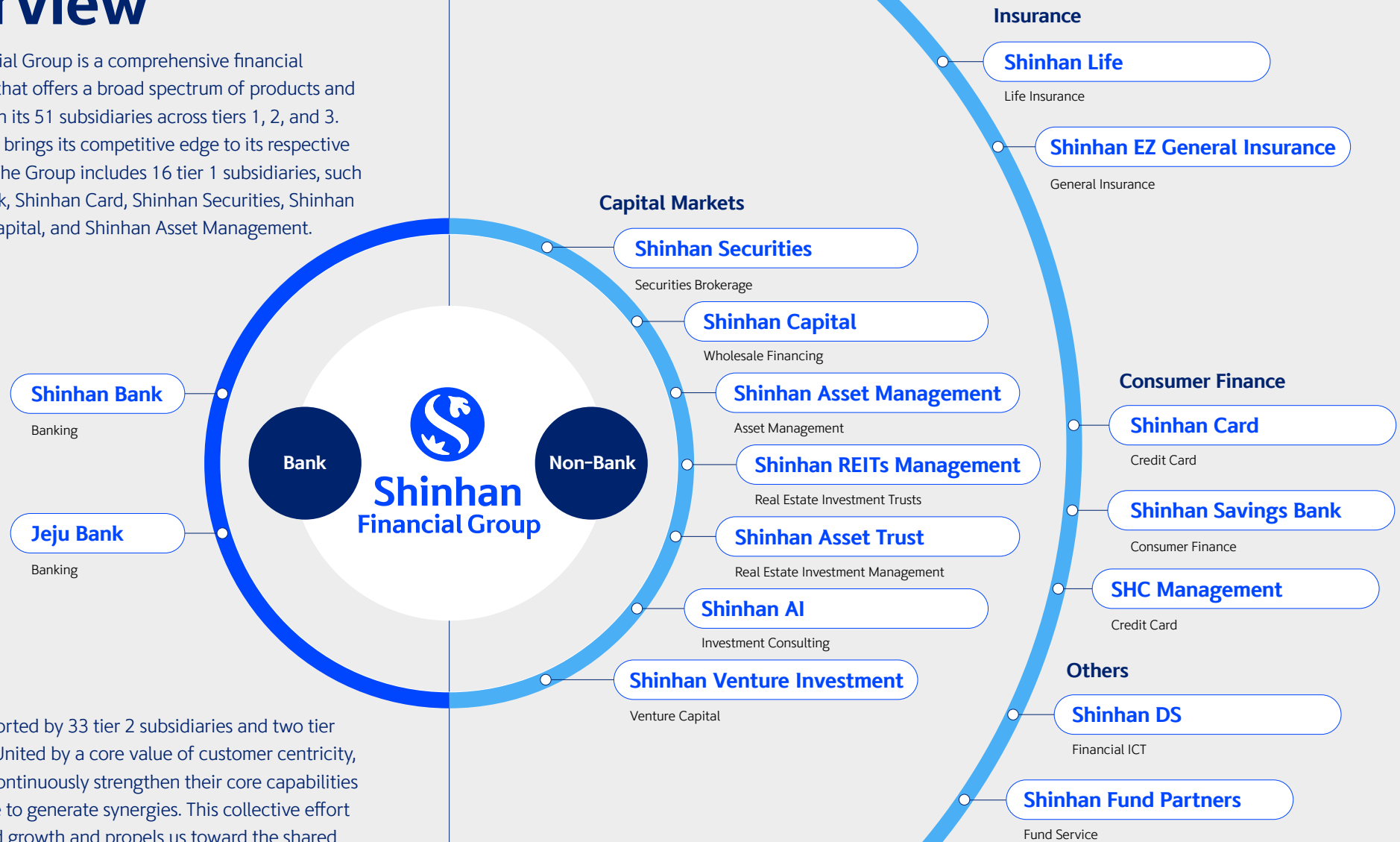


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# BUSINESS OPERATIONS

# Group Business Overview

Shinhan Financial Group is a comprehensive financial services group that offers a broad spectrum of products and services through its 51 subsidiaries across tiers 1, 2, and 3. Each subsidiary brings its competitive edge to its respective business area. The Group includes 16 tier 1 subsidiaries, such as Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Shinhan Capital, and Shinhan Asset Management.



These are supported by 33 tier 2 subsidiaries and two tier 3 subsidiaries. United by a core value of customer centricity, these entities continuously strengthen their core capabilities and collaborate to generate synergies. This collective effort drives sustained growth and propels us toward the shared vision of achieving "Excellence, Shinhan."

| Snapshot |

# Retail Banking

Shinhan Financial Group excels in providing optimal financial solutions to retail and SME customers, with Shinhan Bank and Shinhan Card at the forefront. They design and deliver an array of products and services across retail banking, payments, and SME support projects. Operating under a synergistic model, they closely collaborate and draw on the strengths of their respective sectors, aligning meticulously with customer needs to maximize convenience and satisfaction.

In 2023, Shinhan Bank's retail customer base expanded by 383,000 to 27,172,000, achieving balanced performance across all areas through strategic initiatives. The bank focused on reinforcing core competencies and actively engaging customers at every life stage. Efforts included attracting younger customers by leveraging its channel competitiveness, expanding the number of salary account holders via Group-wide cross-selling and third-party affiliations, proactively marketing pension products, and launching specialized products and services aimed at elderly customers.

For 2024, Shinhan Bank pursues the establishment of strategic objectives focused on fundamental fidelity and trust reinforcement under the direction of customer centricity.

To that end, Shinhan Bank plans to implement four initiatives: targeted growth and data-driven segmentation of three primary customer demographics (future generations, working professionals, and seniors), creating value within its platform business, strategically expanding its FX marketing, and pursuing efficient asset growth to fortify its funding base.

Meanwhile, Shinhan Card's integrated membership base continued to grow, increasing from 30,157,000 in 2022 to 31,631,000 in 2023. After successfully rolling out its "Deep Value" strategy, the company sustained its leadership in the payment market by delivering unique customer experiences, transitioning towards a Multi-Finance Company through asset portfolio optimization, and evolving into a digital and data-engineered platform.

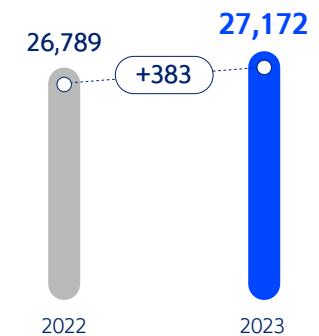
In the face of ongoing uncertainty stemming from prolonged high interest rates and inflation and lingering domestic and international real estate risks in 2024, Shinhan Card is pursuing a "Triple 1" strategy to secure the foundation for sustained growth while striving to become the undisputed No. 1 company for the market, customers, and employees.



## 2023 Highlights

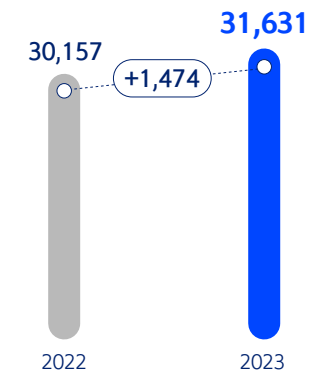
### Shinhan Bank Retail Customer Base

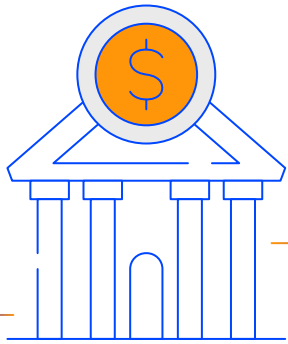
(in thousands)



### Shinhan Card Integrated Membership Holders

(in thousands)





## Retail Banking \_01

# Retail Banking

Shinhan Bank's Retail Division aspires to be an "Everywhere Bank," providing the most suitable and distinctive financial solutions at the very heart of customers' daily lives. With the aim of enhancing customer accessibility and broadening its appeal across diverse age groups, the bank has built upon its progress in 2023 to further transform into a more customer-engaged organization in 2024, fully committed to addressing customer needs with sincerity.

## Key Performance Results in 2023

The year 2023 presented a challenging business environment and was marked by a net population decrease in Korea due to low birth rates, a real estate market downturn, continued interest rate hikes, and heightened social demands on banks. In the face of such adversities, Shinhan Bank's Retail Division pursued a life cycle-specific preemptive strategy to increase its core customer base, adopting a long-term perspective to prepare for the future and address current challenges.

### Attracting Future Generations through Channel Competitiveness

Shinhan Bank has launched new services tailored to youth customers, such as the 'Pre-registration Service from Birth' and 'Little Shinhan' services, while upgrading the Pre-Written Minor Account Service' originally introduced in 2022. By offering vouchers for new accounts in subscriptions and securities, the bank successfully improved its transaction retention rate.

It also expanded its outreach to young adult customers through targeted marketing efforts in schools and universities and by drawing on its institutional partnerships already in place. Furthermore, Shinhan Bank secured a solid customer base through targeted products and marketing strategies tailored for young adults, leveraging external partnerships, such as its KBO sponsorship, PayCo, as well as government policy initiatives like the Seoul Youth Allowance. These initiatives culminated in a significant increase of 100,000 youth customers and 200,000 customers in their twenties, with a net increase of 52,000 in active young customer base, securing our future customer base.

### Net Increase in Active Young Customer Base

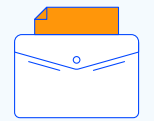
(in thousands)

# +52.0



### Salary Club Members (in thousands)

# +265.0



### Enhancing Engagement with Salaried Customers through Cross-Selling

Shinhan Bank revamped its 'Salary Club,' a membership exclusively for salary account holders, and introduced tiered rewards for first-salary recipients, thus reinforcing its customer retention. The bank also strengthened the competitiveness of its credit loan interest offerings for affiliated companies to activate employee transactions.

At the same time, it launched online loan offerings exclusively for companies affiliated with Seoul Guarantee Insurance to attract salaried customers. Enhanced on-site collaboration between relationship managers (RMs) and retail relationship managers (RRMs) and preferential

interest rates for the loan transfer program helped secure demand-focused loan customers. As a result, 'Salary Club' membership increased by 265,000 from the previous year, and salary account-holding customers grew by 91,000 to 2.57 million.

### [Expanding the Senior Customer Base through Pension Marketing](#)

Shinhan Bank intensified its efforts to attract senior customers by concentrating its marketing on the four major public pension accounts. Initiatives included promotional events for transferring pension accounts from other banks, and specialized training for the sales force.

Furthermore, Shinhan Bank launched the 'Pension Lounge' service on the SOL Bank app, and strengthened customer solutions through the enhancement of competitiveness in Group products such as senior-specialized cards. In order to attract individual taxi drivers, who comprise a significant portion of senior customers, Shinhan Bank conducted marketing efforts to change payment accounts through partnerships with taxi unions and Kakao Mobility.

Additionally, to increase the uptake of Shinhan Bank's specialized taxi loan, 'My Taxi Happiness Loan,' Shinhan Bank supported the linkage between gas stations and Shinhan Bank branches. In addition, a pilot project was implemented with the Korea Housing Finance Corporation to expand consultations and applications for reverse mortgages. In all, these efforts helped develop the bank's reach to senior customers, increasing pension-receiving customers by 70,000 from the previous year to 587,000.

### [Plans for 2024](#)

According to many experts, the outlook for 2024 indicates slowing growth in the domestic market, which we believe calls for a bold pivoting to a different growth model. Keenly aware of this fact, Shinhan Bank aims to establish an 'Excellence' retail operation by driving substantive changes focused on providing distinctive solutions.

This entails the three key objectives: strengthening the core business through customer engagement; creating value in the Biz Platform, including deriving strategic FX marketing solutions; and pursuing efficient asset growth and funding base enhancement.

### [Data-Driven Core Customer Group Growth Enhancement](#)

Shinhan Bank plans to strengthen its retail base centered on the three core customer groups—future generations, working professionals, and seniors—to increase its active customer base. For future generations, customer needs will be identified through life cycle-specific data analysis

of everyone from infants to middle and high school and college students, deriving solutions based on key transaction factors to improve the retention rate.

For working professionals, total financial solutions will be provided to companies and employees to attract both corporate and retail customers, and supported by a shift to a new team-based sales approach. For senior customers, financial solutions and re-employment marketing strategies will be targeted at those struggling with cash flow post-retirement, while we will also continue our marketing efforts for both credit cards and pension-receiving accounts simultaneously as key transaction factors for senior transactions.

### [Value Creation in Our Biz Platform and Strategic FX Marketing](#)

We will strengthen partnerships with big tech firms and drive the expansion of customer inflow to our bank through internal and external platforms. To achieve this, we will stimulate active transactions with the bank through targeted marketing based on data analysis from incoming customers.

As travel restrictions ease and the appetite for international travel rebounds in the wake of the pandemic, we have observed a significant upsurge in demand for foreign currency exchanges. Aligning with this trend, the adoption of digital wallets—where customers preload foreign currencies on their debit/credit cards for easy withdrawals and payments overseas—has surged in popularity. In response, we are launching an aggressive marketing

#### **Pension-Receiving Customers**

(in thousands)

**+70.0**



initiative centered on the SOL Travel Card, which was introduced in February 2024. This campaign is designed to attract a vibrant demographic of customers in their 20s and 30s who seek currency exchange services.

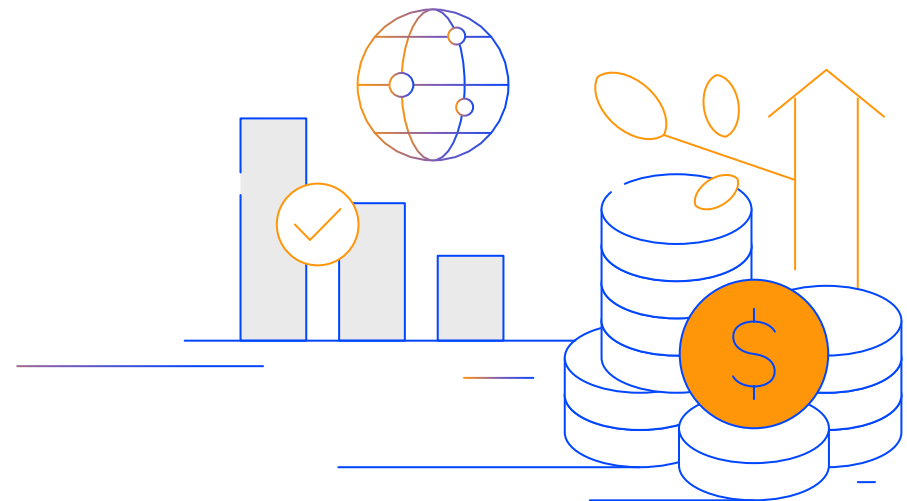
#### **Efficient Asset Growth and Fortifying Our Funding Base**

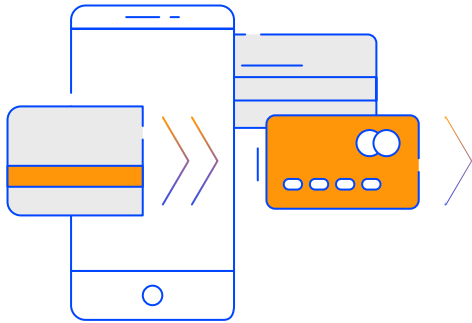
Since late 2021, and in response to escalating interest rates and associated credit risks, Shinhan Bank has strategically been focusing on a growth strategy centered on prime assets to proactively mitigate these risks.

For 2024, this strategy extends to the agile and timely administration of mortgage and *jeonse* loans, which are squarely aimed at bolstering housing stability and catering to genuine funding needs, while also judiciously considering risk-weighted assets. For collective loans for

real estate, we plan to pursue selective bidding strategies in consideration of current real estate market developments. For unsecured personal loans, we aim to expand our pool of premium borrowers through our total financial solutions.

Lastly, strengthening our funding base will be a key to enhancing our operational competitiveness. This involves the expansion of our core customer base and support for payment/settlement transaction solutions to broaden our liquidity pipeline. Starting in February, a key initiative will focus on actively promoting transactions centered on youth-specific products and onboarding new clientele, with the aim of significantly minimizing churn rates upon the maturity of Youth Hope Savings accounts and ultimately achieving zero departures at this critical juncture.





## Retail Banking \_02

# Consumer Finance

Under the vision of “Connect More, Create the Most,” Shinhan Card is not only harnessing its distinctive strengths and expertise to cultivate more connections but also sharing unparalleled value with customers. In an operating landscape fraught with uncertainties, Shinhan Card remains committed to reinforcing its core business foundation, embarking on a steady transformation into a premier life & finance platform company.

### Key Performance Results in 2023

In 2023, Shinhan Card rolled out its ‘Deep Value’ strategy, which is designed to navigate through multifaceted crises by crafting distinct value that meets the evolving needs of customers, society, and the environment, and a strategy built on our deeply rooted capabilities. This approach yielded impressive results across all business areas, notably earning a Presidential Citation at the Digital Management Innovation Awards and achieving the “triple crown” in brand value assessment for the 12th consecutive year—a testament to its unparalleled corporate value within the industry.

### Strengthening Leadership in the Payment Market

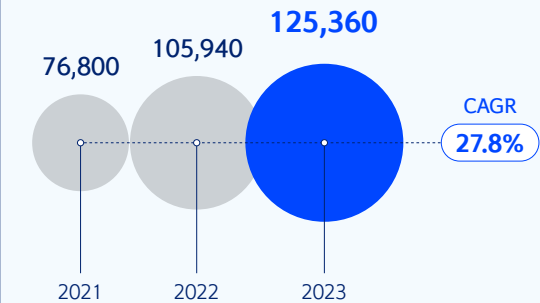
Driven by its trend-setting credit card product lineup and sophisticated marketing channels, Shinhan Card has amassed an integrated membership of 31.63 million. We have also secured the top position in the domestic platform arena, not just in the credit card sector but across platform services as well, with an integrated MAU figure now exceeding 12.53 million.

This was facilitated by fostering connections and expanding services between financial and non-financial platforms, including Shinhan SOL Pay, All That, and MyCar, thus affirming our leadership position.

### Transformation into a Multi-Finance Company

In line with the shifting market landscape, Shinhan Card strategically realigned its auto finance asset portfolio towards more profitable avenues. Furthermore, to overcome the growth constraints of traditional financial products

### Integrated Platform MAU (in thousands)



### Shinhan SOL Pay MAU (in thousands)

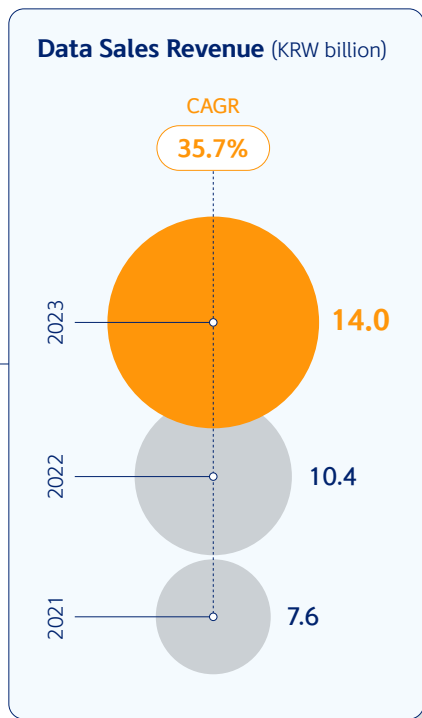


such as credit card loans, we proactively expanded our new financial asset portfolio, including unsecured personal loans and corporate loans.

This expansion was part of a broader diversification strategy that included enhancing the data business sector, fortifying collaboration efforts with the subsidiary Shinhan Credit Information, and diversifying our global growth efforts.

### Evolution into a Platform Company

Leveraging our unrivaled data analytical prowess, Shinhan Card achieved annual data sales revenue of KRW 14 billion in 2023. We reinforced our leading position in the database market through the continuous expansion of the GranData private data dam project and the successful launch of Shinhan Financial Group's data dam Shinhan One Data center. Additionally, the platform business significantly contributed to our core business operations, generating KRW 563.5 billion in digital operating profits and KRW 86.5 billion in digital cost savings.



### Plans for 2024

In 2024, a challenging domestic and international business environment is anticipated, one that will be characterized by prolonged high interest rates and inflation, as well as persistent real estate risks both domestically and internationally, leading to continued uncertainty and increased volatility. In response, Shinhan Card aims to proactively address these challenges with its “Triple 1” strategy, aiming to become the unequivocal No. 1 company for the market, customers, and employees by overcoming the upcoming challenges and laying a foundation for sustained growth into the next decade.

#### Transform

Shinhan Card seeks to elevate the quality of our membership and credit card sales structure, pre-empting the future customer base. This entails optimizing our customer engagement and sales channels to maximize resource utilization, while also enhancing the core business contribution of Shinhan SOL Pay and bolstering our standing in the digital payment business market.

#### Reframe

Our objective is to refine our financial lending business's asset portfolio, incorporating innovative marketing strategies that draw on memberships, databases, and AI. We will focus on profitability within our auto finance segment, strengthening our B2B and B2G ventures, and foster greater collaboration across the Shinhan Financial Group.

#### Increase

By boosting the competitiveness of our digital and data-

driven business, we aim to amplify our core contributions and secure new growth momentum through the introduction of new revenue streams such as Payment as a Service (PaaS). At the same time, a systematic “Go&Stop” approach will guide selective investments and restructuring within our digital domain for optimal efficiency.

#### Progress

In addition, we will ensure the stability and growth of our overseas subsidiaries, seizing new growth opportunities through strategic partnerships and joint ventures with local companies. Strengthening our international business capabilities and infrastructure will also be key, and will be supported by seamless collaboration between local subsidiaries and our headquarters.

#### Leverage

In response to evolving challenges, we are committed to developing our HR system and fostering a constructive organizational culture that supports mutual growth. Moreover, we will innovate our organizational systems to hone our digital and data competencies.

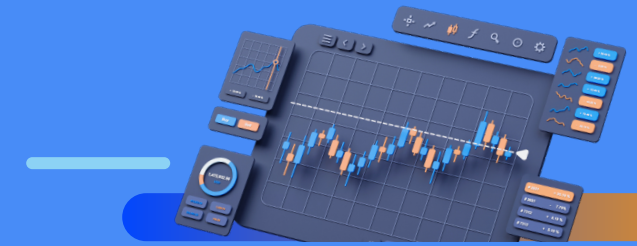
#### Enforce

Proactive risk management and internal control enhancements form the core of our strategy to navigate uncertainties. This includes championing carbon-neutral initiatives, exploring sustainable financial business models, and expanding our cooperative finance and social contribution efforts, all of which are underpinned by a robust ESG framework.



| Snapshot |

# Corporate & Investment Banking



Shinhan Financial Group's subsidiaries leverage their expertise in banking, brokerage, capital, asset trusts, REITs, and venture investments to generate Group-wide synergies in corporate & investment banking (CIB) operations.

Faced with challenging market conditions in 2023, including rising interest rates and a downturn in the real estate market, our focus intensified on proactive risk management and the expansion of efficiency-driven investments. In capital-intensive areas such as domestic and international real estate, we fastidiously monitored our exposure and risky assets, selectively directing investments into profitable deals to safeguard the soundness of our asset portfolio. By adopting a capital efficiency approach, we strategically scaled down operations in less profitable business areas given the risks involved, while intensifying our efforts in capital-light segments like equity capital markets (ECM) and debt capital markets (DCM) to enhance our performance results.

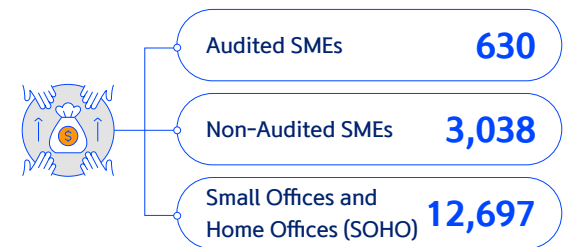
Continuing with this strategic direction in 2024, we will channel Group-wide resources into the key initiatives of traditional investment banking (IB), real estate, and

alternative investments, as well as nurture the venture ecosystem. In traditional IB operations, our subsidiaries will collaborate to identify the needs of corporate customers and proactively deliver tailored financial solutions, including rights offerings, IPOs, bond issuances, and loan support. Furthermore, we will build on our recent successes in DCM to expand our ECM market share, with our goal being to reinforce our foundation to become an IB powerhouse.

We will also focus on investing primarily in high-potential deals, considering both the soundness and growth prospects from a balanced perspective, as alternative investments and real estate are expected to face industry-wide challenges and significantly constraints from a risk-weighted asset (RWA) standpoint. We also plan to explore new opportunities like data center projects and mixed-use developments that redevelop urban areas. To foster the venture ecosystem, our existing venture investment platforms—the Shinhan Strategic Investment (SI) Fund and Shinhan Future's Lab—will expand their support to provide venture firms with timely financial solutions for investment, business collaboration opportunities, and IPOs, thereby fostering mutual growth.

## 2023 Highlights

### Corporate Banking New Prime Customers in Corporate Banking (in thousands)



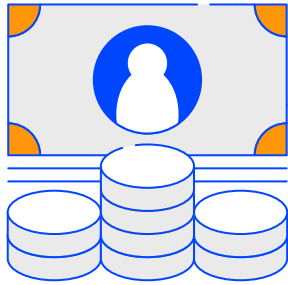
\*. Internal ratings BBB+ and above, the number of companies

### Shinhan Investment & Securities Equity Capital (KRW billion)



### Shinhan Capital Net Profit (KRW billion)





## Corporate & Investment Banking \_01

# Corporate Banking

Shinhan Financial Group's Corporate Banking (CB) Division harnesses the Group's IB capabilities and profound corporate finance experience to provide financial services finely tuned to the evolving needs of businesses amid current market changes. Throughout 2023, the CB Division focused on expanding the core customer base and digital service offerings. As we progress into 2024, our goal is to continually strengthen Shinhan's unique expertise and distinction as a corporate banking service provider, all while staying rooted in mutual trust.

### Key Performance Results in 2023

Facing increasing uncertainties in 2023, both domestically and internationally, along with heightened competition, we worked diligently to strengthen our core customer base, accelerate digital transformation, and develop future business capabilities under the strategic goal of "Strategic Growth Towards No. 1! Developing Distinctive Capabilities for 'Excellence'."

### Strengthening the Core Customer Base

Our past year's growth strategy, which was centered on high-quality assets, resulted in not only quantitative growth but also qualitative growth substantially. Through various marketing strategies, including customized services tailored to each stage of business growth, we locked in over 50,000 medium-sized corporate borrowers, with loans exceeding KRW 100 million and ranking first among commercial banks in terms of SME loans. Additionally, we attracted 630 audited and 3,038 non-audited SMEs as new customer, achieving prime asset-oriented sizeable growth—the key behind future competitiveness and the source of growth drivers for corporate banking operations.

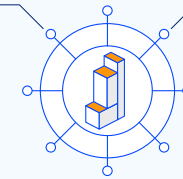
To ensure efficient asset management and sustainable profitability, we also enhanced our loan support system based on overall profitability, achieving proper earnings through robust asset growth and increased liquidity.

### New Prime Corporate Customer Base (companies)

# 16,365

Audited &  
Non-Audited  
SMEs

## 3,668

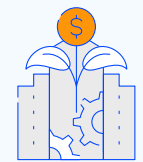


Small Offices and  
Home Offices  
(SOHO)

## 12,697

### SME Borrowers with Loans Over KRW 100 Million (companies)

# 51,135



### Digital Paradigm Shift

Our digital paradigm shift initiative focused not only on streamlining core business operations from the perspective of customers and employees but also on securing a competitive edge. Efforts to enhance customer convenience and operational efficiency at the branch level included improving the digital credit review application process, expanding the coverage of digital corporate FX operations, and introducing a digital completion process for regional credit guarantee foundations. Furthermore, we strengthened our platform competitiveness by upgrading SOL Biz, our banking platform for corporate customers, and by launching SOHO Mate, a finance-embedded corporate service for SOHO owners, thus expanding our customer inflow channels through the platform.

## Launch of the New SOL Biz App

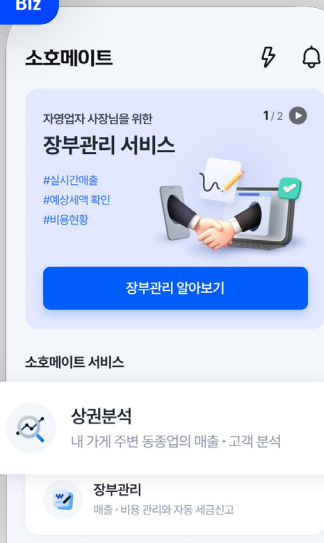
Up to 3 times faster than the conventional app

User-friendly interface

Easy and quick subscription

Customizable home screen options

Featuring a unique CEO Mode service



## Developing Future Business Capabilities

Introduced in 2023, the role of new frontier & relationship managers (FRM) has been crucial in strengthening new customer acquisition, while branch relationship managers (RM) have focused on enhancing existing customer engagement, thus boosting sales competitiveness.

At the same time, we reorganized the operations structure, going from a regional project & relationship managers (PRM) framework to an industry-specific PRM setup, promoting RMs' expertise in their respective industries. Under a three-cell structure, 10 industries were organized for efficient industry-specific PRM marketing processes through collaboration with related departments, providing

specialized financial services tailored to the specific needs of each industry.

Committed to reinforcing our ESG management practices, we also expanded our green finance portfolio by launching new products in collaboration with the Ministry of Environment, enhanced our ESG consulting services for client companies, and supported a wide range of methods to reduce financed emissions, thereby driving the establishment and expansion of ESG finance across the Group's ecosystem.

### Customer-Centric Professional Sales System



**FRMs**  
(Frontier & Relationship Managers)

Offering specialized financial services with business-related expertise and capabilities



**RMs**  
(Relationship Managers)

Managing existing customers



**PRMs**  
(Project & Relationship Managers)

Providing financial services best-suited to the individual needs of industries through an industry-specific structure

## Plans for 2024

In 2024, the Corporate Banking Division has set its strategic goal as “Customer-Focused Total Solution Provider, ‘Excellence’ in Corporate Banking.” This slogan reflects our commitment to navigating the challenges of a stagnant market environment in a low-growth era and striving for distinctive growth that disrupts conventional competitive frameworks. In line with this goal, we have come up with three detailed action plans: TO BE THE BEST (strengthening the core customer base for cross-selling opportunities); TO BE UNIQUE (establishing Shinhan’s unique identity through innovative solutions); and TO BE IN HARMONY (harmonizing our operations with society and the environment).

### TO BE THE BEST

To strengthen the core customer base for cross-selling opportunities, we will engage in aggressive marketing efforts aimed at national strategic advanced industries, cutting-edge biotech sectors, and materials, components, and equipment industries. We will also develop specialized products to attract tenant companies of the new government-sponsored specialized complexes for advanced strategic industries. Additionally, in support of the newly introduced RM One Team program, we are setting up a key-person management process to ensure that One Team synergies deliver optimal solutions.

### TO BE UNIQUE

The launch of the Shinhan S.O.L Cluster marks our commitment to establishing Shinhan’s unique identity through innovative solutions. This cluster is a collaborative organization between the back and front office operations,

identifying hubs that require strategic portfolio expansion and dispatching field-driven collaborative resources to provide comprehensive solutions. This will help foster an environment conducive to mutual growth between Shinhan and future growth enterprises.

In addition, while presenting our loan offerings on third-party loan comparison platforms, we will develop our own digital platform to induce more customer influx via online channels. With Shinhan’s loan products currently available on Naver Pay and Toss, we will take advantage of our presence on these big tech platforms to expand our customer touchpoints, enhancing the competitiveness of our digital products through constant monitoring and product upgrades. Also in the pipeline for 2024 is a loan comparison platform for SOHO owners. On top of all this, we will reinforce our own platform by introducing platform-exclusive new products as we expand our financial partnerships.

### TO BE HARMONY

In 2024, we aim to harmonize our operations with society and the environment to achieve ‘Excellence’ in corporate banking. To ensure high-quality services with our front office operations, we will introduce competency-building programs and provide customized consulting services to corporate clients. In fulfilling the bank’s social responsibilities, we will also enhance our comprehensive support for SOHO owners with a specialized class at our SOHO Business School for young entrepreneurs, while at the same time adding non-financial services such as the SOHO Mate bookkeeping service.

In anticipation of the Carbon Border Adjustment Mechanism (CBAM), slated for implementation in 2026, we plan to launch specialized financial products for high-carbon industries and diversify ESG consulting channels to spearhead green finance. This initiative aims to motivate our corporate clients to actively participate in and support ESG initiatives.



## Corporate & Investment Banking \_02

# Brokerage & Securities

As the anchor of the Group's capital markets businesses, Shinhan Securities constantly enhances its competitiveness and business fundamentals as a trusted brokerage house that grows alongside its clients. Despite a challenging business environment in 2023, significant achievements in WM and DCM operations laid a strong foundation for future growth. In 2024, we are committed to translating this solid groundwork into substantial results and continuing to move forward with our customer-centric growth.

### Key Performance Results in 2023

Even amidst an economic slowdown and high inflation in 2023, we navigated difficult domestic and international conditions to strengthen customer trust, guided by four strategic directions—tapping the corporate customer ecosystem, building competencies to become an IB powerhouse, spearheading digital innovation, and adhering to our core principles.

As a result, the GMS Group maintained its top-tier status based on solid returns from fixed-income investments, with its ranking improving in both the DCM and ECM sectors. Nevertheless, net profit declined from the previous year, eroded by deteriorating real estate risks and the resultant increase in provisioning and valuation losses to hedge those risks.

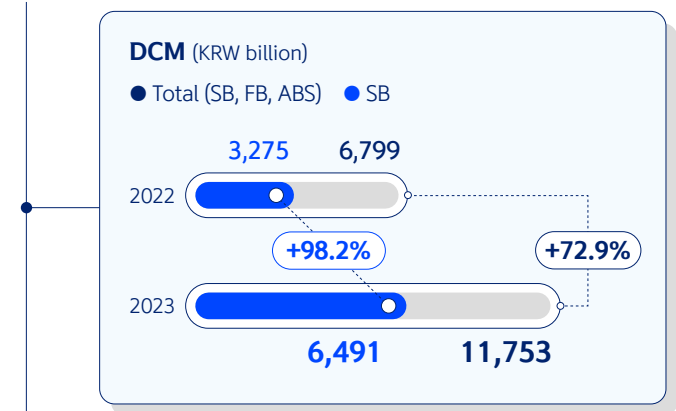
### Tapping the Corporate Customer Ecosystem

Shinhan's Wealth Management (WM) Division expanded its base of high-net-worth (HNW) and corporate customers by offering differentiated products and services and strengthening corporate network marketing. We also intensified WM-IB cross-selling through tailored solutions based on corporate needs, thereby expanding the synergies between our retail operations and IB business sectors.

### Building Competencies as an IB Powerhouse

The GIB Group cemented its position as a top-tier player in the traditional IB market by boosting its sales efforts towards large corporate customers and fostering Group-wide collaboration, thus raising our DCM and ECM market share.

To diversify our revenue sources and secure a future growth foundation, we have increased investments in promising startups and expanded our networking with venture capital and private equity funds. Additionally, we are constantly expanding our international business operations. Our subsidiaries in Indonesia are striving to bolster their market influence, while those in Vietnam are enhancing their retail operations through strategic local collaboration initiatives, particularly with local fintech firms.



### Spearheading Digital Innovation

We are proactively gearing up for a digital-led future, focusing on strategic investments in blockchain and digital healthcare, and launching a security token offerings (STO) platform to capture a competitive edge in the digital asset market. We are also heightening our digital competitiveness from internal systems to customer interfaces, increasing financial product offerings through mobile platforms, and improving app functionalities to enhance the overall customer experience.

At the same time, our adoption of cloud systems across operations and mobile trading systems (MTS) supports various applications. Furthermore, we are expanding our customer base and advancing our open platform initiatives, which provide modular financial service technologies to fintech and startup firms.

### **Adhering to Core Principles**

We drive corporate culture improvements and increase organizational efficiency through strategic downsizing and restructuring. Our focus remains on optimizing capital allocation based on a thorough risk and profitability analysis of each business line. Furthermore, we are committed to ESG management by reducing carbon emissions, hosting ESG forums for corporate customers, and engaging in diverse CSR activities.

### **Plans for 2024**

For 2024, Shinhan Securities is focused on achieving growth centered on customers, sales, and efficiency. Our priorities are accelerating innovation in retail WM operations, expanding our competitive edge in capital markets, and transitioning into a tech-driven company. Key initiatives include establishing leadership in fixed-income/ETFs, solidifying a top 3 position in ECM and DCM, and securing new growth engines through technology partnerships and business innovation. We will also bolster risk management, improve internal controls, and continue our commitment to ESG practices to ensure sustainable growth.

### **Securing Top Market Positions in Fixed-Income/ETFs**

We aim to offer unique WM services by enhancing our fixed-income and ETF solutions and boosting our WM consulting capabilities. By diversifying our fixed-income offerings to cover the varied needs of customers, from HNW to mass market clients, we will take advantage of high interest rates to significantly expand the supply of premium corporate bonds, government bonds, and hybrid bonds. In addition, we will strengthen our tax-saving bond lineup to meet the demands of HNW clients and distribute our bonds across an array of platform apps to broaden digital touchpoints with customers.

For ETFs, we will offer a simplified investment tool based on a pre-packaged solution. A pre-packaged solution is a digital WM service that bundles various ETFs and products into one package tailored to the customer's risk profile. As such, we will promote our ETF offerings as a convenient investment option across various areas, such as DC/IRP, pension savings, and ISAs.

### **Solidifying a Top 3 Position in ECM and DCM**

With respect to DCM, we plan to strengthen our strategic marketing and have it centered on Korea's top 20 large corporate groups. We will also expand C-level marketing and collaborate with Shinhan Bank to increase our influence over these corporations. Additionally, we will solicit growth sector businesses to diversify our corporate client base by assigning dedicated RMs.

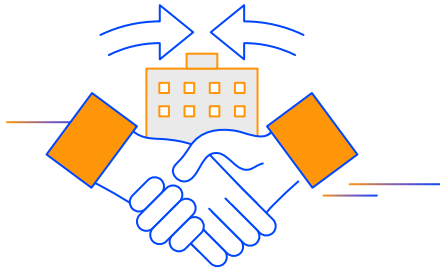
In terms of ECM, we will make it our mission to better understand customer needs and enhance our analysis of

deal cases for each client to maximize their satisfaction. Our approach includes recruiting top external talents and leveraging in-house talent through internal contests to bolster our competitiveness and drive innovation.

### **Securing New Growth Engines through Technology Partnerships and Business Innovation**

We plan to expand our customer base through partnerships with tech firms and enhance the competitiveness of our platform using AI technologies. This includes services like AI-powered automatic translation of disclosures and news released in foreign languages, providing high-quality investment information while integrating our solutions with those of leading tech firms on numerous platforms to expand customer touchpoints.

Organizational and operational process innovation will continue to drive tech-driven businesses forward. A scrum-based organizational system will be at the forefront of this innovation, drawing on a technology-push strategy that defines our core technologies and the customer value they can create.



### Corporate & Investment Banking \_03

## Wholesale & Financing

Shinhan Capital has solidified its identity as a specialist in corporate & investment banking (CIB), consolidating its role as a pivotal deal maker in the mid-risk market. Indeed, we have now positioned ourselves as a major market player through systematic asset quality management and sophisticated risk management, enabling quick and diverse portfolio strategies to secure future growth engines. In 2023, we expanded our capabilities in core businesses and actively pursued growth sectors to continue on our current growth trajectory. For 2024, we plan to further strengthen our expertise and reorganize our internal systems and culture, aiming to carry out fundamental improvements across the company.

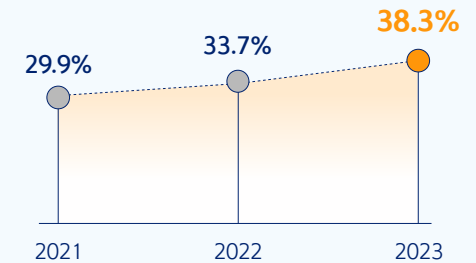
### Key Performance Results in 2023

In 2023, Shinhan Capital innovatively responded to complex crises, such as the onset of the multi-dilemma era and increased regulatory limits in real estate/construction, to turn crises into opportunities under the strategic goal of "Deep Innovation." This approach led us to realize historic-high performance results, even in the midst of an unfavorable business environment.

### Strengthening Core Business Capabilities

We strategically expanded our offerings in structured/ securitized products centered on acquisition finance to pursue a stable revenue stream from a balanced business domain and proactive risk management. We also increased investments based on our expertise and diversified our offerings in the mezzanine market, firmly establishing our leading market position.

### IB Percentage of the Asset Portfolio



Lastly, we advanced our asset allocation strategy, selectively handling highly profitable assets based on a database built on years of accumulated know-how and networks.

### Expanding Growth Businesses

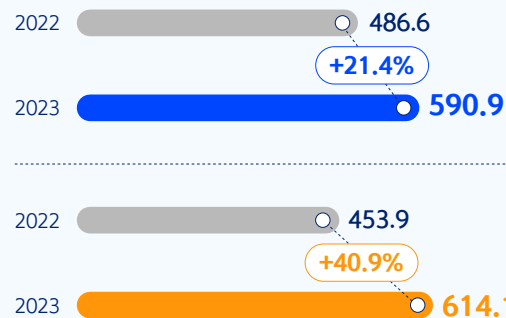
Throughout 2023, we strategically diversified our investment portfolio strategies by sector, product, and duration to enhance our swift adaptation to the changes going on in market circumstances. We also developed a data mart, refining the database usable in operations and further focusing on management and risk management based on this data.

### Organizational Restructuring

We not only revamped the organizational structure to better reflect product characteristics and maximize collaboration and expertise among investment divisions but also expanded our role as a general partner (GP) and a limited partner (LP) within the Group.

### Operating Income (KRW billion)

● Interest Income ● Non-interest Income



We also streamlined the front-middle-back functions to enhance the checks and collaboration systems across our operations. As adequate internal controls have become more critical than ever, we segmented our operational groups to sophisticate the internal control system at the operational group level.

### **Initiating a Unique Corporate Culture**

In addition, we focused on stabilizing the new personnel system that was introduced to develop an IB-suitable corporate culture. We worked tirelessly to realize the core values of what we term “Right, Nimble, and Different.” In Fact, we strengthened the system employed to nurture experts in various fields to build a unique corporate culture based on expertise while also operating various communication channels, such as forums on the humanities, to drive continuous cultural innovation.

### **Plans for 2024**

In 2024, as complex crises are expected to persist with continuous low growth and high interest rates, along with strengthened capital regulations, Shinhan Capital, which has grown rapidly since its transformation into a CIB-specialized finance company in 2020, sees the necessity for fundamental changes to ensure its survival and sustained growth. We have therefore set a strategic goal which we call “STEP-UP 2024: Structural Reform” and plan to implement four key initiatives:

#### **Instituting Unique Specialty Domains**

To build specialty domains with a clear competitive

advantage, we will strengthen our portfolio rebalancing framework to respond to market changes and facilitate proactive risk management. We also plan to structuralize finance and to expand firm-commitment underwriting to efficiently manage assets and solidify our market position. Finally, we aim to expand our revenue base by discovering new growth sectors, such as national strategic technologies and ESG-related businesses, while continuously increasing selective follow-on investments and investing in promising sectors.

#### **Building a Cooperative Competition System**

We plan to focus on building a cooperative competition system to strengthen One-Shinhan’s competitiveness. To this end, we will heighten collaboration between groups and divisions to expand direct networks, clarify product coverage of each investment division, and bolster the headquarters-level operating system to maximize expertise.

Additionally, we will enhance our data-based analysis and decision-making system, leverage our most agile organizations to respond proactively and timely to market changes, and reinforce a dedicated organization for internal accounting management to ensure a dependable internal control system.

#### **Establishing an Inclusive System**

As a stepping stone to establishing an IB-suitable corporate culture, we are developing an inclusive system by upgrading the operations of our new personnel system and non-face-to-face communication channels. Moreover, we will modernize our IT infrastructure to enhance digital

core capabilities and IT resource efficiency and establish proprietary investment (PI) contests to spread S.A.Q. Culture. Lastly, we will refine our risk weight (RW) limit allocation and management process to build a capital efficiency-driven growth foundation.

#### **Enhancing IB Solutionist Capabilities**

A new education program will offer various courses tailored to different growth levels to cultivate expertise within our workforce—a key success factor to our goal of establishing a dominant position in the market. Furthermore, we will promote CoP (community of practice) systems for each headquarters to explore new growth areas and operate an in-house expert training program to diversify the profile of our specialist talent pool.

Finally, we plan to improve our legitimacy-based internal control processes and assessments while also regularizing the ‘Compliance Culture Week’ program to internalize compliance practices across the board.



| Snapshot |

# Insurance & Asset Management

Shinhan Financial Group's Insurance and Asset Management (AM) Division oversees all Group-wide insurance development strategies and AM operations. It spearheads transformative shifts to create synergies through collaborative frameworks in liability-driven investments (LDI) for life/non-life insurance, which are entrusted to AM-based core operations.

Throughout 2023, we navigated a complex environment that was characterized by diminished expectations for U.S. interest rate reductions, a domestic interest rate freeze, continued inflationary pressures, real estate PF issues, and overseas commercial real estate challenges. Anchored by our customer-centric management philosophy, our focus was on bolstering sustainable operations. Key initiatives included crafting differentiated sales models within our exclusive and non-exclusive channels through business innovation to enhance our competitive edge, expanding our capabilities in future growth sectors such as ETFs and target date funds (TDFs), and ingraining ESG principles across the board, thereby laying a solid foundation for future growth.

In the insurance business sector, both organizational and sales growth contributed to increasing corporate value, with expanded ETF product lineups and improved AUM performance in the strategic TDF business. Shinhan Life was singled out as the best corporate governance company in the financial company category by the Korea Institute of Corporate Governance and Sustainability (KCGS) for the second consecutive year, while

Shinhan Asset Management expanded its ESG commitment to sustainable finance for the third year running by disseminating shareholder letters concerning carbon-neutrality plans and climate change response inquiries to its portfolio companies.

Elevating our asset management capabilities throughout the insurance portfolio is key to the Group's qualitative growth. From this perspective, we plan to intensify intra-Group collaboration in 2024 to increase the competitive standing of our insurance business lines and to develop cohesive asset management strategies at the Group level.

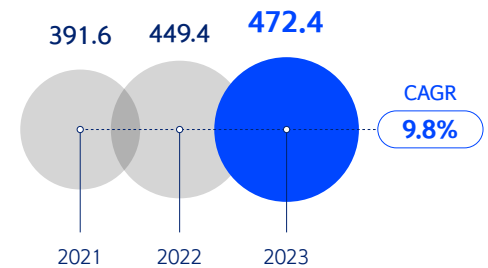
As part of our qualitative growth model, we will refine our discretionary management systems between Shinhan Life and Shinhan Asset Management. This initiative will include recruiting market experts through industry-leading HR practices to foster internal expertise.

Furthermore, in response to demographic shifts characterized by a declining population in Korea, we will accelerate our innovation trajectory, becoming a proactive market-leading product provider by launching customer-oriented products through collaborative efforts between Shinhan Life and Shinhan EZ General Insurance. We are also poised to vigorously pursue new ventures through channel innovation that aligns with our mid- to long-term Group strategies, which includes expanding platforms related to seniors-focused businesses, diversifying global partnerships, and enhancing our general agency (GA) subsidiaries.

## 2023 Highlights

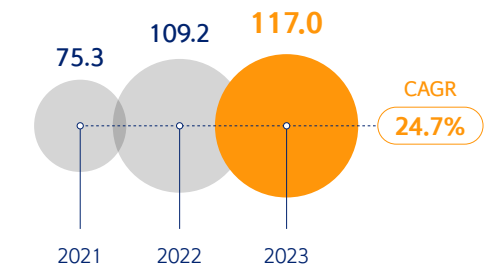
### Shinhan Life's Net Income

(KRW billion)



\* Net income for 2021 based on IFRS 4 Standards, with net income for 2022 and 2023 based on IFRS 17 Standards

### Shinhan Asset Management's Assets Under Management (KRW trillion)



\* Based on the total net asset value (NAV) of the integrated entity, Shinhan Asset Management



## Insurance & Asset Management \_01

# Insurance

Guided by its vision of “New Life: Adding New Value to Life,” Shinhan Life continues its steady growth based on the synergies it has achieved from combining core competencies of the former Shinhan Life Insurance and Orange Life. We saw yet another year of significant growth in 2023 from enhanced sales capabilities brought about by company-wide business process innovation and strengthened channel competitiveness. In 2024, we will deliver greater value to all stakeholders and advance towards becoming the very best insurance company in Korea.

### Key Performance Results in 2023

Due to stable international oil prices and a freeze on the base interest rate throughout 2023, the consumer price inflation rate slowed down to some degree. However, the domestic real economy was somewhat sluggish as a result of decreased real purchasing power and significantly high household debt. Meanwhile, in the insurance industry, the emphasis on managing operations centered on a new revenue indicator, the Contractual Service Margin (CSM), has been highlighted with the full implementation of the new accounting standard, IFRS 17, which focuses on the fair value assessment of liabilities. In addition, the year saw a noticeable consensus spread on the social role and responsibility of financial institutions as corporate citizens.

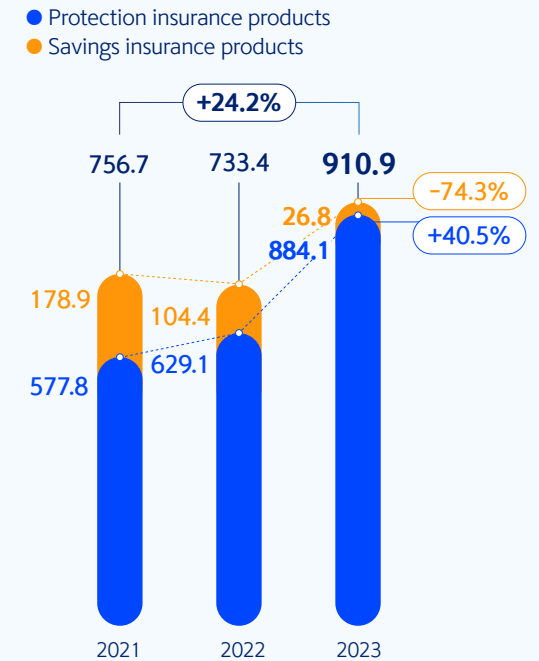
### Building a Competitive Sales Model

In terms of insurance sales channels, business innovation in the financial consultant (FC) channel drove growth both within the organization and sales volume as a whole, thus enhancing corporate value. The FC channels have developed efficient, performance-driven store operation models and a robust sales support infrastructure backed by the headquarters. Meanwhile, the general agency (GA) channels have realigned their entire support system, from developing and marketing competitive products to systems and operations, thereby solidifying their growth foundation.

### Laying the Foundation for New Business Ventures

The Vietnamese subsidiary (SHLV) is focusing on establishing key sales channels in the local market by leveraging our business acumen derived from the Korean market.

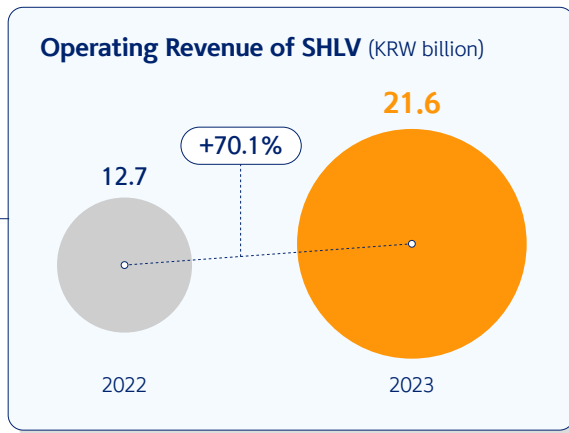
### Annual Premium Equivalent (KRW billion)



### CSM (KRW billion)



The telemarketing (TM) channel is refining its sales model to continuously improve its productivity, while the FC channels have commenced operations with completed sales organizations and newly launched products. Additionally, we are set to enter the local insurance market for seniors with a mid- to long-term masterplan that is already finalized. With the sites secured for nursing facilities and senior towns, the company is continuously enhancing its senior care expertise, including facility management capabilities, by benchmarking global best practices.



### Strengthening Sustainable Management

As a result of company-wide initiatives to internalize ESG principles, Shinhan Life has been singled out to have the best corporate governance among financial companies by the Korea Institute of Corporate Governance and Sustainability (KCGS) for two consecutive years. Notably, it became the first Korean insurance company to score an A+ in the governance evaluation of financial companies in 2023. Furthermore, to support the building of stable

assets for young adults, Shinhan Life launched its 'Shinhan Beautiful Pension' product, which was recognized as an excellent new financial product for promoting cooperative and win-win partnership by Korea's Financial Supervisory Service.

### KCGS's Financial Companies Corporate Governance Ratings

**A+**



### Plans for 2024

In 2024, Shinhan Life is committed to becoming the very best insurance company in Korea, focusing not only on growth and efficiency but also on FC and employee satisfaction. To this end, we have established a strategic direction we call "Sprint towards the Top 2: Speed-Up! Value-Up!" By actively realizing two core values—innovation in our core business and embracing new challenges—we aim to significantly enhance the company's intrinsic value.

### Strengthening the Foundation of Insurance Sales Channels

In 2024, the business innovation in our GA channels, coupled with our differentiated product competitiveness and agile market response abilities, will accelerate our penetration into the health insurance market. At the same time, the FC channels will aggressively scale up their

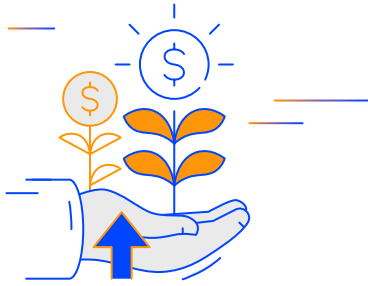
organization to further expand sales performance. We will also pursue cross-selling opportunities with Group subsidiaries and third-party platforms to expand our customer base, thus securing a competitive edge in our core businesses by introducing market-leading innovative products and a nimble sales support system.

### Securing Future Growth Drivers

Our international business will continue its steady investments in the Vietnamese market to intensify the growth of sales channels locally. With respect to the business for seniors, our international business has set its goal at opening its first urban premium nursing center in 2025 to capitalize on the stable post-retirement life of local seniors. Moreover, we will establish a new insurance company-led asset management system to secure differentiated AM capabilities that will contribute to the qualitative growth of both customer and corporate value.

### Solidifying Our Internal Controls

Based on a One-Team collaboration framework, our internal controls and consumer protection practices go beyond legal compliances to the extent of establishing the processes and proactive responses required of an 'Excellent' financial company to further strengthen customer trust. In the meantime, our commitment to ESG management remains steadfast as we strive to meet increased social demand and enhance company-wide engagement through flexible organizational and personnel operations that promote diversity, fairness, and inclusivity, while fully supporting our employees' competency-building efforts at the same time.



## Insurance & Asset Management \_02

# Asset Management

Shinhan Asset Management works hard as an investment partner to empower the success of customers, prioritizing their future under the vision of “Your Total Investment Solution for a Better Future.” Drawing on our exceptional competitiveness in both traditional and alternative investment assets, we achieved record results in 2023—the highest since the company’s establishment in 2009. We are determined to continue this success to further enhance customer value through strategic investments and proactive market expansion.

### Key Performance Results in 2023

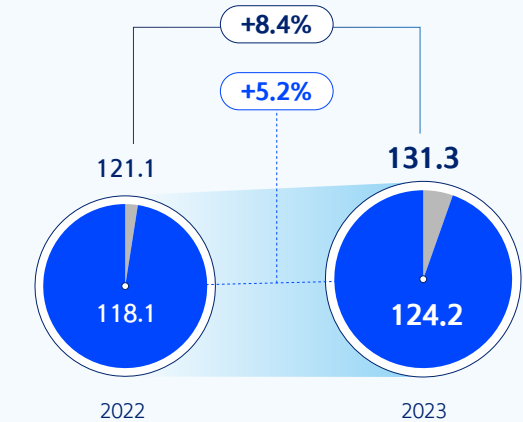
Despite an uncertain market environment in 2023, Shinhan Asset Management offered differentiated products based on a management philosophy that puts the future of its customers above all else, achieving significant results in fund activation and profitability based on excellent investment returns from ETFs and TDFs.

After the transfer of liability-driven investment (LDI) funds was completed following the merger with Shinhan Alternative Investment Management in 2022, we actively explored various investment strategies, ending the year with a total net asset value (NAV) of KRW 117 trillion. This milestone achievement marked our entry into the KRW 100 trillion club, placing us 4th in total NAV and 1st in alternative investment assets (excluding discretionary management) among the more than 400 asset management companies in Korea.

### Realization of a Mega-size Asset Management Firm

Since the merger with Shinhan Alternative Investment Management in January 2022, Shinhan Asset Management has focused on leveraging economies of scale, enhancing market competitiveness through the release of differentiated products and creating synergies between traditional and alternative asset portfolios, and managing LDI funds. In the field of alternative asset management, the company solidified its market position when it rose from 2nd place at the end of 2022 to 1st place (excluding discretionary management) by the end of 2023 in terms of total NAV in the Korean asset management industry’s alternative investment market.

### Operating Profit (KRW billion)



### Future Growth Drivers

The expansion of ETF product lineups and the improved performance of the AUM of target date funds (TDF)—our future growth driver—have enhanced the competitiveness of strategic products. In 2023, 14 new products were listed, including an ETF Monthly Dividend and a Semiconductor Materials/Components/Equipment ETF, to meet the diverse needs of customers, with our market share steadily increasing ever since then.

We also excelled with TDFs, generating the top performance results among the top five asset managers in AUM size. In the alternative sector, we are consolidating our market-leading position by expanding our international business and industry-leading business models.

### [ESG Practices for Sustainable Finance](#)

Our practice of sustainable finance is only part of our commitment to benefiting the world through our core business of finance. For three consecutive years, we have been sending shareholder letters calling for carbon-neutrality initiatives and countermeasures mitigating climate change to the companies in our investment portfolio. In addition, Shinhan Asset Management is actively exercising voting rights to foster stakeholder-friendly management and to engage with investee companies to promote a healthy corporate culture focused on environmental stewardship, social responsibility, and transparent management.

### [Plans for 2024](#)

Both the role and importance of asset management firms are emerging as subjects of public interest, especially in an uncertain market environment characterized by inflation, unstable interest rates, and spreading real estate risks. By capitalizing on ample market opportunities, providing differentiated customer yields, and implementing rigorous risk management, we aim to emerge as the top asset manager in Korea.

### [Solid Growth Based on Strong Fundamentals](#)

We are set to increase the business competitiveness and scope of the institutional investor sector. As for the retail investor group, we will segment the customer base and employ customized marketing strategies to sustain substantial growth that is firmly rooted in customer trust. Additionally, given the current heightened interest in the

ETF market, we plan to strengthen our competitive edge for market leadership by focusing our capabilities on growth businesses. We also aim to expand and enhance our differentiated product lineup tailored to specific targets, fostering the development of new products.

To capitalize on the outsourced chief investment officer (OCIO) market, which is anticipated to rapidly grow, we will develop a dedicated investment strategy as the manager of the Radioactive Waste Management Fund (RWMF) and establish strategic directions to bolster the AUM size. Moreover, we plan to diversify brand promotion methodologies using various media and utilize digital marketing to build strategic product positioning in the online market.

### [Focusing on the Growth of the Alternative Investment Sector](#)

Building on the remarkable results Shinhan Asset Management achieved in 2023, we will explore a wide range of new funding sources to transition to an advanced business model, diversify fields and strategies to discover products that meet investor needs, and continue to boost ESG investments both domestically and internationally.

Furthermore, we plan to launch new funds and expand co-investments through increased collaboration with global general partners (GPs), while in the long term we will launch funds targeting overseas real assets, and therefore strengthen proactive risk management for overseas investment assets.

### [Enhancing Internal Controls and Resources](#)

We will also offer a variety of systems and opportunities to retain and nurture key talent and create an organizational system that can support the execution of key initiatives and new tasks in each operational division.

Through constant monitoring of problem assets and regular communication with fund manager departments, we will take swift and effective countermeasures as needed, thereby strengthening internal controls to proactively prevent any financial incidents.



## International Business

Shinhan Financial Group is actively expanding its international business operations in a long-term, scalable solutions-oriented way to grow beyond the mature Korean financial market. The Group's global initiatives aim to establish Shinhan as a sustainable, top-tier global financial institution by executing region-specific strategies grounded in substantive qualitative growth. Indeed, we maintained a stable growth trend in 2023 as we capitalized on the volatile economic environment. In 2024, we are committed to accelerating this qualitative growth through stringent risk management and diversified business portfolios across varied regions.

### Key Performance Results in 2023

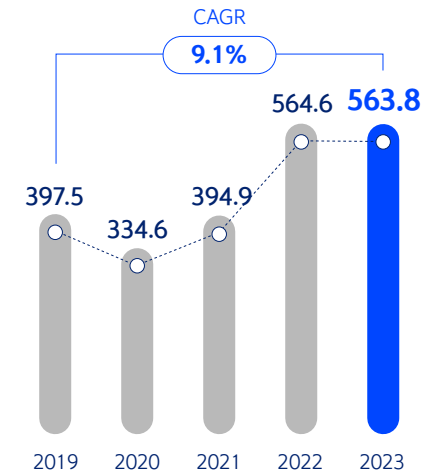
In 2023, amid uncertain external economic conditions exacerbated by increased global economic fluctuations, Korean commercial banks maintained a conservative growth stance, resulting in a slowdown in the growth trajectory of their global businesses.

Even amid this challenging environment, however, Shinhan Financial Group achieved a notable increase in global total assets to KRW 57.2 trillion, an increase of 3.6% from KRW 55.2 trillion in 2022. The proportion of global assets within the Group's total assets held steady at 8.3%, mirroring an overall 4.1% increase in the Group's total assets, from KRW 664.4 trillion in 2022 to KRW 691.8 trillion in 2023. In fact, Shinhan Financial Group's international assets sustained a compound annual growth rate of 10.2% from 2019 to 2022. Given the unstable market developments in 2023, YoY growth of 3.6% still stands out, although lower compared to previous years.

The earnings from international business operations saw a slight decrease of 0.1% from the previous year to KRW 563.8 billion, impacted by reduced loan and interest income in advanced markets such as the U.S., London, and Singapore due to inflation and prolonged high interest rates, which necessitated increased provisions in Southeast Asia to hedge against a global economic slowdown. This outcome still affirmed Shinhan's leading position among Korean banks in terms of international business performance.

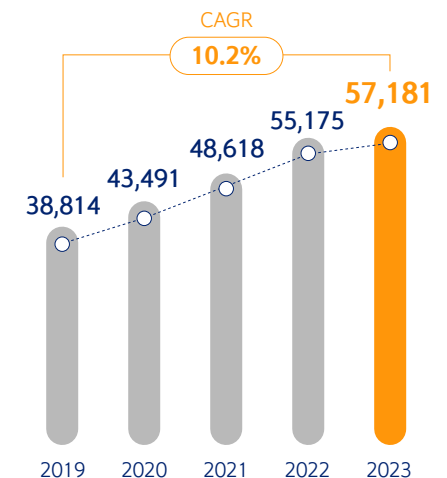
### International Operations Profit

(KRW billion, on a consolidated basis)



### International Total Assets

(KRW billion, on a consolidated basis)



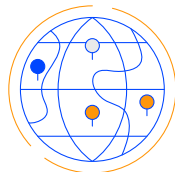
### Profit Growth Led by Southeast Asian Subsidiaries

As of the end of 2023, Shinhan Financial Group was operating 249 networks across 20 countries, a significant achievement compared to the 8 networks in 6 countries held by Shinhan Bank at the inception of the Group in 2001. In particular, Shinhan Bank Vietnam and SBJ Bank in Japan are the mainstays of the international business, with Shinhan Bank Vietnam earning KRW 232.8 billion and SBJ Bank earning KRW 127 billion in profit, ranking first and second, respectively, in profit contribution from overseas branches of the Group.

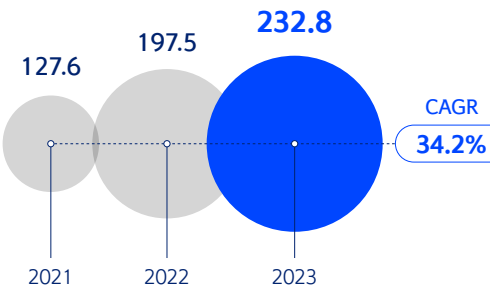
Shinhan Bank Vietnam celebrated the 30th anniversary of its entry into Vietnam in 2023, demonstrating robust performance in both retail and corporate banking. For its part, SBJ Bank laid the groundwork for a full-scale digital transformation through an MOU entered into with a local internet-only bank for transferring its mobile banking expertise and developing a digital platform. Shinhan Bank Kazakhstan, amid the prolonged Russia-Ukraine war, provided timely support to Korean companies in the region, resulting in a six-fold profit increase compared to 2022, reaching KRW 68.7 billion.

#### Global Network

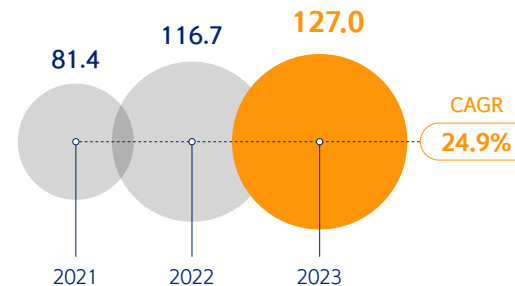
**249** networks  
in **20** countries



#### Shinhan Bank Vietnam Income (KRW billion)



#### SBJ Bank Profit (KRW billion)



The proportion of revenue from overseas operations to the Group's total increased 0.8%p from 12.1% in 2022 to 12.9% in 2023. This performance reflects our capability to flexibly adapt to global environmental changes through a balanced portfolio across regions and markets, and the synergistic collaboration system that connects and expands domestic and overseas branches. Additionally, Shinhan Bank's 5G\* success model has been expanded globally to strengthen competitive sales capabilities, backed by comprehensive back-office support, including compliance,

risk, treasury, and AML management, all of which brought their domestically accumulated capacities to our international operations.

\*5G includes global investment banking (GIB), global trading centers (GTC), global transaction banking (GTB), global custody (GCD), and global market securities (GMS).

### Diversifying Non-Bank International Businesses

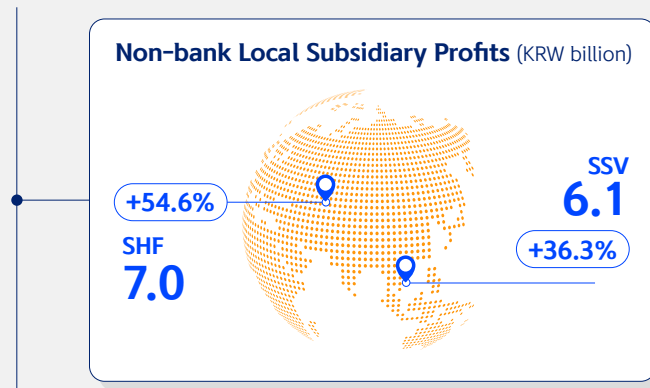
Shinhan Finance Kazakhstan (SHF), a subsidiary of Shinhan Card, achieved a profit of KRW 7 billion in 2023, marking a growth of 54.6% from the previous year. The company is now launching a joint venture with a KRW 31 billion investment from a local top-tier auto dealer, positioning itself to become a specialized retail finance company.

Shinhan Finance Vietnam (SVFC) is leveraging Group synergies with Shinhan Bank Vietnam (SHBVN) and Shinhan Life Vietnam (SHLV) in the local consumer financing market. Despite the economic downturn in Vietnam in 2023, SVFC is actively enhancing its sales capabilities and improving profitability through rigorous risk management. Efforts include launching new products, such as auto loans and durable goods, and diversifying into the credit card business.

Shinhan Securities Vietnam (SSV) has continued its growth trajectory for the second consecutive year. Its profit increased by 36.3% year on year to KRW 6.1 billion in 2023, driven by a strong digital-based retail business. By strategically pricing its brokerage commissions for mobile and home trading systems (MTS, HTS) targeted at the local MZ generation, SSV is accelerating growth through innovative retail strategies and expanding its customer base by localizing its retail services.

Since beginning operations in January 2022, Shinhan Life Vietnam (SHLV) has been advancing its international business value-up initiative by building a growth foundation through collaborative strategies with local Group companies and gradual channel diversification. SHLV is also preparing to formally launch its own local insurance business through the initiation of its FC channel, a dedicated sales organization.

Since establishing the local entity in 2018, Shinhan DS Vietnam (SHDSV) has focused on expanding the Group's ICT infrastructure and digital channels. Recently, SHDSV has also been actively pursuing new business opportunities through offshore projects and diversifying its business portfolio to drive performance.



### Plans for 2024

The global financial market outlook for 2024 anticipates continued uncertainty due to prolonged inflation and high interest rates. In response, we will reinforce our international business operations with robust management

of ALM, heightened financial soundness, and stronger internal controls to achieve qualitative growth, while also pursuing sustainable growth through global channel expansion and business diversification.

### Growth Strategy and Business Diversification

In this volatile market environment, the global division of Shinhan Financial Group aims to generate considerable results. To that end, we are expanding sales coverage in promising growth areas, particularly those poised to benefit from the restructuring of the global value chain and by advancing our international business diversification efforts through synergies between domestic and international branches.

Notably, the establishment of a representative office in the American state of Georgia is under way to facilitate smooth financial support for Korean companies entering North America, specifically in sectors like semiconductors and automobiles. In Eastern Europe, where the value chain for electric vehicles and secondary batteries is developing, we will staff up our local offices in Hungary and Poland to capitalize on the growing local financial demands there. At the same time, we are also pursuing more opportunities in markets with significant growth potential like India and Africa as we consider diverse market entry strategies that go beyond merely expanding our existing channels.

In order to harness the myriad synergies between domestic and international branches for business diversification, we plan to enhance collaborative business efforts with Korean policy financial institutions, such as credit unions and

Seoul Guarantee Insurance Company, to diversify financial support solutions, including financing cross-border projects of Korean companies. Furthermore, Shinhan Bank intends to utilize its extensive global network to provide differentiated financial solutions to Korean companies abroad, thereby playing an active role in supporting the overseas business ecosystems of Korean exporters, while maximizing collaborative synergies across the Group.

### Enhancing Non-Bank International Business Competitiveness and Local Market Presence Based on Risk Management

In 2024, Shinhan Card's global division plans to employ rigorous risk management and enhance its collaboration with headquarters to overcome the previous year's setbacks in the Southeast Asian market. As part of this effort, the company is focusing on early profit recovery based on stringent debt management as it aims to generate more profitable business results through the launch of joint ventures (JVs) with competitive local partners.

Through its Vietnamese subsidiary, Shinhan Securities will foster distinctive businesses that cater to the specific needs of the local market, while also augmenting its digital-based retail business centered on premium assets. Shinhan Life is pushing for an international business value-up growth initiative to secure future growth drivers, with plans to bolster its sales force and formalize its local insurance business through the launch of an FC channel that will serve as a dedicated sales force of Shinhan Life Vietnam (SHLV).



# APPENDIX

Group  
Governance



Corporate  
Governance

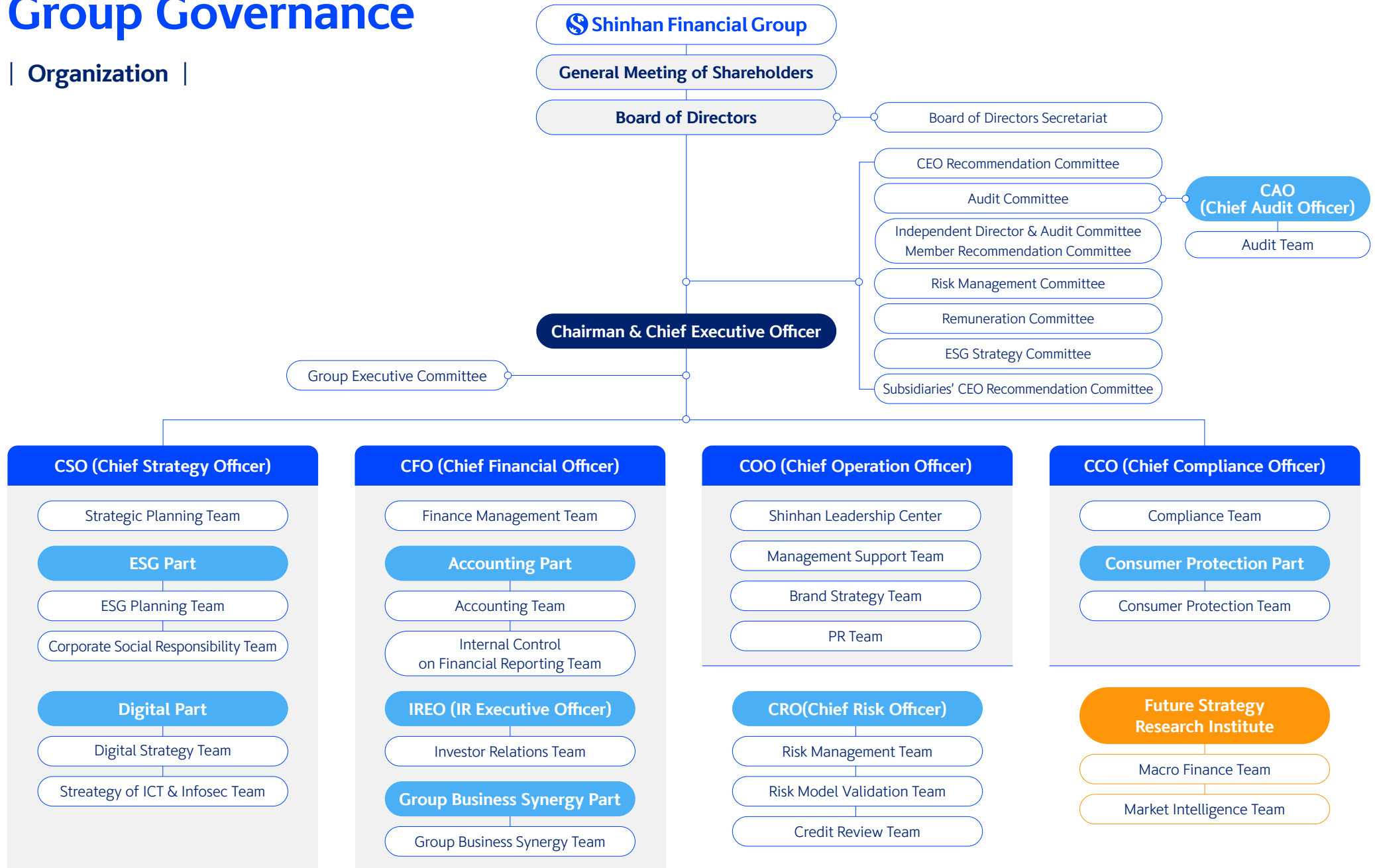


Global  
Network



# Group Governance

## | Organization |



## | Management Team |

Name	Date of Birth	Current Position	Education	Main Work Experience
<b>Koh Seogheon</b>	September 27, 1968	Deputy President & Chief Strategy Officer (CSO)	Bachelor of Economics, Seoul National University	<ul style="list-style-type: none"> <li>• 2022-present: Deputy President &amp; CSO, Shinhan Financial Group</li> <li>• 2021-2022: Head of Business Management Division 3, Shinhan Financial Group</li> <li>• 2020-2021: Head of Business Management Division, Shinhan Financial Group</li> <li>• 2019-2020: Head of Strategic Planning Team, Shinhan Financial Group</li> </ul>
<b>Chun Sang Yung</b>	July 25, 1969	Deputy President & Chief Financial Officer (CFO)	Bachelor of Business Administration, Yonsei University	<ul style="list-style-type: none"> <li>• 2024-present: Deputy President &amp; CFO, Shinhan Financial Group</li> <li>• 2023-2023: Head of One-Shinhan Support Division, Shinhan Financial Group</li> <li>• 2022-2022: Head of Business Management Division, Shinhan Financial Group</li> </ul>
<b>Lee Een-kyoon</b>	April 1, 1967	Deputy President & Chief Operation Officer (COO)	B.A. in English Literature, Hanyang University	<ul style="list-style-type: none"> <li>• 2019-present: Deputy President &amp; COO, Shinhan Financial Group</li> <li>• 2017-2018: Head of Management Support Team, Shinhan Financial Group</li> </ul>
<b>Wang Ho-min</b>	March 4, 1964	Deputy President & Chief Compliance Officer (CCO)	B.A. in Law, Hankuk University of Foreign Studies	<ul style="list-style-type: none"> <li>• 2019-present: CCO, Shinhan Financial Group</li> <li>• 2017-2018: General Manager of Jamsil-nam Branch, Shinhan Bank</li> </ul>
<b>Bang Dong-kwon</b>	February 10, 1966	Deputy President & Chief Risk Officer (CRO)	B.A. in English Literature, Sungkyunkwan University	<ul style="list-style-type: none"> <li>• 2020-present: Deputy President &amp; CRO, Shinhan Financial Group</li> <li>• 2019-2019: General Manager, Risk Management Dept., Shinhan Bank</li> </ul>
<b>Park Hyun Joo*</b>	April 22, 1965	Deputy President & Chief Consumer Protection Officer (CCPO)	Seoul Girls' Commercial High School	<ul style="list-style-type: none"> <li>• 2023-present: CCPO, Shinhan Financial Group (concurrently serving at Shinhan Bank)</li> <li>• 2022-present: CCPO, Shinhan Bank (concurrently serving at Shinhan Financial Group)</li> <li>• 2020-2021: Head of Western Regional Headquarters, Shinhan Bank</li> </ul>
<b>Kim Jion</b>	May 12, 1968	Executive Director & Chief Audit Officer (CAO)	Bachelor of Economics, Yonsei University	<ul style="list-style-type: none"> <li>• 2024- present: Head of Audit Team, Shinhan Financial Group</li> <li>• 2022-2024: Head of PRM Marketing Dept., Shinhan Bank</li> <li>• 2021-2022: Head of Corporate Credit Review Dept., Shinhan Bank</li> <li>• 2020-2021: Head of FX Business Dept., Shinhan Bank</li> <li>• 2019-2020: Head of FX Business Support Dept., Shinhan Bank</li> </ul>
<b>Kim Junhwan*</b>	June 23, 1972	Executive Director & Head of Digital Part	Bachelor of Precision Engineering, KAIST M.S./Ph.D. in Computer-Aided Design KAIST	<ul style="list-style-type: none"> <li>• 2024- present: Head of Digital Part, Shinhan Financial Group (concurrently)</li> <li>• 2021-present: Head of Digital Innovation Group, Shinhan Bank (concurrently serving at Shinhan Financial Group)</li> <li>• 2020-2020: Head of Data Unit, Shinhan Bank</li> </ul>

\* Concurrently serving both positions

# Corporate Governance

Shinhan Financial Group has established a governance structure that reflects its milestones and organizational culture while also ensuring transparency, soundness, and stability in order to achieve long-term growth and protect the interests of all its stakeholders.

## Our Legacy, Our Future

Shinhan Financial Group traces its origins to Shinhan Bank, which was established in July 1982. Initially funded with a 100% equity investment of KRW 25.9 billion in paid-in capital from 341 Korean-Japanese shareholders, Shinhan was the first bank in Korea to be financed entirely by private capital. This group of founding shareholders laid a solid foundation, enabling the bank to expand from just three branches at its inception to becoming a leading financial group in Korea. These shareholders have consistently supported Shinhan Financial Group since its formation, including through initiatives like the “Campaign for Holding Shinhan Shares” during the 1997 Asian Financial Crisis, even amid significant declines in share prices. Thanks to the unwavering trust of our founding shareholders, Shinhan has maintained stable growth, led by a management team that possesses not only financial expertise but also a profound understanding of Shinhan Culture from its early days.

## Principles of Our Governance Structure

Shinhan Financial Group has established a governance structure and principles that promote the interests of shareholders, protect the rights of stakeholders, enhance corporate value, and achieve sustainable growth. Thanks to our commitment to these principles and policies, we run our business ethically and responsibly.

Our governance excellence continues to earn recognition on both domestic and international platforms. Notably, we have consistently secured an integrated assessment rating of A+ for nine consecutive years in the ESG evaluation by the

Korean Institute of Corporate Governance and Sustainability (KCGS), which is affiliated with the Korea Exchange (KRX). In a landmark achievement, we received the first-ever S grade in the governance category in 2017.

In addition, we continued to receive the highest possible rating even when a more demanding assessment model was applied to financial institutions beginning in 2018. At the same time, our decade-old inclusion in the DJSI World Index and consistently high marks in governance and board operations reflect our unwavering commitment to excellence. Domestically, we have also consistently received excellent evaluations, including our obtaining the highest grade (AA) for five consecutive years in ESG evaluations conducted by SUSTINVEST.

## ESG Evaluations and Ratings

KCGS ESG Evaluation

**A+**

KCGS Financial Company  
Governance Evaluation

**A+**

DJSI

**Included in the Dow  
Jones Sustainability  
World Index**

SUSTINVEST ESG Evaluation

**AA**

### Transparent Governance Structure

Committed to implementing a transparent governance structure, we actively disclose standards, procedures, and outcomes related to our governance. We publish an annual corporate governance report on the Group website and through the Korea Federation of Banks 20 days prior to our annual general shareholders' meeting (AGM). Starting this year, we have enhanced the contents of the convocation notice and provided additional proxy supplement materials to ensure that adequate information is available about the AGM agenda items.

Furthermore, the annual corporate governance report reveals the full text of internal regulations related to governance, including the articles of incorporation, board regulations, and the regulations of sub-committees under the board of directors, thereby aiding stakeholders' understanding of our governance operations.

In particular, to protect the rights of minority shareholders at AGMs, we support the use of cumulative voting and have introduced an electronic voting system to ensure proactive shareholder voting rights. As a result, shareholders can execute their voting rights online via the Korea Securities Depository's electronic voting site. Additionally, to provide fair and timely information about the shareholders' meeting, we livestream the meeting on the Group's website.

### Sound Governance Structure

We have formed a BOD equipped with the independence and expertise necessary to maintain sound corporate governance. Our commitment involves strict adherence to all applicable laws, including the Commercial Act and the Act on Corporate Governance of Financial Companies, as well as all internal regulations, such as the Articles of Incorporation, the Code of Corporate Governance, and regulations pertaining to the BOD. Furthermore, all recommendations regarding the BOD operations are performed in accordance with the Act on Corporate Governance of Financial Companies and the KCGS Corporate Governance Code and are diligently implemented and observed within the Group's corporate governance framework.

### Stable Governance Structure

In order to ensure a stable governance structure with effective checks and balances, we have delineated the roles of decision-making and execution between the board and management. Specifically, the board focuses on decision-making while management is responsible for execution, regularly reporting their progress to the BOD.

The composition of each sub-committee is predominantly independent directors, ensuring that board activities are led impartially. The BOD is empowered to request data, advisory services, and any necessary assistance, which the Group is obliged to provide, especially to independent directors. Notably, if an independent director demonstrates exceptional competence in their duties, their tenure is guaranteed within the limits in compliance with external laws and internal regulations. This policy supports the Group's commitment to governance stability and continuity.

To prevent the self-empowerment of independent directors, and therefore, a clubby board, we do not appoint any independent directors involved in the Independent Director and Audit Committee Member Recommendation Committee if they are eligible for re-appointment unless there are specific issues with the committee's composition.

Even if an independent director from the re-appointment pool must unavoidably serve on this committee to ensure proper composition, they are strictly prohibited from recommending themselves or voting on their own re-appointment, which is in line with our regulations. Additionally, the age limit for the CEO is set at 70 years or younger to promote a healthy and virtuous cycle of management succession.

## 2023 Board Key Activities

### Establishing Consumer Protection System



#### Established and restructured of the Consumer Protection Division

- Established the Consumer Protection Division under the holding company
- Created independent organizations staffing CP specialists across all subsidiaries (totaling 300 employees)

#### Established the governance for systematic implementation of strategies

- Group Consumer Protection Committee (Executive level)
- Group Consumer Protection Council (Department head level)
- 3 working-level committees (①Policy making, ②Internal control on financial consumer protection, ③Support for telecom financial fraud response)

#### Set the direction of the Group Consumer Protection strategies and promoted SFG Joint Campaign for Consumer Protection

### Strengthening Internal Controls



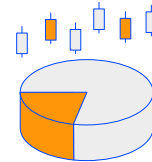
#### Adoption of the Responsibility Map

- Established a three-line internal control system
- Created responsibility maps that fit the unique business conditions of each subsidiary

#### Improved the executive compensation scheme

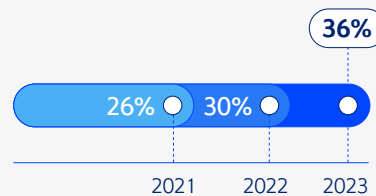
- Expanded and specified the internal control-related criteria in the Group CEO's key performance indicators
- Introduced a clawback policy

### Enhancing Shareholder Value



#### Sustained implementation of the shareholder return policy as promised in line with the mid-to long-term financial orientation

- Achieved recurring ROE and ROTCE levels that exceed regulatory requirements and the cost of equity (COE)
- FY2023 total shareholder return rate: 36%



- Continuous implementation of quarterly dividends and share buyback andr cancellation

#### Improved the independent director nomination process

- Introduced a Nominating Advisory Group composed of external experts

## BOD Diversity and Expertise

Shinhan Financial Group emphasizes the principle of diversity in the composition of the BOD, as outlined in our Internal Code of Corporate Governance. To ensure this diversity, as well as the breadth of expertise among members, we utilize a “Board Skill Matrix.” This tool helps confirm that the board’s composition avoids an overrepresentation of any specific background or occupational group.

Our independent members of the BOD collectively represent a balanced mix of the six key sectors—finance, business administration, economics, legal affairs, accounting, and information technology—as mandated by the Act on Corporate Governance of Financial Companies. This diverse expertise supports effective governance and informed decision-making within the board.

### Recommendation & Appointment of Independent Directors

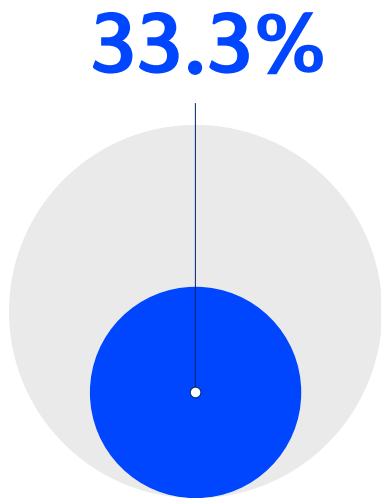
Shinhan Financial Group employs diverse channels for selecting independent director candidates, including consultations with shareholders, recommendations from the Independent Director and Audit Committee Member Recommendation Committee, and engagement with external agencies. We actively encourage shareholders’ participation by soliciting nominations for candidates who are dedicated to upholding shareholder interests, thereby amplifying shareholder voices within management.

Furthermore, we enhance the board’s global perspective by including independent directors from at least two nationalities (Korean or American) and those with professional experience in at least two countries (Korea or Japan).

Our commitment to diversity extends to increasing female representation on the board. At the 2020 annual general meeting (AGM), Yoon Jaewon, a female independent director with expertise in accounting, was appointed to the board. This was followed by the appointment of Kim Jo Seol, a female independent director with a background in economics, in March 2022. In March 2024, we further bolstered our board’s diversity by appointing Song Seongjoo, a risk management expert, as an independent director. With these appointments, females now comprise over 30% of our independent directors.

Shinhan Financial Group is dedicated to fostering diversity in board composition by assembling a candidate pool that spans a broad spectrum of experience, backgrounds, and ages, and strictly avoiding any restrictions based on race, ethnicity, or religion.

**Female Representation on SFG’s BOD**



**BOD Sub-committee Structure**

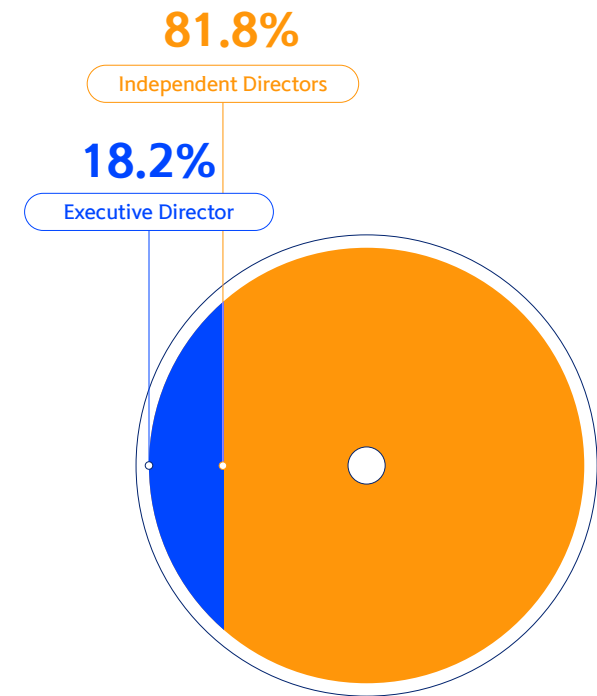
As the top decision-making body of Shihan Financial Group, the board of directors (BOD), which primarily consists of independent directors, holds the authority to appoint and dismiss the CEO. As of the end of March 2024, the BOD comprised 11 members, including nine independent directors. Since March 2010, it has been a formal requirement for the chairperson of the BOD to be an independent director.

The BOD oversees seven sub-committees: the Independent Director and Audit Committee Member Recommendation Committee, CEO Recommendation Committee, Audit Committee, Remuneration Committee, Risk Management Committee, ESG Strategy Committee, and Subsidiaries’ CEO Recommendation Committee. The first five committees are established in compliance with all relevant laws and regulations, including the Act on Corporate Governance of Financial Companies. The remaining two committees were voluntarily created by the SFG board of directors to enhance the expertise, independence, and efficiency of the BOD.

Shinhan Financial Group operates three committees dedicated to nominating executive candidates: the Independent Director and Audit Committee Member Recommendation Committee, the CEO Recommendation Committee, and the Subsidiaries’ CEO Recommendation Committee. Effective August 1, 2016, the Act on Corporate Governance of Financial Companies mandates the establishment of a separate committee for recommending executives, including independent directors, the chairman, CEO, and audit committee members.

Even before the enforcement of this legislation, Shinhan Financial Group had already divided the authority to recommend executives among various sub-committees to ensure a balanced distribution of power. Additionally, we appoint independent directors to these committees in a manner that prevents any overlap, thereby avoiding the concentration of executive nomination powers among specific directors.

**Independent Directors’ Ratio on SFG’s BOD**



Board Sub-committee Structure	Sub-committees	Main Roles and Responsibilities
<b>CEO Recommendation Committee</b>	Yoon Jaewon (Chair) Bae Hoon, Jin Hyun-duk, Choi Young-Gwon, Choi Jae Boong	<ul style="list-style-type: none"> <li>• Recommend CEO candidates</li> <li>• Establish and review management succession plan</li> </ul>
<b>Risk Management Committee</b>	Song Seongjoo (Chair) Lee Yong Guk, Choi Young-Gwon	<ul style="list-style-type: none"> <li>• Establish the basic risk management policies in line with business strategies</li> <li>• Determine the level of risk that the holding company and its subsidiaries can bear</li> <li>• Approve the appropriate investment limits or loss tolerance levels</li> </ul>
<b>Remuneration Committee</b>	Choi Young-Gwon (Chair) Kwak Su Keun, Kim Jo Seol	<ul style="list-style-type: none"> <li>• Evaluate and decide the compensation system for the management of the holding company and its subsidiaries</li> <li>• Review the design and operational appropriateness of the compensation system</li> </ul>
<b>Audit Committee</b>	Kwak Su Keun (Chair) Bae Hoon, Yoon Jaewon	<ul style="list-style-type: none"> <li>• Oversee the audit reporting</li> <li>• Approve the appointment and dismissal of independent auditors</li> <li>• Review the operational status of the internal accounting management system</li> <li>• Establish the annual audit plans</li> <li>• Enact and abolish audit regulations</li> </ul>
<b>Independent Director and Audit Committee Member Recommendation Committee</b>	Choi Jae Boong (Chair) Kim Jo Seol, Jin Hyun-duk, Song Seongjoo	<ul style="list-style-type: none"> <li>• Establish, monitor, and supplement the principles for appointing independent directors and audit committee members</li> <li>• Recommend candidates for independent directors and audit committee members to be appointed; and manage the independent director candidate pool</li> </ul>
<b>ESG Strategy Committee</b>	Lee Yong Guk (Chair) Kim Jo Seol, Choi Jae Boong, Jin Okdong, Jung Sang Hyuk	<ul style="list-style-type: none"> <li>• Set direction for the Group's ESG management</li> <li>• Establish, revise, and abolish norms and policies related to climate change, sustainable management, and socially responsible management</li> </ul>
<b>Subsidiaries' CEO Recommendation Committee</b>	Jin Okdong (Chair) Kwak Su Keun, Bae Hoon, Yoon Jaewon, Lee Yong Guk	<ul style="list-style-type: none"> <li>• Recommend, manage, and verify the qualifications of subsidiaries' CEO candidates</li> <li>• Recommend and select CEO candidates for subsidiaries</li> <li>• Evaluate the leadership of the management team of subsidiaries</li> </ul>



# Global Network

## Shinhan Bank

Country	Name	Telephone	Address
Japan	Shinhan Bank Japan	+81-3-6403-0505	The Mita Bellju Building 5F, 108-0014 5-36-7 Shiba, Minato-ku, Tokyo, Japan
China	Shinhan Bank (China)	+86-10-8529-0088	12th Fl. Zhongyu Plaza No. 6, Workers' Stadium Road N., Chaoyang District, Beijing 100027, China
Vietnam	Shinhan Bank Vietnam	+84-8-3829-1581	The Mett Tower, Thu Thiem New Urban Area, Ho Chi Minh City
USA	Shinhan Bank America	+1-646-843-7300	475 Park Ave South 4th (5th) FL New York, NY 10016
Indonesia	PT Bank Shinhan Indonesia	+62-21-2975-1500	International Financial Centre Tower 2, Ground floor, Mezzanine, 30th, 31st and 32nd floor, Jl. Jenderal Sudirman Kav. 22-23 South Jakarta, Indonesia
Germany	Shinhan Bank Europe GmbH	+49-69-975-7130	An der Welle 7, 60322 Frankfurt am Main, Germany
Canada	Shinhan Bank Canada	+1-416-250-3500	5140 Yonge Street Suite 2300 Toronto, Ontario, M2N6L7, Canada
Cambodia	Shinhan Bank (Cambodia) Plc	+855-23-971-100	No. 79 Kampuchea Krom, Sangkat Mororom, Khan 7 Makara, Phnom Penh, Cambodia
Kazakhstan	Shinhan Bank Kazakhstan	+7-727-356-9620	38 Dostyk ave. Almaty, 050010, Republic of Kazakhstan
Mexico	Banco Shinhan de Mexico	+52-55-6722-8000	Av. Paseo de la Reforma 250, Reforma Capital Torre B, Piso17, Cuauhtemoc, Juarez, 06600, Mexico City
Hong Kong	Hong Kong Branch	+852-2867-0100	Unit 7703, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
USA	New York Branch	+1-212-371-8000	750 7th Avenue, 26th Floor, New York, NY10019, USA
UK	London Branch	+44-207-256-3400	6th Floor, 77 Gracechurch Street, London, U.K. EC3V 0AS.
Singapore	Singapore Branch	+65-6536-1144	1 George St. #15-03, Singapore 049145
India	Mumbai Branch	+91-22-6199-2000	Unit No. 1, Peninsula Tower 1, Peninsula Corporate Park, G K Marg, Lower Parel, Mumbai, 400013, India
India	New Delhi Branch	+91-11-4500-4800	2nd & 3rd Floor, D-5, South Extension, Part-2, New Delhi
India	Poonamallee Branch	+91-44-6714-4400	No. 84/1C2B1, Bangalore Highway Road, Madavilakam Village, Nazarathpettai, Poonamallee Taluk, Thiruvallur District-600123, Tamil Nadu State, India
India	Pune Branch	+91-20-3086-4800	Ground Floor, Red Building. Plot No. 2, Galaxy Society, Boat Club Road, Pune, Maharashtra, India 411001
India	Ahmedabad Branch	+91-79-7117-0400	FF2 & FF3, 1st Floor, Shapath V Building, Opp. Karnavati Club, S.G.Highway, Ahmedabad, Gujarat, India 380015
India	Ranga Reddy Branch	+91-40-6635-2000	SLN Terminus, 1st Floor, Survey No. 133, Gachibowli, Serilingampally, Mandal, Ranga Reddy District, Telangana State, India 500032
Myanmar	Yangon Branch	+95-1-9345-170	No.192, 10th Floor, Myanmar Centre Tower 1, Kabaraye Pagoda Road, Bahan Township, Yangon, Myanmar
Australia	Sydney Branch	+61-2-9224-7901	Level 25, 52 Martin Place, Sydney, NSW 2000, Australia
Philippines	Manila Branch	+63-2-8405-6300	21st Floor, RCBC Savings Bank Corporate Center (RSBCC), 25th & 26th Street, Bonifacio Global City, Taguig 1634, Manila, Philippines
UAE	Dubai Branch	+971-4-551-2820	S1204, Emirates Financial Tower, DIFC, P.O. Box 507001, Dubai, UAE
Uzbekistan	Shinhan Bank Uzbekistan Representative Office	+998-71-150-1184	Neworld Bldg. 3rd Fl., Oybek St. 22 Tashkent, Uzbekistan 100015
Hungary	Shinhan Bank Hungary Representative Office	+36-30-500-5860	1123, Budapest, Alkotás utca 53, Building A, Hungary

## Shinhan Card

Country	Name	Telephone	Address
Indonesia	PT Shinhan Indo Finance	+62-21-8579095	Wisma Indomobil I LT. 10 JL. MT. Haryono Kav. 8, Jakarta, Indonesia 13330
Kazakhstan	LLP MFO Shinhan Finance	+7-727-355-2550	Office 2/3 2nd Floor, 48 Auezov street, Almaty, Kazakhstan 050000
Myanmar	Shinhan Microfinance Co., Ltd.	+95-1-645685	No. (206) Thiri Mingalar Street, East Ywama Quarter, Insein Towership, Yangon, Myanmar
Vietnam	Shinhan Vietnam Finance Limited (SVFC)	+84-28-391-13666	The Mett Tower, Thu Thiem New Urban Area, Ho Chi Minh City

## Shinhan Securities

Country	Name	Telephone	Address
Indonesia	PT. Shinhan Sekuritas Indonesia	+62-21-8086-9900	Equity Tower, 50th Floor, Jl. Jend. Sudirman No. Kav. 52-53, South Jakarta 12190, Indonesia
Hong Kong	Shinhan Securities Asia Ltd.	+852-3713-5301	Units 7705A, Level 77 International Commerce Center (ICC), 1 Austin Road West, Kowloon, Hong Kong
Vietnam	Shinhan Securities Vietnam Co., Ltd.	+84-28-6299-8000	The Mett Tower, Thu Thiem New Urban Area, Ho Chi Minh City
USA	Shinhan Securities America Inc.	+1-212-397-4000	750 7th Avenue 26th Floor, New York, NY 10019, USA
USA	Shinhan Securities Silicon Valley	+1-650-561-5531	480 S. California Avenue, Suite 304, Palo Alto, CA 94306 USA
China	Shinhan Investment Shanghai Representative Office	+86-21-2050-3052	#3222, 32/F, One Lujiazui, 68 Yin Cheng Road, Pudong, Shanghai, 200120, China
Indonesia	Shinhan Asset Management Indonesia	+62-21-3952-5500	Equity Tower, 50th Floor, Jl. Jend. Sudirman No. Kav. 52-53, South Jakarta 12190, Indonesia

## Shinhan Life Insurance

Country	Name	Telephone	Address
Vietnam	Shinhan Life Insurance Vietnam Limited Liability Company (SHLV)	+84-28-7300-9920	The Mett Tower, Thu Thiem New Urban Area, Ho Chi Minh City

## Shinhan Asset Management

Country	Name	Telephone	Address
Hong Kong	Shinhan Asset Management (HK) Ltd.	+852-2525-9110	Unit 7702B, Level 77, International Commerce Centre, 1 Austin Road West Kowloon, Hong Kong

## Shinhan DS

Country	Name	Telephone	Address
Vietnam	Shinhan DS Vietnam Company Limited	+84-28-3823-7255	The Mett Tower, Thu Thiem New Urban Area, Ho Chi Minh City



**SHINHAN FINANCIAL GROUP CO., LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements  
December 31, 2023 and 2022**

**(With Independent Auditor's Report Thereon)**

# Contents

	<b>Page</b>
<b>Independent Auditors' Report</b>	1
Consolidated Statements of Financial Position	6
Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Changes in Equity	10
Consolidated Statements of Cash Flows	12
Notes to the Consolidated Financial Statements	15
<b>Independent Auditors' Report on Internal Control over Financial Reporting for Consolidation Purposes</b>	319
ICFR Operating Status Report for Consolidation Purposes by CEO and IAM	321

## **Independent Auditors' Report**

Based on a report originally issued in Korean

The Board of Directors and Stockholders  
Shinhan Financial Group Co., Ltd.

### *Opinion*

We have audited the consolidated financial statements of Shinhan Financial Group Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We have also audited, in accordance with Korean Standards on Auditing (KSAs), the Group's Internal Control over Financial Reporting ("ICFR") as of December 31, 2023 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 4, 2024 expressed an unmodified opinion on the effectiveness of the Group's internal control over financial reporting.

### *Basis for Opinion*

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statement as of and for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (1) Assessment of allowance for credit losses for loans

As discussed in Notes 3.(h), 5.(b), and 13 to the consolidated financial statements, the Group recognized an allowance for credit losses using the Expected Credit Loss (ECL) impairment model for loans at amortized cost amounting to KRW 4,330,470 million as of December 31, 2023. A lifetime ECL is recognized for those loans that have experienced a Significant Increase in Credit Risk (SICR) since initial recognition or are credit impaired, otherwise a 12-month ECL is recognized. The Group measures ECL



allowances on an individual basis for individually significant corporate loans which are credit impaired and for those which have experienced a SICR and demonstrate certain other high risk indicators (for example, debt restructuring).

The individual assessment involves judgment by the Group in estimating the future cash flows expected from collateral. The allowance for credit losses for other loans are measured on a collective basis. For these loans, the Group measures ECL based on its estimates of the Probability of Default (PD), the Loss Given Default (LGD) and the Exposure at Default (EAD) as well as the impact of Forward-Looking Information (FLI). When measuring allowance for credit losses, PD estimated considering various factors such as collateral, product and borrower type, credit rating, loan size, recovering period, etc. and LGD per recovery type are applied. For corporate loans measured on a collective basis, one of the relevant inputs for determining PD is the internal credit risk rating of the borrower. The internal credit risk rating of the borrower is defined by the Group using quantitative and qualitative factors. The evaluation of the qualitative factors involves a high level of judgment by the Group.

We identified the following risks in accordance with the assessment of the allowance for credit losses for loans as a key audit matter, considering likelihood of error, management judgement, and risk of material misstatement;

- Risks that (i) the analysis of the qualitative factors in determining the internal credit risk ratings of the corporate loans to be collectively assessed for ELC is inappropriate; (ii) the calculation of 12 month and lifetime PD, the calculation of LGD, and the evaluation if FLI incorporated in the measurement of collective ECL is inappropriate due to fraud or error

The following are the primary audit procedures we performed to address this key audit matter.

- We evaluated the design and tested the operating effectiveness of certain internal controls related to: (i) the validation of the models used to determine the inputs to the collective ECL calculation and the impact of FLI; (ii) the assessment of qualitative factors in the process of determining the internal credit risk rating of the loans; (iii) the completeness and accuracy of quantitative data used in the credit risk ratings.
- We involved credit risk professionals with specialized skills, industry knowledge and relevant experience who assisted in: (i) evaluating the methodology and key judgments used in determining the PD and LGD parameters; (ii) evaluating how FLI was incorporated in the collective ECL model; and (iii) recalculating forward-looking PD and LGD on a sample basis.
- We evaluated on a sample basis whether, for the corporate loans with ECL measured on a collective basis, Group policy was applied in the internal credit risk rating process.

## (2) Internally measured fair value of level 3 derivatives, and level 3 derivative-linked securities

As discussed in Notes 5.(e) to the consolidated financial statements, the Group classifies financial instruments measured at fair value using valuation techniques where one or more significant inputs are not based on observable market data as level 3 in the fair value hierarchy.

Those financial instruments measured at fair value classified as level 3 include derivatives and derivative-linked securities both held and issued by Shinhan Securities Co., Ltd. (a subsidiary of the Group), of which fair value is measured by the internally developed valuation models. The fair value of such derivative assets and liabilities as of December 31, 2023 was KRW 629,223 million and KRW 785,312 million, respectively.

Also, the fair value of such derivative-linked securities held (presented as ‘financial assets at fair value through profit or loss – debt securities’) and issued (presented as ‘financial liabilities designated at fair value through profit or loss’) as of December 31, 2023 was KRW 66,866 million and KRW 6,725,252 million, respectively. In order to measure the fair value of these financial instruments, the Group uses



valuation models such as discounted cash flow models and option models. These models use various inputs and assumptions, depending on the nature of the financial instruments.

We identified the following risk in accordance with the measurement of fair value of the derivatives and derivative-linked securities as a key audit matter considering the level of judgement;

- Risk that the models' significant inputs which are not directly observable in financial markets and related assumptions (such as volatility of underlying assets, correlations, regression coefficients, discount rates, etc.) are inappropriate

The following are the primary audit procedures we performed to address this key audit matter.

- We evaluated the design and tested the operating effectiveness of certain internal controls related to the measurement of fair value of the derivatives and derivative-linked securities. This included controls related to the development and application of the significant unobservable inputs and assumptions used in the measurement of fair values.
- We involved valuation professionals with specialized skills and knowledge, who assisted in (i) evaluating unobservable inputs on a selection of the derivatives and derivative-linked securities; and (ii) developing unobservable inputs independently for a selection of the derivatives and derivative-linked securities and comparing the resulting fair value estimates to the Group's fair value measurements.

### (3) Measurement of Insurance Liabilities' Current Fulfilment Value

As discussed in Note 28 to the consolidated financial statements, the Group measures insurance contracts at the current fulfilment value and recognizes them as insurance contract liabilities amounting to KRW 48,334,232 million. These insurance contract liabilities are measured at the current fulfilment value by estimating all cash flows expected to occur within the boundaries of the insurance contract and using the current discount rate that reflects the assumptions and risks at the time of reporting.

We identified the following risk in accordance with the measurement of insurance liabilities' current fulfilment value as a key audit matter, considering likelihood of error, management judgement, and risk of material misstatement;

- Risk that the measurement of insurance contract liabilities may be misstated from calculating loss rate assumptions due to error

The following are the primary audit procedures we performed to address this key audit matter.

- We tested the operating effectiveness of management's controls over loss rate assumption calculation. These controls include review and approval of the calculation methodology applied to calculate loss rate assumptions, review of consistency of basic data, review and approval of correction and extrapolation methods, review and approval of appropriateness of calculated assumptions, and review control by an independent appointed actuary.
- By utilizing actuarial experts with professional skills and knowledge, we reviewed the calculation methodology applied to calculate the loss rate assumptions, the appropriateness of the correction and extrapolation method; additionally, we calculated the loss rate assumptions independently, compared with the applied loss rate assumptions, and verified whether the loss rate assumptions were applied when calculating fulfilment cash flows of insurance contracts.



### *Other matters*

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

The consolidated statement of financial position of the Group as of December 31, 2022 and January 1, 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 were audited by another auditor in accordance with KSAs, and their report thereon, dated March 6, 2023, expressed an unqualified opinion. The financial statements that another auditor audited are those before reflecting the adjustments due to the adoption of K-IFRS 1117 Insurance Contracts described in Note 52. The accompanying consolidated statements of financial position of the Group as of December 31, 2022 and January 1, 2022 presented for comparative purposes, are those after reflecting such adjustments.

As part of our audit on the consolidated financial statements for the year ended December 31, 2023, we have audited the adjustments to the accompanying consolidated financial statements presented for comparative purposes. In our opinion, the adjustments to the accompanying consolidated financial statements present fairly, in all material respects, in accordance with K-IFRS. We were not engaged to audit, review, or apply any other procedures to the accompanying consolidated financial statements presented for comparative purposes, other than with respect to the adjustments, and accordingly, we do not express an audit opinion or any other form of assurance on the accompanying consolidated financial statements presented for comparative purposes taken as a whole.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and





obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Min-Seon Chae.

*KPMG Samjong Accounting Corp.*

KPMG Samjong Accounting Corp.

Seoul, Korea

March 4, 2024

This report is effective as of March 4, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES  
**Consolidated Statements of Financial Position**

As of December 31, 2023, December 31, 2022 and January 1, 2022

(In millions of won)

	Note	December 31, 2023	December 31, 2022	January 1, 2022
<b>Assets</b>				
Cash and due from banks at amortized cost	5, 9, 13, 20	₩ 34,629,251	30,050,840	29,049,341
Financial assets at fair value through profit or loss	5, 10, 20	71,216,564	61,508,281	68,161,348
Derivative assets	5, 11	4,711,421	6,460,652	3,800,158
Securities at fair value through other comprehensive income	5, 12, 20	90,311,979	85,469,161	90,893,467
Securities at amortized cost	5, 12, 20	35,686,487	33,371,198	26,164,942
Loans at amortized cost	5, 13, 20	411,739,562	407,898,972	384,810,774
Property and equipment, net	14, 19, 20	3,972,304	4,011,097	4,046,164
Intangible assets	15	6,217,946	5,807,836	5,644,782
Investments in associates	16	2,692,031	2,904,474	2,913,745
Current tax receivable		30,590	26,307	15,159
Deferred tax assets	44	153,719	915,369	131,257
Investment property	17	257,806	363,108	675,391
Net defined benefit assets	26	114,378	456,838	33,429
Insurance contract assets	28	10,654	-	-
Reinsurance contract assets	28	88,353	88,772	-
Other assets	5, 13, 18	29,925,844	25,071,114	25,480,156
Assets held for sale		36,444	29,211	44,409
<b>Total assets</b>		<b>₩ 691,795,333</b>	<b>664,433,230</b>	<b>641,864,522</b>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES  
**Consolidated Statements of Financial Position (Continued)**

As of December 31, 2023, December 31, 2022 and January 1, 2022

(In millions of won)

	Note		December 31, 2023	December 31, 2022	January 1, 2022
<b>Liabilities</b>					
Deposits	5, 21	₩	381,512,664	382,988,294	364,874,652
Financial liabilities at fair value through profit or loss	5, 22		1,868,977	1,146,110	1,369,225
Financial liabilities designated at fair value through profit or loss	5, 23		7,796,727	8,367,368	8,023,870
Derivative liabilities	5, 11		5,038,416	7,708,615	3,588,165
Borrowings	5, 24		56,901,352	49,279,175	43,167,065
Debt securities issued	5, 25		81,561,725	77,288,783	80,149,363
Net defined benefit liabilities	26		67,620	14,664	131,494
Provisions	27		1,369,666	1,266,314	1,166,883
Current tax payable			92,253	702,143	702,608
Deferred tax liabilities	44		542,595	810,569	420,677
Insurance contract liabilities	28		48,333,208	45,904,773	53,774,915
Reinsurance contract liabilities	28		93,240	62,803	281,763
Investment contract liabilities	5, 30		1,572,685	2,133,586	2,953,698
Other liabilities	5, 31		48,722,340	33,336,475	31,044,194
<b>Total liabilities</b>			<u>635,473,468</u>	<u>611,009,672</u>	<u>591,648,572</u>
<b>Equity</b>	32				
Capital stock			2,969,641	2,969,641	2,969,641
Hybrid bonds			4,001,731	4,196,968	3,334,531
Capital surplus			12,094,968	12,095,043	12,095,043
Capital adjustments			(658,664)	(582,859)	(664,429)
Accumulated other comprehensive loss			(1,074,453)	(1,910,750)	(905,223)
Retained earnings			<u>36,387,314</u>	<u>33,963,799</u>	<u>31,139,115</u>
Total equity attributable to equity holders of Shinhan Financial Group Co., Ltd.			53,720,537	50,731,842	47,968,678
Non-controlling interests			<u>2,601,328</u>	<u>2,691,716</u>	<u>2,247,272</u>
<b>Total equity</b>			<u>56,321,865</u>	<u>53,423,558</u>	<u>50,215,950</u>
<b>Total liabilities and equity</b>		₩	<u>691,795,333</u>	<u>664,433,230</u>	<u>641,864,522</u>

Since K-IFRS 1117 "Insurance contracts" was first applied from January 1, 2023, the Group restated the consolidated statements of financial position as of December 31, 2022 and January 1, 2022 in accordance with K-IFRS 1001 "Financial statement presentation". See accompanying notes to the consolidated financial statements.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2023 and 2022

(In millions of won)

	Note	2023	2022
Interest income		₩ 27,579,211	20,092,325
Interest expense		(16,761,289)	(9,495,472)
<b>Net interest income</b>	34	10,817,922	10,596,853
Fees and commission income		4,175,243	3,884,346
Fees and commission expense		(1,528,037)	(1,470,804)
<b>Net fees and commission income</b>	35	2,647,206	2,413,542
Insurance income		2,899,599	2,741,730
Reinsurance income		44,985	36,274
Insurance service expenses		(1,748,779)	(1,667,870)
Reinsurance service expenses		(82,190)	(63,910)
<b>Net insurance income</b>	28	1,113,615	1,046,224
Insurance finance income		143,064	850,940
Insurance finance expenses		(659,161)	(42,976)
<b>Net insurance finance income (expenses)</b>	29	(516,097)	807,964
Dividend income	36	181,486	177,569
Net gain (loss) on financial instruments at fair value through profit or loss	37	2,493,626	(1,160,833)
Net gain (loss) on financial instruments designated at fair value through profit or loss	38	(437,780)	576,942
Net gain on foreign currency transaction		256,766	245,079
Net gain (loss) on disposal of securities at fair value through other comprehensive income	12	(129,575)	(161,423)
Net gain (loss) on disposal of securities at amortized cost	12	251	(60)
Provision for allowance for credit loss	39	(2,244,503)	(1,291,813)
General and administrative expenses	40	(5,895,337)	(5,644,160)
Other operating expenses, net	42	(2,186,730)	(1,700,320)
<b>Operating income</b>		6,100,850	5,905,564
Equity method income	16	125,088	121,697
Other non-operating income (expense), net	43	(260,978)	339,365
<b>Profit before income taxes</b>		5,964,960	6,366,626
Income tax expense	44	1,486,960	1,611,112
<b>Profit for the year</b>		₩ 4,478,000	4,755,514

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES  
**Consolidated Statements of Comprehensive Income (Continued)**

For the years ended December 31, 2023 and 2022

<i>(In millions of won, except earnings per share data)</i>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Other comprehensive income for the year, net of income tax</b>	32		
Items that are or may be reclassified to profit or loss:			
Gain (loss) on securities at fair value through other comprehensive income	₩	3,162,544	(5,928,937)
Equity in other comprehensive income (loss) of associates		7,156	(15,758)
Foreign currency translation adjustments for foreign operations		(6,245)	14,732
Net change in unrealized fair value of cash flow hedges		61,280	(70,264)
Net finance income on insurance contract assets (liabilities)		(2,172,458)	4,705,903
Net finance income (expense) on reinsurance contract assets (liabilities)		(20,772)	34,045
		<u>1,031,505</u>	<u>(1,260,279)</u>
Items that will not be reclassified to profit or loss:			
Remeasurements of the net defined benefit liabilities (assets)		(200,857)	251,991
Equity in other comprehensive loss of associates		-	(5)
Valuation gain on securities at fair value through other comprehensive income		8,174	5,133
Gain (loss) on disposal of securities at fair value through other comprehensive income		(3,056)	2,134
Changes in own credit risk on financial liabilities designated at fair value through profit of loss		8,623	(4,749)
		<u>(187,116)</u>	<u>254,504</u>
Total other comprehensive income (loss), net of income tax		<u>844,389</u>	<u>(1,005,775)</u>
<b>Total comprehensive income for the year</b>	₩	<u>5,322,389</u>	<u>3,749,739</u>
<b>Profit attributable to:</b>			
Equity holders of Shinhan Financial Group Co., Ltd.	32, 45 ₩	4,368,035	4,665,643
Non-controlling interests		109,965	89,871
	₩	<u>4,478,000</u>	<u>4,755,514</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of Shinhan Financial Group Co., Ltd.	₩	5,208,629	3,660,798
Non-controlling interests		113,760	88,941
	₩	<u>5,322,389</u>	<u>3,749,739</u>
<b>Earnings per share:</b>	32, 45		
Basic and diluted earnings per share in won	₩	<u>8,048</u>	<u>8,498</u>

Since K-IFRS 1117 “Insurance contracts” was first applied from January 1, 2023, the Group restated the consolidated statements of comprehensive income for the year ended December 31, 2022 in accordance with K-IFRS 1001 “Financial statement presentation”. See accompanying notes to the consolidated financial statements.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Changes in Equity**

For the years ended December 31, 2022

(In millions of won)

	Equity attributable to equity holders of Shinhan Financial Group Co., Ltd.								Non-controlling interests	Total
	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Sub-total			
<b>Balance at January 1, 2022</b>	₩ 2,969,641	3,334,531	12,095,043	(664,429)	(984,936)	30,541,300	47,291,150	2,247,272	49,538,422	
Adjustment on initial application of K-IFRS 1117 (Note 52)	-	-	-	-	79,713	597,815	-	-	677,528	
<b>Balance (restated) at January 1, 2022</b>	2,969,641	3,334,531	12,095,043	(664,429)	(905,223)	31,139,115	47,968,678	2,247,272	50,215,950	
<b>Profit for the year</b>	-	-	-	-	-	4,665,643	4,665,643	89,871	4,755,514	
<b>Other comprehensive income (loss), net of income tax:</b>										
Loss on valuation and disposal of securities at fair value through other comprehensive income	-	-	-	-	(5,918,084)	-	(5,918,084)	(3,586)	(5,921,670)	
Equity in other comprehensive loss of associates	-	-	-	-	(15,763)	-	(15,763)	-	(15,763)	
Foreign currency translation adjustments for foreign operations	-	-	-	-	12,936	-	12,936	1,796	14,732	
Net change in unrealized fair value of cash flow hedges	-	-	-	-	(70,264)	-	(70,264)	-	(70,264)	
Net finance income on insurance contract assets (liabilities)	-	-	-	-	4,705,903	-	4,705,903	-	4,705,903	
Net finance income on reinsurance contract assets (liabilities)	-	-	-	-	34,045	-	34,045	-	34,045	
Remeasurements of the net defined benefit liabilities (assets)	-	-	-	-	251,131	-	251,131	860	251,991	
Changes in own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	-	(4,749)	-	(4,749)	-	(4,749)	
Total other comprehensive loss	-	-	-	-	(1,004,845)	-	(1,004,845)	(930)	(1,005,775)	
<b>Total comprehensive income (loss)</b>	-	-	-	-	(1,004,845)	4,665,643	3,660,798	88,941	3,749,739	
<b>Other changes in equity</b>										
Dividends	-	-	-	-	-	(747,705)	(747,705)	-	(747,705)	
Interim dividends	-	-	-	-	-	(637,598)	(637,598)	-	(637,598)	
Dividends to hybrid bonds	-	-	-	-	-	(156,277)	(156,277)	-	(156,277)	
Issuance of hybrid bonds (Note 32)	-	997,120	-	-	-	-	997,120	-	997,120	
Redemption of hybrid bonds (Note 32)	-	(134,683)	-	(317)	-	-	(135,000)	-	(135,000)	
Acquisition of treasury stock (Note 32)	-	-	-	(300,000)	-	-	(300,000)	-	(300,000)	
Retirement of treasury stock (Note 32)	-	-	-	300,000	-	(300,061)	(61)	-	(61)	
Change in other capital adjustments	-	-	-	(3,904)	-	-	(3,904)	-	(3,904)	
Change in other non-controlling interests	-	-	-	85,791	-	-	85,791	355,503	441,294	
	-	862,437	-	81,570	-	(1,841,641)	(897,634)	355,503	(542,131)	
<b>Reclassification of OCI to retained earnings</b>	-	-	-	-	(682)	682	-	-	-	
<b>Balance at December 31, 2022</b>	₩ 2,969,641	4,196,968	12,095,043	(582,859)	(1,910,750)	33,963,799	50,731,842	2,691,716	53,423,558	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Changes in Equity (Continued)**

For the years ended December 31, 2023

(In millions of won)

	Equity attributable to equity holders of Shinhan Financial Group Co., Ltd.								Non-controlling interests	Total
	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Sub-total			
<b>Balance at January 1, 2023</b>	₩	2,969,641	4,196,968	12,095,043	(582,859)	(1,910,750)	33,963,799	50,731,842	2,691,716	53,423,558
<b>Profit for the year</b>		-	-	-	-	-	4,368,035	4,368,035	109,965	4,478,000
<b>Other comprehensive income (loss), net of income tax:</b>										
Loss on valuation and disposal of securities at fair value through other comprehensive income		-	-	-	-	3,163,334	-	3,163,334	4,328	3,167,662
Equity in other comprehensive loss of associates		-	-	-	-	7,156	-	7,156	-	7,156
Foreign currency translation adjustments for foreign operations		-	-	-	-	(6,234)	-	(6,234)	(11)	(6,245)
Net change in unrealized fair value of cash flow hedges		-	-	-	-	61,280	-	61,280	-	61,280
Net finance loss on insurance contract assets (liabilities)		-	-	-	-	(2,172,458)	-	(2,172,458)	-	(2,172,458)
Net finance loss on reinsurance contract assets (liabilities)		-	-	-	-	(20,772)	-	(20,772)	-	(20,772)
Remeasurements of the net defined benefit liabilities (assets)		-	-	-	-	(200,335)	-	(200,335)	(522)	(200,857)
Changes in own credit risk on financial liabilities designated at fair value through profit or loss		-	-	-	-	8,623	-	8,623	-	8,623
Total other comprehensive income		-	-	-	-	840,594	-	840,594	3,795	844,389
<b>Total comprehensive income (loss)</b>		-	-	-	-	840,594	4,368,035	5,208,629	113,760	5,322,389
<b>Other changes in equity</b>										
Dividends		-	-	-	-	-	(455,215)	(455,215)	-	(455,215)
Interim dividends		-	-	-	-	-	(817,122)	(817,122)	-	(817,122)
Dividends to hybrid bonds		-	-	-	-	-	(189,672)	(189,672)	-	(189,672)
Issuance of hybrid bonds (Note 32)		-	897,646	-	-	-	-	897,646	-	897,646
Redemption of hybrid bonds (Note 32)		-	(1,092,883)	-	(102,667)	-	-	(1,195,550)	-	(1,195,550)
Transfer of redemption loss of hybrid bonds to retained earnings		-	-	-	317	-	(317)	0	-	-
Acquisition of treasury stock (Note 32)		-	-	-	(485,947)	-	-	(485,947)	-	(485,947)
Retirement of treasury stock (Note 32)		-	-	-	485,947	-	(486,028)	(81)	-	(81)
Preferred stock converted to common stock		-	-	(75)	-	-	-	(75)	-	(75)
Change in other capital adjustments		-	-	-	26,703	-	(463)	26,240	-	26,240
Change in other non-controlling interests		-	-	-	(158)	-	-	(158)	(204,148)	(204,306)
		-	(195,237)	(75)	(75,805)	-	(1,948,817)	(2,219,934)	(204,148)	(2,424,082)
<b>Reclassification of OCI to retained earnings</b>		-	-	-	-	(4,297)	4,297	-	-	-
<b>Balance at December 31, 2023</b>	₩	2,969,641	4,001,731	12,094,968	(658,664)	(1,074,453)	36,387,314	53,720,537	2,601,328	56,321,865

Since K-IFRS 1117 "Insurance contracts" was first applied from January 1, 2023, the Group restated the consolidated statements of changes in equity for the year ended December 31, 2022 in accordance with K-IFRS 1001 "Financial statement presentation". See accompanying notes to the consolidated financial statements.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows**

For the years ended December 31, 2023 and 2022

<i>(In millions of won)</i>	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>			
Profit for the year	₩	4,478,000	4,755,514
Adjustments for:			
Interest income	34	(27,579,211)	(20,092,325)
Interest expense	34	16,761,289	9,495,472
Dividend income	36	(181,486)	(177,569)
Income tax expense	44	1,486,960	1,611,112
Net fees and commission expense	35	307,492	126,665
Net insurance loss	28	(1,113,615)	(1,046,224)
Net insurance finance expense (income)	29	516,097	(807,964)
Net loss (gain) on financial instruments at fair value through profit or loss	37	(1,228,900)	1,056,473
Net loss (gain) on derivatives	11	(292,483)	702,735
Net loss (gain) on foreign currency translation		4,396	44,316
Net gain on financial instruments designated at fair value through profit or loss	38	(54,256)	(806,741)
Net loss (gain) on disposal of securities at fair value through other comprehensive income	12	129,575	161,423
Net loss (gain) on disposal of securities at amortized cost	12	(251)	60
Provision for allowance for credit loss	39	2,244,503	1,291,813
Employee benefit	26	145,874	178,923
Depreciation and other amortization	40	1,185,006	999,682
Other operating expense	42	859,065	2,086,352
Equity method income, net	16	(125,088)	(121,697)
Other non-operating expense (income)	43	200,355	(437,202)
		<u>(6,734,678)</u>	<u>(5,734,696)</u>
<b>Changes in assets and liabilities:</b>			
Due from banks at amortized cost		1,325,355	(1,052,471)
Securities at fair value through profit or loss		(7,374,788)	5,901,524
Loans at fair value through profit or loss		620,955	(721,736)
Financial instruments designated at fair value through profit or loss		(726,476)	1,100,240
Derivative instruments		(336,770)	728,222
Loans at amortized cost		(5,652,482)	(24,043,584)
Insurance contract assets		(10,387)	299
Reinsurance contract assets		(4,262)	(72,331)
Other assets		(6,394,740)	(2,080,768)



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES  
**Consolidated Statements of Cash Flows (Continued)**

For the years ended December 31, 2023 and 2022

<i>(In millions of won)</i>	<u>Note</u>	<u>2023</u>	<u>2022</u>
Deposits	₩	(1,380,003)	18,309,172
Liabilities for defined benefit obligations		7,263	(341,740)
Provisions		(424,494)	(72,384)
Insurance contract liabilities		(1,247,849)	(903,025)
Reinsurance contract liabilities		(31,265)	(201,490)
Investment contract liabilities		(671,181)	(907,047)
Other liabilities		13,479,464	1,789,192
		<u>(8,821,660)</u>	<u>(2,567,927)</u>
Income taxes paid		(1,931,943)	(1,693,408)
Interest received		26,411,959	19,070,421
Interest paid		(13,058,769)	(6,770,156)
Dividends received		186,937	128,692
<b>Net cash inflow from operating activities</b>		<u>529,846</u>	<u>7,188,440</u>
<b>Cash flows from investing activities</b>			
Decrease in financial instruments at fair value through profit or loss		3,845,778	5,206,643
Increase in financial instruments at fair value through profit or loss		(5,355,995)	(5,954,987)
Proceeds from disposal of securities at fair value through other comprehensive income		36,748,023	22,231,923
Acquisition of securities at fair value through other comprehensive income		(36,745,746)	(24,545,800)
Proceeds from disposal of securities at amortized cost		4,257,920	5,148,999
Acquisition of securities at amortized cost		(6,421,141)	(12,302,642)
Proceeds from disposal of property and equipment	14, 43	16,159	93,511
Acquisition of property and equipment	14	(261,444)	(326,546)
Proceeds from disposal of intangible assets	15, 43	25,029	23,040
Acquisition of intangible assets	15	(454,794)	(616,581)
Proceeds from disposal of investments in associates	16	377,496	516,735
Acquisition of investments in associates	16	(428,423)	(657,836)
Proceeds from disposal of investment property	17, 43	166,767	259,453
Acquisition of investment property	17	(5,367)	(6,883)
Proceeds from disposal of assets held for sale		3,663	624,837
Change in other assets		1,959	(238,869)
Proceeds from settlement of hedging derivative financial instruments		29,123	12,585
Payment of settlement of hedging derivative financial instruments		(70,720)	(135,669)
Net cash flow from business combination		-	(27,840)
<b>Net cash outflow from investing activities</b>		<u>(4,271,713)</u>	<u>(10,695,927)</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows (Continued)**

For the years ended December 31, 2023 and 2022

<i>(In millions of won)</i>	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from financing activities</b>			
Issuance of hybrid bonds	₩	897,646	997,120
Redemption of hybrid bonds		(1,195,550)	(135,000)
Net increase in borrowings		8,153,087	6,145,271
Proceeds from debt securities issued		47,674,027	39,521,966
Redemption of debt securities issued		(43,808,445)	(41,777,940)
Increase in financial liabilities designated at fair value through profit or loss		209,969	49,993
Change in other liabilities		164,567	239,591
Dividends paid		(1,461,371)	(1,540,871)
Proceeds from settlement of hedging derivative financial instruments		1,538,590	2,391,556
Payment of settlement of hedging derivative financial instruments		(1,459,027)	(2,319,927)
Acquisition of treasury stock		(485,947)	(300,000)
Disposition and redemption of treasury stock		(81)	(60)
Increase (decrease) in non-controlling interests		(205,169)	382,929
Redemption of lease liabilities		(262,055)	(259,913)
Conversion costs for preferred stock to common stock		(75)	-
<b>Net cash inflow from financing activities</b>		<u>9,760,166</u>	<u>3,394,715</u>
<b>Effect of exchange rate changes on cash and cash equivalents held</b>		<u>(15,361)</u>	<u>(58,955)</u>
<b>Increase (decrease) in cash and cash equivalents</b>		<u>6,002,938</u>	<u>(171,727)</u>
<b>Cash and cash equivalents at beginning of year</b>	47	<u>24,413,946</u>	<u>24,585,673</u>
<b>Cash and cash equivalents at end of year</b>	47	<u>₩ 30,416,884</u>	<u>24,413,946</u>

*Since K-IFRS 1117 “Insurance contracts” was first applied from January 1, 2023, the Group restated the consolidated statements of cash flows for the year ended December 31, 2022 and January 1, 2022 in accordance with K-IFRS 1001 “Financial statement presentation”. See accompanying notes to the consolidated financial statements.*

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 1. Reporting entity

Shinhan Financial Group Co., Ltd., the controlling company, and its subsidiaries included in consolidation (collectively the “Group”) are summarized as follows:

#### (a) Controlling company

Shinhan Financial Group Co., Ltd. (the “Shinhan Financial Group” or the “Company”), the controlling company, is incorporated on September 1, 2001 for the main purposes of controlling, managing and funding Shinhan Bank, Shinhan Securities Co., Ltd., Shinhan Capital Co., Ltd. and Shinhan BNP Asset Management Co., Ltd. by way of share transfers. The total capital stock amounted to ₩1,461,721 million. Also, Shinhan Financial Group’s shares have been listed on the Korea Exchange since September 10, 2001 and Shinhan Financial Group’s American Depositary Shares have been registered with the Securities and Exchange Commission (SEC) and listed on the New York Stock Exchange since September 16, 2003.

(b) Ownership of Shinhan Financial Group and its major consolidated subsidiaries as of December 31, 2023 and 2022 are as follows:

Investor	Investee (*1)	Location	Date of financial information	Ownership (%)	
				December 31, 2023	December 31, 2022
Shinhan Financial Group Co., Ltd.	Shinhan Bank	Korea	December 31	100.0	100.0
"	Shinhan Card Co., Ltd.	"	"	100.0	100.0
"	Shinhan Securities Co., Ltd.	"	"	100.0	100.0
"	Shinhan Life Insurance Co., Ltd.	"	"	100.0	100.0
"	Shinhan Capital Co., Ltd.	"	"	100.0	100.0
"	Jeju Bank	"	"	75.3	75.3
"	Shinhan Asset Management Co., Ltd.	"	"	100.0	100.0
"	SHC Management Co., Ltd.	"	"	100.0	100.0
"	Shinhan DS	"	"	100.0	100.0
"	Shinhan Savings Bank	"	"	100.0	100.0
"	Shinhan Asset Trust Co., Ltd.	"	"	100.0	100.0
"	Shinhan Fund Partners Co., Ltd. (*2)	"	"	99.8	99.8
"	Shinhan REITs Management Co., Ltd.	"	"	100.0	100.0
"	Shinhan AI Co., Ltd. (*3)	"	"	100.0	100.0
"	Shinhan Venture Investment Co., Ltd.	"	"	100.0	100.0
"	Shinhan EZ General Insurance Co., Ltd.	"	"	85.1	85.1
Shinhan Bank	Shinhan Bank America	USA	"	100.0	100.0
"	Shinhan Bank Europe GmbH	Germany	"	100.0	100.0
"	Shinhan Bank Cambodia	Cambodia	"	97.5	97.5
"	Shinhan Bank Kazakhstan Limited	Kazakhstan	"	100.0	100.0
"	Shinhan Bank Canada	Canada	"	100.0	100.0
"	Shinhan Bank (China) Limited	China	"	100.0	100.0
"	Shinhan Bank Japan	Japan	"	100.0	100.0
"	Shinhan Bank Vietnam Ltd.	Vietnam	"	100.0	100.0
"	Banco Shinhan de Mexico	Mexico	"	99.9	99.9
"	PT Bank Shinhan Indonesia	Indonesia	"	99.0	99.0
Shinhan Bank Japan	SBJDNX	Japan	"	100.0	100.0

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 1. Reporting entity (continued)

(b) Ownership of Shinhan Financial Group and its major consolidated subsidiaries as of December 31, 2023 and 2022 are as follows (continued):

Investor	Investee (*1)	Location	Date of financial information	Ownership (%)	
				December 31, 2023	December 31, 2022
Shinhan Card Co., Ltd.	Shinhan Credit Information Co., Ltd.	Korea	December 31	100.0	100.0
"	LLP MFO Shinhan Finance	Kazakhstan	"	100.0	100.0
"	PT. Shinhan Indo Finance	Indonesia	"	76.3	76.3
"	Shinhan Microfinance Co., Ltd.	Myanmar	"	100.0	100.0
"	Shinhan Vietnam Finance Co., Ltd.	Vietnam	"	100.0	100.0
Shinhan Securities Co., Ltd.	Shinhan Securities America Inc.	USA	"	100.0	100.0
"	Shinhan Securities Asia Ltd.	Hong Kong	"	100.0	100.0
"	SHINHAN SECURITIES VIETNAM CO., LTD.	Vietnam	"	100.0	100.0
"	PT. Shinhan Sekuritas Indonesia	Indonesia	"	99.0	99.0
PT Shinhan Sekuritas Indonesia	PT. Shinhan Asset Management Indonesia	Indonesia	"	75.0	75.0
Shinhan Life Insurance Co., Ltd.	Shinhan Financial Plus Co., Ltd	Korea	"	100.0	100.0
"	Shinhan LifeCare Co., Ltd.(*4)	"	"	100.0	100.0
"	Shinhan Life Insurance Vietnam Co., Ltd.	Vietnam	"	100.0	100.0
Shinhan Asset Management Co., Ltd.	SHINHAN ASSET MGT HK, LIMITED	Hong Kong	"	100.0	100.0
Shinhan DS	SHINHAN DS VIETNAM CO., LTD.	Vietnam	"	100.0	100.0

(\*1) Subsidiaries such as trust, beneficiary certificate, special purpose company, partnerships and private equity fund which are not actually operating their own business are excluded.

(\*2) Shinhan AITAS Co., Ltd. has changed its name to Shinhan Fund Partners on April 3, 2023.

(\*3) The major assets were sold to Shinhan Bank, a subsidiary company, in January 2024, and the liquidation process is in progress.

(\*4) Shinhan CubeOn Co., Ltd. has changed its name to Shinhan LifeCare Co., Ltd. on December 29, 2023.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

1. Reporting entity (continued)

(c) Consolidated structured entities

Consolidated structured entities are as follows:

Category	Consolidated structured entities	Description
Trust	Shinhan Bank (including development trust) and 17 others	A trust is consolidated when the Group as a trustee is exposed to significant variable returns, if principle or interest amounts of the entrusted properties falls below guaranteed amount, the Group should compensate it, and the Group has the ability to affect those returns.
Asset-Backed Securitization	Tiger Eyes 3 Co., Ltd. and 224 others	An entity for asset backed securitization is consolidated when the Group has sole decision-making authority to dispose assets or change the conditions of the assets, and the Group is substantially exposed to, or has rights to significant variable returns by providing credit enhancement and purchases of subordinated securities.
Structured Financing	SHPE Holdings One Co., Ltd.	An entity established for structured financing relating to real estate, shipping, or mergers and acquisitions is consolidated, when the Group has the greatest credit to the entity, has sole decision-making authority of these Entities due to the entities default, and is substantially exposed to, or has rights to significant variable returns.
Investment Fund	One Shinhan Future's Fund and 165 others	An investment fund is consolidated, when the Group manages or invests assets of the investment funds on behalf of other investors as a collective investor or a business executive, or has the ability to dismiss the manager of the investment funds, and is substantially exposed to, or has rights to, the significant variable returns.

(\*) The Group provides ABCP purchase agreements and others of ₩8,616,163 million for the purpose of credit enhancement of structured companies.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### **2. Basis of preparation**

#### **(a) Statement of compliance**

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (K-IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group were authorized for issue by the Board of Directors on February 8, 2024. and the consolidated financial statements will be submitted for approval to the stockholders' meeting to be held on March 26, 2024.

#### **(b) Basis of measurement**

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

- derivative financial instruments measured at fair value
- financial instruments at fair value through profit or loss measured at fair value
- financial instruments at fair value through other comprehensive income measured at fair value
- liabilities for cash-settled share-based payment arrangements measured at fair value
- financial assets and liabilities designated as hedged items in a fair value hedge accounting of which changes in fair value attributable to the hedged risk recognized in profit or loss
- liabilities for defined benefit plans recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

#### **(c) Functional and presentation currency**

The respective financial statements of the Group entities are prepared in the functional currency of the economic environment in which each individual company of group entities operate. These consolidated financial statements are presented and reported in Korean won, which is the controlling company's functional and presentation currency.

#### **(d) Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. If the estimates and assumptions based on management's best judgment as of December 31, 2023 are different from the actual environment, these estimates and actual results may be different.

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

Information about critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements and information about assumptions and estimation uncertainties that might have a significant risk of resulting in a material adjustment within the next financial year are described in Note 4.

In preparing these consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainties are the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2022 except as explained below.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 2. Basis of preparation (continued)

#### (e) Standards and amendments adopted by the Group

The Group has newly applied the following accounting policies upon preparation of the annual consolidated financial statements from the beginning on January 1, 2023.

##### *i) Amendments to K-IFRS 1117 'Insurance Contracts'*

The main characteristics of K-IFRS 1117 are recognition of insurance revenue on an accrual basis, measurement of insurance contract liabilities based on fulfilment cash flows, and presentation of insurance contracts income or expenses, separately from investment income or expenses.

##### ① Measurement of insurance contract liabilities based on fulfilment cash flows

The Group identifies a portfolio of insurance contracts consisting of contracts that are exposed to similar risks and are managed together, and then separates the group of insurance contracts into similar profitable contracts within the portfolio. It then estimates cash flows expected to occur within the boundaries of the insurance contract for each group of insurance contracts and measures the insurance liability at current estimates of future cash flows expected to occur in the fulfilment of the contract, reflecting the assumptions and risks on the reporting date.

As a result, insurance liabilities for each group of insurance contracts on the reporting date are measured as an estimate of future cash flows (reflecting policy loans, cash flows related to options and guarantees, the time value of money, etc.), risk adjustment and insurance margin.

The contractual service margin represents unrealized gains that will be recognized in the future as insurance services are provided, and the negative (-) insurance margin is not to be recognized, but rather it is classified as onerous group of insurance contracts and recognized in loss immediately. For contracts without direct participation features, the Group adjusts the contractual service margin for the changes in fulfilment cash flows relating to future service, measured at the discount rates determined on initial recognition, but does not adjust the contractual service margin for effects of the time value of money, financial risk, and changes therein.

On the other hand, reinsurance contracts refer to insurance contracts issued by reinsurance companies to compensate for claims arising from the underlying insurance contracts issued by other insurance companies. A group of reinsurance contracts also applies a consistent assumption with the group of underlying insurance contracts when estimating the present value of future cash flows for the group of underlying insurance contracts.

##### ② Recognition of insurance revenue on an accrual basis

For insurance revenue, it is recognized during the accounting year on an accrual basis, with measurement of insurance contracts with recognition of profit over the period that services are provided. Insurance revenue recognized for the current period is an estimated amount at the beginning of the period, including premiums and expenses, changes in risk adjustment, contractual service margin for services provided to the policyholder. Insurance revenue related to insurance acquisition cash flows recognized as a systematic allocation of the premium portion related to the collection of insurance acquisition cash flows. Any investment component (the amount an insurance contract requires the entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs) is excluded from insurance revenue.

##### ③ Presentation of insurance income or expense

The Group chose an accounting policy that separates insurance revenue and insurance income or expense including insurance service expense for presentation. Insurance finance income or expense, includes the time value of money, financial risks, and the change effects thereof related from a group of insurance contracts, is recognized either profit or loss or other comprehensive income during the period.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 2. Basis of preparation (continued)

#### (e) Standards and amendments adopted by the Group (continued)

##### ④ Accounting policy for transition and the transition effects

Based on the transition provisions of K-IFRS 1117, each group of insurance contracts shall be identified, recognized, and measured (fully retrospective approach) as if this Standard had been applied. If the fully retrospective approach is impractical, the Group can apply either the modified retrospective approach or the fair value approach to contracts.

The effects on the date of transition and the date of the initial application of the key changes in the Group's financial statements resulting from its adoption of K-IFRS 1117 are disclosed in Note 52.

##### *ii) Amendments to K-IFRS 1001 'Presentation of Financial Statements' – Disclosure of Accounting Policies*

The amendments define material accounting policy information and require disclosure of material accounting policy information. The amendments do not have a significant impact on the consolidated financial statements.

##### *iii) Amendments to K-IFRS 1001 'Presentation of Financial Statements' – Disclosure of gains or losses on valuation of financial liabilities with variable exercise price*

The amendments require disclosure of the carrying amount of financial liabilities and the related gain or loss, if all or part of financial instruments with exercise price that is adjusted depending on the issuer's share price change is classified as financial liabilities. The amendments do not have a significant impact on the consolidated financial statements.

##### *iv) Amendments to K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Accounting Estimates*

The amendments define accounting estimates and clarify the way to distinguish changes in accounting policies from changes in accounting estimates. The amendments do not have a significant impact on the consolidated financial statements.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

**2. Basis of preparation (continued)**

**(e) Standards and amendments adopted by the Group (continued)**

*v) Amendments to K-IFRS 1012 'Income Taxes' - Global minimum corporate tax*

Under the Global Minimum Corporate Tax Act, effective from 2024, the Group may be required to pay additional taxes on the difference between the effective tax rate and the minimum tax rate of 15% for each unit of jurisdiction in which each constituent company belongs. The Group believes that it will be subject to the Global Minimum Corporate Tax Act, but it does not affect current income tax costs as of the end of the reporting period because Korea's global minimum tax-related tax law will take effect on January 1, 2024. The Group also applies the temporary exception to deferred tax in K-IFRS No. 1012, which does not recognize deferred tax assets and liabilities related to the Global Minimum Corporate Tax Act and does not disclose information related to deferred tax.

*vi) Amendments to K-IFRS 1012 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments add a requirement to the initial recognition exemption by requiring entities to recognize the deferred tax on transactions that give rise to equal amounts of taxable and deductible temporary differences. The amendments will not have a significant impact on the consolidated financial statements.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### **3. Material accounting policies**

Material accounting policies applied by the Group upon the preparation of consolidated financial statements under K-IFRS are described below, and consolidated financial statements for the year ended December 31, 2023 and comparative periods were prepared using the same accounting policy, except for changes in accounting policy described in the Note 2.

#### **(a) Operating segments**

The Group has divided the segments based on internal reports reviewed periodically by the top sales decision maker to make decisions about the resources allocated to the segments and evaluate their performance. There are six reporting segments as described in Note 8. The reporting segments are operated separately according to the nature of the goods and services provided and the organizational structure of the Group.

The segment reported to the Chief Executive Officer (“CEO”) includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

It is the CEO’s responsibility to evaluate the resources to be distributed to the business and the performance of the business, and to make strategic decisions.

#### **(b) Basis of consolidation**

##### *i) Subsidiaries*

If an entity of the Group uses accounting policies other than those adopted in the consolidated financial statements for the same transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

##### *ii) Structured entity*

The Group establishes or invests in various structured entities. Considering the terms and conditions of the arrangement in which the structured entity was established, the entity is included in the consolidated entities if it is determined that the Group obtains gains and losses from the operations thereof, and the Group has the ability to direct the activities of the entity that can most significantly affect these gains and losses. The Group does not recognize any non-controlling interests as equity in relation to structured entities in the consolidated statements of financial position since the non-controlling interests in these entities are recognized as liabilities of the Group.

##### *iii) Intra-group transactions eliminated on consolidation*

Intra-group balances, transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized intra-group losses are recognized as expense if intra-group losses indicate an impairment that requires recognition in the consolidated financial statements.

##### *iv) Non-controlling interests*

Non-controlling interests in a subsidiary are accounted for separately from the parent’s ownership interests in a subsidiary. Each component of net profit or loss and other comprehensive income is attributed to the owners of the parent and non-controlling interest holders, even when the non-controlling interests balance is reduced to below zero.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (c) Business combinations

##### *i) Business combinations*

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

Each identifiable asset or liability is measured at its acquisition-date fair value except for below:

- Leases are required to be classified based on the contractual terms and other factors
- Only those contingent liabilities assumed in a business combination that are a present obligation and can be measured reliably are recognized
- Deferred tax assets or liabilities are recognized and measured in accordance with K-IFRS No.1012, *'Income Taxes'*
- Employee benefit arrangements are recognized and measured in accordance with K-IFRS No.1019, *'Employee Benefits'*
- Compensation assets are recognized and measured on the same basis as the items subject to compensation
- Reacquired rights are measured in accordance with special provisions
- Liabilities or equity instruments related to share-based payment transactions are measured in accordance with the method in K-IFRS No.1102, *'Share-based Payment'*
- Non-current assets held for sale are measured at fair value less costs to sell in accordance with K-IFRS No.1105, *'Non-current Assets Held for Sale and Discontinued Operations'*

As of the acquisition date, non-controlling interests in the acquired are measured as the non-controlling interests' proportionate share of the acquirer's identifiable net assets.

## SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

#### **3. Material accounting policies (continued)**

##### **(d) Investments in associates and joint ventures**

An associate is an entity in which the Group has significant influence, but not control, over the entity's financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The investment in an associate and a joint venture is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and changes in the investments of the associate and the joint venture after the date of acquisition. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated the Group's stake in preparing the consolidated financial statements. Unrealized losses are also being derecognized unless the transaction provides evidence of an impairment of the transferred assets.

If an associate or a joint venture uses accounting policies different from those of the Group for transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in applying the equity method.

When the carrying amount of that interest, including any long-term investments, is reduced to nil, the recognition of further losses is discontinued except to the extent that the Group has an obligation or has to make payments on behalf of the investee for further losses.

##### **(e) Cash and cash equivalents**

The Group classifies cash balances, call deposits and highly liquid investment assets with original maturities of three months or less from the acquisition date that are easily converted into a fixed amount of cash, and are subject to an insignificant risk of changes in their fair value as cash and cash equivalents.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (f) Non-derivative financial assets

Financial assets are recognized in the consolidated statement of financial position when the Group becomes a party to the contract. In addition, a standardized purchase or sale (a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market concerned) is recognized on the trade date.

##### *i) Financial assets designated at FVTPL*

Financial assets can be irrevocably designated as measured at FVTPL despite of classification standards stated below, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases. However, once the financial assets are designated at FVTPL, it is irrevocable.

##### *ii) Equity instruments*

For the equity instruments that are not held for short-term trading, at initial recognition, the Group may make an irrevocable election to present subsequent changes in fair value in other comprehensive income. Equity instruments that are not classified as financial assets at Fair Value through Other Comprehensive Income (“FVOCI”) are classified as financial assets at FVTPL.

The Group subsequently measures all equity investments at fair value. Valuation gains or losses of the equity instruments that are classified as financial assets at FVOCI previously recognized as other comprehensive income is not reclassified as profit or loss on recognition. The Group recognizes dividends in profit or loss when the Group’s right to receive payments of the dividend is established.

Valuation gains or losses due to changes in fair value of the financial assets at FVTPL are recognized in the consolidated statement of comprehensive income gains or losses on financial assets at FVTPL. Impairment loss (reversal) on equity instruments at FVOCI is not recognized separately.

##### *iii) Debt instruments*

Subsequent measurement of debt instruments depends on the Group’s business model in which the asset is managed and the contractual cash flow characteristics of the asset. Debt instruments are classified as financial assets at amortized cost, at FVOCI, or at FVTPL. Debt instruments are reclassified only when the Group’s business model changes.

#### ① Financial assets at amortized cost

Assets that are held within a business model whose objective is to hold assets to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a financial asset measured at amortized cost that is not subject to a hedging relationship is recognized in profit or loss when the financial asset is derecognized or impaired. Interest income on the effective interest method is included in the ‘Interest income’ in the consolidated statement of comprehensive income.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (f) Non-derivative financial assets (continued)

##### ② Financial assets at FVOCI

Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Other than (reversal of) impairment losses, interest income, foreign exchange differences, gains or losses of the financial assets at FVOCI are recognized as other comprehensive income in equity. On removal, gains or losses accumulated in other comprehensive income are reclassified to profit or loss. The interest income on the effective interest method is included in the 'Interest income' in the consolidated statement of comprehensive income. Foreign exchange differences and impairment losses are included in the 'Net foreign currency transaction gain' and 'Provision for credit losses allowance' in the consolidated statement of comprehensive income, respectively.

##### ③ Financial assets at FVTPL

Debt securities other than financial assets at amortized costs or FVOCI are classified at FVTPL. Unless hedge accounting is applied, gains or losses from financial assets at FVTPL are recognized as profit or loss and are included in 'Net gain (loss) on financial assets at fair value through profit or loss' in the consolidated statement of comprehensive income.

##### *iv) Embedded derivatives*

Financial assets with embedded derivatives are classified regarding the entire hybrid contract, and the embedded derivatives are not separately recognized. The entire hybrid contract is considered when it is determined whether the contractual cash flows represent solely payments of principal and interest.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (g) Derivative financial instruments

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

##### *i) Hedge accounting*

The Group holds forward exchange contracts, interest rate swaps, currency swaps and other derivative contracts to manage interest rate risk and foreign exchange risk. The Group designated derivatives as hedging instruments to hedge the risk of changes in the fair value of assets, liabilities or firm commitments (a fair value hedge) and foreign currency risk of highly probable forecasted transactions or firm commitments (a cash flow hedge).

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction. In addition, this document describes the hedging instrument, hedged item, and the method of evaluating the effect of the hedging instrument offsetting changes in the fair value or cash flow of the hedged item due to the hedged risk at the initiation of the hedging relationship and in subsequent periods.

##### ① Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The gain or loss from remeasuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the separate statement of comprehensive income.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria. Any adjustment arising from G/L on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued.

##### ② Cash flow hedge

When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income, net of tax, and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

##### ③ Net investment hedge

The portion of the change in fair value of a financial instrument designated as a hedging instrument that meets the requirements for hedge accounting for a net investment in a foreign operation is recognized in other comprehensive income and the ineffective portion of the hedge is recognized in profit or loss. The portion recognized as other comprehensive income that is effective as a hedge is recognized in the statement of comprehensive income as a result of reclassification adjustments in accordance with K-IFRS No. 1021, "Effect of Changes in Foreign Exchange Rates" at the time of disposing of its overseas operations or disposing of a portion of its overseas operations to profit or loss.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
 December 31, 2023 and 2022

**3. Material accounting policies (continued)**

**(g) Derivative financial instruments (continued)**

*ii) Other derivative financial instruments*

All derivatives except those designated as hedging instruments and are effective in hedging are measured at fair value. Changes in the fair value of other derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

*iii) Gains and losses on initial recognition*

Any difference between the fair value of over the counter derivatives at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognized in profit or loss but is deferred, and the deferred gains and losses on initial transaction are depreciated on a straight-line basis over the life of the instrument or the remainder is recognized in profit or loss immediately when the fair value becomes observable.

**(h) Expected credit losses of financial assets**

Except for financial assets measured at fair value through profit or loss, financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income are assessed for expected credit losses at the end of each reporting period and recognized as loss allowance. Financial assets migrate through the following three stages based on the change in credit risk since initial recognition and allowance for credit loss for the financial assets are measured at the 12-month expected credit losses (“ECL”) or the lifetime ECL, depending on the stage.

	<b>Category</b>	<b>Allowance for credit loss</b>
STAGE 1	When credit risk has not increased significantly since the initial recognition	12-months ECL: the ECL associated with the probability of default events occurring within the next 12 months
STAGE 2	When credit risk has increased significantly since the initial recognition	Lifetime ECL: a lifetime ECL associated with the probability of default events occurring over the remaining lifetime
STAGE 3	When assets are impaired	Same as above

The Group, meanwhile, only recognizes the cumulative changes in lifetime expected credit losses since the initial recognition as an allowance for credit loss for purchased or originated credit-impaired financial assets.

The total period refers to the expected life span of the financial instrument up to the contract expiration date.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

**3. Material accounting policies (continued)**

**(h) Expected credit losses of financial assets (continued)**

*i) Reflection of forward-looking information*

The Group reflects forward-looking information when measuring expected credit losses. Assuming that the measurement factor of expected credit losses has a certain correlation with economic fluctuations, the expected credit losses are calculated by reflecting forward-looking information through modeling between macroeconomic variables and measurement factors.

*ii) Measurement of expected credit loss of financial assets at amortized cost*

The expected credit loss of amortized financial assets is measured as the difference between the present value of the cash flows expected to be received and the cash flow to be received in accordance with loan agreements. For this purpose, the Group calculates expected cash flows for individually significant financial assets. For financial assets that are not individually significant, the Group collectively measures the expected credit losses thereof with similar credit risk characteristics.

Expected credit losses are deducted from financial assets at amortized cost using ACL, which are written off along with the assets if the assets are not recoverable. The allowance for credit loss is increased when the written-off loan receivables are subsequently collected, and the changes in the allowance for credit loss are recognized in profit or loss.

*iii) Measurement of estimated credit loss of financial assets at FVOCI*

The calculation of expected credit loss of financial assets at FVOCI is the same as for financial assets measured at amortized cost, but changes in allowance for credit loss are recognized in other comprehensive income. In the case of disposal and redemption of financial assets at FVOCI, the allowance for credit loss is reclassified from other comprehensive income to profit or loss and recognized in profit or loss.

**(i) Property and equipment**

Land is not depreciated. Other property and equipment are depreciated on a straight-line basis over the estimated useful lives for the acquisition cost after deduction of the residual value. The estimated useful lives for the current and comparative periods are as follows:

Descriptions	Useful lives
Buildings	40~50 years
Other properties	4~5 years

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

3. Material accounting policies (continued)

(j) Intangible assets

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets except for goodwill is calculated on a straight-line basis over the estimated useful lives of intangible assets as shown below, from the date that they are available for use. The residual value of intangible assets is zero. However, if there are no foreseeable limits to the periods over which certain intangible assets are expected to be available for use, they are determined to have indefinite useful lives and are not amortized.

Descriptions	Useful lives
Software	5 years
Capitalized development cost	5 years
Other intangible assets	5 years or contract periods

(k) Investment properties

An investment property is initially recognized at cost including any directly attributable expenditure. Subsequent to initial recognition, the asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The depreciation method and the estimated useful lives for the current and comparative periods are as follows:

Descriptions	Useful lives	Depreciation method
Buildings	40 years	Straight-line

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (I) Leases

##### *i) Accounting treatment as the lessee*

The Group leases various tangible assets, such as real estate and vehicles, and each of the lease contract is negotiated individually and includes a variety of terms and conditions. There are no other restrictions imposed by the lease contracts, but the lease assets cannot be provided as collaterals for borrowings.

At the commencement date of the lease, the Group recognizes the right-of-use assets and the lease liabilities. Each lease payment is allocated to payment for the principal portion of the lease liability and financial costs. The Group recognizes in profit or loss the amount calculated to produce a constant periodic rate of interest on the lease liability balance for each period as financial costs. Right-of-use assets are depreciated using a straight-line method from the commencement date over the lease term.

If internal rate of return from in the lease is readily determined, the lease payments are discounted by the rate; if the rate is not readily determined, the lessee's incremental borrowing rate is used.

The cost of the right-of-use assets comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date (less any lease incentives received)
- Any initial direct costs incurred by the lessee
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

Lease payments related to short-term leases or low-value assets are recognized as current expenses over the lease term using the straight-line method. A short-term lease is a lease that has a lease term of 12 months or less, and the low-value assets lease is a lease of which the underlying asset value is not more than ₩6 million.

Additional considerations for the Group when accounting for lessees include:

Extension and termination options are included in a number of real estate lease contracts of the Group. In determining the lease term, management considers all relevant facts and circumstances that create an economic incentive not to exercise the options. The periods covered by, a) an option to extend the lease if the lessee is reasonably certain to exercise that option, or b) an option to terminate the lease if the lessee is reasonably certain not to exercise that option, is included when determining the lease term. The Group reassesses whether the Group is reasonably certain to exercise the extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee, and affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (I) Leases (continued)

##### *ii) Accounting treatment as the lessor*

The Group leases out to lessee various tangible assets, including vehicles under operating and finance lease contracts, and each of the lease contract is negotiated individually and includes a variety of terms and conditions. The risk management method for all rights held by the Group in the underlying assets includes repurchase agreements, residual value guarantees, etc.

##### ① Finance leases

The Group recognizes them as a receivable at an amount equal to the net investment in the lease, and the difference from the carrying amount of the leasing asset as of the commencement date is recognized as profit or loss from disposal of the lease asset. In addition, interest income is recognized by applying the effective interest method for the amount of the Group's net investment in finance leases. Lease-related direct costs are included in the initial recognition of financial lease receivables and are accounted for in a way that reduces the revenue for the lease term.

##### ② Operating leases

The Group recognizes the lease payments as income on straight-line basis, and adds the lease initial direct costs incurred during negotiation and contract phase of the operating lease to the carrying amount of the underlying asset. In addition, the depreciation policy of operating lease assets is consistent with the Group's depreciation policy of other similar assets.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### **(m) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than assets arising from employee benefits, deferred tax assets and non-current assets held for sale, are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

The Group estimates the recoverable amount of an individual asset, and if it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of cash-generating unit ("CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or the CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the goodwill acquired. Any impairment identified at the CGU level will first reduce the carrying amount of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Impairment losses of goodwill cannot be reversed in the subsequent period. For other assets than goodwill, at the end of each reporting period, the Group reviews whether there is any indication that the impairment loss for those assets that was previously recognized no longer exists or has decreased, and reverses the impairment loss only if there is a change in the estimate used to determine the recoverable amount after the recognition of the impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

#### **(n) Non-derivative financial liabilities**

The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability in accordance with the substance of the contractual arrangement and the definitions of financial liabilities.

Transaction costs on the financial liabilities at FVTPL are recognized in profit or loss as incurred.

##### *i) Financial liabilities designated at FVTPL*

Financial liabilities can be irrevocably designated as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or a group of financial instruments is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. The amount of change in the fair value of the financial liabilities designated at FVTPL that is attributable to changes in the credit risk of that liabilities shall be presented in other comprehensive income.

##### *ii) Financial liabilities at FVTPL*

Since initial recognition, financial liabilities at FVTPL are measured at fair value, and changes in the fair value are recognized as profit or loss.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### **3. Material accounting policies (continued)**

#### **(n) Non-derivative financial liabilities (continued)**

##### *iii) Other financial liabilities*

Non-derivative financial liabilities other than financial liabilities at fair value through profit or loss are classified as other financial liabilities, and other financial liabilities include deposits, borrowings, debt securities and etc. At the date of initial recognition, other financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Group derecognizes a financial liability from the consolidated statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

#### **(o) Foreign currency**

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated to presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income.

#### **(p) Equity capital**

##### *i) Hybrid bonds*

The Group classifies an issued financial instrument, or its component parts, as a financial liability or an equity instrument depending on the substance of the contractual arrangement of such financial instrument. Hybrid bonds where the Group has an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation are classified as an equity instrument and presented in equity. Hybrid bonds issued by subsidiaries of the Group are classified as non-controlling interests according to this classification criteria. In addition, distributions paid are treated as net income attributable to non-controlling interests in the consolidated statement of comprehensive income.

##### *ii) Capital adjustment*

The effect of changes in ownership interests in subsidiaries that do not lose control over the equity attributable to owners of the parent is included in capital adjustments.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### **3. Material accounting policies (continued)**

#### **(q) Employee benefits**

##### *i) Short-term employee benefits*

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

##### *ii) Other long-term employee benefits*

The Group's net obligation in respect of other long-term employee benefits that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

##### *iii) Retirement benefits: defined benefit plans*

For the year ended December 31, 2023, defined benefit liabilities related to the defined benefit plan are recognized by deducting the fair value of external reserve from the present value of the defined benefit plan debt.

Defined benefit liabilities are calculated annually by independent actuaries using the predicted unit credit method. If the net present value of the defined benefit obligation less the fair value of the plan assets is an asset then the present value of the economic benefits available to the entity in the form of a refund from the plan or a reduction in future contributions to the plan.

#### **(r) Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions shall be used only for expenditures for which the provisions are originally recognized.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (s) Financial guarantee contract

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee contract.

After initial recognition, financial guarantee contracts are measured at the higher of:

- Loss allowance in accordance with K-IFRS No.1109, 'Financial Instruments'
- The amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of K-IFRS No.1115, 'Revenue from Contracts with Customers'

#### (t) Insurance contracts

##### *i) Definition and classification of insurance contracts*

The Group classifies the insurance contract issued as an insurance contract when assuming significant insurance risk from the policyholder, regardless of its legal form. It is classified as an insurance contract if, based on present value, there is a potential loss exposure and if, under any commercially plausible scenario, significant additional payments (determined on a present value basis) would be required to the policyholder. The assessment of assuming significant insurance risk is performed for each contract at the time of issuance. For reinsurance contracts, they are classified as insurance contracts when transferring significant insurance risk to the reinsurer. Additionally, contracts with discretionary participation features are also classified as insurance contracts.

##### *ii) Recognition and measurement of insurance liabilities (assets) and reinsurance assets (liabilities)*

###### ① Accounting unit

The Group identifies insurance contract portfolios by integrating insurance contracts that are exposed to similar risks and managed together based on coverage, currency, and interest rate types. The Group divides a portfolio of insurance contracts issued into the following groups of insurance contracts based on similarity of profitability. However, for insurance contracts applying the premium allocation approach, it assumes that there is onerous insurance contract (or net loss contract for reinsurance contracts held) at the initial recognition unless evidence suggests otherwise.

A group of insurance contracts issued

- A group of contracts that are onerous at initial recognition.
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- A group of the remaining contracts

A group of reinsurance contracts held

- A group of contracts with net profits at initial recognition.
- A group of contracts that at initial recognition have possibility of having net profits subsequently
- A group of the remaining contracts

The Group does not include contracts with a difference in issuance dates exceeding one year in the same group of insurance contracts issued, and it does not reassess the composition of the group subsequently.



# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (t) Insurance contracts (continued)

##### *ii) Recognition and measurement of insurance liabilities (assets) and reinsurance assets (liabilities)(continued)*

##### ② Recognition of a group of insurance contracts issued

The Group shall recognize a group of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due (If there is no contractual payment due date, the time the first premium is received is considered that date); and
- For a group of onerous contracts, when the group becomes onerous.

The Group recognizes a group of reinsurance contracts held at the beginning of the coverage period of the group of insurance contracts held. However, in the case of proportional reinsurance, if the group of underlying contracts is a group of onerous contract and the group of reinsurance contracts held is concluded at or before the time when the group of underlying contracts is recognized, the Group recognizes a group of reinsurance contracts held at the earlier of the beginning of the coverage period of the group of reinsurance contracts held or the recognition time of the group of underlying insurance contracts which is the onerous contract for the current year. In addition, in the case of proportional reinsurance, the Group recognizes the group of reinsurance contracts held at the time of initial recognition of the group of underlying insurance contracts, if the initial recognition time of the group of underlying insurance contracts is later than the beginning of the coverage period of the group of reinsurance contracts held.

##### ③ Measurement of insurance liabilities (assets) and reinsurance assets (liabilities) under the general model

At the time of initial recognition, the Group measures a group of insurance contracts issued as the sum of fulfillment cash flows (estimates of future cash flows, adjustments to the time value of money related to financial risks to future cash flows, and risk adjustments to non-financial risks) and contractual service margin, and subsequently, as the sum of The liability for remaining coverage or assets (fulfillment cash flow and contractual service margin) and incurred accident liabilities or assets (fulfillment cash flow). The liability for remaining coverage includes the obligation to investigate and pay reasonable insurance benefits according to the current insurance contract for insurance events that have not yet occurred, the obligation to pay amounts related to insurance contract services that have not yet been provided, the obligation to pay amounts related to insurance contract services that have not yet been provided, and represents the obligation to pay investment elements and other amounts that have not been transferred to incurred liability. The liability for incurred claims comprises the obligation to investigate insurance events that have already occurred and pay reasonable insurance premiums and other incurred insurance costs, the obligation to pay amounts related to insurance contract services already provided, and obligation to pay investment elements and other amounts not related to insurance contract services and not included in the liability for remaining coverage.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (t) Insurance contracts (continued)

##### ii) *Recognition and measurement of insurance liabilities (assets) and reinsurance assets (liabilities)(continued)*

##### ③ Measurement of insurance liabilities (assets) and reinsurance assets (liabilities) under the general model(continued)

###### - The estimate of future cash flows

The Group estimates future cash flows using a probability-weighted average based on all relevant, reliable, and neutral information available without undue cost or effort regarding the timing, scope, and uncertainty of future cash flows. Estimates for market variables are consistent with observable market prices and reflect the perspective of the entity, while estimates for non-market variables incorporate all reasonable and reliable internal and external evidence available without undue cost or effort, while ensuring consistency with observable market variables. The Group segregates the future cash flows of reinsurance contracts held from those of the underlying insurance contracts issued and measures them separately, using assumptions consistent with the underlying insurance contracts issued but including the effect of risk of non-performance by the issuer of the reinsurance contract.

###### - Future cash flows within the boundary of the contract

The Group includes all future cash flows within the boundary of a group of insurance contracts issued when measuring the group. Cash flows within the boundary of the contract refer to cash flows up to the reporting period in which there exists a substantive right or obligation to compel the policyholder to pay premiums (or compel the reinsurer to pay reinsurance premiums for a group of reinsurance contracts held) or to provide substantive services under the insurance contract (or receive substantive services from the reinsurer for a group of reinsurance contracts held).

Cash flows within the boundary of the contract include premiums from policyholders, claims and benefits payable to policyholders (including payments linked to underlying items), insurance claim handling expenses, undivided options and guarantees-related cash flows, insurance acquisition cash flows directly attributable to the contract or its portfolio, fixed/variable indirect expenses directly attributable to fulfilling the insurance contract, costs related to investment activities and the provision of investment return services/investment-related services, insurance policy loans, etc; and excludes investment income or future insurance-related cash flows, product development expenses, and training expenses not directly attributable to the insurance contract portfolio.

The substantive obligations to provide insurance contract services (or the substantive right to receive insurance contract services for a group of reinsurance contracts held) ends when there is the practical ability to reassess the risks of the particular policyholder or the risks of the portfolio of insurance contracts(the risk transferred to reinsurance company for a group of reinsurance contracts held), and, as a result, to fully reflect such risks in pricing or settlement; during the reassessment of portfolio pricing, the risks related to periods after the reassessment date is not considered. The Group reassesses the boundary of the contract at the end of each reporting period to reflect changes in circumstances affecting substantive rights and obligations.

###### - Discretionary cash flows

The Group identifies and distinguishes the effects of discretionary cash flow variations, which pertain to amounts or timing of cash flows subject to discretion, and the effects of changes in assumptions related to financial risks on the recognition, separately. Any impact of changes in discretion on recognition is adjusted in contractual service margin. The Group considers any adjustment rate applied to the disclosed benchmark rate as discretionary when applying the disclosed interest rate to payments to policyholders.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (t) Insurance contracts (continued)

##### ii) *Recognition and measurement of insurance liabilities (assets) and reinsurance assets (liabilities)(continued)*

##### ③ Measurement of insurance liabilities (assets) and reinsurance assets (liabilities) under the general model(continued)

###### - Insurance acquisition cash flows

The Group allocates insurance acquisition cash flows directly attributable to the insurance contract portfolio to the group of insurance contracts issued in the portfolio and to the group of future insurance contracts that will be recognized upon renewal of the insurance contracts included in the group in a reasonable and systematic manner. Insurance acquisition cash flows recognized as assets after distribution are assessed for recoverability at the end of each reporting period if the fact and circumstances exist that the asset is impaired. If an impairment loss is identified, it is recognized in profit or loss for the current period and insurance acquisition cash flow assets are adjusted to the carrying amount of insurance acquisition cash flow assets. Insurance acquisition cash flow assets are derecognized when the related group of contracts is initially recognized and are included in the fulfillment cash flow measurement for that group of contracts.

###### - Discount rate

The Group measures the time value of money using a discount rate that reflects the cash flow and liquidity characteristics of insurance contracts while being consistent with current observable market prices and then adjusts future cash flow estimates. To do this, the Group calculates a risk-free interest rate term structure using the Smith-Wilson interpolation method, incorporating yields on government bonds with maturities observed in the market up to the longest term available, along with initial convergence periods and long-term forward interest rates. Liquidity premiums are then added to determine deterministic scenarios. The liquidity premium is derived by multiplying an adjustment ratio to the difference between the risk spread of the representative insurance industry portfolio and the credit risk spread. Additionally, the Group generates 1,000 stochastic scenarios based on this deterministic scenario, reflecting convergence speed parameters and volatility parameters. Deterministic and stochastic scenarios for foreign currencies are calculated separately from scenarios for Korean Won, taking into account the characteristics of each currency.

###### - The adjustment for non-financial risk

The Group explicitly reflects between estimated future cash flows and discount rates, reflecting the compensation of the uncertainty surrounding the amounts and timing of cash flows arising from non-financial risks through adjustments for non-financial risk. These adjustments are made in accordance with insurance regulations and are allocated at the individual contract level through reasonable and systematic methods. For reinsurance contracts held, adjustments for non-financial risk are calculated to reflect the risk transferred from the holder of the reinsurance contract to the reinsurer, consistent with the assumptions applied in the underlying insurance contracts issued.

###### - Contractual service margin

At the time of initial recognition of a group of insurance contracts issued, the Group measures the contractual service margin, which is unrealized profit that will be recognized as insurance contract services are provided in the future, as the amount that does not generate revenue or expenses from:

- i) The amount of fulfillment cash flows expected at initial recognition date for the group of insurance contracts issued.
- ii) All cash flows already incurred from contracts within the group at the initial recognition date.
- iii) The insurance acquisition cash flows allocated to the group at the initial recognition date.
- iv) Other assets or liabilities recognized previously for cash flows associated with the group at the initial recognition date.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (t) Insurance contracts (continued)

##### ii) *Recognition and measurement of insurance liabilities (assets) and reinsurance assets (liabilities)(continued)*

##### ③ Measurement of insurance liabilities (assets) and reinsurance assets (liabilities) under the general model(continued)

In the case of a reinsurance contracts held, the net cost or net gain on purchasing a group of the reinsurance contracts held is recognized as contractual service margin. However, if the net cost of purchasing reinsurance coverage is related to costs incurred prior to purchasing a group of reinsurance contracts held, it is recognized in profit or loss.

- Changes in fulfilment cash flows and contractual service margin.

The Group re-estimates the future cash flows as of the end of each reporting period at current estimates. Changes in fulfilment cash flows related to the future are adjusted in the contractual service margin, while the current and past service-related portions are recognized in profit or loss. The Group also adjusts the contractual service margin for experience adjustments related to future service-related premiums and related insurance acquisition cash flows, as well as for differences between expected and actual investment elements. However, changes in the time value of money and financial risk, changes in estimated fulfilment cash flows for the liabilities for incurred claims (assets), and other experience adjustments related to current and past services are not adjusted in the contractual service margin.

The Group adjusts the current contractual service margin at the end of the reporting period by adding the following amounts to the base amount:

- i) Impact of newly added contracts to the current group of insurance contracts issued.
- ii) Accrued interest on the carrying amount of the contractual service margin, measured at the discount rate determined at initial recognition.
- iii) Changes in future service-related fulfilment cash flows (excluding recognition and recovery elements of losses).
- iv) Effects of currency exchange differences on the contractual service margin.
- v) Amounts recognized in the current period's profit or loss due to the transfer of insurance contract services during the period.

- Loss components and loss recovery components

The Group considers an insurance contract as one that incurs a loss if, at the initial recognition date, the total of the fulfilment cash flows allocated to the insurance contract, previously recognized insurance acquisition cash flows, and cash flows arising from the contract at that date result in a net outflow. Additionally, the Group categorizes a group of insurance contracts issued as a group of onerous contract if, at subsequent measurement dates, adverse fluctuations related to future services allocated to the group of insurance contracts issued exceed the carrying amount of the contractual service margin.

In a group of onerous contracts, there is no contractual service margin, and the measurement of the group consists entirely of the fulfilment cash flows. Any portion at the initial recognition date in the group of onerous contract that is expected to result in a net outflow or exceeds the carrying amount of the contractual service margin subsequently is considered a loss component of that group and recognized as a loss in the current period. After recognizing the loss component, the Group systematically allocates subsequent fluctuations in the remaining insurance liability fulfilment cash flows between the loss component and the liability for remaining coverage, excluding the loss component, based on established criteria. However, subsequent decreases in cash flows related to future services are allocated only to the loss component until it is fully exhausted and recognized in the current period. Any excess beyond the loss component's exhaustion is then recognized as contractual service margin again.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (t) Insurance contracts (continued)

##### ii) *Recognition and measurement of insurance liabilities (assets) and reinsurance assets (liabilities)(continued)*

##### ③ Measurement of insurance liabilities (assets) and reinsurance assets (liabilities) under the general model(continued)

In the case of a group of reinsurance contracts held, when a loss component is recognized in the group of the underlying insurance contracts, the Group calculates the loss recovery component of the group of the reinsurance contracts held by multiplying the expected recovery ratio for claims under the group of the underlying insurance contracts by the loss component attributed to those claims. This loss recovery component is then used to adjust assets for the remaining coverage of the reinsurance group and to adjust the contractual service margin (or directly adjust the remaining insurance liability if the premium allocation approach is applied) for recognition of the current period's profit or loss. The loss recovery component is adjusted to reflect fluctuations in the loss component of the group of the underlying insurance contracts within the range that does not exceed the loss component's carrying amount for the group of the underlying insurance contracts.

##### ④ Measurement of insurance liabilities (assets) under the variable fee approach

The Group applies the variable fee approach to measure insurance liabilities (assets) for insurance contracts with direct participation features that meet the following criteria at inception. The Group provides investment-related services at the commencement of the insurance contract, and the insurance contract has direct participation features. The Group does not reassess the fulfillment of these criteria unless there is a contract modification. The variable fee approach is not applied to reinsurance contracts held.

- i) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items
- ii) the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items
- iii) the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items

In the variable fee approach, it is clear that the obligation to pay an amount equal to the fair value of the underlying items, deducted by the variable fee, constitutes the liability to the policyholder. The variable fee is the company's share of the fair value of the underlying items minus fulfillment cash flows, which do not vary depending on the performance of the underlying items. Fluctuations in the obligation to pay an amount equal to the fair value of the underlying items are not adjusted in the contractual service margin. However, adjustments are made in the contractual service margin for the portion of the fair value of the underlying items attributable to the company and the changes in the fulfillment cash flows not subject to variations based on the performance of the underlying items.

The Group measures the present value of cash flows at the initial recognition date and at the end of the reporting period using the same general model. The contractual service margin is calculated by adjusting the base amount with the following amounts.

- i) The effect of new contracts added to the current group of insurance contracts issued.
- ii) Changes in the portion of the fair value of underlying items attributable to the entity (excluding recognition and reversal of loss components).
- iii) Changes in the fulfillment cash flows related to future services (excluding recognition and reversal of loss components).
- iv) The effect of exchange rate fluctuations on contractual service margins.
- v) Amounts recognized in the current period's profit or loss due to the transfer of insurance contract services during the period.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (t) Insurance contracts (continued)

##### ii) *Recognition and measurement of insurance liabilities (assets) and reinsurance assets (liabilities)(continued)*

⑤ Insurance liabilities (assets) and reinsurance assets (liabilities) measured under the premium allocation approach.

At the inception of a group of insurance contracts issued, if there is a reasonable expectation that the measurement of liabilities for remaining coverage under premium allocation approach does not differ materially from the one under the general model, and if the coverage period for all contracts within the group of insurance contracts issued is one year or less, the insurance liabilities (assets) are measured using the premium allocation approach, which is a simplified method compared to the general model.

The Group measures the liabilities (assets) for remaining coverage at the initial recognition by deducting from the cash received as premiums (or reinsurance premiums paid for reinsurance contracts held), the amount of insurance acquisition cash flows not immediately recognized as expenses (including amounts removed from assets). Subsequently, it determines the carrying amount by adding or subtracting the following amounts from the initial amount:

- i) Premiums received during the reporting period. (reinsurance premiums paid for reinsurance contracts held)
- ii) Insurance acquisition cash flows not recognized as expenses and amortization of those insurance acquisition cash flows
- iii) Adjustments related to significant financial components
- iv) Amount recognized in profit or loss for the reporting period due to providing insurance contract services.
- v) Investment components paid (received for reinsurance contracts held) or transferred to the liability for incurred claims.

The Group does not adjust the carrying amount of the remaining insurance liabilities at the initial recognition date if the coverage period of each contract within the group of insurance contracts issued does not exceed one year, in order to reflect the time value of money and the financial risk effect. Additionally, acquisition cash flows are recognized as expenses when they occur. However, if circumstances indicate that the group of insurance contracts issued incurs losses, the Group performs impairment tests. If the fulfilment cash flows exceed the carrying amount of the remaining insurance liabilities, the difference is recognized as a loss in the current period, is also recognized as increase of the liabilities for remaining coverage.

#### ⑥ Contractor share adjustment

According to K-IFRS 1117, when measuring the liability for participating insurances, it is required to consider dividends when measuring cash flows from participating insurances, and use a discount rate that reflects assumptions and risks.

Unlike the existing accounting practices under K-IFRS 1104, the requirement is not enough to disclose the potential obligations from participating insurances, which leads to the conflict from 'objective of financial under 'conceptual framework'. Considering the conflict may cause users of financial statements misunderstood, the Group measures the liability in accordance with the Article 4-1-2 of the Enforcement Rules for Insurance Business Supervision regarding future potential obligations expected to arise from valuation gains and losses on unrealized assets as of the end of the reporting period.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (t) Insurance contracts (continued)

##### *iii) Recognition of insurance revenue and insurance service expenses*

##### ① Recognition of insurance revenue in general model and variable fee approach model

Insurance revenue is measured as the amount expected to be received in exchange for providing insurance contract services for a group of insurance contracts issued. It consists of the sum of changes in the liabilities for remaining coverage as following and insurance acquisition cash flows:

- i) Insurance service expenses incurred during the period, measured at the amount estimated at the inception date (excluding transaction-related taxes collected on behalf of third parties, allocated amounts to loss components, insurance acquisition costs, investment components repaid to policyholders even if an insured event does not occur, and the executed loan from insurance contracts).
- ii) Changes in the risk adjustment for non-financial risks (excluding allocated amounts to loss components and changes related to future services).
- iii) Contractual service margin recognized in the current period as profit or loss (contractual service margin allocated to current coverage units among all coverage units calculated considering the quantity of benefits payments and the expected duration for coverage within the group of insurance contracts issued, and the frequency and severity of occurrence of insured events).
- iv) Other amounts such as experience adjustments on premiums collected for current or past services.

The Group determines insurance revenue related to insurance acquisition cash flows by allocating the portion of the premiums that related to recovering those cash flows to each reporting period in a systematic way on the basis of the passage of time; also, recognizes the same amount as insurance service expenses.

##### ② Recognition of insurance revenue under the premium allocation approach.

Under the premium allocation approach, insurance revenue is recognized by allocating the expected premium income (excluding investment components) for services provided over each period on the basis of the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, the expected premium income is calculated on the basis of expected timing of incurred insurance service expenses.

##### ③ Recognition of insurance service expenses

The insurance service expenses incurred as a result of issuing the group of insurance contracts issued consist of the following.

- i) Increase in the liabilities for incurred claims and changes in the fulfilment cash flows related to premiums and expenses (excluding repayment of investment components).
- ii) Amortization of insurance acquisition cash flows (the same amount is recognized as insurance revenue and insurance service expenses).
- iii) Changes in loss components recognized for the first time in onerous groups of contracts and loss components related to future services.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (t) Insurance contracts (continued)

##### *iii) Recognition of insurance revenue and insurance service expenses(continued)*

#### ④ Recognition of reinsurance revenue and reinsurance service expenses for the group of reinsurance contracts held.

The revenue and expenses arising from the group of reinsurance contracts held is recognized by adopting the method of recognizing insurance service expenses and insurance revenue of the group of underlying insurance contracts, with adjustments made to reflect the characteristics of reinsurance contracts held (revenue being the amount recovered from reinsurers and expenses being the allocated portion of premiums paid to reinsurers).

##### *iv) Contract modifications and terminations*

The Group derecognises the original contract and recognizes the modified contract as a new contract when the insurance contract terms are changed and specific criteria are met. If the contract modification does not meet such criteria, the effect of the contract modification is accounted for as changes in estimated fulfilment cash flows. There were no instances during the current and prior periods where the original contract was removed and the modified contract was recognized as a new contract. When an insurance contract is extinguished (due to expiration, fulfilment, or cancellation of obligations stated in the insurance contract), the Group removes the insurance contract, adjusts the estimated fulfilment cash flows and contractual service margin related to the removed contract within the group of insurance contracts issued, and reflects the removed contract in the number of coverage units of the group of insurance contracts issued.

##### *v) Change in accounting treatment of accounting estimates measured in the interim financial statements*

The Group has adopted an accounting policy of not changing the accounting treatment of accounting estimates measured in interim financial statements when preparing subsequent interim financial statements and annual financial statements.



# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (t) Insurance contracts (continued)

##### *vi) Presentation*

The Group separately presents the book value of insurance contract portfolio, which is an asset, the book value of the insurance contract portfolio, which is a liability, the reinsurance contract portfolio held, which is an asset, and the reinsurance contract portfolio held, which is a liability, respectively, in the consolidated statement of financial position. Furthermore, it distinguishes between insurance revenue and reinsurance service expenses, as well as insurance service expenses and reinsurance revenue, without offsetting them against each other in the statement of comprehensive income.

The Group includes the time value of money and the effects of financial risks, as well as their fluctuations, in insurance finance income (expenses). The Group has chosen an accounting policy to differentiate between insurance finance income (expenses) for the period as either recognized in the current income or in other comprehensive income. For insurance groups where changes in assumptions related to financial risks significantly impact policyholder benefits, the effective interest rate method is applied. For other insurance groups, the effective interest rate determined at initial recognition is used to calculate insurance finance income (expenses) recognized in the current period. In cases where the variable fee approach is applied to insurance groups holding underlying items, the amount recognized as insurance finance income (expenses) in the current period is determined to eliminate accounting mismatches with the underlying items and recognized in the current income.

##### *vii) Accounting policies related to transitions*

Under K-IFRS 1117, insurance companies are required to identify, recognize, and measure the group of insurance contracts issued (using the retrospective approach) as if they had always applied K-IFRS 1117 before the transition date. However, if this method is impractical, they may choose to apply the modified retrospective approach or the fair value approach. However, for the group of insurance contracts issued with certain direct participation features, even if they meet the criteria for applying the retrospective approach, the fair value approach may be applied.

The Group has applied the modified retrospective approach to the group of insurance contracts issued within three years prior to the transition date (January 1, 2022, the beginning of the annual reporting period preceding the initial application date of K-IFRS 1117 'Insurance Contracts'), covering contracts issued from 2019 to 2021, as well as to the group of insurance contracts acquired through business combinations (date of business combination: January 1, 2019) applying the general model. For other group of insurance contracts issued and reinsurance contracts held, the fair value approach has been adopted. Additionally, the Group adjusted the existing carrying amounts based on historical cost to the current fulfilment value assessment.

The modified retrospective approach aims to achieve results very close to those of fully retrospective application, utilizing reasonable and supportable information without excessive costs or efforts. The fair value approach involves evaluating the group of insurance contracts issued using fair value measurements, as per K-IFRS 1113 '*Fair Value Measurement*'. When applying the fair value approach, items such as contractual service margins for remaining coverage are determined based on the difference between the fair value of the group of insurance contracts issued at the transition date and the fulfilment cash flows.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (u) Recognition of revenues and expenses

The Group's revenues are recognized using five-step revenue recognition model as follows:

① 'Identifying the contract' → ② 'Identifying performance obligations' → ③ 'Determining the transaction price' → ④ 'Allocating the transaction price to performance obligations' → ⑤ 'Recognizing the revenue by satisfying performance obligations'.

##### *i) Interest income and expense*

Interest income and expense are recognized in profit or loss using the effective interest method.

##### *ii) Fees and commission income*

The recognition of revenue for financial service fees depends on the purposes for which the fees are assessed and the basis of accounting for any associated financial instrument.

##### ① Fees that are an integral part of the effective interest rate of a financial instrument

Such fees are generally treated as an adjustment to the effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, preparing and processing documents, closing the transaction and the origination fees received on issuing financial liabilities. However, when the financial instrument is measured at fair value with the change in fair value recognized in profit or loss, the fees are recognized as revenue when the instrument is initially recognized.

##### ② Fees earned as services are provided

Fees and commission income, including investment management fees, sales commission, and account servicing fees, are recognized as the related services are provided.

##### ③ Fees that are earned on the execution of a significant act

The fees that are earned on the execution of a significant act including commission on the allotment of shares or other securities to a client, placement fee for arranging a loan between a borrower and an investor and sales commission, are recognized as revenue when the significant act has been completed.

##### *iii) Dividend income*

Dividend income is recognized when the shareholder's right to receive payment is established. Dividend income is categorized on the classification of equity instruments.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### **3. Material accounting policies (continued)**

#### **(v) Revenue from Contracts with Customers**

The fair value of the consideration received or receivable in exchange for the initial transaction is allocated to the reward points ("points") and the remainder of the fee income. The Group provides compensation in various forms such as payment discounts and free gifts. The consideration to be allocated to the points is estimated based on the fair value of the monetary benefits to be provided in consideration of the expected recovery rate of points awarded in accordance with the customer loyalty program and the expected time of recovery. The consideration allocated to the points is recognized as a consideration to be paid to the customer and deducted from Fees and commission income.

#### **(w) Income tax**

The Group applies a consolidated tax method based on a consolidated tax base and a domestic corporation (hereinafter referred to as the "Consolidated Entity Corporation ") that is fully controlled by the consolidated parent company and the consolidated tax base.

The Group evaluates the feasibility of temporary differences, taking into account the future taxable income of individual companies and consolidated groups, respectively. The change in deferred tax assets (liabilities) was recognized as expense (income), except for the amount associated with items directly added to the equity account.

For additional temporary differences in subsidiaries, associates, and joint venture investment interests, the Group may control the timing of the disappearance of temporary differences. All deferred tax liabilities are recognised except in cases where temporary differences are unlikely to dissipate in the foreseeable future. Deferred tax assets arising from deductible temporary differences are likely to be extinguished in the foreseeable future. In addition, it is recognised when taxable income is likely to be used for temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The carrying amount of deferred tax assets is reduced when it is no longer likely that sufficient taxable income will be generated to use benefits from deferred tax assets.

Tax uncertainties arise from a claim of reassessment or refund of tax that the Group made, or tax investigation etc., due to complexity of transactions or the differences between the Group's tax policy and authority's interpretation. In accordance with K-IFRS 2123, the Group recognizes tax assets when anticipating tax refund on the tax paid due to tax authorities imposing, and tax liabilities when anticipating tax payment due to tax investigations, etc. In addition, the amount expected to be paid as a result of the tax investigation is recognized as the tax liability.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 3. Material accounting policies (continued)

#### (x) Accounting for trust accounts

The Group accounts for trust accounts separately from its bank accounts under the Financial Investment Services and Capital Markets Act No. 114 and thus the trust accounts are not included in the accompanying consolidated financial statements. In this regard, the funds lent to the trust account are counted as trust account loans and loans borrowed from the trust account as other accounting accounts (non-payment of the trust account). In accordance with the Financial Investment Business Regulations, trust remuneration is acquired in connection with the operation, management, and disposal of trust property, and it is counted as the operating profit of trust business.

#### (y) New standards and amendments not yet adopted by the Group

The following new accounting standards and amendments have been published that are not mandatory for annual periods beginning after January 1, 2023, and have not been early adopted by the Group. The Group did not early adopt the following new standards and amendments when preparing consolidated financial statements.

*i) K-IFRS No. 1001 'Presentation of Financial Statements' amended - Classification of Liabilities as Current or Non-current and Borrowing Covenants for Non-current Liabilities*

These amendments, issued in 2020 and 2022, clarify the requirements for the classification of liabilities as current or non-current and require disclosure of information about non-current liabilities that have future borrowing covenants with which they must comply. These amendments are scheduled to take effect from the first fiscal year beginning after January 1, 2024, and the Group does not expect these amendments to have a significant impact on the consolidated financial statements.

*ii) K-IFRS No. 1007 'Cash Flow Statement' and K-IFRS No. 1107 'Financial Instruments: Disclosures' Supplier Finance Agreement*

These amendments require disclosure of notes on supplier finance arrangements to help users of consolidated financial statements understand the impact of supplier finance arrangements on the entity's debt, cash flow and degree of exposure to liquidity risk. These amendments will be applied from fiscal years beginning on or after January 1, 2024, and the Group does not expect this amendment to have a significant impact on the consolidated financial statements.

*iii) The following new and amended standards are not expected to have a significant impact on the consolidated entity.*

- Lease liabilities arising from sale and leaseback transactions (K-IFRS No. 1116 'Lease')
- Crypto assets disclosure (K-IFRS No. 1001 'Financial Statements Presentation')

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### **4. Significant estimates and judgments**

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgment in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

#### **(a) Estimation of impairment of goodwill**

The Group reviews the goodwill annually in accordance with the accounting policy in Note 3. The recoverable amount of the cash-generating unit (group) is determined based on the value-in-use calculation. These calculations are based on estimates.

#### **(b) Income taxes**

The Group is subject to tax laws from various countries. In the normal course of business, there are various types of transactions and different accounting methods that may add uncertainties to the decision of the final income taxes. The Group has recognized current and deferred taxes that reflect tax consequences based on the best estimates in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. However, actual income taxes in the future may not be identical to the recognized deferred tax assets and liabilities, and this difference can affect current and deferred tax at the period when the final tax effect is determined.

#### **(c) Fair value of financial instruments**

The fair values of financial instruments (e.g. over-the-counter derivatives) which are not actively traded in the market are determined by using valuation techniques. The Group determines valuation techniques and assumptions based on significant market conditions at the end of each reporting period. Diverse valuation techniques are used to determine the fair value of financial instruments, from generic valuation techniques to internally developed valuation models that incorporate various types of assumptions and variables.

#### **(d) Allowance for credit loss, guarantees and unused loan commitments**

The Group determines and recognizes allowances for losses on debt securities, loans and other receivables measured at amortized cost or FVOCI, and recognizes provisions for guarantees and unused loan commitments through impairment testing. The accuracy of allowances and provisions for credit losses are determined by the estimation of expected cash flows for individually assessed allowances, and methodology and assumptions used for collectively assessed allowances and provisions for groups of loans, guarantees and unused loan commitments.

#### **(e) Insurance contract assets (liabilities) and reinsurance contract assets (liabilities)**

The Group calculates the present value of the future cash flows of the remaining benefit liabilities and incurred claims liabilities for measurement purposes. This involves estimating the neutral present value of future cash flows, considering the time value of money, adjusting for financial risks associated with future cash flows, and making risk adjustments for non-financial risks. The measurement of the present value of these cash flows is determined by estimating relevant market variables, assessing uncertainties regarding the amounts and timing of future cash flows, considering actuarial and economic assumptions, and other risks.

The Group calculates the profit earned during the period from the provision of insurance contract services based on the number of insurance units of the group of insurance contracts issued. The number of insurance units of the group of insurance contracts issued are determined by the quantitative units of insurance services provided under individual contracts and the expected duration.

## SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

#### **5. Financial risk management**

##### (a) Overview

Shinhan Financial Group Co., Ltd. (collectively the “Group”) manages various risks that may be arisen by each business sector and the major risks to which the Group is exposed include credit risk, market risk, interest rate risk, and liquidity risk. These risks are recognized, measured, controlled and reported in accordance with risk management guidelines established at the controlling company level and at the subsidiary level.

##### *i) Risk management principles*

The risk management principles of the Group are as follows:

- All business activities take into account the balance of risks and profits within a predetermined risk trend.
- The controlling company shall present the Group Risk Management Model Standards and supervise their compliance, and have responsibility and authority for group-level monitoring.
- Operate a risk-related decision-making system that enhances management's involvement.
- Organize and operate risk management organizations independent of the business sector.
- Operate a performance management system that clearly considers risks when making business decisions.
- Aim for preemptive and practical risk management functions.
- Share a cautious view to prepare for possible deterioration of the situation.

##### *ii) Risk management organization*

The basic policies and strategies for risk management of the Group are established by the Risk Management Committee (collectively the "Group Risk Management Committee") within the controlling company's Board of Directors. The Group's Chief Risk Management Officer (CRO) assists the Group Risk Management Committee and consults the risk policies and strategies of the group and each subsidiary through the Group Risk Council, which includes the Chief Risk Management Officer of each subsidiary. The subsidiary implements the risk policies and strategies of the Group through each company's risk management committee, risk-related committee, and risk management organization, and consistently establishes and implements the detailed risk policies and strategies of the subsidiary. The risk management team of the controlling company assists the Group's chief risk management officer for risk management and supervision.

Shinhan Financial Group has a hierarchical limit system to manage the risks of the Group to an appropriate level. The Group Risk Management Committee sets the risk limits that can be assumed by the Group and its subsidiaries, while the Risk Management Committee and the Committee of each subsidiary set and manage detailed risk limits by risk, department, desk and product types.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 5. Financial risk management (continued)

#### (a) Overview (continued)

##### ii) Risk management organization (continued)

###### ① Group Risk Management Committee

The Group established the risk management system for the Group and each of its subsidiaries, and comprehensively manages group risk-related matters such as establishing risk policies, limits, and approvals. The Committee consists of directors of the Group.

The resolution of the Committee is as follows:

- Establish risk management basic policy in line with management strategy
- Determine the level of risk that can be assumed by the Group and each subsidiary
- Approve appropriate investment limit or loss allowance limit
- Enact and amend the Group Risk Management Regulations and the Group Risk Council Regulations
- Matters concerning risk management organization structure and division of duties
- Matters concerning the operation of the risk management system
- Matters concerning the establishment of various limits and approval of limits
- Make decisions on approval of the FSS's internal rating law for non-retail and retail credit rating systems
- Matters concerning risk disclosure policy
- Analysis of crisis situation, related capital management plan and financing plan
- Matters deemed necessary by the board of directors
- Materials required by external regulations such as the Financial Services Commission and other regulations and guidelines
- Matters deemed necessary by the Chairman

The resolution of the Group Risk Management Committee is reported to the Board of Directors.

###### ② Group Risk Management Council

In order to maintain the Group's risk policy and strategy consistently, the Group decides what is necessary to discuss the risks of the Group and to carry out the policies set by the Group Risk Management Committee. The members are chaired by the group's risk management officer and consist of the risk management officers of major subsidiaries.

##### iii) Group Risk Management System

###### ① Management of the Risk Capital

Risk capital refers to the capital required to compensate for the potential loss (risk) if it is actually realized. Risk capital management refers to the management of the risk assets considering its risk appetite, which is a datum point on the level of risk burden compared to available capital, so as to maintain the risk capital at an appropriate level. The Group and subsidiaries establish and operate a risk planning process to reflect the risk plan in advance when establishing financial and business plans for risk capital management, and establish a risk limit management system to control risk to an appropriate level.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 5. Financial risk management (continued)

#### (a) Overview (continued)

##### iii) Group Risk Management System (continued)

##### ② Risk Monitoring

In order to proactively manage risks by periodically identifying risk factors that can affect the group's business environment, the Group has established a multi-dimensional risk monitoring system. Each subsidiary is required to report to the Group on key issues that affect risk management at the group level. The Group prepares weekly, monthly and occasional monitoring reports to report to Group management including the CRO.

In addition, the Risk Dashboard is operated to derive abnormal symptoms through three-dimensional monitoring of major portfolios, increased risks, and external environmental changes of assets for each subsidiary. If necessary, the Group takes preemptive risk management to establish and implement countermeasures.

##### ③ Risk Reviewing

When conducting new product, new business and major policy changes, risk factors are reviewed by using a pre-defined checklist to prevent indiscriminate promotion of business that is not easy to judge risk and to support rational decision making. The subsidiary's risk management department conducts a preliminary review and post-monitoring process on products, services, and projects to be pursued in the business division. In case of matters that are linked or jointly promoted with other subsidiaries, the risk reviews are carried out after prior-consultation with the risk management department of the Group.

##### ④ Risk Management

The Group maintains a group wide risk management system to detect the signals of any risk crisis preemptively and, in the event of a crisis actually happening, to respond on a timely, efficient and flexible basis so as to ensure the Group's survival as a going concern. Each subsidiary maintains crisis planning for four levels of contingencies, namely, 'cautious', 'alert', 'imminent crisis' and 'crisis' determination of which is made based on quantitative and qualitative monitoring and consequence analysis, and upon the happening of any such contingency, is required to respond according to a prescribed contingency plan. At the controlling company level, the Group maintains and installs crisis detection and response system which is applied consistently group-wide, and upon the happening of any contingency at two or more subsidiary level, the Group directly takes charge of the situation so that the Group manages it on a concerted group wide basis.



# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 5. Financial risk management (continued)

#### (b) Credit risk

Credit risk is the risk of potential economic loss that may be caused if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and is the largest risk which the Group is facing. The Group's credit risk management encompasses all areas of credit that may result in potential economic loss, including not just transactions that are recorded on balance sheets, but also off-balance-sheet transactions such as guarantees, loan commitments and derivative transactions.

Shinhan Bank's basic policy on credit risk management is determined by the Risk Policy Committee. The Risk Policy Committee consists of the chairman of the Chief Risk Officer (CRO), the Chief Credit Officer (CCO), the head of the business group, and the head of the risk management department, and decides the credit risk management plan and the direction of the loan policy for the entire bank. Apart from the Risk Policy Committee, the Credit Review Committee is established to separate credit monitoring, such as large loans and limit approval, and is composed of chairman, the CCO, CRO and the head of the group in charge of the credit-related business group, the head of the credit planning department, and the senior examination team to enhance the credit quality of the loan and profitability of operation.

Shinhan Bank's credit risk management includes processes such as credit evaluation, credit monitoring, and credit supervision, and credit risk measurement of counterparties and limit management processes and credit risk measurements for portfolios. All loan customers of Shinhan Bank are evaluated and managed with credit ratings. Retail customers are evaluated by summing up the information of personal information Shinhan Bank's internal information and external credit information, and the corporate customers are evaluated by considering financial and non-financial items such as industrial risk, operating risk, and management risk. The evaluated credit rating is used for credit approval, limit management, pricing, credit loss provisioning, etc., and is the basis for credit risk management. The credit evaluation system is divided into an evaluation system for retail customers, a SOHO evaluation system, and an evaluation system for corporate customers. It is subdivided and refined by each model to reflect the Basel III requirements. The corporate credit decision is based on a collective decision-making system, making objective and prudent decisions. In the case of a general credit of loans, the credit is approved based on the consultation between branch's RM (Relationship Manager) and loan officers of each business division's headquarters. In the case of a large or important credit, the credit is approved by the review council. In particular, the Credit Deliberation Committee, the highest decision-making body of the loan, reviews for important loans such as large loans. Credits for retail customers are monitored by an automated credit scoring systems (CSS) based on objective statistical methods and bank credit policies.

Shinhan Bank operates a regular monitoring system for the regular management of individual loans. The loan officers and RM evaluate the adequacy of the result of the loan review by automatically searching for anticipated insolvent companies among business loan partners, and if necessary, the credit rating of the corporate is requested of an adjustment. In accordance with these procedures, the corporate customers are classified as an early warning company, an observation company, and a normal company, and then are managed differently according to the management guidelines for each risk stage, thereby preventing the insolvency of the loan at an early stage. The financial analysis support system affiliated with a professional credit rating agency supports credit screening and management, and the credit planning department calculates and manages industrial grades, and analyzes and provides industry trends and company information. In order to control the credit risk for the credit portfolio to an appropriate level, credit VaR limits are set and managed for each business and business sector, and to prepare for the credit risk caused by biased exposure to specific sectors, the Group sets and manages exposure limits for each sector by the party, industry, country, etc.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 5. Financial risk management (continued)

#### (b) Credit risk (continued)

Shinhan Card's basic policy on credit risk is determined by the Risk Management Committee. The Risk Management Committee consists of the Risk Management Officer (CRO) as the chairperson, and is composed of the heads of each business division and supporting division, and the heads of related departments. Apart from the RMC, a credit committee in charge of monitoring corporate credits and other important credits over a certain amount has been established to separate credit policy decisions from credit monitoring.

Shinhan Card's credit rating system is divided into ASS (Application Scoring System) and BSS (Behavior Scoring System). Unless a customer fall under "rejections due to policy" (such circumstances include delinquency of other credit card companies) and his/her credit rating is above a certain rate, an application of AS is approved. There is a separate screening criterion for credit card customers, who has maintained its relationship with Shinhan Financial Group for a long-term and has a good credit history. In addition, the elements of credit ratings are used as the basis for setting limits when issuing cards. The BSS, which is recalculated monthly, predicts the delinquency probability of cardholders, and utilizes it to monitor members and monitor portfolio risk.

#### *i) Techniques, assumptions and input variables used to measure impairment*

##### i-1) Determining significant increases in credit risk since initial recognition

At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses.

To make the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, and is indicative of significant increases in credit risk since initial recognition. Information includes the default experience data held by the Group and analysis by an internal credit rating expert.

##### i-1-1) Measuring the risk of default

The Group assigns an internal credit risk rating to each individual exposure based on observable data and historical experiences that have been found to have a reasonable correlation with the risk of default. The internal credit risk rating is determined by considering both qualitative and quantitative factors that indicate the risk of default, which may vary depending on the nature of the exposure and the type of borrower.

##### i-1-2) Measuring term structure of probability of default

Internal credit risk rating is the main variable inputs to determine the duration structure for the risk of default. The Group accumulates information after analyzing the information regarding exposure to credit risk and default information by the type of product and borrower and results of internal credit risk assessment. For some portfolios, the Group uses information obtained from external credit rating agencies when performing these analyses.

The Group applies statistical techniques to estimate the probability of default for the remaining life of the exposure from the accumulated data and to estimate changes in the estimated probability of default over time.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
December 31, 2023 and 2022

**5. Financial risk management (continued)**

**(b) Credit risk (continued)**

*i) Techniques, assumptions and input variables used to measure impairment (continued)*

i-1-3) Significant increases in credit risk

The Group uses the indicators defined as per portfolio to determine the significant increase in credit risk and such indicators generally consist of changes in the risk of default estimated from changes in the internal credit risk rating, qualitative factors, days of delinquency, and others. The method used to determine whether credit risk of financial instruments has significantly increased after the initial recognitions is summarized as follows:

<u>Corporate exposures</u>	<u>Retail exposures</u>	<u>Card exposures</u>
Significant change in credit ratings	Significant change in credit ratings	Significant change in credit ratings
Continued past due more than 30 days	Continued past due more than 30 days	Continued past due more than 7 days (personal card)
Loan classification of precautionary or below	Loan classification of precautionary or below	Loan classification of precautionary or below
Borrower with early warning signals	Borrower with early warning signals	Specific delinquent pool segment
Negative net assets	Specific pool segment	
Adverse audit opinion or disclaimer of opinion	Collective loans for housing for which the constructors are insolvent	
Interest coverage ratio below 1 for a consecutive period of three years or negative cash flows from operating activities for a consecutive period of two years	Loans with identified indicators for significant increases in other credit risk	
Loans with identified indicators for significant increases in other credit risk		

The Group assumes that the credit risk of the financial instrument has been increased significantly since initial recognition if a specific exposure is past due more than 30 days (except, for a specific portfolio if it is past due more than 7 days). The Group counts the number of days past due from the earliest date on which the Group fails to fully receive the contractual payments from the borrower, and does not take into account the grace period granted to the borrower.

The Group regularly reviews the criteria for determining if there have been significant increases in credit risk from the following perspective:

- A significant increase in credit risk shall be identified prior to the occurrence of default.
- The criteria established to judge the significant increase in credit risk shall have a more predictive power than the criteria for days of delinquency.
- As a result of applying the judgment criteria, there should be no excessively frequent movement between the 12-month expected credit loss accumulation target and the entire period expected credit loss accumulation target.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 5. Financial risk management (continued)

#### (b) Credit risk (continued)

##### *i) Techniques, assumptions and input variables used to measure impairment (continued)*

##### i-2) Modified financial assets

If the contractual cash flows on a financial asset have been modified through renegotiation and the financial asset is not derecognized, the Group assesses whether there has been a significant increase in the credit risk of the financial instrument by comparing the risk of a default occurring at initial recognition based on the original, unmodified contractual terms and the risk of a default occurring at the reporting date based on the modified contractual terms.

The Group may adjust the contractual cash flows of loans to customers who are in financial difficulties in order to manage the risk of default and enhance the collectability (hereinafter referred to as 'debt restructuring'). These adjustments generally involve extension of maturity, changes in interest payment schedule, and changes in other contractual terms.

Debt restructuring is a qualitative indicator of a significant increase in credit risk and the Group recognizes lifetime expected credit losses for the exposure expected to be the subject of such adjustments. If a borrower faithfully makes payments of contractual cash flows that are modified in accordance with the debt restructuring or if the borrower's internal credit rating has recovered to the level prior to the recognition of the lifetime expected credit losses, the Group recognizes the 12-month expected credit losses for that exposure again.

##### i-3) Risk of default

The Group considers a financial asset to be in default if it meets one or more of the following conditions:

- If a borrower is overdue 90 days or more from the contractual payment date,
- If the Group judges that it is not possible to recover principal and interest without enforcing the collateral on a financial asset

The Group uses the following indicators when determining whether a borrower is in default:

- Qualitative factors (e.g. breach of contractual terms),
- Quantitative factors (e.g. if the same borrower does not perform more than one payment obligations to the Group, the number of days past due per payment obligation. However, in the case of a specific portfolio, the Group uses the number of days past due for each financial instrument),
- Internal observation data and external data

The definition of default applied by the Group generally conforms to the definition of default defined for regulatory capital management purposes; however, depending on the situations, the information used to determine whether a default has occurred and the extent thereof may vary.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

5. Financial risk management (continued)

(b) Credit risk (continued)

i) Techniques, assumptions and input variables used to measure impairment (continued)

i-4) Reflection of forward-looking information

The Group reflects future forward-looking information presented by a group of internal experts based on various information when measuring expected credit losses. The Group utilizes economic forecasts disclosed by domestic and foreign research institutes, governments, and public institutions to predict forward-looking information.

The Group reflects future macroeconomic conditions anticipated from a neutral standpoint that is free from bias in measuring expected credit losses. Expected credit losses in this respect reflect conditions that are most likely to occur and are based on the same assumptions that the Group used in its business plan and management strategy.

The Group analyzed the data experienced in the past, derived correlations between major macroeconomic variables and credit risks required for predicting credit risk and credit loss for each portfolio, and then reflected future forecast information through regression estimation. To reflect the economic uncertainty of domestic and international situation, the Group has reviewed the 3 scenarios of upside, central and downside to reflect the final forward-looking information. For the years ended December 31, 2023 and 2022, macroeconomic variables used by the Group are as follows for each scenario.

<December 31, 2023>

① Upside scenario

Major variables (*1)	Correlation between credit risks	2023.4Q (*2),( *3)	2024 (*2),( *3)			
			1Q	2Q	3Q	4Q
GDP growth rate (YoY %)	(-)	2.1	2.2	2.1	2.2	2.1
Private consumption index (YoY %)	(-)	1.8	1.7	2.3	2.5	2.4
Facility investment growth rate (YoY %)	(-)	(6.4)	(0.6)	(0.2)	4.0	5.0
Consumer price index growth rate (%)	(+)	3.2	2.6	2.4	2.1	1.8
Balance on current account (100 million dollars)	(-)	140.0	80.0	90.0	130.0	150.0
Government bond 3y yields (%)	-	3.7	3.6	3.6	3.3	3.1

② Central scenario

Major variables (*1)	Correlation between credit risks	2023.4Q (*2),( *3)	2024 (*2),( *3)			
			1Q	2Q	3Q	4Q
GDP growth rate (YoY %)	(-)	1.5	1.6	1.4	1.5	1.8
Private consumption index (YoY %)	(-)	0.9	0.7	1.2	1.4	2.0
Facility investment growth rate (YoY %)	(-)	(7.5)	(2.0)	(1.7)	2.4	3.9
Consumer price index growth rate (%)	(+)	3.4	2.8	2.8	2.5	2.1
Balance on current account (100 million dollars)	(-)	130.0	70.0	80.0	110.0	140.0
Government bond 3y yields (%)	-	3.7	3.6	3.6	3.5	3.3

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
December 31, 2023 and 2022

**5. Financial risk management (continued)**

**(b) Credit risk (continued)**

*i) Techniques, assumptions and input variables used to measure impairment (continued)*

i-4) Reflection of forward-looking information (continued)

③ Downside scenario

Major variables (*1)	Correlation between credit risks	2023.4Q (*2),(*3)	2024 (*2),(*3)			
			1Q	2Q	3Q	4Q
GDP growth rate (YoY %)	(-)	1.1	1.1	0.8	0.9	1.2
Private consumption index (YoY %)	(-)	0.4	0.0	0.3	0.6	1.0
Facility investment growth rate (YoY %)	(-)	(8.3)	(3.8)	(4.0)	0.2	1.4
Consumer price index growth rate (%)	(+)	3.6	3.2	3.2	3.0	2.7
Balance on current account (100 million dollars)	(-)	120.0	60.0	70.0	100.0	120.0
Government bond 3y yields (%)	-	3.7	3.7	3.6	3.6	3.6

④ Worst scenario

Major variables (*1)	Correlation between credit risks	Economic Crisis for 1 year (*4)
GDP growth rate (YoY %)	(-)	(5.1)
Private consumption index (YoY %)	(-)	(11.9)
Facility investment growth rate (YoY %)	(-)	(38.6)
Consumer price index growth rate (%)	(+)	7.5
Balance on current account (100 million dollars)	(-)	401.1
Government bond 3y yields (%)	-	6.7

(\*1) As a result of examining the correlation between each variable, Shinhan Bank applied the GDP growth rate and private consumption index increase rate, etc. as the major variables to reflect the final forward-looking information, while, Shinhan Card applied the private consumption rate and CPI increase rate, etc. as the major variables. In addition to the table above, the Group has selected unemployment rate and KOSPI forecasts.

(\*2) Considering the default forecast period, the Group reflected the future economic outlook.

(\*3) The macroeconomic outlook figures are estimated by the Group for the purpose of calculating expected credit losses based on information from domestic and foreign research institutes. Therefore, it could be different from other institutions' estimates.

(\*4) Shinhan Bank and Jeju Bank reviewed and reflected the Worst scenario (during the foreign exchange crisis) in addition to the three scenarios of Upside, Central and Downside.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

**5. Financial risk management (continued)**

**(b) Credit risk (continued)**

i) Techniques, assumptions and input variables used to measure impairment (continued)

i-4) Reflection of forward-looking information (continued)

<December 31, 2022>

① Upside scenario

Major variables (*1)	Correlation between credit risks	2022.4Q (*2),( *3)	2023 (*2),( *3)			
			1Q	2Q	3Q	4Q
GDP growth rate (YoY %)	(-)	1.4	1.6	1.7	2.5	3.9
Private consumption index (YoY %)	(-)	3.6	4.9	2.8	2.1	3.6
Facility investment growth rate (YoY %)	(-)	6.6	1.5	2.0	(4.2)	5.3
Consumer price index growth rate (%)	(+)	5.3	5.0	4.0	3.4	3.0
Balance on current account (100 million dollars)	(-)	15.0	30.0	40.0	80.0	100.0
Government bond 3y yields (%)	-	3.9	3.7	4.0	4.0	4.0

② Central scenario

Major variables (*1)	Correlation between credit risks	2022.4Q (*2),( *3)	2023 (*2),( *3)			
			1Q	2Q	3Q	4Q
GDP growth rate (YoY %)	(-)	1.4	0.4	0.5	1.2	3.7
Private consumption index (YoY %)	(-)	3.6	3.8	1.5	0.6	2.8
Facility investment growth rate (YoY %)	(-)	6.6	0.8	1.0	(5.3)	4.6
Consumer price index growth rate (%)	(+)	5.3	5.3	4.4	3.8	3.4
Balance on current account (100 million dollars)	(-)	15.0	20.0	30.0	60.0	80.0
Government bond 3y yields (%)	-	3.9	4.0	4.2	4.2	4.2

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

**5. Financial risk management (continued)**

**(b) Credit risk (continued)**

*i) Techniques, assumptions and input variables used to measure impairment (continued)*

i-4) Reflection of forward-looking information (continued)

③ Downside scenario

Major variables (*1)	Correlation between credit risks	2022.4Q (*2),(*3)	2023 (*2),(*3)			
			1Q	2Q	3Q	4Q
GDP growth rate (YoY %)	(-)	1.4	(0.4)	(0.5)	(0.1)	2.9
Private consumption index (YoY %)	(-)	3.6	2.9	0.3	(0.8)	1.9
Facility investment growth rate (YoY %)	(-)	6.6	0.2	0.3	(6.4)	3.4
Consumer price index growth rate (%)	(+)	5.3	5.7	4.8	4.4	3.8
Balance on current account (100 million dollars)	(-)	15.0	10.0	20.0	40.0	60.0
Government bond 3y yields (%)	-	3.9	4.3	4.6	4.6	4.6

④ Worst scenario

Major variables (*1)	Correlation between credit risks	Economic Crisis for 1 year (*4)
GDP growth rate (YoY %)	(-)	(5.1)
Private consumption index (YoY %)	(-)	(11.9)
Facility investment growth rate (YoY %)	(-)	(38.6)
Consumer price index growth rate (%)	(+)	7.5
Balance on current account (100 million dollars)	(-)	401.1
Government bond 3y yields (%)	-	4.4

(\*1) As a result of examining the correlation between each variable, Shinhan Bank applied the GDP growth rate and private consumption index increase rate, etc. as the major variables to reflect the final forward-looking information, while, Shinhan Card applied the GDP growth rate, facility investment change rate, and current account balance, etc. as the major variables. In addition to the table above, the Group has selected unemployment rate and KOSPI forecasts.

(\*2) Considering the default forecast period, the Group reflected the future economic outlook.

(\*3) The macroeconomic outlook figures are estimated by the Group for the purpose of calculating expected credit losses based on information from domestic and foreign research institutes. Therefore, it could be different from other institutions' estimates.

(\*4) Shinhan Bank and Jeju Bank reviewed and reflected the Worst scenario (during the foreign exchange crisis) in addition to the three scenarios of Upside, Central and Downside.



## SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

#### **5. Financial risk management (continued)**

##### **(b) Credit risk (continued)**

###### *i) Techniques, assumptions and input variables used to measure impairment (continued)*

###### i-4) Reflection of forward-looking information (continued)

The predicted correlations between the macroeconomic variables and the risk of default, used by the Group, are derived based on long-term data over the past ten years.

The recent historical default rate is an important reference when estimating the default rate in consideration of the future economic outlook. Despite the economic contraction caused by the COVID-19 since 2020, the historical default rate of the Group's has remained stable because of various government support in response to the COVID-19. The Group manages the credit risk through classifying borrowers in moratorium of interest payments and moratorium of repayment that is one of the financial relief programs into Stage2 to reflect the impact of potential insolvency. In addition, credit risk is managed through additional expected loss assessments for non-retail and retail SOHO loans of borrowers holding the relevant loans, extended maturity loans and estimated loss loans from financial support programs.

The Group has considered multiple economic scenarios in applying forward-looking information to measure the expected credit losses. Assuming a 100% weighting of Upside, Central, Downside and Worst scenarios, the sensitivity to the Group's provision for expected credit loss is not significant.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

### 5. Financial risk management (continued)

#### (b) Credit risk (continued)

i-5) Measurement of expected credit losses

Key variables used in measuring expected credit losses are as follows:

- Probability of default (“PD”)
- Loss given default (“LGD”)
- Exposure at default (“EAD”)

These variables have been estimated from historical experience data by using the statistical techniques developed internally by the Group and have been adjusted to reflect forward-looking information.

Estimates of PD over a specified period are estimated by reflecting characteristics of counterparties and their exposure, based on a statistical model at a specific point of time. The Group uses its own information to develop a statistical credit assessment model used for the estimation, and additional information observed in the market is considered for some portfolios such as a group of large corporates. When a counterparty or exposure is concentrated in specific grades, the method of measuring PD for those grades would be adjusted, and the PD by grade is estimated by considering contract expiration of the exposure.

LGD refers to the expected loss if a borrower defaults. The Group calculates LGD based on the experience recovery rate measured from past default exposures. The model for measuring LGD is developed to reflect type of collateral, seniority of collateral, type of borrower, and cost of recovery. In particular, LGD for retail loan products uses loan to value (LTV) as a key variable. The recovery rate reflected in the LGD calculation is based on the present value of recovery amount, discounted at the effective interest rate.

EAD refers to the expected exposure at the time of default. The Group derives EAD reflecting a rate at which the current exposure is expected to be used additionally up to the point of default within the contractual limit. EAD of financial assets is equal to the total carrying amount of the asset, and EAD of loan commitments or financial guarantee contracts is calculated as the sum of the amount expected to be used in the future.

In measuring expected credit losses on financial assets, the Group uses the contractual maturity as the period subject to expected credit loss measurement. The contractual maturity is computed taking into account the extension right held by the borrower.

Risk factors of PD, LGD and EAD are collectively estimated according to the following criteria:

- Type of products
- Internal credit risk rating
- Type of collateral
- Loan to value (“LTV”)
- Industry that the borrower belongs to
- Location of the borrower or collateral
- Days of delinquency

The criteria classifying groups is periodically reviewed to maintain homogeneity of the group and adjusted if necessary. The Group uses external benchmark information to supplement internal information for a particular portfolio that did not have sufficient internal data accumulated from the past experience.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(b) Credit risk (continued)**

*i) Techniques, assumptions and input variables used to measure impairment (continued)*

i-6) Write-off of financial assets

The Group writes off a portion of or entire loan or debt security that is not expected to receive its principal and interest. In general, the Group conducts write-off when it is deemed that the borrower has no sufficient resources or income to repay the principal and interest. Such determination on write-off is carried out in accordance with the internal rules of the Group and is carried out with the approval of an external institution, if necessary. Apart from write-off, the Group may continue to exercise its right of collection under its own recovery policy even after the write-off of financial assets.

*ii) Maximum exposure to credit risk*

Exposure to credit risk is the exposure related to due from banks, loans, investments in debt securities, derivative transactions, off-balance sheet accounts such as loan commitment. The exposures of due from banks and loans are classified into government, bank, corporation or retail based on the exposure classification criteria of BASEL III credit risk weights, and the net carrying amount, excluding provisions, is presented as the maximum amount that can be exposed by credit risk.

The Group's maximum exposure to credit risk without taking into account of any collateral held or other credit enhancements as of December 31, 2023 and 2022 is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Due from banks and loans at amortized cost (*1),(*)3):		
Banks	₩ 15,099,247	20,581,854
Retail	177,454,344	178,488,924
Government/Public sector/Central bank	21,981,065	15,534,834
Corporations	202,763,657	193,664,558
Card receivable	26,896,950	27,375,162
	<u>444,195,263</u>	<u>435,645,332</u>
Due from banks and loans at fair value through profit or loss (*3):		
Banks	238,740	135,214
Corporations	1,550,565	2,280,081
	<u>1,789,305</u>	<u>2,415,295</u>
Securities at fair value through profit or loss	65,575,798	55,235,273
Securities at fair value through other comprehensive income	88,637,000	83,796,575
Securities at amortized cost (*1)	35,686,487	33,371,198
Derivative assets	4,711,421	6,460,652
Other financial assets (*1),(*)2)	26,880,554	21,826,601
Guarantee contracts	18,374,287	18,226,546
Loan commitments and other credit liabilities	212,078,870	205,488,825
	<u>₩ 897,928,985</u>	<u>862,466,297</u>

(\*1) The maximum exposure amounts for due from banks, loans, securities at amortized cost and other financial assets at amortized cost are recorded as net of allowances.

(\*2) Other financial assets mainly comprise of accounts receivable, accrued income, deposits, domestic exchange settlement debit and suspense payments.

(\*3) Classified as similar credit risk group based on calculation of the BIS ratio under new Basel Capital Accord (Basel III).

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(b) Credit risk (continued)

iii) The maximum amount of exposure to credit risk by type of collateral as of December 31, 2023 and 2022 is as follows:

Classification	December 31, 2023			
	12 months Expected credit loss	Life time expected credit loss		Total
		Not impaired	Impaired	
Guarantee	₩ 57,461,539	10,231,324	479,278	68,172,141
Deposits and Savings	2,680,530	356,489	7,391	3,044,410
Property and equipment	1,610,021	470,284	10,269	2,090,574
Real estate	141,472,617	20,751,067	389,560	162,613,244
Securities	2,106,426	286,855	251,272	2,644,553
Others	11,500	-	-	11,500
Total	₩ 205,342,633	32,096,019	1,137,770	238,576,422

Classification	December 31, 2022			
	12 months Expected credit loss	Life time expected credit loss		Total
		Not impaired	Impaired	
Guarantee	₩ 61,643,599	8,583,456	275,460	70,502,515
Deposits and Savings	2,814,723	287,890	4,348	3,106,961
Property and equipment	1,546,908	404,440	11,523	1,962,871
Real estate	136,345,418	17,439,371	317,213	154,102,002
Securities	2,325,294	243,734	159,040	2,728,068
Total	₩ 204,675,942	26,958,891	767,584	232,402,417

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. **Financial risk management (continued)**

(b) **Credit risk (continued)**

iv) *Impairment information by credit risk of financial assets*

Details of impaired financial assets due to credit risk as of December 31, 2023 and 2022 are as follows:

	December 31, 2023								Mitigation of credit risk due to collateral
	12-month expected credit loss		Life time expected credit loss			Total	Allowances	Net	
	Grade 1	Grade 2	Grade 1	Grade 2	Impaired				
Due from banks and loans at amortized cost:									
Banks	₩ 12,465,770	2,260,226	392,061	80	-	15,118,137	(18,890)	15,099,247	39,768
Retail	158,067,855	6,429,281	8,934,566	3,839,919	1,054,827	178,326,448	(872,104)	177,454,344	122,490,514
Government/Public sector/									
Central bank	20,226,305	1,680,151	82,000	2,952	-	21,991,408	(10,343)	21,981,065	2,500
Corporations	118,154,965	46,714,178	16,503,560	22,375,111	1,312,424	205,060,238	(2,296,581)	202,763,657	113,085,005
Card receivable	20,593,023	2,701,607	1,507,605	2,602,802	645,604	28,050,641	(1,153,691)	26,896,950	14,382
	<u>329,507,918</u>	<u>59,785,443</u>	<u>27,419,792</u>	<u>28,820,864</u>	<u>3,012,855</u>	<u>448,546,872</u>	<u>(4,351,609)</u>	<u>444,195,263</u>	<u>235,632,169</u>
Securities at fair value through other comprehensive income (*)	78,098,959	10,446,092	-	91,949	-	88,637,000	-	88,637,000	-
Securities at amortized cost	33,585,503	2,104,884	-	7,523	-	35,697,910	(11,423)	35,686,487	-
	<u>₩ 441,192,380</u>	<u>72,336,419</u>	<u>27,419,792</u>	<u>28,920,336</u>	<u>3,012,855</u>	<u>572,881,782</u>	<u>(4,363,032)</u>	<u>568,518,750</u>	<u>235,632,169</u>

(\*) Credit loss allowance recognized as other comprehensive income of securities at fair value through other comprehensive income amounted to ₩ 42,477 million as of December 31, 2023.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(b) Credit risk (continued)

iv) Impairment information by credit risk of financial assets (continued)

Details of impaired financial assets due to credit risk as of December 31, 2023 and 2022 are as follows (continued):

	<b>December 31, 2022</b>								
	<u>12-month expected credit loss</u>		<u>Life time expected credit loss</u>				<u>Allowances</u>	<u>Net</u>	<u>Mitigation of credit risk due to collateral</u>
	<u>Grade 1</u>	<u>Grade 2</u>	<u>Grade 1</u>	<u>Grade 2</u>	<u>Impaired</u>	<u>Total</u>			
Due from banks and loans at amortized cost:									
Banks	₩ 16,363,281	4,130,712	111,593	177	-	20,605,763	(23,909)	20,581,854	42,418
Retail	160,840,816	6,846,625	8,544,051	2,340,393	704,302	179,276,187	(787,263)	178,488,924	124,227,988
Government/Public sector/									
Central bank	14,454,878	1,071,236	15,755	557	-	15,542,426	(7,592)	15,534,834	9,000
Corporations	116,945,328	47,287,352	12,582,994	17,780,729	880,845	195,477,248	(1,812,690)	193,664,558	104,986,693
Card receivable	20,858,888	2,727,744	1,671,259	2,662,353	493,480	28,413,724	(1,038,562)	27,375,162	12,589
	<u>329,463,191</u>	<u>62,063,669</u>	<u>22,925,652</u>	<u>22,784,209</u>	<u>2,078,627</u>	<u>439,315,348</u>	<u>(3,670,016)</u>	<u>435,645,332</u>	<u>229,278,688</u>
Securities at fair value through other comprehensive income (*)	74,623,066	9,106,311	-	67,198	-	83,796,575	-	83,796,575	-
Securities at amortized cost	31,727,910	1,643,689	-	10,515	-	33,382,114	(10,916)	33,371,198	-
	<u>₩ 435,814,167</u>	<u>72,813,669</u>	<u>22,925,652</u>	<u>22,861,922</u>	<u>2,078,627</u>	<u>556,494,037</u>	<u>(3,680,932)</u>	<u>552,813,105</u>	<u>229,278,688</u>

(\*) Credit loss allowance recognized as other comprehensive income of securities at fair value through other comprehensive income amounted to ₩ 40,614 million as of December 31, 2022.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(b) Credit risk (continued)

v) Credit risk exposures per credit grade of off-balance items

Credit risk exposures per credit grade of off-balance items as of December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>			
		<b>Grade 1</b>	<b>Grade 2</b>	<b>Impaired</b>	<b>Total</b>
Guarantee contracts:					
12-month expected credit loss	₩	15,112,974	2,578,086	-	17,691,060
Life time expected credit loss		513,229	168,287	-	681,516
Impaired		-	-	1,711	1,711
		<u>15,626,203</u>	<u>2,746,373</u>	<u>1,711</u>	<u>18,374,287</u>
Loan commitment and other credit line					
12-month expected credit loss		181,662,271	19,763,504	-	201,425,775
Life time expected credit loss		7,510,601	3,138,342	-	10,648,943
Impaired		-	-	4,152	4,152
		<u>189,172,872</u>	<u>22,901,846</u>	<u>4,152</u>	<u>212,078,870</u>
	₩	<u>204,799,075</u>	<u>25,648,219</u>	<u>5,863</u>	<u>230,453,157</u>
		<b>December 31, 2022</b>			
		<b>Grade 1</b>	<b>Grade 2</b>	<b>Impaired</b>	<b>Total</b>
Guarantee contracts:					
12-month expected credit loss	₩	14,262,990	3,314,584	-	17,577,574
Life time expected credit loss		386,159	164,400	-	550,559
Impaired		-	-	98,413	98,413
		<u>14,649,149</u>	<u>3,478,984</u>	<u>98,413</u>	<u>18,226,546</u>
Loan commitment and other credit line					
12-month expected credit loss		178,765,686	17,418,916	-	196,184,602
Life time expected credit loss		6,287,658	3,011,715	-	9,299,373
Impaired		-	-	4,850	4,850
		<u>185,053,344</u>	<u>20,430,631</u>	<u>4,850</u>	<u>205,488,825</u>
	₩	<u>199,702,493</u>	<u>23,909,615</u>	<u>103,263</u>	<u>223,715,371</u>

vi) Credit qualities are classified based on the internal credit rating as follows:

<b>Type of Borrower</b>	<b>Grade 1</b>	<b>Grade 2</b>
Individuals	Probability of default below 2.25% for each pool	Probability of default 2.25% or above for each pool
Government/Public agency/Central bank	OECD sovereign credit rating of 6 or above	OECD sovereign credit rating of below 6
Banks and Corporations (Including credit card bond)	Internal credit rating of BBB+ or above	Internal credit rating of below BBB+
Card receivables (Individuals)	Behavior scoring system of 7 grade or above	Behavior scoring system of below 7 grade

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(b) Credit risk (continued)**

*vii) Credit risk exposures per credit quality of derivative assets*

Credit risk exposures per credit quality of derivative assets as of December 31, 2023 and 2022 are as follows:

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Grade 1	₩	4,264,499	5,941,421
Grade 2		446,922	519,231
	₩	<u>4,711,421</u>	<u>6,460,652</u>

(\*) Credit risk per credit quality of derivative assets is classified based on the internal credit ratings.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. **Financial risk management (continued)**

(b) **Credit risk (continued)**

viii) *Concentration by geographic location*

An analysis of concentration by geographic location for financial instrument, net of allowance, as of December 31, 2023 and 2022 are as follows:

Classification (*)	December 31, 2023								Total
	Korea	USA	UK	Japan	Germany	Vietnam	China	Other	
Due from banks and loans at amortized cost									
Banks	₩ 5,077,652	3,063,531	307,509	371,901	946,100	1,577,823	1,610,517	2,144,214	15,099,247
Retail	164,718,020	414,632	7,927	4,682,914	2,189	3,629,576	1,883,206	2,115,880	177,454,344
Government/Public sector/Central bank	17,922,312	455,682	2	1,360,853	222,960	304,743	341,837	1,372,676	21,981,065
Corporations	178,948,161	4,042,958	545,109	5,899,157	159,768	3,663,408	2,497,698	7,007,398	202,763,657
Card receivable	26,546,617	11,339	468	2,302	283	275,022	39,135	21,784	26,896,950
	<u>393,212,762</u>	<u>7,988,142</u>	<u>861,015</u>	<u>12,317,127</u>	<u>1,331,300</u>	<u>9,450,572</u>	<u>6,372,393</u>	<u>12,661,952</u>	<u>444,195,263</u>
Deposits and loans at FVTPL									
Banks	207,997	30,743	-	-	-	-	-	-	238,740
Corporations	1,050,333	254,682	-	15,439	32,370	-	-	197,741	1,550,565
	<u>1,258,330</u>	<u>285,425</u>	<u>-</u>	<u>15,439</u>	<u>32,370</u>	<u>-</u>	<u>-</u>	<u>197,741</u>	<u>1,789,305</u>
Securities measured at FVTPL	61,136,722	2,439,313	379,357	100,113	29,247	11,066	25,267	1,454,713	65,575,798
Securities at FVOCI	79,391,621	4,699,809	280,127	445,201	38,468	51,473	707,921	3,022,380	88,637,000
Securities at amortized cost	33,542,302	203,265	-	565,286	-	654,073	110,463	611,098	35,686,487
	<u>568,541,737</u>	<u>15,615,954</u>	<u>1,520,499</u>	<u>13,443,166</u>	<u>1,431,385</u>	<u>10,167,184</u>	<u>7,216,044</u>	<u>17,947,884</u>	<u>635,883,853</u>
Off-balance accounts									
Guarantees	16,993,719	155,883	7,607	55,086	15,639	197,031	595,236	354,086	18,374,287
Loan commitments and other liabilities related to credit	200,907,271	1,465,839	226,423	461,892	93,295	1,972,723	2,315,614	4,635,813	212,078,870
	<u>₩ 217,900,990</u>	<u>1,621,722</u>	<u>234,030</u>	<u>516,978</u>	<u>108,934</u>	<u>2,169,754</u>	<u>2,910,850</u>	<u>4,989,899</u>	<u>230,453,157</u>

(\*) The following accounts are the net carrying amount less provision for doubtful accounts.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. **Financial risk management (continued)**

(b) **Credit risk (continued)**

viii) *Concentration by geographic location (continued)*

An analysis of concentration by geographic location for financial instrument, net of allowance, as of December 31, 2023 and 2022 are as follows (continued):

Classification (*)	December 31, 2022								
	Korea	USA	UK	Japan	Germany	Vietnam	China	Other	Total
Due from banks and loans at amortized cost									
Banks	₩ 6,367,727	2,290,765	765,152	879,022	675,370	1,793,330	3,861,678	3,948,810	20,581,854
Retail	166,730,407	403,445	8,199	4,357,325	3,716	3,183,424	2,030,305	1,772,103	178,488,924
Government/Public sector/Central bank	11,305,005	915,306	-	1,404,163	426,747	345,843	441,551	696,219	15,534,834
Corporations	171,628,946	3,695,275	451,261	5,153,523	105,205	3,228,817	2,694,661	6,706,870	193,664,558
Card receivable	27,065,988	11,017	428	2,291	286	236,095	38,416	20,641	27,375,162
	<u>383,098,073</u>	<u>7,315,808</u>	<u>1,225,040</u>	<u>11,796,324</u>	<u>1,211,324</u>	<u>8,787,509</u>	<u>9,066,611</u>	<u>13,144,643</u>	<u>435,645,332</u>
Deposits and loans at FVTPL									
Banks	109,098	26,116	-	-	-	-	-	-	135,214
Corporations	1,510,976	285,107	82,172	17,829	-	-	-	383,997	2,280,081
	<u>1,620,074</u>	<u>311,223</u>	<u>82,172</u>	<u>17,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,997</u>	<u>2,415,295</u>
Securities measured at FVTPL	51,579,115	2,017,278	252,390	58,344	23,610	31,952	16,469	1,256,115	55,235,273
Securities at FVOCI	76,225,925	3,832,670	193,598	348,240	34,065	92,940	710,375	2,358,762	83,796,575
Securities at amortized cost	31,678,234	200,475	-	214,653	-	726,476	110,884	440,476	33,371,198
	<u>544,201,421</u>	<u>13,677,454</u>	<u>1,753,200</u>	<u>12,435,390</u>	<u>1,268,999</u>	<u>9,638,877</u>	<u>9,904,339</u>	<u>17,583,993</u>	<u>610,463,673</u>
Off-balance accounts									
Guarantees	16,426,498	118,951	23,481	47,805	44,203	329,904	1,015,543	220,161	18,226,546
Loan commitments and other liabilities related to credit	194,470,275	1,312,830	317,335	550,116	42,230	1,816,773	2,548,483	4,430,783	205,488,825
	<u>₩ 210,896,773</u>	<u>1,431,781</u>	<u>340,816</u>	<u>597,921</u>	<u>86,433</u>	<u>2,146,677</u>	<u>3,564,026</u>	<u>4,650,944</u>	<u>223,715,371</u>

(\*) The following accounts are the net carrying amount less provision for doubtful accounts.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. **Financial risk management (continued)**

ix) *Concentration by industry sector*

An analysis of concentration by industry sector of financial instrument, net of allowance, as of and December 31, 2023 and 2022 is as follows:

Classification (*)	December 31, 2023								
	Finance and insurance	Manu-facturing	Retail and wholesale	Real estate and business	Construction service	Lodging and Restaurant	Other	Retail customers	Total
Due from banks and loans at amortized cost:									
Banks	₩ 14,677,168	-	-	-	-	-	422,079	-	15,099,247
Retail	-	-	-	-	-	-	-	177,454,344	177,454,344
Government/Public sector/Central bank	21,767,450	-	-	-	-	-	213,615	-	21,981,065
Corporations	17,974,146	58,338,956	23,517,815	47,301,730	4,823,554	6,730,886	44,076,570	-	202,763,657
Card receivable	56,507	276,256	284,905	71,169	45,769	19,810	948,359	25,194,175	26,896,950
	<u>54,475,271</u>	<u>58,615,212</u>	<u>23,802,720</u>	<u>47,372,899</u>	<u>4,869,323</u>	<u>6,750,696</u>	<u>45,660,623</u>	<u>202,648,519</u>	<u>444,195,263</u>
Due from banks and loans at FVTPL									
Banks	30,743	-	-	49,526	99,043	-	59,428	-	238,740
Corporations	1,037,896	235,232	105,890	70,716	-	1,000	99,831	-	1,550,565
	<u>1,068,639</u>	<u>235,232</u>	<u>105,890</u>	<u>120,242</u>	<u>99,043</u>	<u>1,000</u>	<u>159,259</u>	<u>-</u>	<u>1,789,305</u>
Securities measured at FVTPL	35,228,859	3,211,188	1,175,495	1,308,223	98,864	68,630	24,484,539	-	65,575,798
Securities at FVOCI	30,283,670	2,934,740	734,170	1,698,290	1,774,505	31,055	51,180,570	-	88,637,000
Securities at amortized cost	11,514,420	9,961	-	354,906	284,080	-	23,523,120	-	35,686,487
	<u>132,570,859</u>	<u>65,006,333</u>	<u>25,818,275</u>	<u>50,854,560</u>	<u>7,125,815</u>	<u>6,851,381</u>	<u>145,008,111</u>	<u>202,648,519</u>	<u>635,883,853</u>
Off-balance accounts									
Guarantees	2,518,182	9,139,168	3,504,409	119,573	152,112	60,077	2,601,841	278,925	18,374,287
Loan commitments and other liabilities related to credit	17,773,113	32,356,393	10,328,099	4,715,541	2,471,645	428,695	17,788,097	126,217,287	212,078,870
	<u>₩ 20,291,295</u>	<u>41,495,561</u>	<u>13,832,508</u>	<u>4,835,114</u>	<u>2,623,757</u>	<u>488,772</u>	<u>20,389,938</u>	<u>126,496,212</u>	<u>230,453,157</u>

(\*) The composition details by industry are net book value less allowances.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. **Financial risk management (continued)**

ix) *Concentration by industry sector (continued)*

An analysis of concentration by industry sector of financial instrument, net of allowance, as of and December 31, 2023 and 2022 is as follows:

Classification (*)	December 31, 2022								
	Finance and insurance	Manu-facturing	Retail and wholesale	Real estate and business	Construction service	Lodging and Restaurant	Other	Retail customers	Total
Due from banks and loans at amortized cost:									
Banks	₩ 19,930,200	-	-	-	29,979	-	621,675	-	20,581,854
Retail	-	-	-	-	-	-	-	178,488,924	178,488,924
Government/Public sector/Central bank	15,422,401	-	-	1,296	-	-	111,137	-	15,534,834
Corporations	16,736,386	57,871,357	22,984,739	45,509,574	4,595,604	6,619,476	39,347,422	-	193,664,558
Card receivable	47,835	276,473	266,220	49,060	51,113	31,333	1,084,143	25,568,985	27,375,162
	<u>52,136,822</u>	<u>58,147,830</u>	<u>23,250,959</u>	<u>45,559,930</u>	<u>4,676,696</u>	<u>6,650,809</u>	<u>41,164,377</u>	<u>204,057,909</u>	<u>435,645,332</u>
Due from banks and loans at FVTPL									
Banks	26,115	-	-	69,533	-	-	39,566	-	135,214
Corporations	1,287,647	615,693	94,393	154,329	68,460	-	59,559	-	2,280,081
	<u>1,313,762</u>	<u>615,693</u>	<u>94,393</u>	<u>223,862</u>	<u>68,460</u>	<u>-</u>	<u>99,125</u>	<u>-</u>	<u>2,415,295</u>
Securities measured at FVTPL	29,833,691	2,071,169	1,018,407	1,044,165	264,582	89,394	20,913,865	-	55,235,273
Securities at FVOCI	29,352,584	3,077,810	698,295	1,494,691	1,772,839	38,704	47,361,652	-	83,796,575
Securities at amortized cost	10,508,828	9,931	-	278,757	293,930	-	22,279,752	-	33,371,198
	<u>123,145,687</u>	<u>63,922,433</u>	<u>25,062,054</u>	<u>48,601,405</u>	<u>7,076,507</u>	<u>6,778,907</u>	<u>131,818,771</u>	<u>204,057,909</u>	<u>610,463,673</u>
Off-balance accounts									
Guarantees	2,444,168	8,998,689	3,403,653	115,912	224,439	112,755	2,576,924	350,006	18,226,546
Loan commitments and other liabilities related to credit	17,871,585	28,414,045	10,535,492	4,106,282	2,275,112	462,976	15,682,906	126,140,427	205,488,825
	<u>₩ 20,315,753</u>	<u>37,412,734</u>	<u>13,939,145</u>	<u>4,222,194</u>	<u>2,499,551</u>	<u>575,731</u>	<u>18,259,830</u>	<u>126,490,433</u>	<u>223,715,371</u>

(\*) The composition details by industry are net book value less allowances.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 5. Financial risk management (continued)

#### (c) Market risk

##### *i) Market risk management from trading positions*

##### i-1) Concept of Market risk

Market risk is defined as the risk of loss of trading account position of financial institutions due to changes on market price, such as interest rates, exchange rates and stock prices, etc. and is divided into general market risks and individual risks. A general market risk refers to a loss from price variability caused by events affecting the market as a whole, such as interest rates, exchange rates and stock prices; and an individual risk refers to a loss from price variability related to individual events of securities issuer, such as bonds and stocks.

##### i-2) Market Risk Management Method

The basic principle of market risk management in the trading sector is to maintain the maximum possible loss due to market risk within a certain level. To this end, the Group sets and operates VaR limits, investment limits, position limits, sensitivity limits, and loss limits from the portfolio to individual desks. These limits are managed daily by the department in charge of risk management, independent from the operating department.

Trading positions refer to all transactions for holding purposes such as short-term resale, profit seeking through short-term price fluctuations, risk-free arbitrage, and risk hedging. Trading positions refer to securities, foreign exchange positions, and derivative financial instruments held for the purpose of obtaining short-term trading gains. As a method of measuring market risk, VaR (Value at Risk) is typical, and it is a statistical measurement of the potential maximum loss that can occur due to changes in market conditions. VaR calculates the standard method market risk using the Group Market Risk Measurement System, and Shinhan Bank calculates the standard method market risk using its own model market risk calculation system. Shinhan Financial Investment uses its own market risk calculation system to calculate historical simulation VaR and the group market risk system to calculate standard method market risk.

Stress tests are conducted to supplement risk measurement by statistical methods and to manage losses that may arise from rapid changes in the economic environment.

Shinhan Bank measures the risk of trading account products by applying market risk standard methods. The trading account calculates market risk if it is for holding purposes such as short-term resale, profit seeking through short-term price fluctuations, risk-free arbitrage, and risk hedging. The standard method is a risk calculation method proposed by Basel Board of Banking Supervisors (BCBS) of Bank for International Settlements (BIS), Korea has reflected the Basel 3 standards of market risk sector to the detailed regulations on supervision of bank business from FY23 and followed these regulations. The standard method of the Basel 3 standards is the method to calculate and add up sensitivity risk, bankruptcy risk, and residual risk. Sensitivity risk measures delta, vega, and coverage of general interest rates, credit spreads, stocks, general products, and foreign exchange. Delta refers to the change in product value due to changes in the price of the underlying asset, and vega refers to the change in product value due to changes in the volatility of the underlying asset. Coverage is defined as a loss that exceeds the delta risk in the event of an upward or downward shock to the underlying asset. Sensitivity risk is designed to measure both linear and non-linear risks of factors affecting value fluctuations regardless of the characteristics of the product. Default risk measures the discrete default risk of the underlying asset that cannot be captured in sensitivity risk. Complete offsetting between purchase and sale exposures of the same borrower is possible. Residual risk is a concept that calculates additional risk because sensitivity risk and default risk are not accurately measured when there is a special profit/loss structure or the underlying asset is special.

Trading position data is automatically interfaced into management system, and the system conducts VaR measurement and manages the limit. In addition, Shinhan Bank sets loss limit, sensitivity limit, investment limit, stress limit, etc. for Trading Department and desks, and monitors daily.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(c) Market risk (continued)**

*i) Market risk management from trading positions (continued)*

i-2) Market Risk Management Method (continued)

Shinhan Securities measures daily market risk by applying historical simulation VaR method of 99.9% confidence level-based VaR. It also measures market risk standard methods to ensure consistent market risk management at the group level. Historical simulation VaR method does not require assumption on a particular distribution since the method derives scenarios directly from historical market data, and measures non-linear products, such as options, in details. In addition to the VaR limit, Shinhan Securities sets and manages issuance and transaction limit, and stop-loss limit for each department.

Until the previous year, market risk was calculated using the standard method of the Basel 2 standards stipulated in <Appendix 3-2> of the Detailed Regulations on Supervision of Bank Business. However, from the current year, the detailed regulations on supervision of bank business have been revised and the Group calculated market risk by using the standard method of the Basel 3 standards.

An analysis of the Group's requisite capital in light of the market risk for trading positions as of and for the years ended December 31, 2023 and 2022 based on the standard guidelines for risk management promulgated by the Financial Supervisory Service, is as follows:

		<b>December 31, 2023</b>			
		<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>	<b>December 31</b>
<b>Sensitivity risk</b>					
GIRR (*1)	₩	269,253	284,978	253,527	276,940
CSR-Non-Securitisations (*2)		445,372	482,311	408,432	480,494
CSR-Securitisations (Non-CTP)		70,592	70,685	70,499	70,685
CSR-Non-Securitisations (CTP)		363	376	349	376
Stock		326,821	332,623	321,019	330,212
Foreign		423,765	449,030	398,499	449,030
Commodity		1,646	1,692	1,600	1,600
	₩	<u>1,537,812</u>	<u>1,621,695</u>	<u>1,453,925</u>	<u>1,609,337</u>
<b>Default risk</b>					
Non-Securitisations	₩	37,808	37,808	37,808	37,808
Securitisations (Excluding CTP)		162,599	162,599	162,599	162,599
Securitisations (CTP)		71	71	71	71
	₩	<u>200,478</u>	<u>200,478</u>	<u>200,478</u>	<u>200,478</u>
<b>Residual risk</b>					
		7,654	7,654	7,654	7,654
	₩	<u>1,745,944</u>	<u>1,829,827</u>	<u>1,662,057</u>	<u>1,817,469</u>

(\*1) GIRR (General Interest Rate Risk) : General interest rate risk, a concept that measures the risk of loss due to changes in the risk-free interest rate. In general, if the maturity is long and the value changes fluctuates a lot due to interest rate changes, the risk value is calculated to be large.

(\*2) CSR (Credit Spread Risk) : Credit spread risk, a concept that measures the risk of value fluctuations as credit spreads fluctuate independently of the risk-free interest rate for products with inherent credit risk.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(c) Market risk (continued)

i) Market risk management from trading positions (continued)

i-2) Market Risk Management Method (continued)

		December 31, 2022			
		Average	Maximum	Minimum	December 31
Interest rate risk	₩	485,531	526,936	447,425	447,425
Stock price risk		217,845	242,341	196,879	242,341
Foreign exchange risk		334,543	374,984	293,437	344,415
Commodity risk		11,624	14,309	9,213	9,213
Option volatility risk		64,208	71,811	43,374	70,770
	₩	1,113,751	1,230,381	990,328	1,114,164

i-3) Shinhan Bank

The details of the minimum, maximum, and average risk amount during the reporting period for trading positions of Shinhan Bank and the market risk regulatory capital based on the Basel 3 new standard method as of and for the years ended December 31, 2023 and 2022 are as follows:

		December 31, 2023			
		Average	Maximum	Minimum	December 31
<b>Sensitivity Risk</b>					
GIRR (*1)	₩	116,399	155,797	101,067	107,348
CSR-Non-Securitisations (*2)		154,644	165,117	142,492	153,034
CSR-Securitisations (Non-CTP)		28,170	34,370	21,625	26,187
Stock		43,875	47,598	30,750	30,750
Foreign		438,405	458,406	423,287	458,406
Commodity		142	292	-	119
	₩	780,069	820,230	750,291	775,844
<b>Default Risk</b>					
Non-Securitisations	₩	105,604	113,798	88,899	107,695
Securitisations (Excluding CTP)		59,721	64,795	55,054	59,549
	₩	165,325	175,923	146,003	167,244
<b>Residual Risk</b>					
	₩	2,063	2,175	1,719	1,719
	₩	947,456	992,483	898,320	944,807

(\*1) GIRR : General Interest Rate Risk

(\*2) CSR : Credit Spread Risk

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(c) Market risk (continued)**

*i) Market risk management from trading positions (continued)*

i-3) Shinhan Bank (continued)

		<b>December 31, 2022</b>			
		<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>	<b>December 31</b>
Interest rate risk	₩	44,719	64,628	24,322	53,777
Stock price risk		20,303	24,879	13,443	21,659
Foreign exchange risk(*)		191,013	262,319	161,760	252,453
Option volatility risk		84	211	25	110
Commodity risk		13	193	-	27
Portfolio diversification effect		(33,760)	(77,335)	(10,872)	(62,957)
	₩	<u>222,372</u>	<u>274,895</u>	<u>188,678</u>	<u>265,069</u>

(\*) The amount includes trading positions and non-trading positions.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(c) Market risk (continued)

i) Market risk management from trading positions (continued)

i-4) Shinhan Card

The analyses of Shinhan Card's requisite capital in light of the market risk for trading positions as of and for the years ended December 31, 2023 and 2022, based on the standard guidelines for risk management promulgated by the Financial Supervisory Service, are as follows:

		December 31, 2023			
		Average	Maximum	Minimum	December 31
Interest rate risk (*)	₩	2,476	4,352	800	4,352

		December 31, 2022			
		Average	Maximum	Minimum	December 31
Interest rate risk (*)	₩	1,784	2,401	1,650	1,801

(\*) Foreign subsidiaries are excluded from the calculation.

i-5) Shinhan Securities

The VaR details for trading positions of Shinhan Securities as of and for the years ended December 31, 2023 and 2022 are as follows:

		December 31, 2023			
		Average	Maximum	Minimum	December 31
Interest rate risk	₩	52,524	77,443	22,515	32,186
Stock price risk		47,759	71,681	13,483	20,384
Foreign exchange risk		67,406	127,191	39,262	52,150
Option volatility risk		27,236	49,114	10,166	12,418
Portfolio diversification effect					(81,712)
	₩	79,449	107,852	31,857	35,426

		December 31, 2022			
		Average	Maximum	Minimum	December 31
Interest rate risk	₩	30,003	44,131	17,123	39,578
Stock price risk		36,100	63,956	14,507	25,762
Foreign exchange risk		31,709	63,480	13,452	63,480
Option volatility risk		70,021	103,928	40,806	43,102
Portfolio diversification effect					(74,885)
	₩	103,192	127,669	76,822	97,037

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(c) Market risk (continued)**

*i) Market risk management from trading positions (continued)*

i-6) Shinhan Life Insurance

The VaR details for trading positions of Shinhan Life Insurance as of and for the years ended December 31, 2023 and 2022 are as follows:

		December 31, 2023			
		Average	Maximum	Minimum	December 31
Interest rate risk	₩	3,052	7,594	1,796	1,796
Stock price risk		8,623	10,798	7,183	7,522
Foreign exchange risk		64,946	78,793	51,695	52,394
Option volatility risk		955	1,692	420	1,233
	₩	<u>77,576</u>	<u>98,877</u>	<u>61,094</u>	<u>62,945</u>

(\*) The market risk exposure for performance dividend-type assets held is ₩ 5,346,730 million as of December 31, 2023, and the minimum guaranteed risk amount that could result in an impact on the Group calculated using the internal shock scenario method as of the end of the reporting period is ₩ 228,451 million as of December 31, 2023.

		December 31, 2022			
		Average	Maximum	Minimum	December 31
Interest rate risk	₩	3,412	6,756	1,253	3,415
Stock price risk		9,441	11,034	6,206	9,505
Foreign exchange risk		15,620	28,463	4,470	28,463
Option volatility risk		179	494	11	494
	₩	<u>28,652</u>	<u>46,747</u>	<u>11,940</u>	<u>41,877</u>

(\*) The market risk exposure for performance dividend-type assets held is ₩ 5,061,839 million as of December 31, 2022, and the minimum guaranteed risk amount that could result in an impact on the Group calculated using the internal shock scenario method as of the end of the reporting period is ₩ 366,776 million as of December 31, 2022.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 5. Financial risk management (continued)

#### (c) Market risk (continued)

##### *ii) Interest rate risk management from non-trading positions*

###### ii-1) Principle

Interest rate risk refers to the possibility of a decrease in net interest income or in net asset value that occurs when interest rates fluctuate unfavorably from the Group's financial position. The Group manages changes in net interest income or net asset value that occur due to changes in interest rates by early predicting the factors of interest rate risk fluctuation related to the Group's net interest income and net asset value through the interest rate risk management.

###### ii-2) Managements

Shinhan Financial Group's major financial subsidiaries manage interest rate risks independently by the risk management organization and the treasury department, and have internal regulations on interest rate risk management strategies, procedures, organization, measurement, and major assumptions.

One of the key indicators of managing interest rate risk is the Earnings at Risk (EaR) from an earning perspective and the Value at Risk (VaR) from an economic value perspective. Interest rate VaR represents the maximum anticipated loss in a net present value calculation, whereas interest rate EaR represents the maximum anticipated loss in a net interest income calculation for the immediately following one-year period, in each case, as a result of negative movements in interest rates.

The precision of risk management system differs by each subsidiary. Interest rate VaR and interest rate EaR are measured by internal method or IRRBB (Interest Rate Risk in the Banking Book), and interest rate risk limits are set and monitored based on the interest rate VaR. In accordance with the amendments in Regulations for Supervision of Financial Holding Companies, the Group measures the interest rate risk using the Basel III based IRRBB, which measures the interest rate risk more precisely than the existing BIS standard framework by segmenting maturities of interest rates, reflecting customer behavior models and diversifying interest rate shocks. The interest rate VaR scenario based IRRBB measures ① parallel up shock ② parallel down shock ③ steeper shock ④ flattener shock ⑤ short rate up shock ⑥ short rate down shock. By the parallel up shock and parallel down shock, the interest rate EaR scenario measures the scenario value with the largest loss as interest rate risk. Under the existing BIS standard framework,  $\pm 200\text{bp}$  parallel shock scenario is applied to all currency. However, as the shock width is set differently by currency and period, interest rate risk is measured significantly by the IRRBB (e.g. (KRW) Parallel  $\pm 300\text{bp}$ , Short Term  $\pm 400\text{bp}$ , Long Term  $\pm 200\text{bp}$ , (USD) Parallel  $\pm 200\text{bp}$ , Short Term  $\pm 300\text{bp}$ , Long Term  $\pm 150\text{bp}$ ). In the IRRBB method, the existing interest rate VaR and the interest rate EaR are expressed as  $\Delta$  EVE (Economic Value of Equity) and  $\Delta$  NII (Net Interest Income), respectively.

Since impacts of each subsidiary on changes of interest rates are differentiated by portfolios, the Group is preparing to respond proactively while monitoring the financial market and regulatory environment, and making efforts to hedge or reduce interest rate risk. In addition, the subsidiaries conduct the crisis analysis on changes in market interest rates and report it to management and the Group.

In particular, through its ALM (Asset and Liability Management) system, Shinhan Bank measures and manages its interest rate risk based on various analytical measures such as interest rate gap, duration gap and NPV (Net Present Value) and NII (Net Interest Income) simulations, and monitors on a monthly basis its interest rate VaR limits, interest rate EaR (Earnings at Risk) limits and interest rate gap ratio limits.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(c) Market risk (continued)

ii) Interest rate risk management from non-trading positions (continued):

The details of interest rate VaR and EaR for major subsidiaries for as of December 31, 2023 and 2022 are as follows:

ii-3) Shinhan Bank

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
△EVE (*1)	₩	1,185,973	1,046,136
△NII (*2)		394,996	599,941

ii-4) Shinhan Card

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
△EVE (*1)	₩	952,836	1,249,597
△NII (*2)		591,935	693,911

ii-5) Shinhan Securities

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
△EVE (*1)	₩	249,806	212,135
△NII (*2)		269,678	95,076

ii-6) Shinhan Life Insurance

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
△EVE (*1)	₩	4,434,253	2,353,230
△NII (*2)		35,901	62,923

(\*1) △EVE is the change in economic value of equity capital that can arise from changes in interest rates that affect the present value of assets, liabilities and off-balance sheet items by using the Basel III standard based IRRBB method.

(\*2) △NII is the change in net interest income that can occur over the next year due to changes in interest rates by using the Basel III standard based IRRBB method.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(c) Market risk (continued)**

*iii) Foreign exchange risk*

Exposure to foreign exchange risk can be defined as the difference (net position) between assets and liabilities presented in foreign currency, including derivative financial instruments linked to foreign exchange rate. Foreign exchange risk is a factor that causes market risk of the trading position and is managed by the Group under the market risk management system.

The management of Shinhan Bank's foreign exchange position is centralized at the S&T Center. Dealers in the S&T Center manage Shinhan Bank's overall position within the set limits through spot trading, forward contracts, currency options, futures and swaps and foreign exchange swaps. Shinhan Bank sets a limit for net open positions by currency and the limits for currencies other than the U.S. dollars (USD), Japanese yen (JPY), Euros (EUR) and Chinese yuan (CNY) are set in order to minimize exposures from the other foreign exchange trading.

Foreign currency denominated assets and liabilities as of December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023</b>					
	<b>USD</b>	<b>JPY</b>	<b>EUR</b>	<b>CNY</b>	<b>Other</b>	<b>Total</b>
<b>Assets:</b>						
Cash and due from banks at amortized cost	₩ 10,473,766	2,318,380	140,319	654,444	3,975,017	17,561,926
Due from banks at FVTPL	30,743	-	-	-	-	30,743
Loans at FVTPL	385,844	-	114,389	-	-	500,233
Loan at amortized cost	23,694,171	11,663,301	1,556,746	4,018,660	12,182,861	53,115,739
Securities at FVTPL	5,765,741	8,255	761,046	5,230	545,306	7,085,578
Derivative assets	1,014,150	2,346	27,418	878	105,335	1,150,127
Securities at FVOCI	8,308,952	175,740	544,248	564,791	2,169,907	11,763,638
Securities at amortized cost	263,027	553,509	-	110,532	1,281,941	2,209,009
Other financial assets	5,971,194	637,612	831,019	441,906	979,795	8,861,526
	<u>₩ 55,907,588</u>	<u>15,359,143</u>	<u>3,975,185</u>	<u>5,796,441</u>	<u>21,240,162</u>	<u>102,278,519</u>
<b>Liabilities:</b>						
Deposits	₩ 22,790,616	14,562,435	1,535,925	4,152,363	12,428,069	55,469,408
Financial liabilities at FVTPL	362,642	-	-	-	422,861	785,503
Derivative liabilities	841,175	2	35,679	591	94,701	972,148
Borrowings	9,670,444	1,392,637	208,335	115,798	1,284,046	12,671,260
Debt securities issued	10,916,488	337,684	713,295	-	1,258,257	13,225,724
Financial liabilities designated at FVTPL	909,250	3,188	-	-	-	912,438
Other financial liabilities	6,844,891	183,500	769,928	777,986	805,002	9,381,307
	<u>₩ 52,335,506</u>	<u>16,479,446</u>	<u>3,263,162</u>	<u>5,046,738</u>	<u>16,292,936</u>	<u>93,417,788</u>
Net domestic and foreign currency exposure	₩ 3,572,082	(1,120,303)	712,023	749,703	4,947,226	8,860,731
Off-balance derivative exposure	808,139	1,716,328	(340,327)	(328,756)	(1,898,176)	(42,792)
Net foreign currency exposure	<u>₩ 4,380,221</u>	<u>596,025</u>	<u>371,696</u>	<u>420,947</u>	<u>3,049,050</u>	<u>8,817,939</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(c) Market risk (continued)

iii) Foreign exchange risk (continued)

Foreign currency denominated assets and liabilities as of December 31, 2023 and 2022 are as follows (continued):

	December 31, 2022					
	USD	JPY	EUR	CNY	Other	Total
<b>Assets:</b>						
Cash and due from banks at amortized cost	₩ 6,944,183	2,071,895	266,891	715,471	4,891,175	14,889,615
Due from banks at FVTPL	26,116	-	-	-	-	26,116
Loans at FVTPL	291,678	-	239,520	-	-	531,198
Loan at amortized cost	29,077,790	10,608,558	1,735,218	5,021,722	10,639,672	57,082,960
Securities at FVTPL	5,020,483	5,963	661,762	425	406,292	6,094,925
Derivative assets	1,476,251	2,585	33,613	4,598	33,866	1,550,913
Securities at FVOCI	7,042,145	180,352	438,288	498,367	1,629,606	9,788,758
Securities at amortized cost	272,421	203,102	-	110,997	1,162,523	1,749,043
Other financial assets	3,485,071	597,067	563,313	344,126	1,551,874	6,541,451
	₩ 53,636,138	13,669,522	3,938,605	6,695,706	20,315,008	98,254,979
<b>Liabilities:</b>						
Deposits	₩ 25,719,297	11,812,723	1,633,007	5,035,481	11,769,661	55,970,169
Financial liabilities at FVTPL	10,038	-	-	-	422,006	432,044
Derivative liabilities	1,345,476	1,899	59,206	3,074	77,662	1,487,317
Borrowings	9,976,462	1,349,529	182,926	85,862	1,226,389	12,821,168
Debt securities issued	10,774,062	352,677	675,600	108,864	1,495,991	13,407,194
Financial liabilities designated at FVTPL	1,077,789	-	-	-	-	1,077,789
Other financial liabilities	4,287,930	259,683	621,770	889,138	1,525,377	7,583,898
	₩ 53,191,054	13,776,511	3,172,509	6,122,419	16,517,086	92,779,579
Net domestic and foreign currency exposure	₩ 445,084	(106,989)	766,096	573,287	3,797,922	5,475,400
Off-balance derivative exposure	3,801,144	718,660	(451,993)	(55,705)	(1,671,041)	2,341,065
Net foreign currency exposure	₩ 4,246,228	611,671	314,103	517,582	2,126,881	7,816,465

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 5. Financial risk management (continued)

#### (d) Liquidity risk

Liquidity risk refers to the risk of unexpected losses (such as the disposal of assets abnormal pricing, the procurement of high interest rates, etc.) or insolvency due to inconsistency in funding periods between assets and liabilities or a sudden outflow of funds.

Each subsidiary seeks to minimize liquidity risk through early detection of risk factors related to the sourcing and managing of funding that may cause volatility in liquidity and by ensuring that it maintains an appropriate level of liquidity through systematic management. At the Group level, the Group manages liquidity risk by conducting monthly stress tests that compare liquidity requirements under normal situations against those under three types of stress situations, namely, the group-specific internal crisis, crisis in the external market and a combination of internal and external crisis. Therefore, the Group is checking the liquidity side for abnormalities in preparation for the usual crisis.

In particular, after the bankruptcy of Silicon Valley Bank, the Group have been strengthening its ability to respond to liquidity crises by conducting crisis situation analysis using bank run scenarios for banks and savings bank subsidiaries and establishing and inspecting emergency procurement plans accordingly.

In addition, in order to pre-emptively and comprehensively manage liquidity risk, the Group measures and monitors liquidity risk management using various indices, including the 'limit management index', 'early warning index' and 'monitoring index'.

Shinhan Bank applies the following basic principles for liquidity risk management:

- Raise funding in sufficient amounts, at the optimal time at reasonable costs;
- Maintain risk at appropriate levels and preemptively manage them through a prescribed risk limit system and an early warning signal detection system;
- Secure stable sources of revenue and minimize actual losses by implementing an effective asset-liability management system based on diversified sources of funding with varying maturities;
- Monitor and manage daily and intra-daily liquidity positions and risk exposures for timely payment and settlement of financial obligations due under both normal and crisis situations;
- Conduct periodic contingency analysis in anticipation of any potential liquidity crisis and establish and implement emergency plans in case of a crisis actually happening; and
- Consider liquidity-related costs, benefits of and risks in determining the pricing of the Group's products and services, employee performance evaluations and approval of launching of new products and services.

Shinhan Card sets and operates a level that can withstand a 3-month credit crunch for end-of-month liquidity. The Group defines and manages the level of 'cautious', 'alert', 'imminent crisis', and 'crisis' and risk for the real liquidity gap ratio, liquidity buffer ratio, and ABS weight compared to borrowings which are major indicators related to liquidity risk. A contingency plan has been established to prepare for a crisis.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(d) Liquidity risk (continued)

The details of the composition of non-derivative financial instruments and derivative financial instruments by remaining period are as of December 31, 2023 and 2022 are as follows:

	December 31, 2023 (*1)						Total
	Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	More than 5 years	
<b>Non-derivative financial instruments:</b>							
Assets:							
Cash and due from banks at amortized cost ₩	31,107,629	734,193	83,972	159,377	189,601	2,560,084	34,834,856
Due from banks at fair value through profit or loss	-	-	-	-	-	30,743	30,743
Loans at fair value through profit or loss	308,740	421,193	85,467	9,739	923,364	76,062	1,824,565
Loans at amortized cost	37,692,048	50,813,677	65,503,264	96,981,341	130,306,477	101,012,508	482,309,315
Securities at fair value through profit or loss	38,919,131	1,642,951	682,000	559,767	7,258,255	20,304,519	69,366,623
Securities at fair value through other comprehensive income	42,256,944	445,463	539,255	2,336,017	14,033,768	30,785,721	90,397,168
Securities at amortized cost	899,355	3,258,092	1,964,229	4,323,906	21,357,255	7,573,653	39,376,490
Other financial assets	22,148,927	393,344	128,067	324,305	384,541	1,866,191	25,245,375
₩	<u>173,332,774</u>	<u>57,708,913</u>	<u>68,986,254</u>	<u>104,694,452</u>	<u>174,453,261</u>	<u>164,209,481</u>	<u>743,385,135</u>
Liabilities:							
Deposits (*2) ₩	204,353,639	49,995,140	43,382,707	65,673,174	24,930,159	2,931,998	391,266,817
Financial liabilities at fair value through profit or loss	410,381	358	586	1,202	6,816	1,449,634	1,868,977
Borrowings	19,310,777	5,678,981	6,166,750	9,811,684	14,182,221	5,170,111	60,320,524
Debt securities issued	4,496,200	7,218,255	7,931,732	18,000,681	45,961,768	3,734,554	87,343,190
Financial liabilities designated at fair value through profit or loss	309,713	1,252,877	1,774,016	1,821,666	1,324,185	1,356,579	7,839,036
Investment contract liabilities	245,353	110,050	67,039	423,484	726,759	-	1,572,685
Other financial liabilities	39,957,559	219,656	394,997	252,445	1,637,763	808,731	43,271,151
₩	<u>269,083,622</u>	<u>64,475,317</u>	<u>59,717,827</u>	<u>95,984,336</u>	<u>88,769,671</u>	<u>15,451,607</u>	<u>593,482,380</u>
Off balance (*3):							
Guarantee contracts ₩	18,374,287	-	-	-	-	-	18,374,287
Other liabilities related to loan commitments	212,078,870	-	-	-	-	-	212,078,870
₩	<u>230,453,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,453,157</u>
Derivatives ₩	131,174	(101,655)	(335,841)	(104,002)	(1,657,294)	134,835	(1,932,783)



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(d) Liquidity risk (continued)

The details of the composition of non-derivative financial instruments and derivative financial instruments by remaining period are as of December 31, 2023 and 2022 are as follows (continued):

		December 31, 2022 (*1)						
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	More than 5 years	Total
<b>Non-derivative financial instruments:</b>								
Assets:								
Cash and due from banks at amortized cost	₩	25,535,924	1,038,410	530,121	1,812,917	158,893	1,111,663	30,187,928
Due from banks at fair value through profit or loss		-	-	-	-	-	26,116	26,116
Loans at fair value through profit or loss		424,585	858,019	58,705	141,706	735,426	329,636	2,548,077
Loans at amortized cost		40,128,332	50,154,981	62,225,328	95,147,376	134,775,595	83,422,609	465,854,221
Securities at fair value through profit or loss		42,309,917	135,169	460,708	522,176	4,242,650	11,413,859	59,084,479
Securities at fair value through other comprehensive income		53,852,989	1,725,111	589,944	1,194,842	9,096,740	19,025,169	85,484,795
Securities at amortized cost		479,464	1,820,022	1,164,164	4,908,796	22,790,254	6,385,745	37,548,445
Other financial assets		17,803,851	85,593	59,249	344,924	338,045	1,796,898	20,428,560
	₩	<u>180,535,062</u>	<u>55,817,305</u>	<u>65,088,219</u>	<u>104,072,737</u>	<u>172,137,603</u>	<u>123,511,695</u>	<u>701,162,621</u>
Liabilities:								
Deposits (*2)	₩	210,877,656	42,661,824	41,864,404	71,259,303	21,141,919	2,627,394	390,432,500
Financial liabilities at fair value through profit or loss		1,148,899	-	-	-	-	-	1,148,899
Borrowings		11,960,133	4,760,388	4,798,388	7,249,539	12,298,388	9,024,107	50,090,943
Debt securities issued		4,563,916	8,368,614	9,646,088	16,486,221	37,534,713	5,157,377	81,756,929
Financial liabilities designated at fair value through profit or loss		276,430	725,909	706,117	1,511,517	4,063,511	1,092,827	8,376,311
Investment contract liabilities		58,181	60,526	160,990	1,549,293	304,596	-	2,133,586
Other financial liabilities		27,603,371	104,887	132,284	286,956	1,037,388	113,755	29,278,641
	₩	<u>256,488,586</u>	<u>56,682,148</u>	<u>57,308,271</u>	<u>98,342,829</u>	<u>76,380,515</u>	<u>18,015,460</u>	<u>563,217,809</u>
Off balance (*3):								
Guarantee contracts	₩	18,226,546	-	-	-	-	-	18,226,546
Other liabilities related to loan commitments		205,488,825	-	-	-	-	-	205,488,825
	₩	<u>223,715,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,715,371</u>
Derivatives	₩	(385,204)	8,916	(7,058)	(220,528)	(1,213,983)	(24,069)	(1,841,926)

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 5. Financial risk management (continued)

#### (d) Liquidity risk (continued)

(\*1) These amounts include cash flows of principal and interest on financial assets and financial liabilities.

(\*2) Demand deposits amounting to ₩ 151,177,041 million and ₩157,446,276 million as of December 31, 2023 and 2022 are included in the 'Less than 1 month' category, respectively.

(\*3) Though guarantees, loan agreements, and other credit offerings provided by the Group exist, if the counterparty requests a payment, the Group should fulfill the obligation immediately.

#### (e) Measurement of fair value

The fair values of financial instruments being traded in an active market are determined by the published market prices of each period end. The published market prices of financial instruments being held by the Group are based on the trading agencies' notifications.

If the market for a financial instrument is not active, such as OTC (Over The Counter market) derivatives, fair value is determined either by using a valuation technique or independent third-party valuation service. The Group uses its judgment to select a variety of methods and make rational assumptions that are mainly based on market conditions existing at the end of each reporting period.

The fair value of financial instruments is determined using valuation techniques; a method of using recent transactions between independent parties with reasonable judgment and willingness to trade, a method of referring to the current fair value of other financial instruments that are substantially identical, discounted cash flow model and option pricing models. For example, the fair value of an interest rate swap is calculated as the present value of the expected future cash flows, and the fair value of foreign exchange forwarding contract is calculated by applying the public forward exchange rate at the end of the reporting period.

The Group classifies and discloses fair value of financial instruments into the following three-level hierarchy:

- Level 1: Financial instruments measured at quoted prices from active markets are classified as fair value level 1.
- Level 2: Financial instruments measured using valuation techniques where all significant inputs are observable market data are classified as level 2.
- Level 3: Financial instruments measured using valuation techniques where one or more significant inputs are not based on observable market data are classified as level 3.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(e) Measurement of fair value (continued)

i) Financial instruments measured at fair value

i-1) The fair value hierarchy of financial instruments presented at their fair values in the statements of financial position as of December 31, 2023 and 2022 are as follows:

	December 31, 2023			
	Level 1	Level 2	Level 3(*3)	Total
<b>Financial assets:</b>				
Due from banks measured at FVTPL	₩ -	30,743	-	30,743
Loans at FVTPL (*1)	-	515,564	1,242,998	1,758,562
Securities at FVTPL:				
Debt securities and other securities (*2)	11,248,555	39,736,457	14,487,080	65,472,092
Equity securities	2,253,651	-	1,597,810	3,851,461
Gold/silver deposits	103,706	-	-	103,706
	<u>13,605,912</u>	<u>39,736,457</u>	<u>16,084,890</u>	<u>69,427,259</u>
Derivative assets:				
Trading	117,929	3,709,058	632,213	4,459,200
Hedging	-	252,221	-	252,221
	<u>117,929</u>	<u>3,961,279</u>	<u>632,213</u>	<u>4,711,421</u>
Securities measured at FVOCI:				
Debt securities	39,111,078	49,525,922	-	88,637,000
Equity securities	725,796	-	949,183	1,674,979
	<u>39,836,874</u>	<u>49,525,922</u>	<u>949,183</u>	<u>90,311,979</u>
	<u>₩ 53,560,715</u>	<u>93,769,965</u>	<u>18,909,284</u>	<u>166,239,964</u>
<b>Financial liabilities:</b>				
Financial liabilities measured at FVTPL:				
Securities sold	₩ 1,449,634	-	-	1,449,634
Gold/silver deposits	419,343	-	-	419,343
	<u>1,868,977</u>	<u>-</u>	<u>-</u>	<u>1,868,977</u>
Financial liabilities designated at fair value through profit or loss:				
Derivatives-combined securities (*2)	-	816,643	6,725,252	7,541,895
Debt securities issued	-	254,832	-	254,832
	<u>-</u>	<u>1,071,475</u>	<u>6,725,252</u>	<u>7,796,727</u>
Derivative liabilities:				
Trading	46,578	3,369,771	783,587	4,199,936
Hedging	-	614,285	224,195	838,480
	<u>46,578</u>	<u>3,984,056</u>	<u>1,007,782</u>	<u>5,038,416</u>
	<u>₩ 1,915,555</u>	<u>5,055,531</u>	<u>7,733,034</u>	<u>14,704,120</u>

(\*1) Of the Financial assets at FVTPL invested by the Group, P-note's valuation of amount related to Lime Asset Management is ₩ 92 billion. As of December 31, 2023, in this regard, international disputes are under way, the Group has estimated its fair value based on financial information within the recent audit report of underlying assets since it doesn't have fair market value observable through active trading markets. Accounting estimates and assumptions used in preparing consolidated financial statements may lead to adjustment in response to changes in uncertainty, such as information and market conditions available in the future. In addition, the ultimate impact on the business, financial condition, performance, and liquidity of the Group is unpredictable.

(\*2) Financial instruments (Beneficiary certificates: ₩ 143.5 billion and derivatives-combined securities: ₩ 143.5 billion) related to GEN2 Partners asset management were delayed in repurchase for the year ended December 31, 2020. The Group estimated fair value using the net asset value based on the most recent data available for the repurchase suspension fund. Since then, it has an uncertainty in measuring fair value due to market conditions.

(\*3) Shinhan Securities Co., Ltd.' level 3 over-the-counter derivatives is recognized ₩ 66,866 million in financial assets measured at fair value through profit or loss, ₩ 6,725,252 million in financial liabilities designated at fair value through profit or loss, ₩ 629,223 million in derivative assets, and ₩ 785,312 million in derivative liabilities. The fair value of over-the-counter derivatives classified as level 3 above is measured using Shinhan Securities Co., Ltd.'s internal valuation model.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(e) Measurement of fair value (continued)

i) *Financial instruments measured at fair value (continued)*

i-1) The fair value hierarchy of financial instruments presented at their fair values in the statements of financial position as of December 31, 2023 and 2022 are as follows (continued):

	December 31, 2022			
	Level 1	Level 2	Level 3(*3)	Total
<b>Financial assets:</b>				
Due from banks measured at FVTPL	₩ -	26,116	-	26,116
Loans at FVTPL (*1)	-	957,543	1,431,637	2,389,180
Securities at FVTPL:				
Debt securities and other securities (*2)	8,660,224	34,783,829	11,715,251	55,159,304
Equity securities	1,952,419	5,044	1,900,249	3,857,712
Gold/silver deposits	75,969	-	-	75,969
	<u>10,688,612</u>	<u>34,788,873</u>	<u>13,615,500</u>	<u>59,092,985</u>
Derivative assets:				
Trading	47,687	5,585,517	529,144	6,162,348
Hedging	-	298,304	-	298,304
	<u>47,687</u>	<u>5,883,821</u>	<u>529,144</u>	<u>6,460,652</u>
Securities measured at FVOCI:				
Debt securities	38,446,610	45,349,965	-	83,796,575
Equity securities	691,257	-	981,329	1,672,586
	<u>39,137,867</u>	<u>45,349,965</u>	<u>981,329</u>	<u>85,469,161</u>
	<u>₩ 49,874,166</u>	<u>87,006,318</u>	<u>16,557,610</u>	<u>153,438,094</u>
<b>Financial liabilities:</b>				
Financial liabilities measured at FVTPL:				
Securities sold	₩ 724,104	-	-	724,104
Gold/silver deposits	422,006	-	-	422,006
	<u>1,146,110</u>	<u>-</u>	<u>-</u>	<u>1,146,110</u>
Financial liabilities designated at fair value through profit or loss:				
Derivatives-combined securities (*2)	-	389,132	7,930,909	8,320,041
Debt securities issued	-	47,327	-	47,327
	<u>-</u>	<u>436,459</u>	<u>7,930,909</u>	<u>8,367,368</u>
Derivative liabilities:				
Trading	249,669	5,809,597	467,522	6,526,788
Hedging	-	838,068	343,759	1,181,827
	<u>249,669</u>	<u>6,647,665</u>	<u>811,281</u>	<u>7,708,615</u>
	<u>₩ 1,395,779</u>	<u>7,084,124</u>	<u>8,742,190</u>	<u>17,222,093</u>

(\*1) Of the Financial assets at FVTPL invested by the Group, P-note's valuation of amount related to Lime Asset Management is ₩ 133.8 billion. As of December 31, 2022, in this regard, international disputes are under way, the Group has estimated its fair value based on financial information within the recent audit report of underlying assets since it doesn't have fair market value observable through active trading markets. Accounting estimates and assumptions used in preparing consolidated financial statements may lead to adjustment in response to changes in uncertainty, such as information and market conditions available in the future. In addition, the ultimate impact on the business, financial condition, performance, and liquidity of the Group is unpredictable.

(\*2) Financial instruments (Beneficiary certificates: ₩ 221.7 billion and derivatives-combined securities: ₩ 221.7 billion) related to GEN2 Partners asset management were delayed in repurchase for the year ended December 31, 2022. The Group estimated fair value using the net asset value based on the most recent data available for the repurchase suspension fund. Since then, it has an uncertainty in measuring fair value due to market conditions.

(\*3) Shinhan Securities Co., Ltd.'s level 3 over-the-counter derivatives is recognized ₩ 75,925 million in financial assets measured at fair value through profit or loss, ₩ 7,930,909 million in financial liabilities designated at fair value through profit or loss, ₩ 526,868 million in derivative assets, and ₩ 468,028 million in derivative liabilities. The fair value of over-the-counter derivatives classified as level 3 above is measured using Shinhan Securities Co., Ltd.'s internal valuation model.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(e) Measurement of fair value (continued)**

i) Financial instruments measured at fair value (continued)

i-2) Classification of financial instruments as fair value level 3

The Group uses the evaluation value from evaluators who are qualified and external independent to determine the fair value for Group's assets at the end of each reporting period. Changes in carrying amounts of financial instruments classified as Level 3 for the years ended December 31, 2023 and 2022 are as follows:

		December 31, 2023				
		Financial asset at fair value through profit or loss	Securities at fair value through other comprehensive profit or loss	Financial liabilities designated at fair value through profit or loss	Derivative assets and liabilities, net	
					Held for trading	Held for hedging
Beginning balance	₩	15,047,137	981,329	(7,930,909)	61,622	(343,759)
Recognized in total comprehensive income for the year:						
Recognized in profit (loss) for the year (*1)		69,334	-	(244,146)	(15,540)	119,564
Recognized in other comprehensive income (loss) for the year		(532)	12,747	(1,907)	-	-
		68,802	12,747	(246,053)	(15,540)	119,564
Purchase		5,987,732	55,078	-	36,786	-
Issue		-	-	(6,343,080)	-	-
Settlement		(4,071,062)	(100,000)	7,794,790	(234,242)	-
Transfer to level3 (*2)		299,148	29	-	-	-
Transfer from level3 (*2)		(3,869)	-	-	-	-
Ending balance	₩	17,327,888	949,183	(6,725,252)	(151,374)	(224,195)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(e) Measurement of fair value (continued)

i) *Financial instruments measured at fair value (continued)*

i-2) Classification of financial instruments as fair value level 3 (continued)

The Group uses the evaluation value from evaluators who are qualified and external independent to determine the fair value for Group's assets at the end of each reporting period. Changes in carrying amounts of financial instruments classified as Level 3 for the years ended December 31, 2023 and 2022 are as follows (continued):

	<b>December 31, 2022</b>					
	Financial asset at fair value through profit or loss	Securities at fair value through other comprehensive profit or loss	Financial liabilities designated at fair value through profit or loss	Derivative assets and liabilities, net		
				Held for trading	Held for hedging	
Beginning balance	₩ 12,934,419	725,232	(7,622,525)	374,686	(182,749)	
Recognized in total comprehensive income for the year:						
Recognized in profit (loss) for the year (*1)	(123,983)	-	633,415	(484,756)	(161,010)	
Recognized in other comprehensive income (loss) for the year	(336)	(9,629)	(5,919)	-	-	
	(124,319)	(9,629)	627,496	(484,756)	(161,010)	
Purchase	5,779,999	276,636	-	190,380	-	
Issue	-	-	(6,030,787)	-	-	
Settlement	(3,486,410)	(10,910)	5,094,907	(18,763)	-	
Transfer to level3 (*2)	173,636	-	-	-	-	
Transfer from level3 (*2)	(230,188)	-	-	75	-	
Ending balance	₩ 15,047,137	981,329	(7,930,909)	61,622	(343,759)	

(\*1) Recognized profit or loss of the changes in carrying amount of financial instruments classified as Level 3 for the years ended December 31, 2023 and 2022 are included in the accounts of the statements of comprehensive income, of which the amounts and the related accounts are as follows:

	<b>December 31, 2023</b>	
	Amounts recognized in profit or loss	Recognized profit or loss from the financial instruments held as of December 31
Net loss on financial assets at fair value through profit or loss	₩ 53,794	47,708
Net gain on financial liabilities designated at fair value through profit or loss	(244,146)	96,223
Net other operating expense	119,564	119,564
	₩ (70,788)	263,495

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(e) Measurement of fair value (continued)**

*i) Financial instruments measured at fair value (continued)*

i-2) Changes in carrying amounts of financial instruments classified as Level 3 for the years ended December 31, 2023 and 2022 are as follows (continued):

	<b>December 31, 2022</b>	
	<b>Amounts recognized in profit or loss</b>	<b>Recognized profit or loss from the financial instruments held as of December 31</b>
Net gain on financial assets at fair value through profit or loss	₩ (608,739)	(607,708)
Net gain (loss) on financial liabilities designated at fair value through profit or loss	633,415	762,342
Net other operating expense	(161,010)	(161,010)
	₩ <u>(136,334)</u>	<u>(6,376)</u>

(\*2) Movements between levels occur as the availability of observable market data for the financial instrument in question changes. The Group recognizes changes in levels at the end of the reporting period when the event or change in circumstances that gives rise to the movement between levels occurs.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(e) Measurement of fair value (continued)**

*i) Financial instruments measured at fair value (continued)*

i-3) Valuation techniques and significant inputs not observable in markets

i-3-1) Valuation techniques and inputs used in measuring the fair value of financial instruments classified as level 2 as of December 31, 2023 and 2022 are as follows:

Type of financial instrument	Valuation technique	December 31, 2023		Significant inputs
		Carrying value		
<b>Assets</b>				
Financial asset at fair value through profit or loss				
Debt securities	DCF, NAV, Option model (*)	₩	40,282,764	Discount rate, interest rate, stock price and etc.
			40,282,764	
Derivative assets				
Trading	Option model (*), Implied forward interest rate,		3,709,058	Discount rate, foreign exchange rate, volatility, stock price and commodity index, etc.
Hedging	DCF		252,221	
			3,961,279	
Securities at fair value through other comprehensive income				
Debt securities	DCF, Option model (*)	₩	49,525,922	Interest rate, discount rate, etc.
			93,769,965	
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss				
Debt securities issued	Option model (*),		254,832	Discount rate, volatility
Compound financial instruments	NAV	₩	816,643	
			1,071,475	
Derivative liabilities				
Trading	Option model (*), Forward interest rate,		3,369,771	Discount rate, foreign exchange rate, volatility, stock price and commodity index, etc.
Hedging	DCF		614,285	
			3,984,056	
		₩	5,055,531	

(\*) Option models applied to measure fair value include the Black-Scholes model and Hull-White model, and methods such as Monte Carlo simulation are applied to some products depending on the product type.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(e) Measurement of fair value (continued)**

i) Financial instruments measured at fair value (continued)

i-3) Valuation techniques and significant inputs not observable in markets (continued)

i-3-1) Valuation techniques and inputs used in measuring the fair value of financial instruments classified as level 2 as of December 31, 2023 and 2022 are as follows (continued):

Type of financial instrument	Valuation technique	December 31, 2022		Significant inputs
			Carrying value	
<b>Assets</b>				
Financial asset at fair value through profit or loss				
Debt securities	DCF, NAV, Option model (*)	₩	35,767,488	Discount rate, interest rate, stock price and etc. Price of underlying assets such as stocks, bonds, etc.
Equity securities	NAV		5,044	
			<u>35,772,532</u>	
Derivative assets				
Trading	Option model (*), Implied forward interest rate,		5,585,517	Discount rate, foreign exchange rate, volatility, stock price and commodity index, etc.
Hedging	DCF		298,304	
			<u>5,883,821</u>	
Securities at fair value through other comprehensive income				
Debt securities	DCF, Option model (*)		45,349,965	Interest rate, discount rate, etc.
		₩	<u>87,006,318</u>	
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss				
Debt securities issued	Option model,		47,327	Discount rate, volatility Price of underlying assets
Compound financial instruments	NAV (*)	₩	389,132	
			<u>436,459</u>	
Derivative liabilities				
Trading	Option model (*), Implied forward interest rate		5,809,597	Discount rate, foreign exchange rate, volatility, stock price and commodity index, etc.
Hedging	DCF		838,068	
			<u>6,647,665</u>	
		₩	<u>7,084,124</u>	

(\*) Option models applied to measure fair value include the Black-Scholes model and Hull-White model, and methods such as Monte Carlo simulation are applied to some products depending on the product type.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. **Financial risk management (continued)**

(e) **Measurement of fair value (continued)**

i) *Financial instruments measured at fair value (continued)*

i-3) Valuation techniques and significant inputs not observable in markets (continued)

i-3-2) Valuation techniques and significant inputs, but not observable, used in measuring the fair value of financial instruments classified as level 3 as of December 31, 2023 and 2022 are as follows:

Type of financial instrument	Valuation technique	Carrying Value (*2)	December 31, 2023	
			Significant unobservable inputs	Range
<b>Financial assets</b>				
Financial asset at fair value through profit or loss				
Debt securities	DCF, NAV, Option model (*1), Income approach	₩ 15,730,078	The volatility of the underlying asset, Discount rate, Correlations	1.00~76.22% 2.44~30.33% -11.62~65.74%
			Growth rate, and Liquidation Value	0.00% 0.00%
Equity securities	DCF, NAV, Option model (*1), Comparable company analysis, Transaction case price, Cost method	1,597,810	The volatility of the underlying asset, Discount rate, Growth rate	0.51~51.57% 2.61~31.73% 0.00%
		And Interest rate volatility	0.51~74.30%	
		<u>17,327,888</u>		
<b>Derivative assets</b>				
Equity and foreign exchange related	Option model (*1)	97,403	The volatility of the underlying asset and Correlations	8.08~63.37% -1.74~69.79%
Interest rates related		60,919	The volatility of the underlying asset and Correlations	0.19~0.68% 75.14~77.30%
Credit and commodity related		473,891	The volatility of the underlying asset, Correlations and Hazard Rate	34.52~41.77% 99.83~99.95% 0.08~3.60%
		<u>632,213</u>		
<b>Securities at fair value through other comprehensive income</b>				
Equity securities	DCF, NAV, Option model (*1), Comparable company analysis	949,183	The volatility of the underlying asset, Discount rate, Growth rate and Interest rate volatility	20.60~27.84% 5.14~20.90% -1.00~1.00% 0.55~60.71%
		<u>₩ 18,909,284</u>		

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(e) Measurement of fair value (continued)**

*i) Financial instruments measured at fair value (continued)*

i-3) Valuation techniques and significant inputs not observable in markets (continued)

i-3-2) Valuation techniques and significant inputs, but not observable, used in measuring the fair value of financial instruments classified as level 3 as of December 31, 2023 and 2022 are as follows (continued):

Type of financial instrument	Valuation technique	December 31, 2023		
		Carrying Value (*2)	Significant unobservable inputs	Range
<b>Financial liabilities</b>				
Financial liabilities designated at fair value through profit or loss				
Equity related Derivative liabilities	Option model (*1)	₩ 6,725,252	The volatility of the underlying asset and Correlations	0.26~81.98% -42.43~84.71%
Equity and foreign exchange related		468,611	The volatility of the underlying asset and Correlations	7.58~81.98% -42.43~84.71%
Interest rates related	Option model (*1)	445,572	The volatility of the underlying asset, Regression coefficient and Correlations	0.19~1.06% 0.00~2.71% -38.52~90.34%
Credit and commodity related		93,599	The volatility of the underlying asset, Correlations and Hazard Rate	0.26~24.67% -11.62~77.30% 0.08~2.55%
		<u>1,007,782</u>		
		<u>₩ 7,733,034</u>		

(\*1) Option model that the Group uses in derivative valuation includes Black-Scholes model, Hull-White model, Monte Carlo simulation, etc.

(\*2) There is no disclosure for valuation techniques and input variables related to items where the carrying amount is recognized as a reasonable approximation of fair value and the carrying amount is disclosed at fair value.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(e) Measurement of fair value (continued)

i) Financial instruments measured at fair value (continued)

i-3) Valuation techniques and significant inputs not observable in markets (continued)

i-3-2) Valuation techniques and significant inputs, but not observable, used in measuring the fair value of financial instruments classified as level 3 as of December 31, 2023 and 2022 are as follows (continued):

Type of financial instrument	Valuation technique	Carrying value (*2)	December 31, 2022	
			Significant unobservable inputs	Range
<b>Financial assets</b>				
Financial asset at fair value through profit or loss				
Debt securities	DCF, NAV, Option model (*1), Income approach	₩ 13,146,888	The volatility of the underlying asset, Discount rate, Correlations, Growth rate, and Liquidation Value	0.60%~68.10% 2.92%~38.87% 15.94%~90.00% 0.00% 0.00%
	DCF, NAV, Option model (*1), Comparable company analysis, Transaction case price, Cost method			
Equity securities		1,900,249	The volatility of the underlying asset, Discount rate and Correlations	20.50%~25.30% 5.59%~15.18% 11.90%~66.00%
		<u>15,047,137</u>		
Derivative assets				
Equity and foreign exchange related		54,541	The volatility of the underlying asset and Correlations	4.89%~84.40% 7.30%~72.30%
Interest rates related	Option model (*1)	51,025	The volatility of the underlying asset and Correlations	0.60%~1.10% 76.60%~78.90%
Credit and commodity related		423,578	The volatility of the underlying asset, Correlations and Hazard Rate	42.20%~55.90% 99.9% 1.20%~3.60%
		<u>529,144</u>		
Securities at fair value through other comprehensive income				
Equity securities	DCF, NAV, Option model (*1), Comparable company analysis	981,329	The volatility of the underlying asset, Discount rate, Growth rate and Interest rate volatility	28.62% 9.08%~19.14% 0.00%~2.00% 0.56%~11.42%
		<u>₩ 16,557,610</u>		

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(e) Measurement of fair value (continued)**

*i) Financial instruments measured at fair value (continued)*

i-3) Valuation techniques and significant inputs not observable in markets (continued)

i-3-2) Valuation techniques and significant inputs, but not observable, used in measuring the fair value of financial instruments classified as level 3 as of December 31, 2023 and 2022 are as follows (continued):

Type of financial instrument	Valuation technique	December 31, 2022		
		Carrying value (*2)	Significant unobservable inputs	Range
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss				
Equity related	Option model (*1)	₩ 7,930,909	The volatility of the underlying asset and Correlations	0.20%~84.40% -44.20%~86.30%
Derivative liabilities				
Equity and foreign exchange related		13,841	The volatility of the underlying asset and Correlations	4.89%~84.40% -42.30%~87.60%
Interest rates related	Option model (*1)	642,123	The volatility of the underlying asset, Regression coefficient and Correlations	0.20%~1.10% 0.00%~1.46% 23.60%~90.34%
Credit and commodity related		155,317	The volatility of the underlying asset, Correlations and Hazard Rate	0.20%~45.70% 23.60%~78.90%
		<u>811,281</u>		1.20%~2.90%
		<u>₩ 8,742,190</u>		

(\*1) Option model that the Group uses in derivative valuation includes Black-Scholes model, Hull-White model, Monte Carlo simulation, etc.

(\*2) There is no disclosure for valuation techniques and input variables related to items where the carrying amount is recognized as a reasonable approximation of fair value and the carrying amount is disclosed at fair value.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(e) Measurement of fair value (continued)**

*i) Financial instruments measured at fair value (continued)*

*i-4) Sensitivity for changing in unobservable inputs*

For level 3 fair value measurement, changing one or more of the unobservable inputs used to reasonably possible alternative assumptions would have the following effects on profit or loss, or other comprehensive income as of December 31, 2023 and 2022.

	<b>December 31, 2023</b>	
	<b>Favorable changes</b>	<b>Unfavorable changes</b>
<b>Financial assets:</b>		
Effects on profit or loss for the period (*1),( *2):		
Financial asset at fair value through profit or loss	₩ 45,433	(42,214)
Derivative assets	19,994	(20,386)
Securities at fair value through other comprehensive income (*2)	44,286	(33,212)
	<u>₩ 109,713</u>	<u>(95,812)</u>
<b>Financial liabilities:</b>		
Effects on profit or loss for the period (*1):		
Financial liabilities designated at fair value through profit or loss	₩ 30,543	(29,790)
Derivative liabilities	27,561	(27,525)
	<u>₩ 58,104</u>	<u>(57,315)</u>
	<b>December 31, 2022</b>	
	<b>Favorable changes</b>	<b>Unfavorable changes</b>
<b>Financial assets:</b>		
Effects on profit or loss for the period (*1),( *2):		
Financial asset at fair value through profit or loss	₩ 57,763	(51,803)
Derivative assets	12,499	(11,465)
Securities at fair value through other comprehensive income (*2)	49,515	(40,860)
	<u>₩ 119,777</u>	<u>(104,128)</u>
<b>Financial liabilities:</b>		
Effects on profit or loss for the period (*1):		
Financial liabilities designated at fair value through profit or loss	₩ 57,121	(60,525)
Derivative liabilities	16,388	(16,908)
	<u>₩ 73,509</u>	<u>(77,433)</u>

(\*1) Fair value changes are calculated by increasing or decreasing the volatility of the underlying asset (-10~10%p) or correlations (-10~10%p), a significant unobservable input.

(\*2) Fair value changes are calculated by increasing or decreasing the growth rate and discount rate, which are a significant unobservable input, from -1%p to 1%p.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(e) Measurement of fair value (continued)**

*ii) Financial instruments measured at amortized cost*

ii-1) The method of measuring the fair value of financial instruments measured at amortized cost is as follows:

Type	Measurement methods of fair value
Cash and due from banks	The carrying amount and the fair value for cash are identical and most of deposits are floating interest rate deposits or next day deposits of a short-term instrument. For this reason, the carrying amount approximates fair value.
Loans	The fair value of the loans is measured by discounting the expected cash flow at the market interest rate and credit risk of the borrower.
Securities	An external professional evaluation agency is used to calculate the valuation amount using the market information. The agency calculates the fair value based on active market prices, and DCF model is used to calculate the fair value if there is no quoted price.
Deposits and borrowings	The carrying amount and the fair value for demand deposits, cash management account deposits, call money as short-term instrument are identical. The fair value of others is measured by discounting the contractual cash flow at the market interest rate that takes into account the residual risk.
Debt securities issued	Where available, the fair value of deposits and borrowings is based on the published price quotations in an active market. In case there is no data for an active market price, it is measured by discounting the contractual cash flow at the market interest rate that takes into account the residual risk.
Investment contract liabilities	The book value of retirement pension contract reserves as prescribed by the Insurance Business Act and Insurance Business Supervision Regulations was used as a proxy for fair value because of the difficulty of calculating reliable expected cash flows.
Other financial assets and other financial liabilities	The carrying amount is measured at fair value for short-term and suspense accounts, such as spot exchange, inter-bank fund transfer, and domestic exchange of payments, and for the remaining financial instruments, the present value is calculated by discounting the contractual cash flows at a discount rate which considered residual risk at the market interest rate.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(e) Measurement of fair value (continued)

ii) Financial instruments measured at amortized cost (continued)

ii-2) The carrying amount and the fair value of financial instruments measured at amortized cost as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Deposits measured at amortized cost	₩ 32,455,701	32,338,446	27,746,360	27,660,501
Loans measured at amortized cost	411,739,562	414,024,035	407,898,972	404,855,790
Securities measured at amortized cost:				
Government bonds	22,787,609	22,182,130	21,523,230	20,215,099
Financial institution bonds	5,864,626	5,906,724	5,423,771	5,387,207
Corporation bonds	7,034,252	6,879,983	6,424,197	5,971,007
	35,686,487	34,968,837	33,371,198	31,573,313
Other financial assets	26,880,554	27,175,002	21,826,601	22,059,918
	₩ 506,762,304	508,506,320	490,843,131	486,149,522
Liabilities:				
Deposit liabilities:				
Demand deposits	₩ 151,177,041	151,177,041	157,446,276	157,446,276
Time deposits	202,106,686	202,405,752	196,265,911	195,886,583
Certificate of deposit	12,059,730	12,114,566	14,921,375	14,748,736
Issued bill deposit	7,614,701	7,614,012	6,631,858	6,631,276
CMA deposits	4,950,392	4,950,392	4,634,010	4,634,010
Others	3,604,114	3,604,031	3,088,864	3,088,542
	381,512,664	381,865,794	382,988,294	382,435,423
Borrowing debts:				
Call-money	2,195,849	2,195,849	1,276,301	1,276,301
Bills sold	11,252	11,208	15,057	15,006
Bonds sold under repurchase agreements	17,312,576	17,312,576	9,544,536	9,544,536
Borrowings	37,381,675	37,322,235	38,443,281	37,602,027
	56,901,352	56,841,868	49,279,175	48,437,870
Debts:				
Borrowings in Korean won	68,382,242	68,189,097	63,927,063	62,059,253
Borrowings in foreign currency	13,179,483	13,143,721	13,361,720	13,051,576
	81,561,725	81,332,818	77,288,783	75,110,829
Investment contract liabilities	1,572,685	1,572,685	2,133,586	2,133,586
Other financial liabilities	47,328,051	47,295,828	31,992,438	31,683,186
	₩ 568,876,477	568,908,993	543,682,276	539,800,894



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(e) Measurement of fair value (continued)

ii) *Financial instruments measured at amortized cost (continued)*

ii-3) The fair value hierarchy of financial assets and liabilities which are not measured at their fair values in the statements of financial position but with their fair value disclosed as of December 31, 2023 and 2022 are as follows:

		December 31, 2023			
		Level 1	Level 2	Level 3	Total
Assets:					
Deposits measured at amortized cost	₩	554,703	31,783,743	-	32,338,446
Loans measured at amortized cost		-	1,633,949	412,390,086	414,024,035
Securities measured at amortized cost:					
Government bonds		10,727,244	11,454,886	-	22,182,130
Financial institution bonds		2,005,877	3,900,847	-	5,906,724
Corporation bonds		-	6,879,983	-	6,879,983
		12,733,121	22,235,716	-	34,968,837
Other financial assets		-	16,393,625	10,781,377	27,175,002
	₩	13,287,824	72,047,033	423,171,463	508,506,320
Liabilities:					
Deposit liabilities:					
Demand deposits	₩	-	151,177,041	-	151,177,041
Time deposits		-	-	202,405,752	202,405,752
Certificate of deposit		-	-	12,114,566	12,114,566
Issued bill deposit		-	-	7,614,012	7,614,012
CMA deposits		-	4,950,392	-	4,950,392
Other		-	3,565,491	38,540	3,604,031
		-	159,692,924	222,172,870	381,865,794
Borrowing debts:					
Call-money		-	2,195,849	-	2,195,849
Bills sold		-	-	11,208	11,208
Bonds sold under repurchase agreements		-	-	17,312,576	17,312,576
Borrowings		-	221,256	37,100,979	37,322,235
		-	2,417,105	54,424,763	56,841,868
Debts:					
Borrowings in won		-	36,388,349	31,800,748	68,189,097
Borrowings in foreign currency		-	10,456,332	2,687,389	13,143,721
		-	46,844,681	34,488,137	81,332,818
Investment contract liabilities		-	-	1,572,685	1,572,685
Other financial liabilities		-	20,658,155	26,637,673	47,295,828
	₩	-	229,612,865	339,296,128	568,908,993

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(e) Measurement of fair value (continued)

ii) Financial instruments measured at amortized cost (continued)

ii-3) The fair value hierarchy of financial assets and liabilities which are not measured at their fair values in the statements of financial position but with their fair value disclosed as of December 31, 2023 and 2022 are as follows (continued):

		December 31, 2022			
		Level 1	Level 2	Level 3	Total
Assets:					
Deposits measured at amortized cost	₩	431,650	27,228,851	-	27,660,501
Loans measured at amortized cost		-	5,832,484	399,023,306	404,855,790
Securities measured at amortized cost:					
Government bonds		9,109,801	11,105,298	-	20,215,099
Financial institution bonds		1,898,457	3,488,750	-	5,387,207
Corporation bonds		-	5,971,007	-	5,971,007
		11,008,258	20,565,055	-	31,573,313
Other financial assets		-	12,598,487	9,461,431	22,059,918
	₩	11,439,908	66,224,877	408,484,737	486,149,522
Liabilities:					
Deposit liabilities:					
Demand deposits	₩	-	157,446,276	-	157,446,276
Time deposits		-	-	195,886,583	195,886,583
Certificate of deposit		-	-	14,748,736	14,748,736
Issued bill deposit		-	-	6,631,276	6,631,276
CMA deposits		-	4,634,010	-	4,634,010
Other		-	3,035,338	53,204	3,088,542
		-	165,115,624	217,319,799	382,435,423
Borrowing debts:					
Call-money		-	1,276,301	-	1,276,301
Bills sold		-	-	15,006	15,006
Bonds sold under repurchase agreements		-	-	9,544,536	9,544,536
Borrowings		-	19,922	37,582,105	37,602,027
		-	1,296,223	47,141,647	48,437,870
Debts:					
Borrowings in won		-	31,665,994	30,393,259	62,059,253
Borrowings in foreign currency		-	9,625,410	3,426,166	13,051,576
		-	41,291,404	33,819,425	75,110,829
Investment contract liabilities		-	-	2,133,586	2,133,586
Other financial liabilities		-	8,921,782	22,761,404	31,683,186
	₩	-	216,625,033	323,175,861	539,800,894

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. **Financial risk management (continued)**

(e) **Measurement of fair value (continued)**

ii) *Financial instruments measured at amortized cost (continued)*

ii-4) Valuation techniques and inputs used in the fair value measurements categorized within Level 2 and Level 3 for fair value disclosures, which are not recognized at fair value, as at December 31, 2023 and 2022, are as follows:

				December 31, 2023	
		Fair value (*)	Valuation technique	Inputs	
<b>Financial instruments classified as level 2 :</b>					
Assets					
Due from banks measured at amortized cost	₩	31,783,743	DCF	Discount rate	
Loans measured at amortized cost		1,633,949	DCF	Discount rate, Credit spread and Prepayment rate	
Securities measured at amortized cost		22,235,716	DCF	Discount rate	
Other financial assets		16,393,625	DCF	Discount rate	
<b>Financial instruments classified as level 3 :</b>					
Assets					
Loans measured at amortized cost		412,390,086	DCF	Discount rate, Credit spread and Prepayment rate	
Other financial assets		10,781,377	DCF	Discount rate	
	₩	<u>495,218,496</u>			
<b>Financial instruments classified as level 2 :</b>					
Liabilities					
Deposits	₩	159,692,924	DCF	Discount rate	
Borrowings		2,417,105	DCF	Discount rate	
Debt securities issued		46,844,681	DCF	Discount rate	
Other financial liabilities		20,658,155	DCF	Discount rate	
<b>Financial instruments classified as level 3 :</b>					
Liabilities					
Deposits		222,172,870	DCF	Discount rate	
Borrowings		54,424,763	DCF	Discount rate	
Debt securities issued		34,488,137	DCF	Discount rate, Regression coefficient and Correlations	
Investment contract liabilities		1,572,685	-	-	
Other financial liabilities		26,637,673	DCF	Discount rate	
	₩	<u>568,908,993</u>			

(\*) Valuation techniques and inputs are not disclosed when the carrying amount is a reasonable approximation of fair value.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(e) Measurement of fair value (continued)

ii) Financial instruments measured at amortized cost (continued)

ii-4) Valuation techniques and inputs used in the fair value measurements categorized within Level 2 and Level 3 for fair value disclosures, which are not recognized at fair value, as at December 31, 2023 and 2022, are as follows (continued) :

		December 31, 2022		
		Fair value (*)	Valuation technique	Inputs
<b>Financial instruments classified as level 2 :</b>				
Assets				
Due from banks measured at amortized cost	₩	27,228,851	DCF	Discount rate
Loans measured at amortized cost		5,832,484	DCF	Discount rate, Credit spread and Prepayment rate
Securities measured at amortized cost		20,565,055	DCF	Discount rate
Other financial assets		12,598,487	DCF	Discount rate
<b>Financial instruments classified as level 3 :</b>				
Assets				
Loans measured at amortized cost		399,023,306	DCF	Discount rate, Credit spread and Prepayment rate
Other financial assets		9,461,431	DCF	Discount rate
	₩	<u>474,709,614</u>		
<b>Financial instruments classified as level 2 :</b>				
Liabilities				
Deposits	₩	165,115,624	DCF	Discount rate
Borrowings		1,296,223	DCF	Discount rate
Debt securities issued		41,291,404	DCF	Discount rate
Other financial liabilities		8,921,782	DCF	Discount rate
<b>Financial instruments classified as level 3 :</b>				
Liabilities				
Deposits		217,319,799	DCF	Discount rate
Borrowings		47,141,647	DCF	Discount rate
Debt securities issued		33,819,425	DCF	Discount rate, Regression coefficient and Correlations
Investment contract liabilities		2,133,586		
Other financial liabilities		22,761,404	DCF	Discount rate
	₩	<u>539,800,894</u>		

(\*) Valuation techniques and inputs are not disclosed when the carrying amount is a reasonable approximation of fair value.

iii) Changes in gains or losses on valuation at the transaction date for the years ended December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Beginning balance	₩ (143,959)	(160,525)
New transactions	(48,548)	(88,769)
Recognized in profit for the year	110,760	105,335
Ending balance	₩ <u>(81,747)</u>	<u>(143,959)</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(f) Classification by categories of financial instruments

Financial assets and liabilities are measured at fair value or amortized cost. The financial instruments measured at fair value or amortized costs are measured in accordance with the Group's valuation methodologies, which are described in Note 5.(e) Measurement of fair value.

The carrying amounts of each category of financial assets and financial liabilities as of December 31, 2023 and 2022 is as follows:

	December 31, 2023				
	FVTPL	FVOCI	Amortized cost	Derivatives held for hedging	Total
Assets:					
Cash and due from banks at amortized cost	₩ -	-	34,629,251	-	34,629,251
Due from banks at fair value through profit or loss	30,743	-	-	-	30,743
Securities at fair value through profit or loss	69,427,259	-	-	-	69,427,259
Derivatives assets	4,459,200	-	-	252,221	4,711,421
Loans at fair value through profit or loss	1,758,562	-	-	-	1,758,562
Loans at amortized cost	-	-	411,739,562	-	411,739,562
Securities at fair value through other comprehensive income	-	90,311,979	-	-	90,311,979
Securities at amortized cost	-	-	35,686,487	-	35,686,487
Others	-	-	26,880,554	-	26,880,554
	₩ <u>75,675,764</u>	<u>90,311,979</u>	<u>508,935,854</u>	<u>252,221</u>	<u>675,175,818</u>

	December 31, 2023				
	FVTPL	FVTPL liabilities designated	Financial liabilities measured at amortized cost	Derivatives held for hedging	Total
Liabilities:					
Deposits	₩ -	-	381,512,664	-	381,512,664
Financial liabilities at fair value through profit or loss	1,868,977	-	-	-	1,868,977
Financial liabilities designated at FVTPL	-	7,796,727	-	-	7,796,727
Derivatives liabilities	4,199,936	-	-	838,480	5,038,416
Borrowings	-	-	56,901,352	-	56,901,352
Debt securities issued	-	-	81,561,725	-	81,561,725
Investment contract liabilities	-	-	1,572,685	-	1,572,685
Others	-	-	47,328,051	-	47,328,051
	₩ <u>6,068,913</u>	<u>7,796,727</u>	<u>568,876,477</u>	<u>838,480</u>	<u>583,580,597</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. Financial risk management (continued)

(f) Classification by categories of financial instruments (continued)

The carrying amounts of each category of financial assets and financial liabilities as of December 31, 2023 and 2022 is as follows (continued):

		December 31, 2022				
		FVTPL	FVOCI	Amortized cost	Derivatives held for hedging	Total
Assets:						
Cash and due from banks at amortized cost	₩	-	-	30,050,840	-	30,050,840
Due from banks at fair value through profit or loss		26,116	-	-	-	26,116
Securities at fair value through profit or loss		59,092,985	-	-	-	59,092,985
Derivatives assets		6,162,348	-	-	298,304	6,460,652
Loans at fair value through profit or loss		2,389,180	-	-	-	2,389,180
Loans at amortized cost		-	-	407,898,972	-	407,898,972
Securities at fair value through other comprehensive income		-	85,469,161	-	-	85,469,161
Securities at amortized cost		-	-	33,371,198	-	33,371,198
Others		-	-	21,826,601	-	21,826,601
	₩	<u>67,670,629</u>	<u>85,469,161</u>	<u>493,147,611</u>	<u>298,304</u>	<u>646,585,705</u>
December 31, 2022						
		FVTPL	FVTPL liabilities designated	Financial liabilities measured at amortized cost	Derivatives held for hedging	Total
Liabilities:						
Deposits	₩	-	-	382,988,294	-	382,988,294
Financial liabilities at fair value through profit or loss		1,146,110	-	-	-	1,146,110
Financial liabilities designated at FVTPL		-	8,367,368	-	-	8,367,368
Derivatives liabilities		6,526,787	-	-	1,181,828	7,708,615
Borrowings		-	-	49,279,175	-	49,279,175
Debt securities issued		-	-	77,288,783	-	77,288,783
Investment contract liabilities		-	-	2,133,586	-	2,133,586
Others		-	-	31,992,438	-	31,992,438
	₩	<u>7,672,897</u>	<u>8,367,368</u>	<u>543,682,276</u>	<u>1,181,828</u>	<u>560,904,369</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(g) Transfer of financial instruments**

*i) Transfers that do not qualify for derecognition*

① Sale of repurchase bonds

Among the Group's sale of repurchase bonds, followings are the details of financial instruments that do not qualify for derecognition because the Group sold under repurchase agreement at a fixed price as of December 31, 2023 and 2022:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Transferred asset:		
Securities at FVTPL	₩ 11,042,486	7,461,978
Securities at FVOCI	1,286,990	1,335,548
Securities at amortized cost	3,622,838	258,579
	<u>₩ 15,952,314</u>	<u>9,056,105</u>
Associated liabilities:		
Bonds sold under repurchase agreements	₩ 17,312,576	9,544,536

② Securities loaned

If the securities owned by the Group are loaned, the ownership of the securities is transferred, but is required to be returned at the end of the loan period. Therefore, the Group continues to recognize the entire securities loaned as it holds most of the risks and compensation of the securities.

Securities loaned as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Borrowers</u>
Government bonds	₩ 15,340,768	12,876,660	Korea Securities Finance Corp., Korea Securities Depository, etc.
Financial institutions bonds	398,252	422,166	Korea Securities Finance Corp., Korea Securities Depository, etc.
Corporation bonds	221,435	210,258	BNP Paribas Securities Corp. Meritz Securities co., Ltd.,
Equity securities	48,004	73,169	HI Investment & Securities co., Ltd., etc.
Beneficiary certificate	40,890	29,850	Korea Securities Depository
	<u>₩ 16,049,349</u>	<u>13,612,103</u>	

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 5. Financial risk management (continued)

#### (g) Transfer of financial instruments

##### *i) Transfers that do not qualify for derecognition (continued)*

##### ③ Securitization of financial assets

The Group uses the securitization of financial assets as a means of financing and to transfer risk. Generally, these securitization transactions result in the transfer of contractual cash flows to the debt securities holders issued from the financial asset portfolio. The Group recognizes debt securities issued without derecognition of assets under individual agreements, partially recognizes assets to the extent of the Group's level of involvement in assets, or recognizes rights and obligations arising from the derecognition and transfer of assets as separate assets and liabilities. The Group derecognizes the entire asset only if it transfers contractual rights to the cash flows of financial assets or if it holds contractual rights but bears contractual obligations to pay cash flows to the other party without significant delays or reinvestment and transfers most of the risks and benefits of ownership (e.g., credit risk, interest rate risk, prepayment risk, etc.). For the years ended December 31, 2023 and 2022, the carrying amount of financial assets related to securitization transactions that have neither been transferred nor derecognized are ₩ 10,950,727 million and ₩ 11,429,250 million, respectively; the carrying amounts of related liabilities are ₩ 6,634,887 million and ₩ 6,366,125 million, respectively.

##### *ii) Financial instruments qualified for derecognition and continued involvement*

There are no financial instruments which qualify for derecognition and in which the Group has continuing involvements as of December 31, 2023, and 2022.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. **Financial risk management (continued)**

(h) **Offsetting financial assets and financial liabilities**

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2023 and 2022 are as follows:

		December 31, 2023				
		Gross amounts of recognized financial assets/ liabilities set off in the statement of financial position	Net amounts of financial assets/ liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		
		Gross amounts of recognized financial assets/ liabilities		Financial instruments	Cash collateral received	Net amount
<b>Assets:</b>						
Derivatives (*1)	₩	4,706,696	-	4,706,696		
Other financial instruments (*1)		12,212,371	-	12,212,371	14,428,984	448,025
Securities repurchased under repurchase agreements and bonds purchased under repurchase agreements (*2)		19,200,694	-	19,200,694	18,814,022	-
Securities loaned (*2)		6,284,849	-	6,284,849	6,283,227	-
Domestic exchange settlement debit (*3)		47,791,602	42,766,815	5,024,787	-	5,024,787
Receivables from disposal of securities (*4)		7,421,808	3,734,544	3,687,264	3,006,017	-
	₩	<u>97,618,020</u>	<u>46,501,359</u>	<u>51,116,661</u>	<u>42,532,250</u>	<u>448,025</u>
						<u>8,136,386</u>
<b>Liabilities:</b>						
Derivatives (*1),(*5)	₩	12,637,884	-	12,637,884		
Other financial instruments (*1)		11,022,825	-	11,022,825	14,701,829	-
Bonds sold under repurchase agreements (*2)		17,312,576	-	17,312,576	15,450,999	-
Securities borrowed (*2)		1,449,634	-	1,449,634	1,449,634	-
Domestic exchange settlement pending (*3)		52,004,974	42,766,815	9,238,159	9,151,927	-
Payable from purchase of securities (*4)		7,466,010	3,734,544	3,731,466	3,006,534	-
	₩	<u>101,893,903</u>	<u>46,501,359</u>	<u>55,392,544</u>	<u>43,760,923</u>	<u>-</u>
						<u>11,631,621</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**5. Financial risk management (continued)**

**(h) Offsetting financial assets and financial liabilities (continued)**

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2023 and 2022 are as follows (continued):

(\*1) The Group has certain derivative transactions subject to the ISDA (International Derivatives Swaps and Dealers Association) agreement. According to the ISDA agreement, when credit events (e.g. default) of counterparties occur, all derivative agreements are terminated and set off. At the time of termination, the parties to the transaction will offset the amount of payment or payment to each other, and one party will pay the other party a single amount will be paid to the other party.

(\*2) Resale and repurchase agreement, securities borrowing and lending agreement are also similar to ISDA agreement with respect to enforceable netting agreements.

(\*3) The Group has legally enforceable right to set off and settles financial assets and liabilities on a net basis under normal business terms. Therefore, domestic exchanges settlement receivables (payables) are recorded on a net basis in the consolidated statements of financial position.

(\*4) It is an account that deals with bonds and liabilities based on the settlement of listed stocks traded in the market. The Group currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis. Therefore, the net amount is presented in the consolidated statement of financial position. The offset amount of related bonds and liabilities based on the settlement of over-the-counter derivatives in-house payment by Central Clearing System is included.

(\*5) As of December 31, 2023, the total amount of financial liabilities includes ₩ 7,541,895 million of ELS (equity-linked securities) products and of DLS (derivative linked securities) products. In the course of this transaction, the Group has provided collateral for some transactions. The financial instruments provided as collateral of ₩ 365,074 million are included in the related instruments not offset in the statement of financial position.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

5. **Financial risk management (continued)**

(h) **Offsetting financial assets and financial liabilities (continued)**

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2023 and 2022 are as follows: (continued)

		December 31, 2022				
		Gross amounts of recognized financial assets/ liabilities set off in the statement of financial position	Net amounts of financial assets/ liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		
		Gross amounts of recognized financial assets/ liabilities		Financial instruments	Cash collateral received	Net amount
<b>Assets:</b>						
Derivatives (*1)	₩	6,523,848	-	6,523,848		
Other financial instruments (*1)		7,405,655	-	7,405,655	10,922,201	473,252
Securities repurchased under repurchase agreements and bonds purchased under repurchase agreements (*2)		13,045,505	-	13,045,505	12,893,643	-
Securities loaned (*2)		4,584,247	-	4,584,247	4,584,247	-
Domestic exchange settlement debit (*3)		45,282,683	39,247,867	6,034,816	-	6,034,816
Receivables from disposal of securities (*4)		4,933,264	2,405,878	2,527,386	1,767,831	759,555
	₩	<u>81,775,202</u>	<u>41,653,745</u>	<u>40,121,457</u>	<u>30,167,922</u>	<u>473,252</u>
<b>Liabilities:</b>						
Derivatives (*1),(*5)	₩	15,801,774	-	15,801,774		
Other financial instruments (*1)		6,198,330	-	6,198,330	11,227,001	1,000
Bonds sold under repurchase agreements (*2)		9,544,536	-	9,544,536	8,931,247	-
Securities borrowed (*2)		724,104	-	724,104	724,104	-
Domestic exchange settlement pending (*3)		41,556,442	39,247,867	2,308,575	2,231,508	-
Payable from purchase of securities (*4)		4,854,358	2,405,878	2,448,480	1,768,821	-
	₩	<u>78,679,544</u>	<u>41,653,745</u>	<u>37,025,799</u>	<u>24,882,681</u>	<u>1,000</u>

## SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

#### 5. Financial risk management (continued)

##### (h) Offsetting financial assets and financial liabilities (continued)

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2023 and 2022 are as follows (continued):

(\*1) The Group has certain derivative transactions subject to the ISDA (International Derivatives Swaps and Dealers Association) agreement. According to the ISDA agreement, when credit events (e.g. default) of counterparties occur, all derivative agreements are terminated and set off. At the time of termination, the parties to the transaction will offset the amount of payment or payment to each other, and one party will pay the other party a single amount will be paid to the other party.

(\*2) Resale and repurchase agreement, securities borrowing and lending agreement are also similar to ISDA agreement with respect to enforceable netting agreements.

(\*3) The Group has legally enforceable right to set off and settles financial assets and liabilities on a net basis under normal business terms. Therefore, domestic exchanges settlement receivables (payables) are recorded on a net basis in the consolidated statements of financial position.

(\*4) It is an account that deals with bonds and liabilities based on the settlement of listed stocks traded in the market. The Group currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis. Therefore, the net amount is presented in the consolidated statement of financial position. The offset amount of related bonds and liabilities based on the settlement of over-the-counter derivatives in-house payment by Central Clearing System is included.

(\*5) As of December 31, 2022, the total amount of financial liabilities includes ₩ 8,320,041 million of ELS (equity-linked securities) products and of DLS (derivative linked securities) products. In the course of this transaction, the Group has provided collateral for some transactions. The financial instruments provided as collateral of ₩ 432,228 million are included in the related instruments not offset in the statement of financial position. The total amount of financial liabilities recognized as of December 31, 2022 is ₩ 1,934,547 million for transactions with the other party with collective offset contracts or similar arrangements.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 5. Financial risk management (continued)

#### (i) Capital risk management

The criteria for capital adequacy to be complied with by the Group are 8.0%. In addition, the minimum regulatory BIS capital ratio, which should be maintained additionally to increase the ability to absorb losses, has been raised to up to 14% as the capital regulation based on the Basel III standard is enforced from 2016. This is based on the addition of capital conservation capital (2.5%p) and domestic system-critical banks (D-SIB) capital (1.0%p) and economic response capital (2.5%p) to the existing lowest common equity capital ratio, and economic response capital can be charged up to 2.5%p during credit expansion period. As of December 31, 2023, the minimum regulatory BIS capital ratio to be observed is 11.5%, which is the standard for applying capital conservation capital (2.5%p), D-SIB capital (1.0%p), and economic response capital (0%p).

Basel III capital ratio is the concept of 'International Agreement on the Measurement and Standards of Equity Capital' of the Basel Bank Supervisory Commission of BIS (International Settlement Bank). It is calculated as '(common stock capital (after deduction of deductions) + other basic capital + supplementary capital) ÷ risk weighted assets'.

The capital of common stock can be the first to make up for the loss of the financial holding company. The capital of common stock consists of capital stock, capital reserve, retained earnings and other, which will not be redeemed until the liquidation and will be redeemed at the last during the liquidation. Other basic capital consists of capital securities that meet certain requirements as capital of permanent nature. Complementary capital is capital that can compensate for losses of financial holding companies during liquidation, and consists of capital securities, etc. that meet certain requirements. The deduction items are those held by the Group as assets or capital items, but do not contribute to the ability to absorb losses. Unless otherwise noted, it will be deducted from common stock capital.

The capital ratio of the Group based on Basel III is as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Capital :		
Tier I common equity capital	₩ 41,388,070	37,287,768
Additional tier 1 capital	5,118,817	5,979,604
Tier I capital	46,506,887	43,267,372
Tier II capital	3,685,637	3,714,400
Total capital (A)	₩ 50,192,524	46,981,772
Total risk-weighted assets (B)	₩ 314,180,698	291,542,598
Capital adequacy ratio (A/B)	15.98%	16.11%
Tier I capital adequacy ratio	14.80%	14.84%
Common stock ratio	13.17%	12.79%

(\* ) As of December 31, 2023, the Group maintains an appropriate capital adequacy ratio in accordance with the BIS capital regulation system. As of December 31, 2023, the capital adequacy ratio is the provisional value.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 6. Insurance Risk

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd.

#### *i) Overview of the insurance risk*

##### i-1) Insurance risk

Insurance risk is the likelihood that insured events occur and the uncertainty of the total amount and timing of claims for the insured events occurred. The main risk covered by insurance contracts is the risk that the actual claim or benefit payment will exceed the accumulated insurance liability. This risk can occur for the following reasons:

- ① Frequency risk: a possibility that the number of occurrences of the insured event is different from the expected number
- ② Severity risk: a possibility that the cost of an incident may be different from the expected cost level

By experience, when there is more similar insurance or they are more diversified, the less likely it is that abnormal effects from some contracts will occur. Shinhan Life Insurance Co., Ltd. takes this into account when underwriting contracts and strives to form a sufficiently large and diversified group of contracts.

Insurance risk includes a lack of risk diversification and relates to geographical location and the nature of the policyholder as well as to the diversification of risk forms or sizes.

If the insurance contract covers death, a catastrophe affects the frequency the most and can affect the frequency of death earlier than expected due to a wide range of causes such as eating habits, smoking, and exercise habits, etc. And if the coverage is survival, medical technology and social conditions can increase the survival rate. The frequency may also be affected by excessive concentration in residential areas of policy holders.

Insurance accidents in life insurance include not only the death of the insured but also survival, disability and hospitalization.

Shinhan Life Insurance Co., Ltd. basically classifies the Shinhan Life Insurance Co., Ltd.'s insurance products into individual insurance and group insurance according to the policyholder. Group insurance means a contract under which the insured belongs to a group of a certain size or larger and in which the policyholder is the representative of the Group or organization. The group insurance can be divided into savings and protections. Protection insurance means insurance in which the sum of benefits paid for survival at the base age does not exceed the premium already paid; savings insurance is defined as insurance, except for protection insurance, in which the sum of benefits paid for survival exceeds the premium already paid. Individual insurance can be classified into death insurance in which the insured's death is insured, survival insurance in which the life is insured for a certain period of time, and endowment insurance in which life insurance and survival insurance are mixed.

Life insurance products can also be divided into guaranteed fixed rates, floating rates, interest accreted rate linked, and variable types by the applying term structures of interest types.

In the guaranteed fixed interest type, since the expected rate does not change from the time the policyholder enters into the contract to the end of the insurance period, Shinhan Life Insurance Co., Ltd. assumes the interest rate risk if the asset management return rate or market interest rate is lower than the expected rate. Floating interest rate type divides the net insurance premium into the guaranteed portion and the reserve portion; the guaranteed portion is applied with the predetermined expected rate, and the reserve portion changes based on the reserve rate for policy reserve according to asset management return rate, which makes partial hedge to interest rate risk, but the Group assumes some interest rate risk from the changes of asset management return rate, etc. since the minimum reserve rate for policy reserve is predetermined.

Shinhan Life Insurance Co., Ltd. uses acquisition strategies and reinsurance strategies to manage insurance risk of uncertainties of the total amount and timing of insurance claims paid due to insured events.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 6. Insurance Risk (continued)

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd. (continued)

*i) Overview of the insurance risk (continued)*

i-1) Insurance risk and reinsurance (continued)

① Acceptance strategy

Acceptance strategy means diversifying the type of risk or the level of claims from that are accepted insurance policies. For example, Shinhan Life Insurance Co., Ltd can balance mortality and survival risks. In addition, the selection of policyholders through regular health check-ups is one of the major acceptance strategies.

② Reinsurance strategy

The risk of reinsurance contracts held to Shinhan Life Insurance Co., Ltd is based on the accepted insurance contracts, which can be the total amount of risk or risk per contract on a per capita basis or per contract basis. In principle, the reinsurance method provides the risk premium excess reinsurance, but other methods may be used within the scope of the relevant laws as required. The degree of reinsurance held by Shinhan Life Insurance Co., Ltd shall be determined by considering the Shinhan Life Insurance Co., Ltd 's assets, contract conditions, risk level, and technology for selecting the contract.

Insurance risk can also be affected by the policyholder's right to terminate the contract or exercise annuity conversion rights to reduce or not pay the full premium. As a result, insurance risks may be affected by the policyholder's actions and decisions. Shinhan Life Insurance Co., Ltd 's insurance risk can be estimated on the assumption that the policyholder is reasonable. For example, a person who is worse than a person in good health would have less intention of terminating insurance that covers death. These factors are also reflected in the assumptions about Shinhan Life Insurance Co., Ltd 's insurance liabilities.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 6. Insurance Risk (continued)

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd. (continued)

*ii) Insurance risk management policy*

ii -1) Measurement of Insurance Risk

Unlike other financial instruments, life insurance companies' insurance policies have the characteristics of long-term contracts, which can be exposed to insurance risk that may arise due to an increase in actual claim payments than the risk rate determined at the time of development of the product and interest rate risk that may arise due to differences in interest rates and maturities between insurance liabilities and asset management.

The purpose of the Shinhan Life Insurance Co., Ltd's risk management is to generate long-term stable growth and profits by proactively preventing and systematically managing the various risks that may arise in the course of management activities, reflecting these uncertain financial environments and the characteristics of life insurance products with long-term attributes.

Shinhan Life Insurance Co., Ltd divides insurance risks arising from life insurance contracts into six sub-risks: death risk, longevity risk, disability/disease risk, cancellation risk, operating expense risk, and catastrophe risk. The risk amount for each sub-risk is measured on assets and liabilities that may directly or indirectly cause loss to Shinhan Life Insurance Co., Ltd in the event of changes in actuarial assumptions, and is calculated based on the net asset value through the shock scenario method or risk coefficient method for each sub-risk.

The shock scenario method, one of the insurance risk measurement methods, is a method of calculating the amount of change in net asset value when applying a scenario in which the basic assumptions used for market valuation of assets or liabilities change. On the other hand, the risk coefficient method is a method that calculates the amount by multiplying a specific exposure by a specified risk coefficient, and is suitable for risk amounts that have short maturity or do not have large changes in net asset value during market valuation. In addition, Shinhan Life Insurance Co., Ltd calculates the life insurance risk amount considering the diversification effect by adding the risk amount calculated for each sub-risk, reflecting the correlation coefficient between the sub-risks.

ii -2) Insurance risk management organization and management method

Shinhan Life Insurance Co., Ltd measures the statutory minimum level of capital based on the life insurance risk amount and manages it within the allowable range. For this purpose, Shinhan Life Insurance Co., Ltd establishes basic principles of risk management and establishes and implements regulations and management systems to implement them. In addition, the Group supports decision-making related to various risks through the Risk Management Committee and risk management organization, and prepare risk management procedures to identify and manage risks in a timely manner.

In general, risk management procedures are to recognize exposed risks, measure their size, set acceptable limits, monitor them regularly to report to management, and efficiently control and manage risks in case they exceed their limits.

Management methods by risk type are as follows:

① Insurance risk management

Shinhan Life Insurance Co., Ltd develops insurance products with proper profitability by setting the profitability guidelines from the time of product development, establishes and operates the acceptance policy to prevent reverse selection, running the claim-screening policy to make claim payments.



# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 6. Insurance Risk (continued)

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd. (continued)

*ii) Insurance risk management policy (continued)*

#### ② Interest rate risk management

Shinhan Life Insurance Co., Ltd. establishes a guideline and considers the market interest rate and asset management return rate to determine the published interest rate and expected interest rate within the guidelines. Shinhan Life Insurance Co., Ltd. also establishes the asset management strategy considering the interest rate level and maturity of liabilities; establishes a long-term target portfolio by comprehensively considering the risk level and rate of return of operating assets after analyzing the properties of long-term insurance liabilities, and sets a viable portfolio as a guideline every year to allocate and manage assets.

#### ③ Liquidity risk management

Shinhan Life Insurance Co., Ltd. reviews and manages the amount of claims paid insurance and liquid assets periodically.

*iii) Korean Insurance Capital Standard(K-ICS)*

K-ICS is an equity capital system that precisely evaluates risk and financial soundness by evaluating the assets and liabilities of insurance companies to market so that they can be applied under the financial statements prepared in accordance with K-IFRS 1117 on insurance contracts. To maintain consistency in mark-to-market valuation and ensure consistency with international capital regulations, the supervisory authorities introduced K-ICS based on mark-to-market valuation, which improves the quality of insurance companies' capital by calculating available and required capital in line with economic substance. This is a system designed to encourage improvement and strengthen risk management.

With the introduction of K-ICS, the supervisory authorities have established standards for preparing a financial position statement based on soundness supervision standards to separately calculate assets and liabilities that meet the purpose of supervision and at the same time substantially reflect the risks of insurance companies. In the K-ICS, the available capital, or solvency amount, is measured based on the basic capital and supplementary capital classified by the loss absorption capacity of the net asset amount in the statement of financial position based on soundness supervision standards evaluated at market price, and there are some restrictions on loss compensation. Supplementary capital, defined as having, can be reflected in the solvency amount up to 50% of the required capital. In addition, the required capital under the K-ICS, that is, the solvency standard amount, refers to the amount of potential losses that may occur in the insurance company over the next year. Specifically, the K-ICS divides the risks exposed due to insurance contract underwriting and asset management into five risks: life and long-term non-life insurance risk, general non-life insurance risk, market risk, credit risk, and operational risk. Under the 99.5% confidence level, the solvency standard amount is required to be measured by calculating the maximum loss that can occur over the next year using the shock scenario method.

Under the K-ICS, the risk-based capital ratio is calculated by dividing the solvency amount by the solvency standard amount. If the insurance company's solvency ratio is less than 100%, it indicates that the solvency standard amount measured by the potential loss amount cannot be covered with capital, which means that the insurance company's capital soundness has become poor, and the supervisory authority must comply with the Insurance Business Supervision Regulations. Accordingly, insurance companies with a solvency ratio of less than 100% are required to take timely corrective actions such as management improvement recommendations, management improvement requests, or management improvement orders. As such, the new solvency system is a system in which the supervisory authorities seek to protect policyholders by supervising the capital adequacy and risk management capabilities of insurance companies.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 6. Insurance Risk (continued)

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd. (continued)

iv) *Financial risks related to insurance contracts*

Investment contracts that include insurance contracts and discretionary participation feature may be exposed to financial risks although it is an insurance liability, and the form of exposure is as follows:

#### ① Credit risk

Credit risk refers to the risk of loss resulting from the borrower's failure to repay a loan or meet contractual obligations. Shinhan Life Insurance Co., Ltd.'s reinsurance assets are exposed to credit risk as assets that may incur losses if the reinsurer defaults at the time of receipt of the claims and receivables.

#### ② Interest rate risk

Interest rate risk means the risk that arises when Shinhan Life Insurance Co., Ltd.'s financial position fluctuates unfavorably due to the effect of interest rates on assets and liabilities. Shinhan Life Insurance Co., Ltd. manages matched assets and liabilities for each portfolio to minimize the impact of mismatches between assets and liabilities caused by interest rate fluctuations, thus reducing the risk.

#### ③ Liquidity risk

Liquidity risk refers to the risk that assets and liabilities are subject to inconsistency or failure to respond to unexpected cash outflows. Therefore, future cash outflows from investment contracts, including insurance liabilities which account for most of Shinhan Life Insurance Co., Ltd.'s liabilities and discretionary participation features, are factors used to determine the level of risk associated with Shinhan Life Insurance Co., Ltd.'s liquidity.

The purpose of Shinhan Life Insurance Co., Ltd.'s management of liquidity risk is to maintain sufficient liquidity to prepare for repayments arising from insurance contracts under normal circumstances or when market shocks occur. Shinhan Life Insurance Co., Ltd.'s main liquidity risk management methods are as follows:

- Regularly inspect and manage the amount of insurance payments and liquid assets
- Maintain and manage a portfolio comprised of assets that can be relatively easily liquidated in preparation for unexpected disruptions in financing.
- Monitoring liquidity ratios by running liquidity stress tests
- Establishment of asset liability management strategy considering insurance contract liability cash flow

#### ④ Market risk

Market risk refers to the risk of loss arising when Shinhan Life Insurance Co., Ltd.'s financial position fluctuates unfavourably due to adverse price fluctuations such as stock prices and exchange rates. Shinhan Life Insurance Co., Ltd. carries out insurance contract transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Exposure to exchange rate fluctuations is managed through foreign exchange forward contracts and interest rate swaps between different currencies.

v) *Concentration of Insurance Risk*

The concentration of insurance risks by region as of December 31, 2023 and December 31, 2022 are as follow:

	<b>December 31, 2023</b>		
	<b>Insurance Contract</b>	<b>Reinsurance Contract</b>	<b>Total</b>
Domestic	₩ 38,360,261	161,301	38,521,562
International	5,001	-	5,001
	₩ 38,365,262	161,301	38,526,563

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

6. **Insurance Risk (continued)**

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd. (continued)

v) *Concentration of Insurance Risk* (continued)

① The concentration of insurance risks by region as of December 31, 2023 and December 31, 2022 are as follow:

		<b>December 31, 2022</b>		
		<b>Insurance Contract</b>	<b>Reinsurance Contract</b>	<b>Total</b>
Domestic	₩	36,002,250	181,799	36,184,049
International		1,528	-	1,528
	₩	<u>36,003,778</u>	<u>181,799</u>	<u>36,185,577</u>

② Market risk arising from insurance contracts

The amount of foreign currency insurance liabilities as of December 31, 2023 and December 31, 2022 are as follow:

	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>Foreign currency amount</b>	<b>KRW converted amount</b>	<b>Foreign currency amount</b>	<b>KRW converted amount</b>
Foreign currency insurance contract liabilities:				
USD (thousand)	192,052	247,632	211,551	268,099
EUR (thousand)	124	177	105	141
VND (million)	94,010	5,001	28,455	1,528
		<u>252,810</u>		<u>269,768</u>

vi) *Sensitivity to Insurance Risk*

The impact of changes in major assumptions on insurance contract liabilities (assets) as of December 31, 2023 and December 31, 2022 are as follow:

		<b>December 31, 2023</b>		
		<b>Present value of expected cash flows</b>		
		<b>Before reflecting reinsurance effect</b>	<b>After reflecting reinsurance effect</b>	
<b>Scenario (example)</b>				
Standard amount		₩	35,404,236	35,676,176
	Mortality rate increased by 3.27%		138,527	135,137
	Mortality rate decreased by 4.58%		29,693	27,888
	Risk of intestinal diseases			
Sensitivity Results	(flat compensation) increased by 3.4%		599,816	563,325
(Shock BEL - Base BEL)	Cancellation rate increased by 9.16%		767,996	742,853
	Operating expense rate increased			
	by 2.62% and			
	Inflation rate increased by 0.26%p		162,860	162,860

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**6. Insurance Risk (continued)**

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd. (continued)

vi) Sensitivity to Insurance Risk (continued)

	December 31, 2022		
	Scenario (example)	Present value of expected cash flows	
		Before reflecting reinsurance effect	After reflecting reinsurance effect
Standard amount	₩	33,055,694	33,341,709
	Mortality rate increased by 3.27%	126,983	123,821
	Mortality rate decreased by 4.58%	25,181	25,016
	Risk of intestinal diseases		
Sensitivity Results	(flat compensation) increased by 3.4%	581,288	552,636
(Shock BEL - Base BEL)	Cancellation rate increased by 9.16%	801,927	778,017
	Operating expense rate increased by 2.62% and		
	Inflation rate increased by 0.26%p	155,945	155,945

vii) Credit risk arising from insurance contracts

The amount of the reinsurance contracts held, which is an asset according to risk level, as of December 31, 2023 and December 31, 2022 are as follow:

		December 31, 2023		December 31, 2022	
		Reinsurance residual coverage assets	Reinsurance incident assets	Reinsurance residual coverage assets	Reinsurance incident assets
AA+ ~ AA-	₩	38,207	5,204	20,909	5,461

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 6. Insurance Risk (continued)

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd. (continued)

viii) *Interest rate risk arising from insurance contracts*

The impact of exposure to interest rate risk and interest rate changes on profit and loss and capital as of December 31, 2023 and December 31, 2022 are as follow:

#### ① Interest rate risk exposure

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Exposure to financial products measured at fair value (*1)	₩	46,683,984	44,054,707
Insurance contract exposure (*2)		36,763,725	34,441,623
Net exposure (financial products - insurance contracts)	₩	<u>9,920,259</u>	<u>9,613,084</u>

(\*1) It is the total amount of financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and derivative assets (liabilities).

(\*2) It is the total amount excluding the contractual service margin from the remaining coverage elements of insurance contract liabilities and reinsurance contract assets (liabilities).

#### ② Interest rate risk sensitivity

		<u>December 31, 2023</u>		<u>December 31, 2022</u>	
		<u>Profit and loss effect</u>	<u>Capital effect</u>	<u>Profit and loss effect</u>	<u>Capital effect</u>
100 bp Increase					
Insurance contract (*1)	₩	-	3,412,769	-	2,744,382
Reinsurance contract (*1)		-	15,543	-	19,258
Financial assets (*2)		(37,574)	(4,258,875)	(42,894)	(3,662,687)
100 bp Decrease					
Insurance contract (*1)		-	(4,382,646)	-	(3,533,390)
Reinsurance contract (*1)		-	(17,723)	-	(22,266)
Financial assets (*2)		37,574	4,258,875	42,894	3,662,687

(\*1) This is the impact on capital (before tax) due to changes in expected cash flows of insurance and reinsurance contracts, excluding variable annuities/savings.

(\*2) Calculated for assets related to insurance contracts excluding variable annuities/savings. The profit and loss effect is the change in financial assets recognized at fair value through profit or loss, and the capital effect is the change in financial assets measured at fair value through other comprehensive income.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**6. Insurance Risk (continued)**

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd. (continued)

*ix) Liquidity risk arising from insurance contracts*

The maturity amount of undiscounted remaining contractual cash flows as of December 31, 2023 and December 31, 2022 are as follow. This amount does not include matters relating to remaining coverage liabilities (insurance contracts and reinsurance contracts) measured under the premium allocation approach.

	December 31, 2023						
	Less than or equal to 1 year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	More than 5 years	Total
<b>Insurance contract</b>							
General insurance:							
Cash Inflow	₩ 5,120,022	4,408,374	3,892,580	3,500,316	3,073,794	51,775,416	71,770,502
Cash Outflow	(5,509,719)	(4,969,773)	(4,263,071)	(4,356,801)	(4,235,246)	(132,831,760)	(156,166,370)
	(389,697)	(561,399)	(370,491)	(856,485)	(1,161,452)	(81,056,344)	(84,395,868)
Variable insurance:							
Cash Inflow	582,036	485,566	412,870	350,176	297,209	3,160,998	5,288,855
Cash Outflow	(943,282)	(836,548)	(764,049)	(711,324)	(641,963)	(10,096,136)	(13,993,302)
	(361,246)	(350,982)	(351,179)	(361,148)	(344,754)	(6,935,138)	(8,704,447)
	(750,943)	(912,381)	(721,670)	(1,217,633)	(1,506,206)	(87,991,482)	(93,100,315)
<b>Reinsurance contract</b>							
Cash Inflow	203,944	204,852	204,904	204,760	205,383	7,421,755	8,445,598
Cash Outflow	(225,690)	(225,630)	(224,694)	(222,873)	(221,054)	(7,686,228)	(8,806,169)
	(21,746)	(20,778)	(19,790)	(18,113)	(15,671)	(264,473)	(360,571)
Total (including variable insurance)	₩ (772,689)	(933,159)	(741,460)	(1,235,746)	(1,521,877)	(88,255,955)	(93,460,886)
Total (excluding variable insurance)	(411,443)	(582,177)	(390,281)	(874,598)	(1,177,123)	(81,320,817)	(84,756,439)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

6. Insurance Risk (continued)

(a) Overview of the insurance risk – Shinhan Life Insurance Co., Ltd. (continued)

ix) *Liquidity risk arising from insurance contracts (continued)*

		<b>December 31, 2022</b>						
		Less than or equal to 1 year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	More than 5 years	Total
<b>Insurance contract</b>								
General insurance:								
Cash Inflow	₩	5,141,410	4,407,978	3,801,169	3,366,573	3,020,929	43,604,298	63,342,357
Cash Outflow		<u>(5,813,798)</u>	<u>(4,776,599)</u>	<u>(4,596,433)</u>	<u>(4,019,170)</u>	<u>(4,022,887)</u>	<u>(128,609,565)</u>	<u>(151,838,452)</u>
		(672,388)	(368,621)	(795,264)	(652,597)	(1,001,958)	(85,005,267)	(88,496,095)
Variable insurance:								
Cash Inflow		695,405	568,606	474,576	404,462	342,486	2,714,283	5,199,818
Cash Outflow		<u>(955,446)</u>	<u>(865,504)</u>	<u>(787,418)</u>	<u>(739,126)</u>	<u>(679,610)</u>	<u>(10,192,545)</u>	<u>(14,219,649)</u>
		<u>(260,041)</u>	<u>(296,898)</u>	<u>(312,842)</u>	<u>(334,664)</u>	<u>(337,124)</u>	<u>(7,478,262)</u>	<u>(9,019,831)</u>
		<u>(932,429)</u>	<u>(665,519)</u>	<u>(1,108,106)</u>	<u>(987,261)</u>	<u>(1,339,082)</u>	<u>(92,483,529)</u>	<u>(97,515,926)</u>
<b>Reinsurance contract</b>								
Cash Inflow		209,601	210,135	211,431	212,533	213,221	7,427,708	8,484,629
Cash Outflow		<u>(230,689)</u>	<u>(230,889)</u>	<u>(231,351)</u>	<u>(232,019)</u>	<u>(231,403)</u>	<u>(7,769,737)</u>	<u>(8,926,088)</u>
		(21,088)	(20,754)	(19,920)	(19,486)	(18,182)	(342,029)	(441,459)
Total (including variable insurance)	₩	<u>(953,517)</u>	<u>(686,273)</u>	<u>(1,128,026)</u>	<u>(1,006,747)</u>	<u>(1,357,264)</u>	<u>(92,825,558)</u>	<u>(97,957,385)</u>
Total (excluding variable insurance)		<u>(693,476)</u>	<u>(389,375)</u>	<u>(815,184)</u>	<u>(672,083)</u>	<u>(1,020,140)</u>	<u>(85,347,296)</u>	<u>(88,937,554)</u>

As of December 31, 2023 and 2022, the amount to be paid upon request by the contractor of insurance contracts issued by Shinhan Life Insurance Co., Ltd. is ₩ 52,560,005 million and ₩ 52,379,537 million.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 6. Insurance Risk (continued)

(b) Overview of the insurance risk – Shinhan EZ General Insurance Co., Ltd.

#### *i) Overview of insurance risks*

Insurance risk is defined as the risk that arises in connection with the underwriting of insurance contracts and payment of claims, which are the unique tasks of an insurance company, and is managed by dividing it into long-term non-life insurance risk and general non-life insurance risk. Long-term non-life insurance risk refers to the risk of loss due to risk factors that may arise in a long-term non-life insurance contract and is divided and measured into death risk, longevity risk, disability/disease risk, property/other risk, operating expense risk, project cost risk, and catastrophe risk. General non-life insurance risk refers to the risk of loss due to risk factors that may arise in general non-life insurance contracts, and is measured by dividing it into insurance price risk, reserve risk, and catastrophe risk.

#### ① Long-term non-life insurance risk

Mortality risk and longevity risk refer to the risk of unexpected losses related to the death of the policyholder, and are measured by the risk of a decrease in net asset value due to changes in the mortality level. Disability/disease risk is the risk of unexpected losses related to the policyholder's disability or disease, and is measured as the risk of a decrease in net asset value due to changes in the risk level of disability/disease coverage. Property and other risks are the risk of unexpected losses related to property, costs, compensation, and other collateral, and are measured as the risk of a decrease in net asset value due to changes in the risk level of property, costs, compensation, and other collateral. Cancellation risk refers to the risk of unexpected losses due to the policyholder's exercise of options, such as contract termination or early withdrawal, and is measured by the risk of a decrease in net asset value due to changes in the policyholder's option exercise rate or group termination of policyholders. Operating expense risk includes the risk arising from changes in spending due to inflation and the level of future costs related to insurance contract costs. Costs related to insurance contracts include all cost items except allowances. Catastrophe risk refers to the risk of potential loss due to extreme or exceptional risks (e.g. epidemic disease, major accident, etc.) that are not considered in the risk of death.

#### ② General non-life insurance risk

Insurance price risk refers to the risk resulting from uncertainty related to the timing, frequency, and severity of future insured events. Reserve risk refers to the risk that the reserve liability accumulated to pay insurance claims for insurance events that have occurred in the relevant contract will not cover the insurance claims to be paid in the future. Catastrophe risk refers to the risk of potential loss due to extreme or exceptional risks (natural disasters, major accidents, major guarantees, etc.) that are not considered in insurance prices and reserve risks.

#### *ii) Measurement and management of insurance risk*

#### ① Measurement of insurance risk

Shinhan EZ General Insurance Co., Ltd. measures general and long-term insurance risks through the solvency amount and the statutory solvency amount calculation criteria of Enforcement Rules of the Insurance Business Supervisory Regulations and operates related risk management policies.

#### ② Insurance risk management organization and management method

Shinhan EZ General Insurance Co., Ltd. determines an insurance risk permissible limit every year, monitors compliance with the limit, and executes in accordance with predetermined countermeasures when the insurance risk exceeds the limit. In addition, underwriting guidelines, retention, and reinsurance strategies are established and operated so that risks can be retained at an appropriate level for each type of insurance.



## SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

#### 6. Insurance Risk (continued)

(b) Overview of the insurance risk – Shinhan EZ General Insurance Co., Ltd. (continued)

*ii) Measurement and management of insurance risk (continued)*

##### ③ Insurance payment progress

When estimating occurrences of accidents, Shinhan EZ General Insurance Co., Ltd. considers that the probability of occurrence and scale of occurrence of future experience may be more unfavorable than the assumptions reflected in risk adjustment. In general, uncertainty related to insurance claims and costs due to an insured event is greatest when the accident is in its early stages, and as the year of the accident progresses, the uncertainty of the final claims and costs decreases.

##### ④ Sensitivity to insurance risk

Shinhan EZ General Insurance Co., Ltd. manages insurance risks through sensitivity analysis based on cancellation rates, loss ratios, and operating expense rates that are judged to have a significant impact on the amount, timing, and uncertainty of the insurer's future cash flows.

##### ⑤ Liquidity risk arising from insurance contracts

Liquidity risk arising from insurance contracts may result in the inability to respond to payment demands due to inconsistencies in the operation of funds and the procurement period and amount, or incur losses due to the procurement of high-interest funds or unfavorable sales of held assets to resolve fund shortages. It means there is a risk. Shinhan EZ General Insurance Co., Ltd. monitors liquidity ratios to manage liquidity risk.

##### ⑥ Credit risk arising from insurance contracts

Credit risk arising from an insurance contract refers to the possibility of economic loss that may occur if the reinsurer, the counterparty to the transaction, is unable to fulfil its obligations specified in the contract due to default or deterioration of credit rating. Shinhan EZ General Insurance Co., Ltd. transacts as a reinsurer with high-quality insurance companies that have been given a rating of BBB- or higher by S&P or an equivalent rating through strict internal review.

##### ⑦ Interest rate risk arising from insurance contracts

Interest rate risk exposed to Shinhan EZ General Insurance Co., Ltd. 's insurance contracts is the risk of unexpected losses arising from changes in net interest income or net asset value depending on changes in interest rates. The consolidated entity manages this to minimize unexpected losses arising from interest rate changes.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 7. Investment in subsidiaries

(a) The summarized financial information of the controlling company and the Group's major subsidiaries as of December 31, 2023 and 2022 is as follows:

Investees (*1)(*2)	December 31, 2023			December 31, 2022		
	Asset balance	Liability balance	Equity balance	Asset balance	Liability balance	Equity balance
Shinhan Financial Group (separate)	₩ 37,289,554	11,190,413	26,099,141	37,456,314	10,779,765	26,676,549
Shinhan Bank	508,497,276	474,966,063	33,531,213	491,981,392	460,814,132	31,167,260
Shinhan Card Co., Ltd.	43,420,162	35,365,175	8,054,987	43,050,321	35,591,567	7,458,754
Shinhan Securities Co., Ltd.	52,497,500	47,131,211	5,366,289	43,821,578	38,479,027	5,342,551
Shinhan Life Insurance Co., Ltd.	58,641,345	50,218,211	8,423,134	56,501,131	48,380,592	8,120,539
Shinhan Capital Co., Ltd.	13,018,880	10,791,281	2,227,599	13,035,892	11,048,996	1,986,896
Jeju Bank	7,162,714	6,626,863	535,851	7,320,304	6,798,450	521,854
Shinhan Asset Management Co., Ltd.	409,246	134,030	275,216	319,511	88,519	230,992
SHC Management Co., Ltd.	10,051	-	10,051	9,746	-	9,746
Shinhan DS	137,141	85,417	51,724	107,366	59,833	47,533
Shinhan Savings Bank	3,046,110	2,696,597	349,513	3,043,506	2,723,713	319,793
Shinhan Asset Trust Co., Ltd.	463,445	85,555	377,890	435,815	110,981	324,834
Shinhan Fund Partners Co., Ltd (*3)	110,849	20,136	90,713	94,725	10,147	84,578
Shinhan REITs Management Co., Ltd.	72,018	9,522	62,496	58,610	5,559	53,051
Shinhan AI Co., Ltd.	35,674	940	34,734	41,431	2,264	39,167
Shinhan Venture Investment Co., Ltd.	171,783	90,515	81,268	140,310	63,309	77,001
Shinhan EZ General Insurance Co., Ltd.	261,204	131,875	129,329	220,808	84,190	136,618

(\*1) The consolidated financial statements of the consolidated subsidiaries are based on consolidated financial statements, if applicable.

(\*2) Trusts, beneficiary certificates, securitization special limited liability companies, associates and private equity investment specialists that are not actually operating their own business are excluded.

(\*3) Shinhan AITAS Co., Ltd. has changed its name to Shinhan Fund Partners Co., Ltd. on April 3, 2023.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**7. Investment in subsidiaries (continued)**

(b) The summarized income information of the controlling company and the Group's major subsidiaries for the years ended December 31, 2023 and 2022 is as follows:

Investees (*1),(*2)	December 31, 2023			December 31, 2022		
	Operating Revenue	Net Income (*3)	Comprehensive Income (*3)	Operating Revenue	Net Income (*3)	Comprehensive Income (*3)
Shinhan Financial Group (separate)	₩ 2,160,092	1,671,011	1,669,579	1,806,604	1,249,251	1,251,294
Shinhan Bank	37,459,678	3,067,991	3,707,829	35,514,460	3,045,732	2,394,238
Shinhan Card Co., Ltd.	5,378,610	621,908	583,014	4,761,181	644,555	671,113
Shinhan Securities Co., Ltd.	9,947,400	100,840	128,378	10,548,842	412,339	427,451
Shinhan Life Insurance Co., Ltd.	6,451,715	472,395	475,656	6,377,305	449,392	(143,049)
Shinhan Capital Co., Ltd.	1,204,941	304,024	298,609	922,592	303,276	307,988
Jeju Bank	371,210	5,101	20,189	275,582	22,820	11,657
Shinhan Credit Information Co., Ltd. (*4)	-	-	-	20,705	1,029	1,450
Shinhan Asset Management Co., Ltd.	171,145	51,272	51,225	174,242	37,064	36,892
SHC Management Co., Ltd.	-	305	305	-	110	110
Shinhan DS	322,895	7,954	4,191	279,453	6,835	7,739
Shinhan Savings Bank	273,630	29,943	29,724	241,013	38,384	37,884
Shinhan Asset Trust Co., Ltd.	148,980	53,430	53,055	152,563	73,654	74,236
Shinhan Fund Partners Co., Ltd. (*5)	62,674	12,193	12,193	55,270	9,500	9,500
Shinhan REITs Management Co., Ltd.	21,512	9,485	9,446	11,433	540	609
Shinhan AI Co., Ltd.	8,727	(4,596)	(4,432)	10,668	(2,217)	(2,301)
Shinhan Venture Investment Co., Ltd.	28,209	4,441	4,266	19,839	1,526	1,418
Shinhan EZ General Insurance Co., Ltd. (*6)	43,747	(7,778)	(7,289)	10,228	(5,438)	(5,062)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**7. Investment in subsidiaries (continued)**

(b) The summarized income information of the controlling company and the Group's major subsidiaries for the years ended December 31, 2023 and 2022 is as follows (continued):

(\*1) The consolidated financial statements of the consolidated subsidiaries are based on consolidated financial statements, if applicable.

(\*2) Trusts, beneficiary certificates, securitization special limited liability companies, associates and private equity investment specialists that are not actually operating their own business are excluded.

(\*3) This amount includes non-controlling interests.

(\*4) On July 28, 2022, the Company disposed 100% of shares to Shinhan Card Co., Ltd. The amount as of December 31, 2022 is revenue, net income (loss) and total comprehensive income before the disposal of Shinhan Card Co., Ltd.

(\*5) Shinhan AITAS Co., Ltd. has changed its name to Shinhan Fund Partners Co., Ltd. on April 3, 2023.

(\*6) For the acquired company, the amount is from the consolidated statements of comprehensive income for the period after the acquisition point.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**7. Investment in subsidiaries (continued)**

(c) Change in the scope of consolidation

Change in consolidated subsidiaries for the year ended December 31, 2022 are as follows:

	<b>Company</b>	<b>Description</b>
Included	Shinhan EZ General Insurance Co., Ltd.	Newly acquired subsidiary
Excluded	Shinhan Alternative Investment Management Inc.	Extinguished due to merger with Shinhan Asset Management Co., Ltd.

(\* ) Subsidiaries such as trust, beneficiary certificate, corporate restructuring fund and private equity fund which are not actually operating their own business are excluded.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 8. Operating segments

#### (a) Segment information

The general descriptions by operating segments as of December 31, 2023 are as follows:

<u>Segment</u>	<u>Description</u>
Banking	Credit to customers, lending to and receiving deposits from customers, and its accompanying work
Credit card	Sales of credit cards, cash services, card loan services, installment financing, lease and its accompanying work
Securities	Securities trading, consignment trading, underwriting and its accompanying work
Insurance (*)	Life insurance business, Non-Life insurance business and its accompanying work
Credit	Facility rental, new technology business financing, others and its accompanying work
Others	Business segments that do not belong to the above segments, such as real estate trust, investment advisory services, venture business investment and other remaining business

(\*) Until the previous year, the Group had disclosed related information using the life insurance sales segment as a reporting segment. However, as the internal reporting method for the chief operating decision maker was changed to the insurance industry standard, from the current period, the life insurance and non-life insurance sales segment has been disclosed. The segments are integrated and redefined as the insurance segment and announced. Accordingly, the reporting segment information for the previous year was restated.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**8. Operating segments (continued)**

(b) The following tables provide information of income and expense for each operating segment for the years ended December 31, 2023 and 2022:

		<b>December 31, 2023</b>							
		<b>Banking</b>	<b>Credit card</b>	<b>Securities</b>	<b>Insurance</b>	<b>Credit</b>	<b>Others</b>	<b>Consolidation adjustment</b>	<b>Total</b>
Net interest income	₩	8,548,138	1,895,298	443,676	(198,785)	248,804	125,238	(244,447)	10,817,922
Net fees and commission income		748,044	968,665	500,441	(3,210)	17,463	391,122	24,681	2,647,206
Provision for allowance for credit loss		(914,848)	(883,956)	(152,146)	(16,116)	(177,912)	(99,203)	(322)	(2,244,503)
General and administrative expenses		(3,876,485)	(778,564)	(720,835)	(218,820)	(80,106)	(403,395)	182,868	(5,895,337)
Other income (expense), net		(495,331)	(267,959)	181,927	1,087,789	335,205	327,511	(393,580)	775,562
Operating income (expense)		4,009,518	933,484	253,063	650,858	343,454	341,273	(430,800)	6,100,850
Equity method income (loss)		8,556	(2,831)	93	(302)	66,918	664	51,990	125,088
Income tax expense		936,472	218,332	36,239	167,417	89,849	81,695	(43,044)	1,486,960
Profit for the year	₩	<u>2,969,829</u>	<u>725,171</u>	<u>100,840</u>	<u>464,617</u>	<u>304,024</u>	<u>243,928</u>	<u>(330,409)</u>	<u>4,478,000</u>
Controlling interest	₩	2,969,519	723,845	100,915	464,617	304,024	243,928	(438,813)	4,368,035
Non-controlling interests		310	1,326	(75)	-	-	-	108,404	109,965

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**8. Operating segments (continued)**

(b) The following tables provide information of income and expense for each operating segment for the years ended December 31, 2023 and 2022 (continued):

	December 31, 2022							Consolidation adjustment	Total
	Banking	Credit card	Securities	Insurance	Credit	Others			
Net interest income	₩ 8,358,526	1,798,005	428,420	(124,453)	260,011	153,214	(276,870)	10,596,853	
Net fees and commission income	801,109	702,392	484,632	(4,348)	30,587	398,854	316	2,413,542	
Reversal of (provision for) allowance for credit loss	(621,690)	(560,264)	546	(16,459)	(19,803)	(72,857)	(1,286)	(1,291,813)	
General and administrative expenses	(3,761,767)	(777,496)	(690,539)	(166,255)	(80,320)	(390,419)	222,636	(5,644,160)	
Other income (expense), net	(715,837)	(283,011)	(102,084)	850,708	158,560	84,214	(161,408)	(168,858)	
Operating income (loss)	4,060,341	879,626	120,975	539,193	349,035	173,006	(216,612)	5,905,564	
Equity method income (loss)	22,301	7,115	70,270	4,221	54,937	(735)	(36,412)	121,697	
Income tax expense	1,030,445	227,769	145,301	83,514	98,468	35,006	(9,391)	1,611,112	
Profit for the year	₩ 2,974,716	738,391	412,339	439,850	303,275	142,872	(255,929)	4,755,514	
Controlling interest	₩ 2,973,996	735,204	412,496	439,850	303,275	142,872	(342,050)	4,665,643	
Non-controlling interests	720	3,187	(157)	-	-	-	86,121	89,871	



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**8. Operating segments (continued)**

(c) Interest gains and losses from segment external customers and cross-sector interest gains and losses for the years ended December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>							
		<b>Banking</b>	<b>Credit card</b>	<b>Securities</b>	<b>Insurance</b>	<b>Credit</b>	<b>Others</b>	<b>Consolidation adjustment (*)</b>	<b>Total</b>
Net interest income from:									
External customers (*)	₩	8,557,545	1,961,035	449,835	(208,812)	265,943	36,700	(244,324)	10,817,922
Internal transactions		(9,407)	(65,737)	(6,159)	10,027	(17,139)	88,538	(123)	-
	₩	<u>8,548,138</u>	<u>1,895,298</u>	<u>443,676</u>	<u>(198,785)</u>	<u>248,804</u>	<u>125,238</u>	<u>(244,447)</u>	<u>10,817,922</u>
		<b>December 31, 2022</b>							
		<b>Banking</b>	<b>Credit card</b>	<b>Securities</b>	<b>Insurance</b>	<b>Credit</b>	<b>Others</b>	<b>Consolidation adjustment (*)</b>	<b>Total</b>
Net interest income from:									
External customers (*)	₩	8,366,892	1,857,351	442,554	(127,840)	269,230	71,561	(282,895)	10,596,853
Internal transactions		(8,366)	(59,346)	(14,134)	3,387	(9,219)	81,653	6,025	-
	₩	<u>8,358,526</u>	<u>1,798,005</u>	<u>428,420</u>	<u>(124,453)</u>	<u>260,011</u>	<u>153,214</u>	<u>(276,870)</u>	<u>10,596,853</u>

(\*) Consolidated adjustment to net interest income from external customers is from the securities and others which were measured in fair values as a part of business combination accounting.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**8. Operating segments (continued)**

(d) The following tables provide information of net fees and commission income (expense) of each operating segment for the years ended December 31, 2023 and 2022.

		<b>December 31, 2023</b>							
		<b>Banking</b>	<b>Credit card</b>	<b>Securities</b>	<b>Insurance</b>	<b>Credit</b>	<b>Others</b>	<b>Consolidation adjustment</b>	<b>Total</b>
Net fees and commission income from:									
External customers	₩	794,021	1,019,262	507,109	2,151	14,917	309,746	-	2,647,206
Internal transactions		(45,977)	(50,597)	(6,668)	(5,361)	2,546	81,376	24,681	-
	₩	<u>748,044</u>	<u>968,665</u>	<u>500,441</u>	<u>(3,210)</u>	<u>17,463</u>	<u>391,122</u>	<u>24,681</u>	<u>2,647,206</u>
		<b>December 31, 2022</b>							
		<b>Banking</b>	<b>Credit card</b>	<b>Securities</b>	<b>Insurance</b>	<b>Credit</b>	<b>Others</b>	<b>Consolidation adjustment</b>	<b>Total</b>
Net fees and commission income from:									
External customers	₩	844,894	734,900	494,829	8,648	26,737	303,534	-	2,413,542
Internal transactions		(43,785)	(32,508)	(10,197)	(12,996)	3,850	95,320	316	-
	₩	<u>801,109</u>	<u>702,392</u>	<u>484,632</u>	<u>(4,348)</u>	<u>30,587</u>	<u>398,854</u>	<u>316</u>	<u>2,413,542</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**8. Operating segments (continued)**

(e) Financial information of geographical area

The following table provides information of income from external consumers by geographical area for the years ended December 31, 2023 and 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Domestic	₩ 5,088,487	5,064,891
Overseas	1,012,363	840,673
	<u>₩ 6,100,850</u>	<u>5,905,564</u>

The following table provides information of non-current assets by geographical area as of December 31, 2023 and 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Domestic	₩ 10,142,257	9,825,529
Overseas	305,799	356,512
	<u>₩ 10,448,056</u>	<u>10,182,041</u>

(\*) Non-current assets comprise property and equipment, intangible assets and investment properties.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**9. Cash and due from banks at amortized cost**

(a) Cash and due from banks at amortized cost as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash	₩ 2,173,550	2,304,480
	<u>2,173,550</u>	<u>2,304,480</u>
Deposits denominated in Korean won:		
Reserve deposits	10,909,697	8,647,429
Time deposits	1,450,123	2,275,832
Certificate of deposit	14,446	-
Other	3,042,525	2,975,453
	<u>15,416,791</u>	<u>13,898,714</u>
Deposits denominated in foreign currency:		
Deposits	12,117,199	8,516,315
Time deposits	3,000,279	3,153,208
Other	1,942,571	2,197,326
	<u>17,060,049</u>	<u>13,866,849</u>
Allowance for credit losses	(21,139)	(19,203)
	₩ <u>34,629,251</u>	<u>30,050,840</u>

(b) Restricted due from banks in accordance with Related Regulation or Acts as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Related Regulations or Acts</u>
Deposits denominated in Korean won:			
Reserve deposits	₩ 10,909,697	8,647,429	Article 55 of the Bank of Korea Act
Other	1,633,297	2,216,899	Article 74 of the Capital Markets and Financial Investment Business Act, etc.
	<u>12,542,994</u>	<u>10,864,328</u>	
Deposits denominated in foreign currency			Articles of the Bank of Korea Act, New York State Banking Act, derivatives related, etc.
	₩ 7,148,169	2,975,849	
	<u>19,691,163</u>	<u>13,840,177</u>	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**10. Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Debt instruments:		
Governments	₩ 6,392,302	5,961,610
Financial institutions	12,590,217	11,788,689
Corporations	10,949,245	7,826,772
Stocks with put option	651,045	359,795
Equity investment with put option	5,019,107	3,185,222
Beneficiary certificates	14,489,698	13,782,117
Commercial papers	8,631,502	4,939,927
CMA	3,473,984	3,850,613
Others (*)	3,274,992	3,464,559
	<u>65,472,092</u>	<u>55,159,304</u>
Equity instruments:		
Stocks	3,732,637	3,739,343
Equity investment	8,093	38,515
Others	110,731	79,854
	<u>3,851,461</u>	<u>3,857,712</u>
	₩ <u>69,323,553</u>	<u>59,017,016</u>
Other:		
Loans at FVTPL	₩ 1,758,562	2,389,180
Due from banks at fair value	30,743	26,116
Gold/silver deposits	103,706	75,969
	₩ <u>71,216,564</u>	<u>61,508,281</u>

(\*) As of December 31, 2023 and 2022, restricted reserve for claims of customers' deposits (trusts) are ₩ 1,841,473 million and ₩ 1,705,724 million, respectively.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives**

(a) The notional amounts of derivatives outstanding as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Foreign currency related:</b>		
Over the counter:		
Currency forwards	₩ 142,779,721	129,544,881
Currency swaps	45,159,344	40,539,223
Currency options	1,265,326	1,327,752
	<u>189,204,391</u>	<u>171,411,856</u>
Exchange traded:		
Currency futures	2,189,413	1,325,660
	<u>191,393,804</u>	<u>172,737,516</u>
<b>Interest rates related:</b>		
Over the counter:		
Interest rate forwards and swaps	41,950,711	37,170,647
Interest rate options	516,577	226,924
	<u>42,467,288</u>	<u>37,397,571</u>
Exchange traded:		
Interest rate futures	3,943,763	2,924,135
Interest rate swaps (*)	94,186,140	94,803,271
	<u>98,129,903</u>	<u>97,727,406</u>
	<u>140,597,191</u>	<u>135,124,977</u>
<b>Credit related:</b>		
Over the counter:		
Credit swaps	4,178,441	5,155,334
<b>Equity related:</b>		
Over the counter:		
Equity swaps and forwards	4,100,836	4,008,263
Equity options	3,552,337	878,122
	<u>7,653,173</u>	<u>4,886,385</u>
Exchange traded:		
Equity futures	2,764,186	3,317,515
Equity options	240,603	1,444,098
	<u>3,004,789</u>	<u>4,761,613</u>
	<u>10,657,962</u>	<u>9,647,998</u>
<b>Commodity related:</b>		
Over the counter:		
Commodity swaps and forwards	1,034,225	898,332
Commodity options	8,000	8,000
	<u>1,042,225</u>	<u>906,332</u>
Exchange traded:		
Commodity futures and options	93,004	75,770
	<u>1,135,229</u>	<u>982,102</u>
<b>Hedge:</b>		
Currency forwards	2,142,233	1,249,589
Currency swaps	4,448,030	4,677,553
Interest rate forwards and swaps	12,469,580	16,475,525
	<u>19,059,843</u>	<u>22,402,667</u>
	<u>₩ 367,022,470</u>	<u>346,050,594</u>

(\*) The notional amounts of derivatives outstanding that will be settled in the 'Central Counter Party (CCP)' system.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(b) Fair values of derivative instruments as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
<b>Foreign currency related:</b>				
Over the counter:				
Currency forwards	₩ 1,558,662	1,402,185	3,089,759	2,838,793
Currency swaps	1,431,614	1,206,156	1,625,286	1,807,229
Currency options	13,128	13,065	14,776	13,603
	<u>3,003,404</u>	<u>2,621,406</u>	<u>4,729,821</u>	<u>4,659,625</u>
Exchange traded:				
Currency futures	30	1,102	19	928
	<u>3,003,434</u>	<u>2,622,508</u>	<u>4,729,840</u>	<u>4,660,553</u>
<b>Interest rates related:</b>				
Over the counter:				
Interest rate forwards and swaps	683,814	902,989	772,513	1,062,772
Interest rate options	4,011	17,038	5,169	1,983
	<u>687,825</u>	<u>920,027</u>	<u>777,682</u>	<u>1,064,755</u>
Exchange traded:				
Interest rate futures	2,253	11,757	2,555	972
	<u>690,078</u>	<u>931,784</u>	<u>780,237</u>	<u>1,065,727</u>
<b>Credit related:</b>				
Over the counter:				
Credit swaps	473,582	10,366	423,966	19,235
<b>Equity related:</b>				
Over the counter:				
Equity swap and forwards	166,010	350,768	169,504	393,810
Equity options	7,137	165,834	2,704	1,139
	<u>173,147</u>	<u>516,602</u>	<u>172,208</u>	<u>394,949</u>
Exchange traded:				
Equity futures	66,356	16,346	31,051	101,622
Equity options	47,167	16,735	11,414	145,895
	<u>113,523</u>	<u>33,081</u>	<u>42,465</u>	<u>247,517</u>
	<u>286,670</u>	<u>549,683</u>	<u>214,673</u>	<u>642,466</u>
<b>Commodity related:</b>				
Over the counter:				
Commodity swaps and forwards	3,314	84,957	10,983	136,701
Commodity options	-	-	-	1,517
	<u>3,314</u>	<u>84,957</u>	<u>10,983</u>	<u>138,218</u>
Exchange traded:				
Commodity futures and options	2,122	638	2,649	589
	<u>5,436</u>	<u>85,595</u>	<u>13,632</u>	<u>138,807</u>
<b>Hedge:</b>				
Currency forwards	21,580	34,492	23,143	37,757
Currency swaps	111,024	99,093	158,297	75,070
Interest rate forwards and swaps	119,617	704,895	116,864	1,069,000
	<u>252,221</u>	<u>838,480</u>	<u>298,304</u>	<u>1,181,827</u>
	<u>₩ 4,711,421</u>	<u>5,038,416</u>	<u>6,460,652</u>	<u>7,708,615</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(c) Gain or loss on valuation of derivatives for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Foreign currency related:</b>		
Over the counter:		
Currency forwards	₩ 36,890	44,245
Currency swaps	135,712	(144,318)
Currency options	1,355	4,247
	<u>173,957</u>	<u>(95,826)</u>
Exchange traded:		
Currency futures	(955)	17,972
	<u>173,002</u>	<u>(77,854)</u>
<b>Interest rates related:</b>		
Over the counter:		
Interest rate forwards and swaps	181,987	(173,277)
Interest rate options	(2,886)	285
	<u>179,101</u>	<u>(172,992)</u>
Exchange traded:		
Interest rate futures and others	(9,511)	1,026
	<u>169,590</u>	<u>(171,966)</u>
<b>Credit related:</b>		
Over the counter:		
Credit swaps	53,042	(25,562)
<b>Equity related:</b>		
Over the counter:		
Equity swap and forwards	(19,934)	(192,888)
Equity options	(159,324)	3,360
	<u>(179,258)</u>	<u>(189,528)</u>
Exchange traded:		
Equity futures	50,009	(69,200)
Equity options	(13,929)	(27,932)
	<u>36,080</u>	<u>(97,132)</u>
	<u>(143,178)</u>	<u>(286,660)</u>
<b>Commodity related:</b>		
Over the counter:		
Commodity swaps and forwards	37,027	(148,591)
Commodity options	1,516	5,840
	<u>38,543</u>	<u>(142,751)</u>
Exchange traded:		
Commodity futures	1,484	2,058
	<u>40,027</u>	<u>(140,693)</u>
<b>Hedge</b>	327,016	(743,542)
	<u>₩ 619,499</u>	<u>(1,446,277)</u>



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(d) Gains and losses related to hedge

i) Gains and losses on fair value hedged items and hedging instruments attributable to the hedged ineffectiveness for the years ended December 31, 2023 and 2022 are as follows:

	December 31, 2023		
	Gains and losses on fair value hedges (hedged items)	Gains and losses on fair value hedges (hedging instruments)	Hedge ineffectiveness recognized in profit or loss (*2)
<b>Fair value hedges:</b>			
Interest rate risk (*1)	₩ (271,425)	282,835	11,410
Foreign exchange risk (*1)	4,102	(5,264)	(1,162)
	<u>₩ (267,323)</u>	<u>277,571</u>	<u>10,248</u>
	December 31, 2022		
	Gains and losses on fair value hedges (hedged items)	Gains and losses on fair value hedges (hedging instruments)	Hedge ineffectiveness recognized in profit or loss (*2)
<b>Fair value hedges:</b>			
Interest rate risk (*1)	₩ 697,330	(728,397)	(31,067)
Foreign exchange risk (*1)	20,748	(22,056)	(1,308)
Stock price volatility risk	(4,762)	3,411	(1,351)
	<u>₩ 713,316</u>	<u>(747,042)</u>	<u>(33,726)</u>

(\*1) The related account categories are presented as interest rate swap assets / liabilities and currency swap assets / liabilities.

(\*2) The hedge ineffectiveness is the difference between gains and losses on hedged items and hedging instruments.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(d) Gains and losses related to hedge (continued)

ii) Due to the ineffectiveness of hedge of cash flow risk and hedge of net investment in foreign operations during the year, the amounts recognized in the income statement and other comprehensive income are as follows:

<b>December 31, 2023</b>			
	<b>Gains (losses) on hedges recognized in other comprehensive income</b>	<b>Hedge ineffectiveness recognized in profit or loss (*2)</b>	<b>From cash flow hedge reserve to profit or loss reclassified amount</b>
<b>Cash flow hedges:</b>			
Interest rate risk (*1)	₩ 99,268	(512)	(1,760)
Foreign exchange risk (*1)	(10,294)	(7,069)	(25,698)
Discontinuation of cash flow hedges	(5,531)	-	14,659
<b>Hedge of net investments:</b>			
Foreign exchange risk (*1)	(3,903)	3,673	-
	₩ 79,540	(3,908)	(12,799)
<b>December 31, 2022</b>			
	<b>Gains (losses) on hedges recognized in other comprehensive income</b>	<b>Hedge ineffectiveness recognized in profit or loss (*2)</b>	<b>From cash flow hedge reserve to profit or loss reclassified amount</b>
<b>Cash flow hedges:</b>			
Interest rate risk (*1)	₩ (132,203)	(47,854)	(65)
Foreign exchange risk (*1)	29,322	(54,969)	122,893
Discontinuation of cash flow hedges	-	-	9,270
<b>Hedge of net investments:</b>			
Foreign exchange risk (*1)	(25,793)	(4,096)	-
	₩ (128,674)	(106,919)	132,098

(\*1) The related account categories are presented as interest rate swap assets / liabilities and currency swap assets / liabilities, currency forwards assets / liabilities and borrowings.

(\*2) The hedge ineffectiveness is the difference between gains and losses on hedged items and hedging instruments.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(e) Effect of hedge accounting on financial statement, statement of comprehensive income, statement of changes in equity

*i) Hedging purpose and strategy*

The Group transacts with derivative financial instruments to hedge its interest rate risk, currency risk and stock price fluctuation risk arising from the assets and liabilities of the Group. The Group applies the fair value hedge accounting for the changes in the market interest rates, foreign exchange rates and stock price of the Korean won structured notes, foreign currency generated financial debentures, Korean won structured deposits, foreign currency investment receivables and beneficiary securities in foreign currency; and cash flow hedge accounting for forward interest rate, interest rate swaps, forward currency and currency swaps to hedge cash flow risk due to interest rates and foreign exchange rates of the Korean won debt, foreign currency debt, foreign currency structured deposits, the Korean won bonds and foreign currency bonds, etc. In addition, in order to hedge the exchange rate risk of the net investment in overseas business, the Group applies the net investment hedge accounting for foreign operations using currency forward and non-derivative financial instruments.

*ii) Nominal amounts and average hedge ratios for hedging instruments as of December 31, 2023 and 2022 are as follows:*

		<b>December 31, 2023</b>						
		<b>Less than 1 year</b>	<b>1~2 years</b>	<b>2~3 years</b>	<b>3~4 years</b>	<b>4~5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Interest risk:</b>								
Nominal values:	₩	3,038,263	609,182	2,143,914	804,873	1,935,599	3,937,749	12,469,580
Average price condition (*1)		0.82%	3.02%	1.64%	1.65%	1.37%	0.74%	1.18%
Average hedge ratio:		100%	100%	100%	100%	100%	100%	100%
<b>Exchange risk: (*2)</b>								
Nominal values:		1,871,327	1,335,798	2,139,371	974,113	1,687,341	49,109	8,057,059
Average hedge ratio:		100%	100%	100%	100%	100%	100%	100%

(\*1) Interest rate swaps consist of 3M CD, USD SOFR, 3M Euribor, and 3M AUD Bond.

(\*2) The average exchange rates of net investment hedge instruments are USD/KRW 1,235.14, JPY/KRW 9.46, EUR/KRW 1,358.46, GBP/KRW 1,547.81, AUD/KRW 865.53, CAD/KRW 921.27, CNY/KRW 177.98, SEK/KRW 126.18.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(e) Effect of hedge accounting on financial statement, statement of comprehensive income, statement of changes in equity

ii) Nominal amounts and average hedge ratios for hedging instruments as of December 31, 2023 and 2022 are as follows (continued):

		December 31, 2022						
		Less than 1 year	1~2 years	2~3 years	3~4 years	4~5 years	More than 5 years	Total
<b>Interest risk:</b>								
Nominal values:	₩	5,338,313	3,023,185	612,113	2,114,152	819,140	4,568,622	16,475,525
Average price condition (*1)		0.72%	0.82%	2.53%	1.52%	1.48%	0.68%	0.94%
Average hedge ratio:		100%	100%	100%	100%	100%	100%	100%
<b>Exchange risk: (*2)</b>								
Nominal values:		2,593,585	654,211	1,092,271	1,931,313	901,597	41,207	7,214,184
Average hedge ratio:		100%	100%	100%	100%	100%	-	100%

(\*1) Interest rate swaps consist of 3M CD, USD SOFR, 3M USD Libor, 3M Euribor, and 3M AUD Bond.

(\*2) The average exchange rates of net investment hedge instruments are USD/KRW 1,195.32, JPY/KRW 10.13, EUR/KRW 1,336.97, GBP/KRW 1,484.42, AUD/KRW 812.44, CAD/KRW 948.79, SGD/KRW 859.87, CNY/KRW 190.96, SEK/KRW 125.49.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(e) Effect of hedge accounting on financial statement, statement of comprehensive income, statement of changes in equity (continued)

*iii) Effect of derivatives on statement financial position, statement of comprehensive income, statement of changes in equity*

	December 31, 2023			
	Nominal amount	Carrying amount of assets (*)	Carrying amount of liability (*)	Changes in fair value in the period
<b>Fair value hedges</b>				
Interest rate forward and swap	₩ 10,112,789	65,787	614,219	246,594
Currency forward	308,117	2,949	791	(327)
<b>Cash flow hedges</b>				
Interest rate swap	2,356,791	53,830	90,676	99,442
Currency swap	4,448,030	111,024	99,093	(21,649)
Currency forward	1,150,734	12,593	30,925	2,170
<b>Hedge of net investments in foreign operations</b>				
Currency forward	683,382	6,038	2,776	4,537
Borrowings	1,466,795	-	1,462,329	(4,767)

(\*) The related account categories are presented as interest rate swap assets / liabilities and currency forward assets / liabilities, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(e) Effect of hedge accounting on financial statement, statement of comprehensive income, statement of changes in equity (continued)

*iii) Effect of derivatives on statement financial position, statement of comprehensive income, statement of changes in equity (continued)*

	December 31, 2022			
	Nominal amount	Carrying amount of asset (*)	Carrying amount of liability (*)	Changes in fair value in the period
<b>Fair value hedges</b>				
Interest rate swap	₩ 13,530,243	77,757	895,005	(740,190)
Currency forward	113,126	4,038	635	1,780
<b>Cash flow hedges</b>				
Interest rate swap	2,945,282	39,107	173,995	(126,075)
Currency swap	4,677,553	158,297	75,070	117,401
Currency forward	883,003	15,708	35,976	(3,136)
<b>Hedge of net investments in foreign operations</b>				
Currency forward	253,460	3,397	1,146	(773)
Borrowings	1,287,039	-	1,282,361	(29,116)

(\*) The related account categories are presented as interest rate swap assets / liabilities and currency forward assets / liabilities, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(e) Effect of hedge accounting on financial statement, statement of comprehensive income, statement of changes in equity (continued)

iv) *Effect of hedging items on statement financial position, statement of comprehensive income, statement of changes in equity*

		December 31, 2023						
		Carrying amount of assets (*)	Carrying amount of liabilities (*)	Assets of Cumulative fair value hedge adjustment	Liabilities of Cumulative fair value hedge adjustment	Changes of fair value in the year	Cash flow hedge reserve	Foreign currency translation reserves
<b>Fair value hedges</b>								
Interest rate risk								
	Borrowings and others	₩ 685,340	9,224,390	41,643	(579,315)	(240,965)	-	-
Foreign exchange risk								
	Securities in foreign currency	544,706	-	-	-	1,313	-	-
<b>Cash flow hedges</b>								
Interest rate risk								
	Debentures in won and debentures in foreign currency	641,750	1,029,542	-	-	(11,068)	26,648	-
Foreign exchange risk								
	Debentures in foreign currency and loans in foreign currency	2,490,098	2,342,230	-	-	69,784	(17,812)	-
<b>Hedge of net investments in foreign operations</b>								
Foreign exchange risk								
	Net assets in foreign operation	-	-	-	-	3,903	-	(36,931)

(\*) The related account categories are presented as interest rate swap assets / liabilities and currency forwards, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(e) Effect of hedge accounting on financial statement, statement of comprehensive income, statement of changes in equity (continued)

iv) *Effect of hedging items on statement financial position, statement of comprehensive income, statement of changes in equity (continued)*

		December 31, 2022						
		Carrying amount of assets (*)	Carrying amount of liabilities (*)	Assets of Cumulative fair value hedge adjustment	Liabilities of Cumulative fair value hedge adjustment	Changes of fair value in the year	Cash flow hedge reserve	Foreign currency translation reserves
<b>Fair value hedges</b>								
Interest rate risk								
	Borrowings and others	₩ 505,668	12,711,595	69,687	(861,128)	708,439	-	-
Foreign exchange risk								
	Securities in foreign currency	205,470	-	-	-	(4,002)	-	-
<b>Cash flow hedges</b>								
Interest rate risk								
	Debtures in won and debtures in foreign currency	475,027	1,689,360	-	-	31,830	(58,956)	-
Foreign exchange risk								
	Debtures in foreign currency and loans in foreign currency	2,821,186	2,843,059	-	-	55,548	(12,232)	-
<b>Hedge of net investments in foreign operations</b>								
Foreign exchange risk								
	Net assets in foreign operation	-	-	-	-	25,793	-	(40,834)

(\*) The related account categories are presented as interest rate swap assets / liabilities and currency forwards.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**11. Derivatives (continued)**

(f) Hedge relationships affected by an interest rate index reform

The revised Standard requires exceptions to the analysis of future information in relation to the application of hedge accounting, while uncertainty exists due to movements of the interest rate index reform. The exception assumes that the interest rate indicators for the hedged item and hedging instruments do not change due to the effect of the interest rate index reform when assessing whether the expected cash flows that comply with existing interest rate indicators are highly probable, whether there is an economic relationship between the hedged item and the hedging instrument, and whether there is a high hedge effectiveness between the hedged item and the hedging instrument.

The KRW CD interest rate will be replaced by a KOFR (Korea Overnight Financing Repo Rate). The Group has assumed that in this hedging relationship, the spread changed on the basis of KOFR would be similar to the spread included in the interest rate swap and forward used as the hedging instrument after LIBOR rate is suspended. The Group does not assume any changes in other conditions.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**12. Securities at fair value through other comprehensive income and securities at amortized cost**

(a) Details of securities at FVOCI and securities at amortized cost as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Securities at FVOCI:</b>		
Debt securities:		
Government bonds	₩ 44,418,450	40,995,316
Financial institutions bonds	21,303,402	20,539,199
Corporate bonds and others	22,915,148	22,262,060
	<u>88,637,000</u>	<u>83,796,575</u>
Equity securities (*):		
Stocks	1,527,182	1,475,153
Equity investments	2,153	3,833
Others	145,644	193,600
	<u>1,674,979</u>	<u>1,672,586</u>
	<u>90,311,979</u>	<u>85,469,161</u>
<b>Securities at amortized cost:</b>		
Debt securities:		
Government bonds	22,787,609	21,523,230
Financial institutions bonds	5,864,626	5,423,771
Corporate bonds and others	7,034,252	6,424,197
	<u>35,686,487</u>	<u>33,371,198</u>
	<u>₩ 125,998,466</u>	<u>118,840,359</u>

(\*) The Group designated the equity securities as securities at FVOCI as the regulation requires the Group to hold, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**12. Securities at fair value through other comprehensive income and securities at amortized cost (continued)**

(b) Changes in carrying amount of debt securities at fair value through other comprehensive income and securities at amortized cost for the years ended December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>					
		<b>Debt securities at fair value through other comprehensive income</b>			<b>Debt securities at amortized cost</b>		
		<b>12-month expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Total</b>	<b>12-month expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Total</b>
Beginning balance	₩	83,729,377	67,198	83,796,575	33,371,599	10,515	33,382,114
Transfer (from) to 12-month expected credit loss		18,873	(18,873)	-	-	-	-
Transfer (from) to life time expected credit loss		(47,209)	47,209	-	-	-	-
Net increase and decrease (*)		4,844,010	(3,585)	4,840,425	2,318,788	(2,992)	2,315,796
Ending balance	₩	<u>88,545,051</u>	<u>91,949</u>	<u>88,637,000</u>	<u>35,690,387</u>	<u>7,523</u>	<u>35,697,910</u>

(\*) Included the effects from changes in purchase, disposal, repayment, valuation, changes in foreign exchange rate and amortization of fair value adjustments recognized through business combination accountings and the others.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**12. Securities at fair value through other comprehensive income and securities at amortized cost (continued)**

(b) Changes in carrying amount of debt securities at fair value through other comprehensive income and securities at amortized cost for the years ended December 31, 2023 and 2022 are as follows (continued):

	December 31, 2022					
	Debt securities at fair value through other comprehensive income			Debt securities at amortized cost		
	12-month expected credit loss	Life time expected credit loss	Total	12-month expected credit loss	Life time expected credit loss	Total
Beginning balance	₩ 89,595,577	152,786	89,748,363	26,139,316	36,290	26,175,606
Transfer (from) to 12-month expected credit loss	61,740	(61,740)	-	18,544	(18,544)	-
Transfer (from) to life time expected credit loss	(23,619)	23,619	-	-	-	-
Net increase and decrease (*)	(5,929,126)	(47,467)	(5,976,593)	7,213,739	(7,231)	7,206,508
Business combination	24,805	-	24,805	-	-	-
Ending balance	₩ 83,729,377	67,198	83,796,575	33,371,599	10,515	33,382,114

(\*) Included the effects from changes in purchase, disposal, repayment, valuation, changes in foreign exchange rate and amortization of fair value adjustments recognized through business combination accountings and the others.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**12. Securities at fair value through other comprehensive income and securities at amortized cost (continued)**

(c) Changes in allowance for credit loss of debt securities at fair value through other comprehensive income and securities at amortized cost for the years ended December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>					
		<b>Debt securities at fair value through other comprehensive income</b>			<b>Debt securities at amortized cost</b>		
		<b>12 months expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Total</b>	<b>12 months expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Total</b>
Beginning balance	₩	40,501	113	40,614	10,759	157	10,916
Transfer (from)to 12-month expected credit loss		14	(14)	-	-	-	-
Transfer (from)to life time expected credit loss		(111)	111	-	-	-	-
Provision (Reversal)		1,573	698	2,271	(113)	(23)	(136)
Disposal and others (*)		(409)	1	(408)	637	6	643
Ending balance	₩	<u>41,568</u>	<u>909</u>	<u>42,477</u>	<u>11,283</u>	<u>140</u>	<u>11,423</u>
		<b>December 31, 2022</b>					
		<b>Debt securities at fair value through other comprehensive income</b>			<b>Debt securities at amortized cost</b>		
		<b>12 months expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Total</b>	<b>12 months expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Total</b>
Beginning balance	₩	45,648	603	46,251	10,201	463	10,664
Transfer (from)to 12-month expected credit loss		166	(166)	-	203	(203)	-
Transfer (from)to life time expected credit loss		(20)	20	-	-	-	-
Provision (Reversal)		(4,658)	(355)	(5,013)	632	(94)	538
Disposal and others (*)		(635)	11	(624)	(277)	(9)	(286)
Ending balance	₩	<u>40,501</u>	<u>113</u>	<u>40,614</u>	<u>10,759</u>	<u>157</u>	<u>10,916</u>

(\*) Included the effects from changes in debt restructuring, investment conversion, foreign exchange rate and the others.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**12. Securities at fair value through other comprehensive income and securities at amortized cost (continued)**

(d) Gain or loss on disposal of securities at fair value through other comprehensive income and securities at amortized cost for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Gain on disposal of securities at FVOCI	₩ 50,793	26,427
Loss on disposal of securities at FVOCI	(180,368)	(187,850)
Gain on disposal of securities at amortized cost (*)	358	4
Loss on disposal of securities at amortized cost (*)	(107)	(64)
	<u>₩ (129,324)</u>	<u>(161,483)</u>

(\*) The issuers of those securities have exercised the early redemption options and the others.

(e) Income or loss on equity securities at fair value through other comprehensive income

i) The Group recognizes dividends, amounting to ₩ 60,139 million and ₩ 32,700 million, related to equity securities at fair value through other comprehensive income for the years ended December 31, 2023 and 2022, respectively.

ii) The details of disposal of equity securities designated at fair value through other comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Stocks acquired by investment conversion	
Fair value at the date of disposal	₩ 156,872	48,525
Cumulative net gain (loss) at the time of disposal	(4,152)	2,943

(\*) The reason for the disposal is the disposal of stocks acquired by investment conversion.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**13. Loans at amortized cost, etc.**

(a) Loans at amortized cost for configuration by customer as of December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Retail loans	₩ 155,103,825	155,365,004
Corporate loans (*)	224,916,377	216,004,850
Public and other loans	4,427,500	3,788,040
Loans between banks	3,049,239	7,428,874
Credit card receivables	28,090,168	28,459,691
	<u>415,587,109</u>	<u>411,046,459</u>
Discount	(23,063)	(21,879)
Deferred loan origination costs	505,986	525,205
	<u>416,070,032</u>	<u>411,549,785</u>
Less: Allowance for credit loss	(4,330,470)	(3,650,813)
	<u>₩ 411,739,562</u>	<u>407,898,972</u>

(\*) Included loans for solo proprietor business, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**13. Loans at amortized cost, etc. (continued)**

(b) Changes in carrying amount of loans at amortized cost, etc. as of December 31, 2023 and 2022 are as follows:

i) Loans at amortized cost

	December 31, 2023													Total
	Retail			Corporate			Credit card			Others				
	12 months expected credit loss	Life time expected credit loss	Impaired financial asset	12 months expected credit loss	Life time expected credit loss	Impaired financial asset	12 months expected credit loss	Life time expected credit loss	Impaired financial asset	12 months expected credit loss	Life time expected credit loss	Impaired financial asset		
Beginning balance	₩ 146,741,436	8,491,997	600,340	183,229,940	32,054,591	970,719	23,586,633	4,333,611	493,480	10,367,271	665,676	14,091	411,549,785	
Transfer (from) to 12 months expected credit losses	3,684,473	(3,671,574)	(12,899)	6,312,378	(6,310,771)	(1,607)	59,586	(59,510)	(76)	51,588	(51,588)	-	-	
Transfer (from) to lifetime expected credit losses	(6,347,880)	6,382,499	(34,619)	(14,969,646)	14,984,213	(14,567)	(72,489)	72,551	(62)	(154,268)	154,268	-	-	
Transfer (from) to credit-impaired financial assets	(462,894)	(266,533)	729,427	(511,906)	(476,684)	988,590	(19,349)	(10,202)	29,551	(476)	(6,139)	6,615	-	
Net increase and decrease (*1)	1,826,622	(1,544,703)	148,463	7,797,722	1,502,116	449,944	(259,750)	(226,043)	928,319	(3,819,606)	65,262	8,018	6,876,364	
Charge off (*2)	-	-	(489,511)	-	-	(352,324)	-	-	(805,454)	-	-	(2,127)	(1,649,416)	
Disposal	-	(1,477)	(147,151)	(56,032)	(7,325)	(491,911)	-	-	(155)	-	(500)	(2,150)	(706,701)	
Ending balance	₩ 145,441,757	9,390,209	794,050	181,802,456	41,746,140	1,548,844	23,294,631	4,110,407	645,603	6,444,509	826,979	24,447	416,070,032	

(\*1) The amount is due to execution, collection, debt restructuring, investment conversion, exchange rate fluctuation, etc.

(\*2) The amount of uncollected loans currently in recovery (principal and interest) is ₩ 9,964,573 million, which is written off as of December 31, 2023.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**13. Loans at amortized cost, etc. (continued)**

(b) Changes in carrying amount of loans at amortized cost, etc. as of December 31, 2023 and 2022 are as follows (continued):

*ii) Due from banks at amortized cost and other financial assets*

	December 31, 2023			
	12 month expected credit loss	Life time expected credit loss	Impaired financial asset	Total
Beginning balance	₩ 49,701,131	165,723	87,512	49,954,366
Transfer (from) to 12 month expected credit losses	23,476	(23,305)	(171)	-
Transfer (from) to lifetime expected credit losses	(96,073)	96,096	(23)	-
Transfer (from) to credit- impaired financial assets	(9,110)	(40,985)	50,095	-
Net increase and decrease (*)	9,789,697	48,392	60,859	9,898,948
Charge off	-	-	(28,665)	(28,665)
Disposal	-	(5)	(1,819)	(1,824)
Ending balance	₩ <u>59,409,121</u>	<u>245,916</u>	<u>167,788</u>	<u>59,822,825</u>

(\*) The amount is due to execution, collection, debt restructuring, investment conversion, exchange rate fluctuation, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

13. Loans at amortized cost, etc. (continued)

(b) Changes in carrying amount of loans at amortized cost, etc. as of December 31, 2023 and 2022 are as follows (continued):

i) *Loans at amortized cost (continued)*

	December 31, 2022													Total
	Retail			Corporate			Credit card			Others				
	12 months expected credit loss	Life time expected credit loss	Impaired financial asset	12 months expected credit loss	Life time expected credit loss	Impaired financial asset	12 months expected credit loss	Life time expected credit loss	Impaired financial asset	12 months expected credit loss	Life time expected credit loss	Impaired financial asset		
Beginning balance	₩ 145,927,405	8,149,050	451,228	170,489,366	28,830,615	930,549	21,346,418	4,166,803	457,582	6,542,444	668,657	17,751	387,977,868	
Transfer (from) to 12 months expected credit losses	3,399,814	(3,390,943)	(8,871)	7,620,344	(7,612,945)	(7,399)	431,252	(430,915)	(337)	55,766	(55,766)	-	-	
Transfer (from) to lifetime expected credit losses	(4,240,767)	4,275,492	(34,725)	(11,480,879)	11,491,902	(11,023)	(764,938)	765,279	(341)	(52,028)	52,030	(2)	-	
Transfer (from) to credit-impaired financial assets	(252,730)	(154,510)	407,240	(222,960)	(489,488)	712,448	(115,976)	(160,843)	276,819	(18)	(12)	30	-	
Net increase and decrease (*1)	1,907,714	(385,941)	127,858	16,841,069	(164,160)	(267,984)	2,689,877	(6,713)	352,143	3,821,009	767	181	24,915,820	
Charge off (*2)	-	-	(263,962)	-	-	(249,453)	-	-	(592,386)	-	-	(1,121)	(1,106,922)	
Disposal	-	(1,151)	(78,428)	(17,000)	(1,333)	(136,419)	-	-	-	-	-	(2,748)	(237,079)	
Business combination	-	-	-	-	-	-	-	-	-	98	-	-	98	
Ending balance	₩ 146,741,436	8,491,997	600,340	183,229,940	32,054,591	970,719	23,586,633	4,333,611	493,480	10,367,271	665,676	14,091	411,549,785	

(\*1) The amount is due to execution, collection, debt restructuring, investment conversion, exchange rate fluctuation, etc.

(\*2) The amount of uncollected loans currently in recovery (principal and interest) is ₩ 10,613,730 million, which is written off as of December 31, 2022.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**13. Loans at amortized cost, etc. (continued)**

(b) Changes in carrying amount of loans at amortized cost, etc. as of December 31, 2023 and 2022 are as follows (continued):

*ii) Due from banks at amortized cost and other financial assets (continued)*

	December 31, 2022			
	12 month expected credit loss	Life time expected credit loss	Impaired financial asset	Total
Beginning balance	₩ 48,154,690	104,650	79,094	48,338,434
Transfer (from) to 12 month expected credit losses	16,401	(16,309)	(92)	-
Transfer (from) to lifetime expected credit losses	(23,870)	23,985	(115)	-
Transfer (from) to credit- impaired financial assets	(10,008)	(3,654)	13,662	-
Net increase and decrease (*)	1,482,975	57,051	21,722	1,561,748
Charge off	-	-	(25,636)	(25,636)
Disposal	-	-	(1,123)	(1,123)
Business combination	80,943	-	-	80,943
Ending balance	₩ 49,701,131	165,723	87,512	49,954,366

(\*) The amount is due to execution, collection, debt restructuring, investment conversion, exchange rate fluctuation, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

13. Loans at amortized cost, etc. (continued)

(c) Changes in allowance for credit loss of loans at amortized cost and other financial assets as of December 31, 2023 and 2022 are as follows:

i) *Loans at amortized cost*

	December 31, 2023												
	Retail			Corporate			Credit cards			Others			Total
	12 month expected credit loss	Life time expected credit loss	Impaired financial asset	12 month expected credit loss	Life time expected credit loss	Impaired financial asset	12 month expected credit loss	Life time expected credit loss	Impaired financial asset	12 month expected credit loss	Life time expected credit loss	Impaired financial asset	
Beginning balance	₩ 264,836	165,090	264,530	560,207	840,557	487,239	211,112	471,473	355,975	13,882	9,218	6,694	3,650,813
Transfer (from) to 12 months expected credit losses	25,984	(24,982)	(1,002)	92,347	(92,254)	(93)	23,474	(23,422)	(52)	213	(213)	-	-
Transfer (from) to lifetime expected credit losses	(28,336)	44,543	(16,207)	(69,404)	74,346	(4,942)	(18,412)	18,557	(145)	(305)	305	-	-
Transfer (from) to credit-impaired financial assets	(13,823)	(32,129)	45,952	(7,456)	(47,157)	54,613	(2,023)	(3,402)	5,425	(7)	(25)	32	-
Provision (reversal)	(4,029)	56,164	429,789	225,719	223,266	456,854	15,525	(3,720)	711,724	(348)	1,095	2,403	2,114,442
Charge off	-	-	(489,511)	-	-	(352,324)	-	-	(805,454)	-	-	(2,127)	(1,649,416)
Amortization of discount	-	-	(12,327)	-	-	(25,929)	-	-	7,344	-	-	-	(30,912)
Disposal	-	(177)	(40,297)	(36)	(240)	(56,118)	-	-	(155)	-	(9)	(115)	(97,147)
Collection	-	-	101,653	-	-	69,674	-	-	186,715	-	-	451	358,493
Others (*)	(1,366)	(1,147)	611	(12,327)	(4,173)	(487)	610	1,362	1,177	(63)	-	-	(15,803)
Ending balance	₩ 243,266	207,362	283,191	789,050	994,345	628,487	230,286	460,848	462,554	13,372	10,371	7,338	4,330,470

(\*) Other changes are due to debt restructuring, investment conversion and changes in foreign exchange rate, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**13. Loans at amortized cost, etc. (continued)**

(c) Changes in allowance for credit loss of loans at amortized cost and other financial assets as of December 31, 2023 and 2022 are as follows (continued):

ii) Due from banks at amortized cost and other financial assets

	December 31, 2023			
	12 months expected credit loss	Life time expected credit loss	Impaired financial asset	Total
Beginning balance	₩ 296,346	10,440	74,621	381,407
Transfer (from) to 12 months expected credit losses	364	(299)	(65)	-
Transfer (from) to lifetime expected credit losses	(40,026)	40,041	(15)	-
Transfer (from) to credit- impaired financial assets	(228)	(37,000)	37,228	-
Provision	44,035	2,326	44,409	90,770
Charge off	-	-	(28,665)	(28,665)
Disposal	-	-	(178)	(178)
Collection	-	-	2,198	2,198
Others (*)	32,460	142	8,435	41,037
Ending balance	₩ 332,951	15,650	137,968	486,569

(\*) Other changes are due to debt restructuring, investment conversion and changes in foreign exchange rate, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**13. Loans at amortized cost, etc. (continued)**

(c) Changes in allowance for credit loss of loans at amortized cost and other financial assets as of December 31, 2023 and 2022 are as follows (continued):

i) Loans at amortized cost

		December 31, 2022												
		Retail			Corporate			Credit cards			Others			
		12 month expected credit loss	Life time expected credit loss	Impaired financial asset	12 month expected credit loss	Life time expected credit loss	Impaired financial asset	12 month expected credit loss	Life time expected credit loss	Impaired financial asset	12 month expected credit loss	Life time expected credit loss	Impaired financial asset	Total
Beginning balance	₩	174,005	90,412	188,769	531,427	742,252	520,261	204,711	401,077	289,232	10,195	9,258	5,494	3,167,093
Transfer (from) to 12 months expected credit losses		17,016	(16,023)	(993)	92,555	(90,661)	(1,894)	24,579	(24,471)	(108)	403	(403)	-	-
Transfer (from) to lifetime expected credit losses		(9,449)	26,014	(16,565)	(62,583)	64,821	(2,238)	(14,752)	14,892	(140)	(122)	122	-	-
Transfer (from) to credit-impaired financial assets		(4,702)	(9,103)	13,805	(1,461)	(66,033)	67,494	(1,094)	(2,041)	3,135	(1)	(5)	6	-
Provision (reversal)		96,230	84,402	244,290	(14,918)	159,287	103,935	101,644	254,090	209,353	3,405	246	2,387	1,244,351
Charge off		-	-	(263,962)	-	-	(249,453)	-	-	(592,386)	-	-	(1,121)	(1,106,922)
Amortization of discount		-	-	(5,923)	-	-	(13,189)	-	-	7,307	-	-	-	(11,805)
Disposal		-	(28)	(22,676)	-	(5)	(10,723)	-	-	-	-	-	(217)	(33,649)
Collection		-	-	108,666	-	-	55,441	-	-	217,407	-	-	145	381,659
Others (*)		(8,264)	(10,584)	19,119	15,187	30,896	17,605	(103,976)	(172,074)	222,175	2	-	-	10,086
Ending balance	₩	264,836	165,090	264,530	560,207	840,557	487,239	211,112	471,473	355,975	13,882	9,218	6,694	3,650,813

(\*) Other changes are due to debt restructuring, investment conversion and changes in foreign exchange rate, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**13. Loans at amortized cost, etc. (continued)**

(c) Changes in allowance for credit loss of loans at amortized cost and other financial assets as of December 31, 2023 and 2022 are as follows (continued):

ii) *Due from banks at amortized cost and other financial assets*

	<b>December 31, 2022</b>			
	<b>12 months expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Impaired financial asset</b>	<b>Total</b>
Beginning balance	₩ 183,968	8,008	70,043	262,019
Transfer (from) to 12 months expected credit losses	315	(274)	(41)	-
Transfer (from) to lifetime expected credit losses	(740)	765	(25)	-
Transfer (from) to credit- impaired financial assets	(75)	(1,267)	1,342	-
Provision	2,327	3,278	27,226	32,831
Charge off	-	-	(25,636)	(25,636)
Disposal	-	-	(61)	(61)
Collection	-	-	2,502	2,502
Others (*)	110,519	(70)	(729)	109,720
Business combination	32	-	-	32
Ending balance	₩ 296,346	10,440	74,621	381,407

(\*) Other changes are due to debt restructuring, investment conversion and changes in foreign exchange rate, etc.

(d) Changes in deferred loan origination costs for the years ended December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Beginning balance	₩ 525,205	541,932
Loan origination	231,007	208,517
Amortization, etc.	(250,226)	(225,244)
Ending balance	₩ 505,986	525,205

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**14. Property and equipment**

(a) Details of property and equipment as of December 31, 2023 and 2022 are as follows:

<b>December 31, 2023</b>				
	<b>Acquisition cost</b>	<b>Accumulated depreciation</b>	<b>Accumulated Impairment</b>	<b>Carrying amount</b>
Land	₩ 2,043,119	-	-	2,043,119
Buildings	1,307,424	(508,171)	(9,002)	790,251
Other assets	2,410,101	(1,877,642)	-	532,459
Right-of-use assets	1,378,027	(771,552)	-	606,475
	<b>₩ 7,138,671</b>	<b>(3,157,365)</b>	<b>(9,002)</b>	<b>3,972,304</b>

<b>December 31, 2022</b>				
	<b>Acquisition cost</b>	<b>Accumulated depreciation</b>	<b>Accumulated Impairment</b>	<b>Carrying amount</b>
Land	₩ 2,101,176	-	-	2,101,176
Buildings	1,165,468	(455,617)	(7,594)	702,257
Other assets	2,424,987	(1,836,533)	-	588,454
Right-of-use assets	1,208,728	(589,518)	-	619,210
	<b>₩ 6,900,359</b>	<b>(2,881,668)</b>	<b>(7,594)</b>	<b>4,011,097</b>

(b) Changes in property and equipment for the years ended December 31, 2023 and 2022 are as follows:

<b>December 31, 2023</b>					
	<b>Land</b>	<b>Buildings</b>	<b>Others</b>	<b>Right-of-use assets</b>	<b>Total</b>
Beginning balance	₩ 2,101,176	702,257	588,454	619,210	4,011,097
Acquisition (*1)	1,480	105,761	146,405	370,724	624,370
Disposal	(741)	(1,501)	(3,546)	(71,052)	(76,840)
Depreciation (*2)	-	(54,486)	(202,124)	(313,755)	(570,365)
Asset impairment	-	(1,409)	-	-	(1,409)
Amounts transferred from(to) investment property	(57,226)	40,548	-	-	(16,678)
Amounts transferred from(to) intangible assets	-	-	1,550	-	1,550
Amounts transferred from(to) non-current assets held for sale (*3)	(1,688)	(754)	-	-	(2,442)
Amounts transferred from(to) operating lease assets	-	-	221	-	221
Effects of foreign currency adjustments	118	(165)	1,499	1,348	2,800
Ending balance	<b>₩ 2,043,119</b>	<b>790,251</b>	<b>532,459</b>	<b>606,475</b>	<b>3,972,304</b>

(\*1) During 2023, ₩ 82,179 million transferred from assets-under-construction is included.

(\*2) Included in general administrative expense, other operating income(loss) and insurance service expense of the consolidated statements of comprehensive income.

(\*3) Includes buildings, land, etc.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**14. Property and equipment (continued)**

(b) Changes in property and equipment for the years ended December 31, 2023 and 2022 are as follows (continued):

	<b>December 31, 2022</b>				
	<b>Land</b>	<b>Buildings</b>	<b>Others</b>	<b>Right-of-use assets</b>	<b>Total</b>
Beginning balance	₩ 2,173,134	756,486	508,417	608,127	4,046,164
Acquisition (*1)	631	49,220	257,662	369,153	676,666
Disposal	(13,173)	(1,124)	(4,212)	(75,563)	(94,072)
Depreciation (*2)	-	(49,935)	(186,307)	(287,886)	(524,128)
Amounts transferred from(to) investment property	2,892	(12,446)	-	-	(9,554)
Amounts transferred from(to) intangible assets	-	-	6,916	-	6,916
Amounts transferred from(to) non- current assets held for sale (*3)	(62,288)	(39,469)	-	-	(101,757)
Amounts transferred from(to) operating lease assets	-	-	214	-	214
Effects of foreign currency adjustments	(20)	(475)	4,877	4,328	8,710
Business combination	-	-	887	1,051	1,938
Ending balance	₩ <u>2,101,176</u>	<u>702,257</u>	<u>588,454</u>	<u>619,210</u>	<u>4,011,097</u>

(\*1) During 2022, ₩ 33,983 million transferred from assets-under-construction is included.

(\*2) Included in general administrative expense, other operating income(loss) and insurance service expense of the consolidated statements of comprehensive income.

(\*3) Includes buildings, land, etc.

(c) Insured assets and liability insurance as of December 31, 2023 are as follows:

<b>Type of insurance</b>	<b>December 31, 2023</b>		
	<b>Insured assets and objects</b>	<b>Amount covered</b>	<b>Insurance company</b>
Comprehensive insurance for financial institutions	Cash (including ATM)	31,500	Samsung Fire & Marine Insurance Co., Ltd., etc.
Comprehensive Property insurance	Property Total Risk, Machine Risk, General Liability Collateral	1,422,152	Samsung Fire & Marine Insurance Co., Ltd., etc.
Fire insurance	Business property and real estate	52,086	Meritz Fire & Marine Insurance Co., Ltd., etc.
Compensation liability insurance for officers	Officer liability of executives	50,000	Meritz Fire & Marine Insurance Co., Ltd., etc.
Burglary insurance	Cash and securities	60,000	Samsung Fire & Marine Insurance Co., Ltd., etc.
Others	Personal information liability insurance, etc.	56,244	Samsung Fire & Marine Insurance Co., Ltd., etc.

(\* ) Aside from the insurance mentioned above, the Group has entered into car insurance, medical insurance, property insurance, and employee accident insurance.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**15. Intangible assets**

(a) Details of intangible assets as of December 31, 2023 and 2022 are as follows:

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Goodwill	₩	4,677,204	4,683,902
Software		259,233	263,341
Development cost		464,638	454,284
Others		816,871	406,309
	₩	<u>6,217,946</u>	<u>5,807,836</u>

(b) Changes in intangible assets for the years ended December 31, 2023 and 2022 are as follows:

		<u>December 31, 2023</u>				
		<u>Goodwill</u>	<u>Software</u>	<u>Development cost</u>	<u>Others</u>	<u>Total</u>
Beginning balance	₩	4,683,902	263,341	454,284	406,309	5,807,836
Acquisition		-	90,051	133,709	605,225	828,985
Disposal and write-off		-	(3,901)	(3,560)	(6,793)	(14,254)
Amounts transferred from(to) property and equipment		-	-	(1,550)	-	(1,550)
Impairment (*1)		(5,402)	(4,006)	(1,001)	(273)	(10,682)
Amortization (*2)		-	(91,894)	(131,043)	(168,583)	(391,520)
Effects of changes in foreign exchange rate		(1,296)	5,642	13,799	(19,014)	(869)
Ending balance	₩	<u>4,677,204</u>	<u>259,233</u>	<u>464,638</u>	<u>816,871</u>	<u>6,217,946</u>

(\*1) Goodwill impairment incurred from the cash-generating unit of security sector at PT Shinhan Sekuritas Indonesia and life insurance sector at Shinhan Financial Plus Co., Ltd. As a result of the impairment test for goodwill of PT Shinhan Sekuritas Indonesia, the Group recognized an impairment loss amounting to ₩ 1,842 million for the carrying amount exceeding the recoverable amount of the CGU. This is due to the decrease in recoverable amounts (₩ 2,934 million decrease comparing to the previous year) due to continuing high price index and domestic foreign economic turndown mainly from the prolongation of the Ukraine crisis, global high interest rates, etc. In addition, as a result of the impairment test for goodwill of Shinhan Financial Plus Co., Ltd., the Group recognized an impairment loss amounting to ₩ 3,560 million for the carrying amount exceeding the recoverable amount of the CGU. This is due to the decrease in recoverable amounts (₩ 9,750 million decrease comparing to the previous year) due to the underperformance from the cash-generating unit and the reflection of the future outlook. The amount of impairment loss recognized is included in the non-operating expenses, of the consolidated statement of comprehensive income.

(\*2) Included in general administrative expense, other operating income (expense), and insurance service expense of the consolidated statements of comprehensive income.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**15. Intangible assets(continued)**

(b) Changes in intangible assets for the years ended December 31, 2023 and 2022 are as follows (continued):

	December 31, 2022					Total
	Goodwill	Software	Development cost	Others		
Beginning balance	₩ 4,670,134	192,582	229,148	552,918		5,644,782
Acquisition	-	143,766	332,826	211,511		688,103
Business combination	-	1,472	2,638	315		4,425
Disposal and write-off	-	(253)	(434)	(236,881)		(237,568)
Amounts transferred from(to) property and equipment	-	-	(6,337)	(579)		(6,916)
Impairment (*1)	(2,258)	-	(702)	198		(2,762)
Amortization (*2)	-	(74,916)	(102,849)	(120,844)		(298,609)
Effects of changes in foreign exchange rate	16,026	690	(6)	(329)		16,381
Ending balance	₩ 4,683,902	263,341	454,284	406,309		5,807,836

(\*1) Goodwill impairment incurred from the cash-generating unit of security sector at PT Shinhan Sekuritas Indonesia. As a result of the impairment test for goodwill of PT Shinhan Sekuritas Indonesia, the Group recognized an impairment loss amounting to ₩ 2,258 million for the carrying amount exceeding the recoverable amount of the CGU. This is due to the decrease in recoverable amounts (₩ 1,569 million decrease comparing to the previous year) due to continuing high price index and domestic foreign economic turndown mainly from the prolongation of the Ukraine crisis, global high interest rates, etc. The amount of impairment loss recognized is included in the non-operating expenses, of the consolidated statement of comprehensive income.

(\*2) Included in general administrative expense, other operating income (expense) and insurance service expense of the consolidated statements of comprehensive income.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**15. Intangible asset (continued)**

(c) Goodwill

i) Goodwill allocated in the Group's CGUs as of December 31, 2023 and 2022 is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Banking	₩ 768,468	768,766
Credit card	2,891,498	2,892,610
Securities	1,265	2,993
Life insurance	850,238	853,798
Others	165,735	165,735
	<u>₩ 4,677,204</u>	<u>4,683,902</u>

ii) Changes in goodwill for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Beginning balance	₩ 4,683,902	4,670,134
Impairment losses	(5,402)	(2,258)
Others (*)	(1,296)	16,026
Ending balance	<u>₩ 4,677,204</u>	<u>4,683,902</u>

(\*) Other changes are due to effects of changes in foreign exchange rate.

iii) Goodwill impairment test

The recoverable amounts of each CGU are evaluated based on their respective value in use.

- Explanation on evaluation method

The discounted cash flow method (DCF) is applied when evaluating the recoverable amounts based on value in use, considering the characteristics of each unit or group of CGU. However, the CGU of life insurance applied an actuarial enterprise valuation methodology based on probabilistically expected cash flows in consideration of the characteristics of the insurance business.

- Projection period

When evaluating the value in use, 5.5 years of cash flow estimates are used in projection and the value thereafter is reflected as terminal value. However, 99 years of cash flow estimates for Shinhan Life Insurance Co., Ltd. is applied and the present value of the future cash flows thereafter is not applied as it is not significant.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**15. Intangible assets, net (continued)**

- Discount rates and terminal growth rates

The required rates of return expected by shareholders are applied to the discount rates. It is calculated in consideration of which comprises a risk-free interest rate, a market risk premium and systemic risk (beta factor). In addition, terminal growth rate is estimated based on inflation rate. However, for the life insurance CGU, since its cost of risk is reflected at future cash flows, the current discount rates based on the interest rate term structure of risk-free government bonds that reflects only the time value of money was applied.

Discount rates before tax and terminal growth rates applied to each CGU are as follows:

	<u>Discount rate before tax(%)</u>	<u>Terminal growth rate(%)</u>
Banking	9.6 ~ 16.1	0.0 ~ 2.0
Credit card	11.5 ~ 16.6	1.0 ~ 2.0
Securities	15.5 ~ 16.9	2
Others	11.1 ~ 13.1	1

In case of the life insurance CGU, a term structure discount rate of 4.34% to 4.80% was applied for each future period corresponding to future cash flows for 99 years.

*iv) Key assumptions*

Key assumptions used in the discounted cash flow calculations of CGUs (other than life insurance components) are as follows:

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
CPI growth (%)	3.0	1.4	1.8	1.5	1.4	1.4
Private consumption growth (%)	1.9	2.4	2.6	2.5	2.8	2.8
Real GDP growth (%)	1.3	2.5	2.7	2.7	2.9	2.9

Key assumptions used in the discounted cash flow calculations of life insurance (Shinhan Life Insurance) components are as follows:

	<u>Key assumptions</u>
Consumer price index growth rate (Bank of Korea) (%)	2.00
Risk-based confidence level (%)	99.50

*v) Total recoverable amount and total carrying amount of CGUs to which goodwill has been allocated, are as follows:*

	<u>Amount</u>
Total recoverable amount	₩ 58,700,974
Total carrying amount (*)	₩ 52,013,046
	<u>₩ 6,687,928</u>

(\*) It is the carrying amount after reflecting the impairment loss in the securities and life insurance sector.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates**

(a) Investments in associates as of December 31, 2023 and 2022 are as follows:

Investees	Country	Reporting date	Ownership (%)	
			December 31, 2023	December 31, 2022
BNP Paribas Cardif Life Insurance (*1),( *7)	Korea	September 30	14.99	14.99
Partners 4th Growth Investment Fund (*4)	Korea	-	25.00	25.00
KTB Newlake Global Healthcare PEF (*5)	Korea	-	7.36	20.57
Shinhan-Neoplux Energy Newbiz Fund	Korea	December 31	31.66	31.66
Shinhan-Albatross tech investment Fund (*1)	Korea	November 30	50.00	50.00
KCGI-SingA330-A Private Special Asset Investment Trust	Korea	December 31	23.89	23.89
VOGO Debt Strategy Qualified IV Private	Korea	December 31	20.00	20.00
Shinhan-Midas Donga Secondary Fund	Korea	December 31	50.00	50.00
ShinHan – Soo Young Entrepreneur Investment Fund No.1	Korea	December 31	24.00	24.00
Shinhan Praxis K-Growth Global Private Equity Fund (*7)	Korea	December 31	14.15	14.15
Kiwoom Milestone Professional Private Real Estate Trust 19	Korea	December 31	50.00	50.00
Shinhan Global Healthcare Fund 1 (*7)	Korea	December 31	4.41	4.41
KB NA Hickory Private Special Asset Fund	Korea	December 31	37.50	37.50
Koramco Europe Core Private Placement Real Estate Fund No.2-2	Korea	December 31	44.02	44.02
Hermes Private Investment Equity Fund (*4)	Korea	-	29.17	29.17
KDBC-Midas Dong-A Global contents Fund	Korea	December 31	23.26	23.26
Shinhan-Nvestor Liquidity Solution Fund	Korea	December 31	24.92	24.92
Shinhan AIM FoF Fund 1-A	Korea	December 31	25.00	25.00
IGIS Global Credit Fund 150-1	Korea	December 31	25.00	25.00
Partner One Value up I Private Equity Fund (*4)	Korea	-	27.91	27.91
Genesis No.1 Private Equity Fund (*5)	Korea	-	-	22.80
Korea Omega Project Fund III	Korea	December 31	23.53	23.53
Genesis North America Power Company No.1 PEF	Korea	December 31	43.84	39.11
SH MAIN Professional Investment Type Private Mixed Asset Investment Trust No.3	Korea	December 31	23.33	23.33
KOREA FINANCE SECURITY CO., LTD (*1),( *7)	Korea	September 30	14.91	14.91
MIEL CO.,LTD. (*2)	Korea	December 31	28.77	28.77
AIP Transportation Specialized Privately Placed Fund Trust #1	Korea	December 31	35.73	35.73
Kiwoom-Shinhan Innovation Fund I	Korea	December 31	50.00	50.00

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(a) Investments in associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	Country	Reporting date	Ownership (%)	
			December 31, 2023	December 31, 2022
Midas Asset Global CRE Debt Private Fund No.6	Korea	December 31	40.10	41.16
Samchully Midstream Private Placement Special Asset Fund 5-4	Korea	December 31	42.92	42.92
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3	Korea	December 31	20.00	20.00
NH-Amundi Global Infrastructure Trust 14	Korea	December 31	30.00	30.00
Jarvis Memorial Private Investment Trust 1 (*5)	Korea	-	-	99.01
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37 (*6)	Korea	December 31	60.00	60.00
Milestone Private Real Estate Fund 3	Korea	December 31	32.06	32.06
Nomura-Rifa Private Real Estate Investment Trust 31	Korea	December 31	31.31	31.31
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2	Korea	December 31	21.27	21.27
T&F 2019 bearing Private Equity Fund Specializing in Start-up and Venture Business (*4)	Korea	-	28.25	28.25
FuturePlay-Shinhan TechInnovation Fund 1	Korea	December 31	50.00	50.00
Stonebridge Corporate 1st Fund	Korea	December 31	44.12	44.12
Vogo Realty Partners Private Real Estate Fund V	Korea	December 31	21.64	21.64
Korea Credit Bureau (*1),( *7)	Korea	September 30	9.00	9.00
Goduck Gangil1 PFV Co., Ltd. (*1),( *7)	Korea	September 30	1.04	1.04
SBC PFV Co., Ltd. (*1),( *8)	Korea	September 30	25.00	25.00
NH-amundi global infra private fund 16	Korea	December 31	50.00	50.00
IMM Global Private Equity Fund (*4)	Korea	-	33.00	33.00
SH BNCT Professional Investment Type Private Special Asset Investment Trust (*9)	Korea	December 31	72.50	72.50
Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24 (*6)	Korea	December 31	52.28	52.28
Sparklabs-Shinhan Opportunity Fund 1	Korea	December 31	49.50	49.50
BNW Tech-Innovation Private Equity Fund (*4)	Korea	-	29.85	29.85
IGIS Real-estate Private Investment Trust No.33	Korea	December 31	40.86	40.86
WWG Global Real Estate Investment Trust no.4 (*5)	Korea	-	-	29.55
Goduck Gangil10 PFV Co., Ltd. (*1),( *7)	Korea	September 30	19.90	19.90
Fidelis Global Private Real Estate Trust No.2 (*6)	Korea	December 31	79.63	79.70

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(a) Investments in associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	Country	Reporting date	Ownership (%)	
			December 31, 2023	December 31, 2022
AIP EURO PRIVATE REAL ESTATE TRUST No. 12	Korea	December 31	28.70	28.70
Shinhan Healthcare Fund 2 (*7)	Korea	December 31	13.68	13.68
Shinhan AIM Real Estate Fund No.2	Korea	December 31	30.00	30.00
Shinhan AIM Real Estate Fund No.1	Korea	December 31	21.01	21.01
SH Daegu Green Power Cogeneration System Professional Investment Type Private Special Asset Investment Trust	Korea	December 31	22.02	22.02
SH Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust	Korea	December 31	29.19	29.19
SH Global Infrastructure Professional Investment Type Private Special Asset Investment Trust No.7-2 (*6)	Korea	December 31	71.43	71.43
Korea Omega-Shinhan Project Fund I	Korea	December 31	50.00	50.00
Samsung SRA Real Estate Professional Private 45	Korea	December 31	25.00	25.00
IBK Global New Renewable Energy Special Asset Professional Private2	Korea	December 31	28.98	28.98
VS Cornerstone Fund	Korea	December 31	41.18	41.18
Aone Mezzanine Opportunity Professional Private (*5)	Korea	-	-	64.41
NH-Amundi US Infrastructure Private Fund2	Korea	December 31	25.91	25.91
SH Japan Photovoltaic Private Special Asset Investment Trust No.2	Korea	December 31	30.00	30.00
Kakao-Shinhan 1st TNYT Fund	Korea	December 31	48.62	48.62
Pacific Private Placement Real Estate Fund No.40	Korea	December 31	24.73	24.73
Mastern Private Real Estate Loan Fund No.2	Korea	December 31	33.57	33.57
LB Scotland Amazon Fulfillment Center Fund 29 (*6)	Korea	December 31	70.14	70.14
JR AMC Hungary Budapest Office Fund 16	Korea	December 31	32.57	32.57
EDNCENTRAL Co.,Ltd. (*7)	Korea	December 31	13.47	13.47
Future-Creation Neoplux Venture Capital Fund (*3)	Korea	December 31	16.25	16.25
Gyeonggi-Neoplux Superman Fund	Korea	December 31	21.76	21.76
NewWave 6th Fund	Korea	December 31	30.00	30.00



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(a) Investments in associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	Country	Reporting date	Ownership (%)	
			December 31, 2023	December 31, 2022
Neoplux No.3 Private Equity Fund (*3)	Korea	December 31	10.00	10.00
PCC Amberstone Private Equity Fund I	Korea	December 31	21.67	21.67
KIAMCO POWERLOAN TRUST 4TH	Korea	December 31	47.37	47.37
Mastern Opportunity Seeking Real Estate Fund II	Korea	December 31	22.22	20.00
AION ELFIS PROFESSIONAL PRIVATE 1 (*5)	Korea	-	-	20.00
T&F 2020 SS Private Equity Fund Specializing in Start-up and Venture Business(*5)	Korea	-	-	29.68
Neoplux Market-Frontier Secondary Fund (*3)	Korea	December 31	19.74	19.74
Harvest Private Equity Fund II	Korea	December 31	22.06	22.06
Synergy Green New Deal 1st New Technology Business Investment Fund	Korea	December 31	28.17	28.17
KIAMCO Vietnam Solar Special Asset Private Investment Trust	Korea	December 31	50.00	50.00
SHINHAN-NEO Core Industrial Technology Fund	Korea	December 31	49.75	49.75
SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2	Korea	December 31	30.00	30.00
SIMONE Mezzanine Fund No.3	Korea	December 31	28.78	28.97
Eum Private Equity Fund No.7	Korea	December 31	21.00	21.00
Kiwoom Hero No.4 Private Equity Fund	Korea	December 31	21.05	21.05
Vogo Canister Professional Trust Private Fund I	Korea	December 31	36.74	36.27
SW-S Fund (*5)	Korea	-	-	30.30
CL Buyout 1st PEF (*5)	Korea	-	-	21.43
Timefolio The Venture-V second	Korea	December 31	20.73	20.73
Newlake Growth Capital Partners2 PEF (*4)	Korea	-	29.91	29.91
Shinhan Smilegate Global PEF I (*7)	Korea	December 31	14.21	14.21
Genesis Eco No.1 PEF	Korea	December 31	29.00	29.00
SHINHAN-NEO Market-Frontier 2nd Fund	Korea	December 31	42.70	42.70
NH-Synergy Core Industrial New Technology Fund	Korea	December 31	36.93	36.93
J& Moorim Jade Investment Fund	Korea	December 31	24.89	24.89
Helios-KDBC Digital Contents 1st	Korea	December 31	23.26	23.26
Ulmus SHC innovation investment fund	Korea	December 31	24.04	24.04
Mirae Asset Partners X Private Equity Fund (*4)	Korea	-	35.71	35.71
T Core Industrial Technology 1st Venture PEF	Korea	December 31	31.47	31.47
Curious Finale Corporate Recovery Private Equity Fund (*5)	Korea	-	-	27.78
Fine Value POST IPO No.5 Private Equity Fund	Korea	December 31	40.00	40.00
TI First Property Private Investment Trust 1	Korea	December 31	40.00	40.00
MPLUS Professional Private Real Estate Fund 25	Korea	December 31	41.67	41.67
IBKC Global Contents Investment Fund	Korea	December 31	24.39	24.39

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(a) Investments in associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	Country	Reporting date	Ownership (%)	
			December 31, 2023	December 31, 2022
Premier Luminous Private Equity Fund (*5)	Korea	-	-	25.12
Hanyang-Meritz 1 Fund	Korea	December 31	22.58	22.58
Kiwoom-Shinhan Innovation Fund 2	Korea	December 31	42.86	42.86
ETRI Holdings-Shinhan 1st Unicorn Fund	Korea	December 31	50.00	50.00
Maple Mobility Fund (*4)	Korea	-	20.18	20.18
SJ ESG Innovative Growth Fund	Korea	December 31	28.57	28.57
AVES 1st Corporate Recovery Private Equity Fund (*6)	Korea	December 31	76.19	76.19
JS Shinhan Private Equity Fund (*3)	Korea	December 31	3.85	3.85
NH Kyobo AI Solution Investment Fund (*5)	Korea	-	-	26.09
Daishin Newgen New Technology Investment Fund 1 <sup>st</sup> (*6)	Korea	December 31	50.60	50.60
META ESG Private Equity Fund I	Korea	December 31	27.40	27.40
SWFV FUND-1 (*5)	Korea	-	-	40.25
PHAROS DK FUND	Korea	December 31	24.24	24.14
Shinhan VC tomorrow venture fund 1	Korea	December 31	39.62	39.62
Highland 2021-8 Fund (*5)	Korea	-	-	32.67
H-IOTA Fund	Korea	December 31	24.81	24.81
Stonebridge-Shinhan Unicorn Secondary Fund	Korea	December 31	26.01	17.57
Tres-Yujin Trust	Korea	December 31	50.00	50.00
Shinhan-Time mezzanine blind Fund	Korea	December 31	50.00	50.00
Capstone REITs No.26	Korea	December 31	50.00	50.00
JB Incheon-Bucheon REITs No.54	Korea	December 31	39.31	39.31
Hankook Smart Real Asset Investment Trust No.3	Korea	December 31	33.33	33.33
JB Hwaseong-Hadong REITs No.53	Korea	December 31	31.03	31.03
KB Oaktree Trust No.3	Korea	December 31	33.33	33.33
Daehan No.36 Office Asset Management Company	Korea	December 31	48.05	48.05
Rhinos Premier Mezzanine Private Investment Fund No.1	Korea	December 31	27.93	27.93
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	Korea	December 31	29.73	29.73
Shinhan JigaeNamsan Road Private Special Asset Investment Trust	Korea	December 31	24.85	24.85
SKS-Yozma Fund No.1	Korea	December 31	29.85	29.85
IBKC-METIS Global Contents Investment Fund (*5)	Korea	-	-	36.36
Keystone Unicorn Private Equity Fund (*4)	Korea	-	28.00	28.00
KB Distribution Private Real Estate 3-1	Korea	December 31	37.50	37.50
Pacific Private Investment Trust No.49-1 (*6)	Korea	December 31	79.28	79.28
KIWOOM Real estate private placement fund for normal investors No. 31 (*6)	Korea	December 31	60.00	60.00
RIFA Real estate private placement fund for normal investoes No. 51	Korea	December 31	40.00	40.00
Fivetree general private equity fund No.15	Korea	December 31	49.98	49.98
Shinhan-Kunicorn first Fund	Korea	December 31	38.31	38.31
Harvest Fund No.3 (*4)	Korea	-	44.67	44.67
Shinhan-Quantum Startup Fund	Korea	December 31	49.18	49.18
Shinhan Simone Fund I	Korea	December 31	38.46	38.46
Korea Investment develop seed Trust No.1	Korea	December 31	40.00	40.00
Tiger Green alpha Trust No.29 (*6)	Korea	December 31	95.24	95.24
STIC ALT Global II Private Equity Fund	Korea	December 31	21.74	21.74
NH-Brain EV Fund	Korea	December 31	25.00	25.00
DDI LVC Master Real Estate Investment Trust Co., Ltd. (*1),(*7)	Korea	September 30	15.00	15.00
Leverent-Frontier 4th Venture PEF	Korea	December 31	23.89	23.89
Find-Green New Deal 2nd Equity Fund	Korea	December 31	22.57	22.57
ShinhanFitrin 1st Technology Business Investment Association (*3)	Korea	December 31	16.17	16.17
PARATUS No.3 Private Equity Fund (*4)	Korea	-	25.64	25.64
Golden Route 2nd Startup Venture Specialized Private Equity Fund (*4)	Korea	-	22.73	22.73
Koramco Private Real Estate Fund 143	Korea	December 31	30.30	30.30
Korea Investment Top Mezzanine Private Real Estate Trust No.1	Korea	December 31	22.22	22.22
LB YoungNam Logistics Private Trust No.40	Korea	December 31	25.00	25.00
Shinhan-Cognitive Start-up Fund L.P.	Korea	December 31	32.77	32.74
IGEN2022 No.1 private Equity Fund (*4)	Korea	-	27.95	27.95
Cornerstone J&M Fund I	Korea	December 31	26.67	26.67

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(a) Investments in associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	Country	Reporting date	Ownership (%)	
			December 31, 2023	December 31, 2022
Logisvalley Shinhan REIT Co.,Ltd. (*1)	Korea	September 30	20.27	20.27
DA Value-Honest New Technology Investment Fund 1	Korea	December 31	23.66	23.66
KDB Investment Global Healthcare Private Equity Fund I (*4)	Korea	-	24.14	24.14
Shinhan-Ji and Tec Smart Innovation Fund	Korea	December 31	50.00	50.00
Shinhan-Gene and New Normal First Mover Venture Investment Equity Fund 1st	Korea	December 31	50.00	50.00
Korea Investment Green Newdeal Infra Trust No.1	Korea	December 31	27.97	27.97
BTS 2nd Private Equity Fund (*1)	Korea	November 30	26.00	26.00
Shinhan Global Active REIT Co.Ltd	Korea	December 31	20.37	20.37
NH-J&-IBKC Label Technology Fund	Korea	December 31	27.81	27.81
Hanyang Time Mezzanine Fund	Korea	December 31	28.57	28.57
IMM Global Venture Opportunity, LP(*5)	Korea	-	-	35.50
Shinhan-isquare Venture PEF 1	Korea	December 31	40.00	40.00
Capstone Develop Frontier Trust	Korea	December 31	21.43	21.43
Nextrade Co., Ltd. (*7)	Korea	December 31	8.00	8.00
SH Sustainable Management ESG Short term Bond Security Feeder Investment Trust No.1 (*10)	Korea	-	62.84	26.90
SH 1.5years Maturity Investment Type Security Investment Trust No.2	Korea	December 31	29.10	29.00
Eventus-IBKC LIB Fund	Korea	December 31	21.88	21.88
NH-Daishin-Kyobo healthcare 1 Fund (*4)	Korea	-	25.00	25.00
IBKC-Behigh Fund 1st	Korea	December 31	29.73	29.73
Nautic Green Innovation ESG Co-investment No.1 Private Equity Fund (*4)	Korea	-	24.10	24.10
ON No.1 Private Equity Fund	Korea	December 31	28.57	28.57
Digital New Deal Kappa Private Equity Fund	Korea	December 31	24.75	30.12
IBKCJS New Technology Fund No.1	Korea	December 31	29.41	-
DS-Shinhan-JBwoori New Media New Technology Investment Fund No.1	Korea	December 31	20.83	-
VOGO Debt Strategy General Private Real Estate Investment Trust No. 18	Korea	December 31	28.57	-
Koramco IPO LEITS Mezzanine General Private Investment Trust No. 38 (*6)	Korea	December 31	75.00	-
TogetherKorea Private Investment Trust No. 6 (*6)	Korea	December 31	99.98	-
TogetherKorea Private Investment Trust No. 7 (*6)	Korea	December 31	99.98	-
Kiwoom Core Industrial Technology Investment Fund No.3	Korea	December 31	34.75	-
Penture K-Content Investment Fund	Korea	December 31	21.96	-
2023 Shinhan-JB Woori-Daeshin Listed Companies New Technology Fund	Korea	December 31	30.00	-
Hana Alternative Investment Kosmes PCBO General PEF No. 1	Korea	December 31	37.04	-
Shinhan-timefolio Bio Development Investment Fund	Korea	December 31	48.39	-
Shinhan M&A-ESG Fund	Korea	December 31	23.33	-
Shinhan SM Office Value Add – Outsource Management Real Estate Investment Co., Ltd. -	Korea	December 31	28.43	-
KDBC meta-enter New Technology investment fund	Korea	December 31	27.89	-
Shinhan Time Secondary Blind New Technology Investment Trust	Korea	December 31	47.50	-
Shinhan DS Secondary Investment Fund	Korea	December 31	40.00	-
Shinhan-openwater pre-IPO Investment Trust 1	Korea	December 31	50.00	-
Shinhan-Eco Venture Fund 2nd	Korea	December 31	40.00	-
Heungkuk-Shinhan the1st Visionary Technology Investment Trust no. 1	Korea	December 31	40.00	-
Hantoo Shinhan Lake K-beauty Technology Investment Trust	Korea	December 31	22.96	-
Shinhan HB Wellness 1st Investment Trust	Korea	December 31	48.54	-
Korea real Asset Fund No.3	Korea	December 31	28.57	-
Igis Yongsan Office General PE Real Estate Inv. Trust No. 518	Korea	December 31	31.49	-
Samsung-dunamu Innovative IT Technology Investment Trust No. 1	Korea	December 31	22.99	-
Time Robotics New Technology Investment Trust	Korea	December 31	29.86	-
Ascent-welcome Tehcnology Investment Trust No.2	Korea	December 31	27.65	-
Igis General PE Real Estate Investment Trust 517-1 (*6)	Korea	December 31	96.30	-
Consus Osansegyo No.2	Korea	December 31	50.00	-
Masterm General Private Real Estate Investment Trust No.189(Type 1 Beneficiary Securities)	Korea	December 31	32.69	-

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 16. Investments in associates (continued)

(a) Investments in associates as of December 31, 2023 and 2022 are as follows (continued):

Shinhan AIM Private Fund of Fund 9-B	Korea	December 31	25.00	-
Shinhan General Private Real Estate Investment Trust No.3	Korea	December 31	20.75	-
NH Absolute Project L General Private Investment Trust	Korea	December 31	26.03	-
Paros Kosdaq Venture General Private Investment Trust No. 5 (*6)	Korea	December 31	66.65	-
Happy Pet Life Care New Technology Investment Association No.2	Korea	December 31	30.00	-
Shinhan-Soo Secondary Investment Association (*6)	Korea	December 31	77.61	-

(\*1) The most recent financial statements available are used for the equity method since the financial statements as of December 31, 2023 are not available. Significant trades and events occurred within the period are properly reflected.

(\*2) In the course of the rehabilitation process, the shares were acquired through investment conversion. Although voting rights cannot be exercised during the rehabilitation process, normal voting rights are exercised because the rehabilitation process was completed before December 31, 2023. Also, it has been reclassified into the investments in associates.

(\*3) As a managing partner, the Group has a significant influence over the investees.

(\*4) As a limited partner, the Group does not have an ability to participate in policy-making processes to obtain economic benefit from the investees that would allow the Group to control the entity.

(\*5) Excluded from the investments in associates due to full or partial disposal of shares, or loss of significant influence.

(\*6) Although the ownership percentages are more than 50%, the Group applies the equity method accounting as the Group does not have an ability to participate in the financial and operating policy-making process.

(\*7) Although the ownership percentages are less than 20%, the Group applies the equity method accounting since it participates in policy-making processes and therefore can exercise significant influence on investees.

(\*8) The rate of Group's voting rights is 4.65%.

(\*9) Although the Group has a significant influence with ownership percentage more than 50%, the contribution was classified as investments in associates as the Group is not exposed to variable returns due to the payment guarantee for the entire investment amount.

(\*10) For the year ended December 31, 2023, it is incorporated into the consolidation target as the Group held control due to increased equity ratio.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows:

Investees	December 31, 2023					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
BNP Paribas Cardif Life Insurance	₩ 30,169	-	920	8,183	-	39,272
Partners 4th Growth Investment Fund	13,542	(13,542)	-	-	-	-
KTB Newlake Global Healthcare PEF	4,309	(3,954)	(355)	-	-	-
Shinhan-Neoplux Energy Newbiz Fund	20,837	-	1,521	-	-	22,358
Shinhan-Albatross tech investment Fund	12,253	(1,500)	4,618	128	-	15,499
KCGI-SingA330-A Private Special Asset Investment Trust	4,232	-	377	-	-	4,609
VOGO Debt Strategy Qualified IV Private	6,085	50	397	-	-	6,532
Shinhan -Midas Dong-A Secondary Fund	4,431	-	(130)	-	-	4,301
ShinHan – Soo Young Entrepreneur Investment Fund No.1	4,414	(864)	1,312	-	-	4,862
Shinhan Praxis K-Growth Global Private Equity Fund	3,691	-	1	-	-	3,692
Kiwoom Milestone Professional Private Real Estate Trust 19 (*1)	3,961	-	(136)	-	(3,825)	-
Shinhan Global Healthcare Fund 1 (*1)	-	-	-	-	-	-
KB NA Hickory Private Special Asset Fund	34,339	(11,436)	1,193	-	-	24,096
Koramco Europe Core Private Placement Real Estate Fund No.2-2	19,236	(919)	482	-	-	18,799
Hermes Private Investment Equity Fund	5,562	(5,562)	-	-	-	-
KDBC-Midas Dong-A Global contents Fund	4,277	-	11	-	-	4,288
Shinhan-Nvestor Liquidity Solution Fund	6,438	(265)	(85)	-	-	6,088
Shinhan AIM FoF Fund 1-A	10,110	(1,653)	1,178	-	-	9,635
IGIS Global Credit Fund 150-1	4,692	(803)	397	-	-	4,286
Partner One Value up I Private Equity Fund	5,144	(5,144)	-	-	-	-
Genesis No.1 Private Equity Fund	59,924	(59,916)	(8)	-	-	-
Korea Omega Project Fund III	3,674	-	22	-	-	3,696
Genesis North America Power Company No.1 PEF	8,118	(4,384)	2,624	-	-	6,358
SH MAIN Professional Investment Type Private Mixed Asset Investment Trust No.3	43,244	(10,595)	8,115	-	-	40,764
KOREA FINANCE SECURITY CO., LTD	2,411	-	(169)	1,003	-	3,245
MIEL CO.,LTD. (*1)	-	-	-	-	-	-
AIP Transportation Specialized Privately Placed Fund Trust #1	44,821	782	769	-	-	46,372

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Kiwoom-Shinhan Innovation Fund I	₩ 9,441	(1,425)	(162)	-	-	7,854
Midas Asset Global CRE Debt Private Fund No.6	57,029	(8,663)	6,515	-	-	54,881
Samchully Midstream Private Placement Special Asset Fund 5-4	30,624	795	1,744	-	-	33,163
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3	24,492	(18,264)	1,026	-	-	7,254
NH-Amundi Global Infrastructure Trust 14	20,975	(3,086)	839	-	-	18,728
Jarvis Memorial Private Investment Trust 1	9,786	(10,642)	856	-	-	-
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37	33,357	(683)	2,591	-	-	35,265
Milestone Private Real Estate Fund 3	19,071	563	(2,019)	-	-	17,615
Nomura-Rifa Private Real Estate Investment Trust 31	7,364	-	(475)	-	-	6,889
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2	2,969	(2,675)	2,844	-	-	3,138
T&F 2019 bearing Private Equity Fund Specializing in Start-up and Venture Business	3,231	(3,231)	-	-	-	-
FuturePlay-Shinhan TechInnovation Fund 1	6,916	-	931	-	-	7,847
Stonebridge Corporate 1st Fund	3,622	-	520	-	-	4,142
Vogo Realty Partners Private Real Estate Fund V	10,915	(378)	255	-	-	10,792
Korea Credit Bureau	5,039	(90)	1,789	-	-	6,738
Goduck Gangil1 PFV Co., Ltd.	60	-	120	-	-	180
SBC PFV Co., Ltd.	28,468	3,750	(1,444)	-	-	30,774
NH-amundi global infra private fund 16	56,211	(1,299)	(4,260)	-	-	50,652
IMM Global Private Equity Fund	147,384	(147,384)	-	-	-	-
SH BNCT Professional Investment Type Private Special Asset Investment Trust Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24	22,683	(5,882)	1,309	-	-	18,110
Sparklabs-Shinhan Opportunity Fund 1	4,631	(1,137)	420	-	-	3,914
BNW Tech-Innovation Private Equity Fund	5,833	(5,833)	-	-	-	-
IGIS Real-estate Private Investment Trust No.33	14,552	(360)	1,079	-	-	15,271
WWG Global Real Estate Investment Trust no.4	10,331	(10,795)	464	-	-	-
Goduck Gangil10 PFV Co., Ltd.	3,236	-	1,845	-	-	5,081

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Fidelis Global Private Real Estate Trust No.2	₩ 21,945	-	(9,925)	-	(11,469)	551
AIP EURO PRIVATE REAL ESTATE TRUST No. 12	48,427	(5,864)	6,056	-	-	48,619
Shinhan Global Healthcare Fund 2 (*1)	-	-	-	-	-	-
Shinhan AIM Real Estate Fund No.2	25,243	-	1,435	-	-	26,678
Shinhan AIM Real Estate Fund No.1	44,642	6,586	645	-	-	51,873
SH Daegu Green Power Cogeneration System Professional Investment Type Private Special Asset Investment Trust	32,627	(916)	3,070	-	-	34,781
SH Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust	19,296	3	754	-	-	20,053
SH Global Infrastructure Professional Investment Type Private Special Asset Investment Trust No.7-2	24,598	(7,618)	536	-	-	17,516
Korea Omega-Shinhan Project Fund I	10,022	-	1,608	-	-	11,630
Samsung SRA Real Estate Professional Private 45[FoFs]	21,650	8,487	1,295	-	-	31,432
IBK Global New Renewable Energy Special Asset Professional Private2	33,412	(2,303)	1,187	-	-	32,296
VS Cornerstone Fund	3,335	-	(55)	-	-	3,280
Aone Mezzanine Opportunity Professional Private	5,009	(5,072)	63	-	-	-
NH-Amundi US Infrastructure Private Fund2	31,941	(4,395)	2,179	-	-	29,725
SH Japan Photovoltaic Private Special Asset Investment Trust No.2	6,332	(4,360)	341	-	-	2,313
Kakao-Shinhan 1st TNYT Fund	21,330	-	(1,464)	-	-	19,866
Pacific Private Placement Real Estate Fund No.40	11,622	(748)	750	-	-	11,624
Mastern Private Real Estate Loan Fund No.2	6,387	(3,679)	332	-	-	3,040
LB Scotland Amazon Fulfillment Center Fund 29	29,637	(1,753)	3,044	-	-	30,928
JR AMC Hungary Budapest Office Fund 16	12,457	(773)	1,003	-	-	12,687
EDNCENTRAL Co.,Ltd. (*1)	-	-	-	-	-	-
Future-Creation Neoplux Venture Capital Fund	4,251	(889)	(682)	-	-	2,680
Gyeonggi-Neoplux Superman Fund	5,467	-	(411)	-	-	5,056
NewWave 6th Fund	13,540	-	176	-	-	13,716

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Neoplux No.3 Private Equity Fund	₩ 20,454	(4)	(1,469)	-	-	18,981
PCC Amberstone Private Equity Fund I	18,785	(2,425)	898	-	-	17,258
KIAMCO POWERLOAN TRUST 4TH	43,524	(2,306)	3,881	-	-	45,099
Masterm Opportunity Seeking Real Estate Fund II	14,710	(4,029)	2,454	-	-	13,135
AION ELFIS PROFESSIONAL PRIVATE 1	3,566	(3,376)	(190)	-	-	-
T&F 2020 SS Private Equity Fund Specializing in Start-up and Venture Business	5,709	(7,843)	2,134	-	-	-
Neoplux Market-Frontier Secondary Fund	13,960	(3,673)	140	-	-	10,427
Harvest Private Equity Fund II	3,139	(26)	(135)	-	-	2,978
Synergy Green New Deal 1st New Technology Business Investment Fund	10,632	(145)	(172)	-	-	10,315
KIAMCO Vietnam Solar Special Asset Private Investment Trust	6,727	(220)	329	-	-	6,836
SHINHAN-NEO Core Industrial Technology Fund	9,409	-	4,207	-	-	13,616
SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2	25,024	(2,542)	874	-	-	23,356
SIMONE Mezzanine Fund No.3	3,017	(1,965)	150	-	-	1,202
Eum Private Equity Fund No.7	9,170	-	(4)	-	-	9,166
Kiwoom Hero No.4 Private Equity Fund	3,517	-	(75)	-	-	3,442
Vogo Canister Professional Trust Private Fund I	46,329	(3,075)	2,617	-	-	45,871
SW-S Fund	7,248	(11,177)	3,929	-	-	-
CL Buyout 1st PEF	12,842	(20,216)	7,374	-	-	-
Timefolio The Venture-V second	4,096	-	1,705	-	-	5,801



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Newlake Growth Capital Partners2 PEF	₩ 12,496	(12,496)	-	-	-	-
Shinhan Smilegate Global PEF I	3,771	-	30	-	-	3,801
Genesis Eco No.1 PEF	11,418	-	(199)	-	-	11,219
SHINHAN-NEO Market-Frontier 2nd Fund	34,420	4,270	(6,020)	-	-	32,670
NH-Synergy Core Industrial New Technology Fund	6,377	-	62	-	-	6,439
J& Moorim Jade Investment Fund	5,434	(787)	273	-	-	4,920
Helios-KDBC Digital Contents 1st	3,356	(1,457)	357	-	-	2,256
Ulmus SHC innovation investment fund	4,886	-	657	-	-	5,543
Mirae Asset Partners X Private Equity Fund	7,792	(7,792)	-	-	-	-
T Core Industrial Technology 1st Venture PEF	4,529	-	(275)	-	-	4,254
Curious Finale Corporate Recovery Private Equity Fund	3,591	(3,636)	45	-	-	-
Fine Value POST IPO No.5 Private Equity Fund	2,270	-	1,496	-	-	3,766
TI First Property Private Investment Trust 1	3,127	(203)	178	-	-	3,102
MPLUS Professional Private Real Estate Fund 25	4,231	-	(1,873)	-	-	2,358
IBKC Global Contents Investment Fund	4,552	-	149	-	-	4,701
Premier Luminous Private Equity Fund	8,966	(12,439)	3,473	-	-	-
Hanyang-Meritz 1 Fund	3,466	(689)	204	-	-	2,981
Kiwoom-Shinhan Innovation Fund 2	11,271	(4,434)	2,328	-	-	9,165
ETRI Holdings-Shinhan 1st Unicorn Fund	1,895	1,500	(100)	-	-	3,295
Maple Mobility Fund	16,859	(16,859)	-	-	-	-
SJ ESG Innovative Growth Fund	4,197	-	1	-	-	4,198
AVES 1st Corporate Recovery Private Equity Fund	5,057	-	(289)	-	-	4,768
JS Shinhan Private Equity Fund	4,953	-	(20)	-	-	4,933
NH Kyobo AI Solution Investment Fund	3,288	(4,138)	850	-	-	-
Daishin Newgen New Technology Investment Fund 1st	5,704	-	378	-	-	6,082
META ESG Private Equity Fund I	5,857	-	(86)	-	-	5,771
SWFV FUND-1	9,128	(9,433)	305	-	-	-
PHAROS DK FUND	3,835	(1,413)	40	-	-	2,462

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Shinhan VC tomorrow venture fund I	₩ 26,926	18,258	26	-	-	45,210
Highland 2021-8 Fund	4,826	(5,366)	540	-	-	-
H-IOTA Fund	9,623	(239)	140	-	-	9,524
Stonebridge-Shinhan Unicorn Secondary Fund	6,082	2,924	(1,579)	-	-	7,427
Tres-Yujin Trust	10,004	-	355	-	-	10,359
Shinhan-Time mezzanine blind Fund	13,312	-	809	-	-	14,121
Capstone REITs No.26	3,852	(300)	2,198	-	-	5,750
JB Incheon-Bucheon REITS No.54	4,989	-	(11)	-	-	4,978
Hankook Smart Real Asset Investment Trust No.3	6,993	-	675	-	-	7,668
JB Hwaseong-Hadong REITs No.53	4,991	-	(8)	-	-	4,983
KB Oaktree Trust No.3	8,605	(771)	834	-	-	8,668
Daehan No.36 Office Asset Management Company	22,058	-	424	-	-	22,482
Rhinos Premier Mezzanine Private Investment Fund No.1	2,873	-	183	-	-	3,056
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	57,334	3,369	2,066	-	-	62,769
Shinhan JigaeNamsan Road Private Special Asset Investment Trust	40,571	36	827	-	-	41,434
SKS-Yozma Fund No.1	6,599	(4,140)	996	-	-	3,455
IBKC-METIS Global Contents Investment Fund	4,550	(3,921)	(629)	-	-	-
Keystone Unicorn Private Equity Fund	6,249	(6,249)	-	-	-	-
KB Distribution Private Real Estate 3-1	26,651	-	(675)	-	-	25,976
Pacific Private Investment Trust No.49-1	28,641	-	(1,264)	-	-	27,377
KIWOOM Real estate private placement fund for normal investors No. 31	8,558	(518)	518	-	-	8,558
RIFA Real estate private placement fund for normal investoes No. 51	5,726	(340)	345	-	-	5,731
Fivetree general private equity fund No.15	12,281	(489)	780	-	-	12,572
Shinhan-Kunicorn first Fund	9,831	-	(205)	-	-	9,626
Harvest Fund No.3	15,854	(15,854)	-	-	-	-
Shinhan-Quantum Startup Fund	1,119	3,000	(133)	-	-	3,986
Shinhan Simone Fund I	4,796	-	41	-	-	4,837
Korea Investment develop seed Trust No.1	10,242	(901)	191	-	-	9,532
Tiger Green alpha Trust No.29	26,806	(588)	2,355	-	-	28,573
STIC ALT Global II Private Equity Fund	9,859	(218)	(137)	-	-	9,504
NH-Brain EV Fund	11,592	-	(467)	-	-	11,125
DDI LVC Master Real Estate Investment Trust Co., Ltd.	6,405	450	(272)	-	-	6,583
Leverent-Frontier 4th Venture PEF	2,964	-	330	-	-	3,294
Find-Green New Deal 2nd Equity Fund	4,508	-	(43)	-	-	4,465
ShinhanFitrin 1st Technology Business Investment Association	4,437	-	82	-	-	4,519
PARATUS No.3 Private Equity Fund	4,936	(4,936)	-	-	-	-

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Golden Route 2nd Startup Venture Specialized Private Equity Fund	₩ 3,003	(3,003)	-	-	-	-
Koramco Private Real Estate Fund 143	3,030	3,636	1	-	-	6,667
Korea Investment Top Mezzanine Private Real Estate Trust No.1	9,885	(1,169)	1,300	-	-	10,016
LB YoungNam Logistics Private Trust No.40	9,748	(600)	634	-	-	9,782
Shinhan-Cognitive Start-up Fund L.P.	9,953	(5,052)	428	-	-	5,329
IGEN2022 No.1 private Equity Fund	9,045	(9,045)	-	-	-	-
Cornerstone J&M Fund I	3,561	-	(73)	-	-	3,488
Logisvalley Shinhan REIT Co.,Ltd.	3,804	-	(206)	-	-	3,598
DA Value-Honest New Technology Investment Fund 1	2,663	(1,145)	2,581	-	-	4,099
KDB Investment Global Healthcare Private Equity Fund I	34,468	(34,468)	-	-	-	-
Shinhan-Ji and Tec Smart Innovation Fund	2,587	7,800	(410)	-	-	9,977
Shinhan-Gene and New Normal First Mover Venture Investment Equity Fund 1st	1,776	5,400	(208)	-	-	6,968
Korea Investment Green Newdeal Infra Trust No.1	5,714	4,537	6	-	-	10,257
BTS 2nd Private Equity Fund	3,772	2,860	(290)	-	-	6,342
Shinhan Global Active REIT Co.Ltd.	19,222	(69)	(156)	-	-	18,997
NH-J&-IBKC Label Technology Fund	9,866	-	(119)	-	-	9,747
Hanyang Time Mezzanine Fund	3,000	-	12	-	-	3,012
IMM Global Venture Opportunity, LP	3,115	(3,115)	-	-	-	-
Shinhan-isquare Venture PEF 1	497	4,000	(211)	-	-	4,286
Capstone Develop Frontier Trust	6,857	(565)	1,255	-	-	7,547
Nextrade Co., Ltd.	9,700	-	-	-	-	9,700
SH Sustainable Management ESG Short term Bond Security Feeder Investment Trust No.1 (*2)	3,011	(3,011)	-	-	-	-
SH 1.5years Maturity Investment Type Security Investment Trust No.2	4,601	-	234	-	-	4,835
Eventus-IBKC LIB Fund	6,035	-	597	-	-	6,632
NH-Daishin-Kyobo healthcare 1 Fund	3,948	(3,948)	-	-	-	-
IBKC-Behigh Fund 1st	3,268	-	(49)	-	-	3,219
Nautic Green Innovation ESG Co-investment No.1 Private Equity Fund	3,956	(3,956)	-	-	-	-
ON No.1 Private Equity Fund	5,362	-	(41)	-	-	5,321
Digital New Deal Kappa Private Equity Fund	4,946	-	(101)	-	-	4,845
IBKCJS New Technology Fund No.1	-	5,000	1,130	-	-	6,130
DS-Shinhan-JBwoori New Media New Technology Investment Fund No.1	-	10,000	(197)	-	-	9,803
VOGO Debt Strategy General Private Real Estate Investment Trust No. 18	-	11,014	999	-	-	12,013
Koramco IPO LEITS Mezzanine General Private Investment Trust No. 38	-	3,000	171	-	-	3,171
TogetherKorea Private Investment Trust No. 6	-	5,122	148	-	-	5,270
TogetherKorea Private Investment Trust No. 7	-	5,122	148	-	-	5,270
Kiwoom Core Industrial Technology Investment Fund No.3	-	4,000	180	-	-	4,180

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Penture K-Content Investment Fund	₩ -	6,000	(378)	-	-	5,622
2023 Shinhan-JB Woori-Daeshin Listed Companies New Technology Fund	-	7,838	131	-	-	7,969
Hana Alternative Investment Kosmes PCBO General PEF No. 1	-	4,740	367	-	-	5,107
Shinhan-timefolio Bio Development Investment Fund	-	6,000	(73)	-	-	5,927
Shinhan M&A-ESG Fund	-	4,354	(185)	-	-	4,169
Shinhan SM Office Value Add – Outsource Management Real Estate Investment Co., Ltd. -	-	9,565	1,009	-	-	10,574
KDBC meta-enter New Technology investment fund	-	7,000	(60)	-	-	6,940
Shinhan Time Secondary Blind New Technology Investment Trust	-	4,750	4	-	-	4,754
Shinhan DS Secondary Investment Fund	-	1,815	5,662	-	-	7,477
Shinhan-openwater pre-IPO Investment Trust 1	-	5,000	(27)	-	-	4,973
Shinhan-Eco Venture Fund 2nd	-	3,650	(40)	-	-	3,610
Heungkuk-Shinhan the1st Visionary Technology Investment Trust no. 1	-	3,200	(46)	-	-	3,154
Hantoo Shinhan Lake K-beauty Technology Investment Trust	-	10,000	(31)	-	-	9,969
Shinhan HB Wellness 1st Investment Trust	-	5,000	(8)	-	-	4,992
Korea real Asset Fund No.3	-	9,370	(55)	-	-	9,315
Igis Yongsan Office General PE Real Estate Inv. Trust No. 518	-	23,900	(769)	-	-	23,131
Samsung-dunamu Innovative IT Technology Investment Trust No. 1	-	4,000	536	-	-	4,536
Time Robotics New Technology Investment Trust	-	4,000	(34)	-	-	3,966
Ascent-welcome Tehcnology Investment Trust No.2	-	9,000	(229)	-	-	8,771
Igis General PE Real Estate Investment Trust 517-1	-	52,000	(264)	-	-	51,736
Consus Osansegyo No.2	-	8,000	104	-	-	8,104
Mastern General Private Real Estate Investment Trust No.189 (Type 1 Beneficiary Securities)	-	8,500	(678)	-	-	7,822
Shinhan AIM Private Fund of Fund 9-B	-	23,036	982	-	-	24,018
Shinhan General Private Real Estate Investment Trust No.3	-	7,721	117	-	-	7,838
NH Absolute Project L General Private Investment Trust	-	4,488	405	-	-	4,893
Paros Kosdaq Venture General Private Investment Trust No. 5	-	6,000	(6)	-	-	5,994
Happy Pet Life Care New Technology Investment Association No.2	-	3,000	456	-	-	3,456
Shinhan-Soo Secondary Investment Association	-	5,250	(1)	-	-	5,249
Others	225,498	(39,576)	4,942	424	(289)	190,999
	₩ 2,904,474	(331,686)	125,088	9,738	(15,583)	2,692,031

(\*1) The Group has stopped recognizing its equity method income or loss due to the carrying amount of '0' resulting from the investees' cumulative loss.

(\*2) For the year ended December 31, 2023 it is incorporated into the consolidation target as the Group held control due to increased equity ratio.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	₩	December 31, 2022					Ending balance
		Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	
BNP Paribas Cardif Life Insurance		44,022	-	(1,774)	(12,079)	-	30,169
Songrim Partners		-	-	-	-	-	-
Partners 4th Growth Investment Fund		13,033	(1,714)	6,917	(4,694)	-	13,542
KTB Newlake Global Healthcare PEF		9,412	(5,832)	729	-	-	4,309
Shinhan-Neoplux Energy Newbiz Fund		16,032	(391)	5,196	-	-	20,837
Shinhan-Albatross tech investment Fund		10,389	(1,800)	3,792	(128)	-	12,253
Meritz AI-SingA330-A Investment Type Private Placement Special Asset Fund		-	676	34	-	3,522	4,232
Meritz AI-SingA330-B Investment Type Private Placement Special Asset Fund		-	1,471	-	-	255	1,726
VOGO Debt Strategy Qualified IV Private		7,179	(1,433)	339	-	-	6,085
Shinhan -Midas Dong-A Secondary Fund		3,951	(1,025)	1,505	-	-	4,431
ShinHan – Soo Young Entrepreneur Investment Fund No.1		4,226	-	188	-	-	4,414
Shinhan Praxis K-Growth Global Private Equity Fund		7,761	(8,512)	4,442	-	-	3,691
Kiwoom Milestone Professional Private Real Estate Trust 19		5,253	-	(150)	-	(1,142)	3,961
AIP EURO Green Private Real Estate Trust No.3		29,703	(29,008)	(695)	-	-	-
Shinhan Global Healthcare Fund 1 (*1)		-	-	-	-	-	-
KB NA Hickory Private Special Asset Fund		34,376	(1,545)	1,508	-	-	34,339
Koramco Europe Core Private Placement Real Estate Fund No.2-2		19,492	(464)	208	-	-	19,236
Shinhan EZ General Insurance Co., Ltd. (*2)		3,354	(3,181)	(182)	9	-	-
Hermes Private Investment Equity Fund		9,782	-	(4,220)	-	-	5,562
KDBC-Midas Dong-A Global contents Fund		2,955	-	1,322	-	-	4,277
Shinhan-Nvestor Liquidity Solution Fund		5,338	700	400	-	-	6,438
Shinhan AIM FoF Fund 1-A		9,156	51	903	-	-	10,110
IGIS Global Credit Fund 150-1		5,402	(1,267)	557	-	-	4,692
Partner One Value up I Private Equity Fund		7,891	-	(2,747)	-	-	5,144
Genesis No.1 Private Equity Fund		55,533	408	3,983	-	-	59,924
Korea Omega Project Fund III		4,290	-	(616)	-	-	3,674
Soo Delivery Platform Growth Fund		5,873	(6,093)	220	-	-	-
Genesis North America Power Company No.1 PEF		13,736	(12,629)	7,011	-	-	8,118
SH MAIN Professional Investment Type Private Mixed Asset Investment Trust No.3		41,549	12,056	(10,361)	-	-	43,244
MIEL CO.,LTD. (*1)		-	-	-	-	-	-
AIP Transportation Specialized Privately Placed Fund Trust #1		34,688	5,527	4,606	-	-	44,821
E&Healthcare Investment Fund No.6		6,866	(3,190)	(3,079)	-	-	597
One Shinhan Global Fund 1		3,773	-	(1,183)	-	(642)	1,948

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Kiwoom-Shinhan Innovation Fund I	₩ 11,731	(1,500)	(790)	-	-	9,441
Daishin-K&T New Technology Investment Fund	7,991	(7,430)	(561)	-	-	-
Midas Asset Global CRE Debt Private Fund No.6	48,305	5,873	2,851	-	-	57,029
Samchully Midstream Private Placement Special Asset Fund 5-4	27,471	5,033	(1,880)	-	-	30,624
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3	25,204	(912)	200	-	-	24,492
NH-Amundi Global Infrastructure Trust 14	18,301	1,714	960	-	-	20,975
Jarvis Memorial Private Investment Trust 1	10,109	(700)	377	-	-	9,786
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37	33,153	(22)	226	-	-	33,357
Milestone Private Real Estate Fund 3	18,544	(201)	728	-	-	19,071
Nomura-Rifa Private Real Estate Investment Trust 31	7,902	(607)	69	-	-	7,364
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2	10,236	(5,292)	(1,975)	-	-	2,969
T&F 2019 bearing Private Equity Fund Specializing in Start-up and Venture Business	2,864	-	367	-	-	3,231
Cape IT Fund No.3	10,065	(10,580)	515	-	-	-
FuturePlay-Shinhan TechInnovation Fund 1	7,149	-	(233)	-	-	6,916
Stonebridge Corporate 1 <sup>st</sup> Fund	2,964	-	658	-	-	3,622
Vogo Realty Partners Private Real Estate Fund V	10,766	(638)	787	-	-	10,915
Korea Credit Bureau	7,695	-	(2,656)	-	-	5,039
Goduck Gangil1 PFV Co., Ltd.	-	-	60	-	-	60
SBC PFV Co., Ltd.	29,586	-	(1,118)	-	-	28,468
NH-amundi global infra private fund 16	52,008	(15,362)	19,565	-	-	56,211
IMM Global Private Equity Fund	118,615	19,045	9,724	-	-	147,384
HANA Alternative Eastate Professional Private122	29,489	(28,570)	(918)	-	-	1
SHBNPP Corporate Professional Investment Type Private Security Investment Trust No.7	49,899	(50,540)	641	-	-	-
SH BNCT Professional Investment Type Private Special Asset Investment Trust	282,199	(24,838)	5,691	-	-	263,052
Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24	28,312	(6,937)	1,308	-	-	22,683
Sparklabs-Shinhan Opportunity Fund 1	4,640	(826)	817	-	-	4,631
BNW Tech-Innovation Private Equity Fund	5,881	-	(48)	-	-	5,833
IGIS Real-estate Private Investment Trust No.33	13,884	(715)	1,383	-	-	14,552
WWG Global Real Estate Investment Trust no.4	10,644	(659)	346	-	-	10,331
Goduck Gangil10 PFV Co., Ltd.	-	-	3,236	-	-	3,236

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Fidelis Global Private Real Estate Trust No.2	₩ 19,773	2,183	(11)	-	-	21,945
AIP EURO PRIVATE REAL ESTATE TRUST No. 12	49,217	(5,640)	4,850	-	-	48,427
Shinhan Global Healthcare Fund 2 (*1)	-	-	-	-	-	-
Pebblestone CGV Private Real Estate Trust No.1	13,710	(13,971)	261	-	-	-
SH Corporate Professional Investment Type Private Security Investment Trust No.45	173,955	(173,955)	-	-	-	-
Shinhan AIM Real Estate Fund No.2	23,275	3,346	(1,378)	-	-	25,243
Shinhan AIM Real Estate Fund No.1	44,312	(2,176)	2,506	-	-	44,642
SH Daegu Green Power Cogeneration System Professional Investment Type Private Special Asset Investment Trust	32,948	(915)	594	-	-	32,627
SH Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust	20,550	6	(1,260)	-	-	19,296
SH Global Infrastructure Professional Investment Type Private Special Asset Investment Trust No.7-2	18,855	5,114	629	-	-	24,598
Korea Omega-Shinhan Project Fund I	7,244	2,000	778	-	-	10,022
ST-Bonanja Food tech	3,359	(621)	(107)	-	-	2,631
Samsung SRA Real Estate Professional Private 45[FoFs]	12,880	5,279	3,491	-	-	21,650
IBK Global New Renewable Energy Special Asset Professional Private2	31,887	(2,516)	4,041	-	-	33,412
VS Cornerstone Fund	3,410	-	(75)	-	-	3,335
Aone Mezzanine Opportunity Professional Private	9,540	(5,084)	553	-	-	5,009
NH-Amundi US Infrastructure Private Fund2	27,024	2,446	2,471	-	-	31,941
KB Distribution Private Real Estate1	30,694	(30,694)	-	-	-	-
SH Japan Photovoltaic Private Special Asset Investment Trust No.2	13,016	(7,291)	607	-	-	6,332
Kakao-Shinhan 1 <sup>st</sup> TNYT Fund	14,497	-	6,833	-	-	21,330
IMM Special Situation 1-2 PRIVATE EQUITY FUND	11,593	(8,690)	(300)	-	-	2,603
Pacific Private Placement Real Estate Fund No.40	11,598	(748)	772	-	-	11,622
Mastern Private Real Estate Loan Fund No.2	7,491	(1,359)	255	-	-	6,387
LB Scotland Amazon Fulfillment Center Fund 29	31,268	(2,189)	558	-	-	29,637
JR AMC Hungary Budapest Office Fund 16	12,140	(821)	1,138	-	-	12,457
EDNCENTRAL Co.,Ltd. (*1)	-	-	-	-	-	-
Future-Creation Neoplux Venture Capital Fund	3,017	-	1,234	-	-	4,251
Gyeonggi-Neoplux Superman Fund	7,878	(1,195)	(1,216)	-	-	5,467
NewWave 6 <sup>th</sup> Fund	14,455	-	(915)	-	-	13,540
KTC-NP Growth Champ 2011-2 Private Equity Fund	3,990	(2,490)	(293)	-	-	1,207

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Neoplux No.3 Private Equity Fund	₩ 22,601	(2)	(2,145)	-	-	20,454
PCC Amberstone Private Equity Fund I	22,790	(2,509)	(1,496)	-	-	18,785
KIAMCO POWERLOAN TRUST 4 <sup>TH</sup>	45,301	(2,305)	528	-	-	43,524
Masterm Opportunity Seeking Real Estate Fund II	21,317	(6,457)	(150)	-	-	14,710
AION ELFIS PROFESSIONAL PRIVATE 1	4,422	232	(1,088)	-	-	3,566
T&F 2020 SS Private Equity Fund Specializing in Start-up and Venture Business	4,360	(1,732)	3,081	-	-	5,709
Neoplux Market-Frontier Secondary Fund	11,313	(653)	3,300	-	-	13,960
Harvest Private Equity Fund II	3,481	(159)	(183)	-	-	3,139
Synergy Green New Deal 1 <sup>st</sup> New Technology Business Investment Fund	9,684	(146)	1,094	-	-	10,632
KAIM Real-estate Private Investment Trust 20	5,048	(4,176)	315	-	-	1,187
KIAMCO Vietnam Solar Special Asset Private Investment Trust	7,527	(2,019)	1,219	-	-	6,727
Daishin New Technology Investment Fund 5 <sup>th</sup>	4,439	(844)	(1,165)	-	-	2,430
CSQUARE SNIPER PROFESSIONAL PRIVATE 10	3,247	(3,806)	559	-	-	-
Acurus Hyundai Investment Partners New Technology	4,714	(3,979)	(735)	-	-	-
IGIS GLIP Professional Investment Private Real Estate Investment Trust No. 1-1	63,944	(60,279)	-	(3,665)	-	-
IGIS GLIP Professional Investment Private Real Estate Investment Trust No. 1-2	63,944	(60,279)	-	(3,665)	-	-
Pacific Sunny Professional Investors Private Placement Real Estate Investment Company No.45	14,778	(14,778)	-	-	-	-
SHINHAN-NEO Core Industrial Technology Fund	5,691	3,960	(242)	-	-	9,409
SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2	27,243	(2,559)	340	-	-	25,024
SIMONE Mezzanine Fund No.3	3,054	4	(41)	-	-	3,017
Eum Private Equity Fund No.7	7,873	(86)	1,383	-	-	9,170
Kiwoom Private Equity Anti-Man Startup Venture Specialized Private Equity Fund	7,594	(4,870)	(2,724)	-	-	-
Kiwoom Hero No.4 Private Equity Fund	4,305	-	(788)	-	-	3,517
Vogo Canister Professional Trust Private Fund I	41,072	2,103	3,154	-	-	46,329
SW-S Fund	6,724	-	524	-	-	7,248
CL Buyout 1 <sup>st</sup> PEF	13,791	273	(1,222)	-	-	12,842
Timefolio The Venture-V second	4,572	-	(476)	-	-	4,096



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Newlake Growth Capital Partners2 PEF	₩ 12,921	(177)	(248)	-	-	12,496
Shinhan Smilegate Global PEF I	3,336	(1,828)	2,263	-	-	3,771
Fount Professional Investors Private Investment Trust No.3	5,197	(5,197)	-	-	-	-
Genesis Eco No.1 PEF	11,130	195	93	-	-	11,418
SHINHAN-NEO Market-Frontier 2 <sup>nd</sup> Fund	24,606	8,540	1,274	-	-	34,420
NH-Synergy Core Industrial New Technology Fund	6,437	-	(60)	-	-	6,377
J& Moorim Jade Investment Fund	5,540	(385)	279	-	-	5,434
Helios-KDBC Digital Contents 1 <sup>st</sup>	1,695	1,720	(59)	-	-	3,356
Ulmus SHC innovation investment fund	5,192	-	(306)	-	-	4,886
Mirae Asset Partners X Private Equity Fund	7,858	-	(66)	-	-	7,792
T Core Industrial Technology 1 <sup>st</sup> Venture PEF	4,535	-	(6)	-	-	4,529
Curious Finale Corporate Recovery Private Equity Fund	3,690	(245)	146	-	-	3,591
TI First Property Private Investment Trust 1	3,055	(101)	173	-	-	3,127
MPLUS Professional Private Real Estate Fund 25	3,290	655	286	-	-	4,231
IBKC Global Contents Investment Fund	4,943	-	(391)	-	-	4,552
Nautic Smart No.6 Private Equity Fund	3,974	(3,752)	956	-	-	1,178
Premier Luminous Private Equity Fund	6,991	(2,314)	4,289	-	-	8,966
Hanyang-Meritz 1 Fund	3,483	-	(17)	-	-	3,466
KNT 2 <sup>ND</sup> PRIVATE EQUITY FUND	4,157	(3,000)	(207)	-	-	950
Kiwoom-Shinhan Innovation Fund 2	2,677	9,000	(406)	-	-	11,271
Maple Mobility Fund	8,683	91	8,085	-	-	16,859
SJ ESG Innovative Growth Fund	2,998	-	1,199	-	-	4,197
AVES 1 <sup>st</sup> Corporate Recovery Private Equity Fund	4,736	-	321	-	-	5,057
JS Shinhan Private Equity Fund	5,037	-	(84)	-	-	4,953
NH Kyobo AI Solution Investment Fund	2,973	-	315	-	-	3,288
Daishin Newgen New Technology Investment Fund 1 <sup>st</sup>	12,169	(2,277)	(4,188)	-	-	5,704
META ESG Private Equity Fund I	5,677	-	180	-	-	5,857
SWFV FUND-1	9,646	-	(518)	-	-	9,128
PHAROS DK FUND	3,949	-	(114)	-	-	3,835

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

16. Investments in associates (continued)

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Shinhan VC tomorrow venture fund I	₩ 9,042	18,226	(342)	-	-	26,926
Highland 2021-8 Fund	4,899	-	(73)	-	-	4,826
H-IOTA Fund	9,728	(88)	(17)	-	-	9,623
Stonebridge-Shinhan Unicorn Secondary Fund	2,074	4,160	(152)	-	-	6,082
Tres-Yujin Trust	9,995	(546)	555	-	-	10,004
Shinhan-Time mezzanine blind Fund	14,942	-	(1,630)	-	-	13,312
Capstone REITs No.26	4,395	(300)	(243)	-	-	3,852
JB Incheon-Bucheon REITs No.54	4,999	-	(10)	-	-	4,989
Hankook Smart Real Asset Investment Trust No.3	4,342	2,195	456	-	-	6,993
JB Hwaseong-Hadong REITs No.53	4,999	-	(8)	-	-	4,991
KB Oaktree Trust No.3	3,159	5,376	70	-	-	8,605
Daehan No.36 Office Asset Management Company	21,500	(635)	1,193	-	-	22,058
Rhinos Premier Mezzanine Private Investment Fund No.1	3,005	-	(132)	-	-	2,873
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	19,903	35,762	1,669	-	-	57,334
Shinhan JigaeNamsan Road Private Special Asset Investment Trust	40,105	(795)	1,261	-	-	40,571
SKS-Yozma Fund No.1	5,945	-	654	-	-	6,599
IBKC-METIS Global Contents Investment Fund	4,000	-	550	-	-	4,550
Keystone Unicorn Private Equity Fund	6,300	-	(51)	-	-	6,249
KB Distribution Private Real Estate 3-1	-	24,000	2,651	-	-	26,651
Pacific Private Investment Trust No.49-1	-	28,000	641	-	-	28,641
KIWOOM Real estate private placement fund for normal investors No. 31	-	8,474	84	-	-	8,558
RIFA Real estate private placement fund for normal investoes No. 51	-	5,650	76	-	-	5,726
Fivetree general private equity fund No.15	-	11,995	286	-	-	12,281
Shinhan-Kunicorn first Fund	-	10,000	(169)	-	-	9,831
Harvest Fund No.3	-	13,000	2,854	-	-	15,854
Shinhan Simone Fund I	-	5,000	(204)	-	-	4,796
Korea Investment develop seed Trust No.1	-	9,562	680	-	-	10,242
Tiger Green alpha Trust No.29	-	26,180	626	-	-	26,806
STIC ALT Global II Private Equity Fund	-	10,000	(141)	-	-	9,859
NH-Brain EV Fund	-	13,000	(1,408)	-	-	11,592
DDI LVC Master Real Estate Investment Trust Co., Ltd.	-	6,625	(220)	-	-	6,405
Find-Green New Deal 2 <sup>nd</sup> Equity Fund	-	4,549	(41)	-	-	4,508
ShinhanFitrin 1 <sup>st</sup> Technology Business Investment Association	-	4,850	(413)	-	-	4,437
PARATUS No.3 Private Equity Fund	-	5,000	(64)	-	-	4,936

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(b) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Beginning balance	Investment and dividend	Equity method income (loss)	Change in other comprehensive income	Impairment loss	Ending balance
Golden Route 2 <sup>nd</sup> Startup Venture Specialized Private Equity Fund	₩ -	3,000	3	-	-	3,003
Koramco Private Real Estate Fund 143	-	3,030	-	-	-	3,030
Korea Investment Top Mezzanine Private Real Estate Trust No.1	-	8,884	1,001	-	-	9,885
LB YoungNam Logistics Private Trust No.40	-	9,706	42	-	-	9,748
Shinhan-Cognitive Start-up Fund L.P.	-	9,200	753	-	-	9,953
IGEN2022 No.1 private Equity Fund	-	8,280	765	-	-	9,045
Cornerstone J&M Fund I	-	3,600	(39)	-	-	3,561
Logisvalley Shinhan REIT Co.,Ltd.	-	3,880	(60)	(16)	-	3,804
KDB Investment Global Healthcare Private Equity Fund I	-	35,000	(532)	-	-	34,468
Korea Investment Green Newdeal Infra Trust No.1	-	5,734	(20)	-	-	5,714
BTS 2 <sup>nd</sup> Private Equity Fund	-	3,934	(162)	-	-	3,772
Shinhan Global Active REIT Co.Ltd.	-	19,900	(678)	-	-	19,222
NH-J&-IBKC Label Technology Fund	-	9,976	(110)	-	-	9,866
IMM Global Venture Opportunity, LP	-	3,115	-	-	-	3,115
Capstone Develop Frontier Trust	-	6,857	-	-	-	6,857
Nextrade Co., Ltd.	-	9,700	-	-	-	9,700
SH Sustainable Management ESG Short term Bond Security Feeder Investment Trust No.1	-	3,000	11	-	-	3,011
SH 1.5years Maturity Investment Type Security Investment Trust No.2	-	4,600	1	-	-	4,601
Eventus-IBKC LIB Fund	-	7,000	(965)	-	-	6,035
NH-Daishin-Kyobo healthcare 1 Fund	-	4,000	(52)	-	-	3,948
IBKC-Behigh Fund 1 <sup>st</sup>	-	3,300	(32)	-	-	3,268
Nautic Green Innovation ESG Co-investment No.1 Private Equity Fund	-	4,000	(44)	-	-	3,956
ON No.1 Private Equity Fund	-	6,000	(638)	-	-	5,362
Digital New Deal Kappa Private Equity Fund	-	5,000	(54)	-	-	4,946
Others	170,811	50,920	12,089	-	(3,598)	230,222
	₩ 2,913,745	(105,125)	121,697	(24,238)	(1,605)	2,904,474

(\*1) The Group has stopped recognizing its equity method income or loss due to the carrying amount of '0' resulting from the investees' cumulative loss.

(\*2) For the year ended December 31, 2022, it is incorporated into the consolidation target as the Group held control due to increased equity ratio and BNP Paribas Cardif General Insurance, Ltd. Has changed its name to Shinhan EZ General Insurance Co., Ltd.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows:

Investees	December 31, 2023						
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
BNP Paribas Cardif Life Insurance	₩ 2,937,652	2,675,629	49,330	(17,674)	54,555	36,881	
Shinhan-Neoplux Energy Newbiz Fund	72,503	1,883	10,434	4,802	-	4,802	
Shinhan-Albatross tech investment Fund	31,296	295	10,919	9,109	383	9,492	
KCGI-SingA330-A Private Special Asset Investment Trust	19,299	1	1,579	1,578	-	1,578	
VOGO Debt Strategy Qualified IV Private	32,674	15	4,003	1,987	-	1,987	
Shinhan -Midas Dong-A Secondary Fund	8,603	-	-	(259)	-	(259)	
ShinHan – Soo Young Entrepreneur Investment Fund No.1	20,511	252	5,702	5,467	-	5,467	
Shinhan Praxis K-Growth Global Private Equity Fund	26,097	1	5	2	-	2	
Kiwoom Milestone Professional Private Real Estate Trust 19	-	38,867	756	(311)	-	(311)	
Shinhan Global Healthcare Fund 1	39	3,507	-	(1)	-	(1)	
KB NA Hickory Private Special Asset Fund	64,327	70	4,636	(9,995)	-	(9,995)	
Koramco Europe Core Private Placement Real Estate Fund No.2-2	44,606	1,899	1,255	(2,601)	-	(2,601)	
KDBC-Midas Dong-A Global contents Fund	18,500	62	71	45	-	45	
Shinhan-Nvestor Liquidity Solution Fund	24,720	289	173	(342)	-	(342)	
Shinhan AIM FoF Fund 1-A	38,571	29	12,279	4,713	-	4,713	
IGIS Global Credit Fund 150-1	17,155	12	2,224	1,586	-	1,586	
Korea Omega Project Fund III	15,709	-	148	95	-	95	
Genesis North America Power Company No.1 PEF	15,989	1,487	2,904	2,523	-	2,523	
SH MAIN Professional Investment Type Private Mixed Asset Investment Trust No.3	174,702	-	42,498	34,779	-	34,779	
KOREA FINANCE SECURITY CO., LTD	36,392	14,629	48,995	(1,136)	-	(1,136)	
MIEL CO.,LTD.	422	565	36	-	-	-	
AIP Transportation Specialized Privately Placed Fund Trust #1	130,174	373	4,237	(38,058)	-	(38,058)	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023						
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
Kiwoom-Shinhan Innovation Fund I	₩ 16,081	373	1,531	(325)	-	(325)	
Midas Asset Global CRE Debt Private Fund No.6	138,202	1,352	18,827	15,828	-	15,828	
Samchully Midstream Private Placement Special Asset Fund 5-4	77,296	28	15,914	4,186	-	4,186	
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3	36,283	10	5,351	5,130	-	5,130	
NH-Amundi Global Infrastructure Trust 14	62,431	2	10,567	2,796	-	2,796	
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37	58,814	38	12,899	4,319	-	4,319	
Milestone Private Real Estate Fund 3	54,945	-	5,117	(7,989)	-	(7,989)	
Nomura-Rifa Private Real Estate Investment Trust 31	93,950	71,946	1,882	(192)	-	(192)	
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2	14,760	6	17,929	13,371	-	13,371	
FuturePlay-Shinhan TechInnovation Fund 1	15,922	227	2,392	1,861	-	1,861	
Stonebridge Corporate 1st Fund	9,390	-	1,262	1,179	-	1,179	
Vogo Realty Partners Private Real Estate Fund V	49,968	86	4,879	1,179	-	1,179	
Korea Credit Bureau	129,155	54,287	160,189	19,880	-	19,880	
Goduck Gangil1 PFV Co., Ltd.	209,615	192,311	340,451	11,493	-	11,493	
SBC PFV Co., Ltd.	472,860	309,802	-	(5,733)	-	(5,733)	
NH-amundi global infra private fund 16	102,499	1,195	291	(10,397)	-	(10,397)	
SH BNCT Professional Investment Type Private Special Asset Investment Trust	337,617	-	32,744	19,052	-	19,052	
Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24	35,359	716	29,833	2,504	-	2,504	
Sparklabs-Shinhan Opportunity Fund 1	7,916	9	1,834	848	-	848	
IGIS Real-estate Private Investment Trust No.33	91,806	54,428	15,927	2,642	-	2,642	
Goduck Gangil10 PFV Co., Ltd.	129,399	103,864	158,905	9,272	-	9,272	
Fidelis Global Private Real Estate Trust No.2	745	52	-	(9)	-	(9)	
AIP EURO PRIVATE REAL ESTATE TRUST No. 12	170,567	1,159	1,097	37	-	37	
Shinhan Global Healthcare Fund 2	31	183	1	(2)	-	(2)	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
Shinhan AIM Real Estate Fund No.2 ₩	90,066	1,140	19,579	4,783	-	4,783
Shinhan AIM Real Estate Fund No.1	247,193	296	89,979	3,070	-	3,070
SH Daegu Green Power Cogeneration System Professional Investment Type Private Special Asset Investment Trust	158,010	55	18,673	13,942	-	13,942
SH Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust	69,059	361	2,753	2,583	-	2,583
SH Global Infrastructure Professional Investment Type Private Special Asset Investment Trust No.7-2	24,554	31	2,926	750	-	750
Korea Omega-Shinhan Project Fund I	23,261	-	3,356	3,216	-	3,216
Samsung SRA Real Estate Professional Private 45	128,943	3,215	13	(44)	-	(44)
IBK Global New Renewable Energy Special Asset Professional Private2	111,460	36	16,458	(9,724)	-	(9,724)
VS Cornerstone Fund	8,094	127	-	(133)	-	(133)
NH-Amundi US Infrastructure Private Fund2	114,783	45	60,166	8,411	-	8,411
SH Japan Photovoltaic Private Special Asset Investment Trust No.2	7,797	85	9,439	1,137	-	1,137
Kakao-Shinhan 1st TNYT Fund	40,992	134	77	(3,012)	-	(3,012)
Pacific Private Placement Real Estate Fund No.40	145,871	98,869	4,152	3,031	-	3,031
Mastern Private Real Estate Loan Fund No.2	9,081	24	1,049	989	-	989
LB Scotland Amazon Fulfillment Center Fund 29	44,187	93	7,071	4,339	-	4,339
JR AMC Hungary Budapest Office Fund 16	40,697	1,742	8,394	3,081	-	3,081
EDNCENTRAL Co.,Ltd.	120,947	163,105	657	(18,592)	-	(18,592)
Future-Creation Neoplux Venture Capital Fund	20,097	3,601	6,093	(4,198)	-	(4,198)
Gyeonggi-Neoplux Superman Fund	24,409	1,174	2,874	(1,889)	-	(1,889)
NewWave 6th Fund	46,704	984	5,322	585	-	585
Neoplux No.3 Private Equity Fund	195,669	5,877	24,125	(14,695)	-	(14,695)
PCC Amberstone Private Equity Fund I	82,150	2,509	13,537	4,144	-	4,144
KIAMCO POWERLOAN TRUST 4TH	95,224	15	8,657	8,193	-	8,193
Mastern Opportunity Seeking Real Estate Fund II	59,113	-	11,061	11,043	-	11,043

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
Neoplux Market-Frontier Secondary Fund	₩ 53,425	597	17,711	708	-	708
Harvest Private Equity Fund II	13,718	217	119	(613)	-	(613)
Synergy Green New Deal 1st New Technology Business Investment Fund	36,618	-	764	(610)	-	(610)
KIAMCO Vietnam Solar Special Asset Private Investment Trust	13,693	21	2,644	658	-	658
SHINHAN-NEO Core Industrial Technology Fund	27,494	123	8,970	8,456	-	8,456
SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2	77,888	34	3,376	2,913	-	2,913
SIMONE Mezzanine Fund No.3	4,179	3	2,625	521	-	521
Eum Private Equity Fund No.7	43,658	6	632	(19)	-	(19)
Kiwoom Hero No.4 Private Equity Fund	16,580	228	356	(356)	-	(356)
Vogo Canister Professional Trust Private Fund I	249,535	124,697	19,630	7,122	-	7,122
Timefolio The Venture-V second	28,125	135	8,764	8,226	-	8,226
Shinhan Smilegate Global PEF I	30,053	3,305	14	(477)	-	(477)
Genesis Eco No.1 PEF	38,676	-	1	(686)	-	(686)
SHINHAN-NEO Market-Frontier 2nd Fund	78,108	1,596	4,660	(14,099)	-	(14,099)
NH-Synergy Core Industrial New Technology Fund	17,437	-	1,813	168	-	168
J& Moorim Jade Investment Fund	19,829	57	1,054	1,097	-	1,097
Helios-KDBC Digital Contents 1st	9,785	85	19	1,535	-	1,535
Ulmus SHC innovation investment fund	23,060	-	2,967	2,734	-	2,734

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
T Core Industrial Technology 1st Venture PEF	₩ 13,541	22	216	(874)	-	(874)
Fine Value POST IPO No.5 Private Equity Fund	9,441	26	3,921	3,740	-	3,740
TI First Property Private Investment Trust 1	7,773	17	1,353	445	-	445
MPLUS Professional Private Real Estate Fund 25	11,946	6,286	-	(4,495)	-	(4,495)
IBKC Global Contents Investment Fund	19,634	359	1,127	611	-	611
Hanyang-Meritz 1 Fund	13,202	-	1,093	903	-	903
Kiwoom-Shinhan Innovation Fund 2	21,555	170	5,952	5,431	-	5,431
ETRI Holdings-Shinhan 1st Unicorn Fund	6,590	-	6	(199)	-	(199)
SJ ESG Innovative Growth Fund	14,693	-	127	4	-	4
AVES 1st Corporate Recovery Private Equity Fund	6,331	72	-	(380)	-	(380)
JS Shinhan Private Equity Fund	123,099	-	8	(1,470)	-	(1,470)
Daishin Newgen New Technology Investment Fund 1st	12,044	25	907	747	-	747
META ESG Private Equity Fund I	21,063	-	31	(314)	-	(314)
PHAROS DK FUND	10,179	21	838	165	-	165
Shinhan VC tomorrow venture fund 1	114,834	730	3,462	147	-	147
H-IOTA Fund	38,721	338	966	564	-	564
Stonebridge-Shinhan Unicorn Secondary Fund	28,551	-	3	(6,069)	-	(6,069)



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023						
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
Tres-Yujin Trust	₩ 20,820	102	712	710	-	710	
Shinhan-Time mezzanine blind Fund	28,243	-	2,237	1,617	-	1,617	
Capstone REITs No.26	46,661	35,161	9,371	4,395	-	4,395	
JB Incheon-Bucheon REITS No.54	12,667	5	-	(27)	-	(27)	
Hankook Smart Real Asset Investment Trust No.3	23,032	26	2,052	2,026	-	2,026	
JB Hwaseong-Hadong REITs No.53	16,065	5	1	(27)	-	(27)	
KB Oaktree Trust No.3	26,012	8	6,097	2,502	-	2,502	
Daehan No.36 Office Asset Management Company	153,846	107,055	6,232	882	-	882	
Rhinos Premier Mezzanine Private Investment Fund No.1	10,965	20	98	83	-	83	
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	211,192	59	11,320	6,949	-	6,949	
Shinhan JigaeNamsan Road Private Special Asset Investment Trust	166,822	84	8,934	3,328	-	3,328	
SKS-Yozma Fund No.1	12,315	740	4,529	3,337	-	3,337	
KB Distribution Private Real Estate 3-1	69,558	289	67	42	-	42	
Pacific Private Investment Trust No.49-1	40,024	5,491	-	(437)	-	(437)	
KIWOOM Real estate private placement fund for normal investors No. 31	14,278	14	-	(16)	-	(16)	
RIFA Real estate private placement fund for normal investoes No. 51	14,358	29	1	(16)	-	(16)	
Fivetree general private equity fund No.15	25,184	29	817	788	-	788	
Shinhan-Kunicorn first Fund	25,126	-	9	(534)	-	(534)	
Shinhan-Quantum Startup Fund	8,105	-	40	(270)	-	(270)	
Shinhan Simone Fund I	12,582	4	311	107	-	107	
Korea Investment develop seed Trust No.1	24,168	338	582	478	-	478	
Tiger Green alpha Trust No.29	30,054	51	2,634	2,473	-	2,473	
STIC ALT Global II Private Equity Fund	43,848	130	5	(630)	-	(630)	
NH-Brain EV Fund	44,499	-	4	(1,868)	-	(1,868)	
DDI LVC Master Real Estate Investment Trust Co., Ltd.	43,817	8	-	(1,809)	-	(1,809)	
Leverent-Frontier 4th Venture PEF	13,792	-	1,530	1,380	-	1,380	
Find-Green New Deal 2nd Equity Fund	19,779	-	2	(190)	-	(190)	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023						
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
ShinhanFitrin 1st Technology Business Investment Association	₩ 28,025	73	3,160	2,758	-	2,758	
Koramco Private Real Estate Fund 143	22,026	23	11	2	-	2	
Korea Investment Top Mezzanine Private Real Estate Trust No.1	45,815	740	5,900	5,849	-	5,849	
LB YoungNam Logistics Private Trust No.40	39,139	10	2,561	2,538	-	2,538	
Shinhan-Cognitive Start-up Fund L.P.	16,518	254	2,557	2,197	-	2,197	
Cornerstone J&M Fund I	13,129	47	3	(274)	-	(274)	
Logisvalley Shinhan REIT Co.,Ltd.	78,925	56,307	4,840	(1,017)	-	(1,017)	
DA Value-Honest New Technology Investment Fund 1	17,329	-	10,911	10,910	-	10,910	
Shinhan-Ji and Tec Smart Innovation Fund	19,954	-	21	(820)	-	(820)	
Shinhan-Gene and New Normal First Mover Venture Investment Equity Fund 1st	14,318	382	6	(416)	-	(416)	
Korea Investment Green Newdeal Infra Trust No.1	36,689	21	52	21	-	21	
BTS 2nd Private Equity Fund	25,136	742	101	(1,116)	-	(1,116)	
Shinhan Global Active REIT Co.Ltd.	191,211	97,944	-	(766)	-	(766)	
NH-J&-IBKC Label Technology Fund	35,347	294	13	(428)	-	(428)	
Hanyang Time Mezzanine Fund	10,543	-	127	43	-	43	
Shinhan-isquare Venture PEF 1	10,741	25	3	(528)	-	(528)	
Capstone Develop Frontier Trust	35,305	83	5,942	5,859	-	5,859	
Nextrade Co., Ltd.	140,424	19,174	6,626	(8,432)	-	(8,432)	
SH 1.5years Maturity Investment Type Security Investment Trust No.2	17,814	1,200	908	798	-	798	
Eventus-IBKC LIB Fund	30,326	8	3,215	2,729	-	2,729	
IBKC-Behigh Fund 1st	10,829	-	31	(165)	-	(165)	
ON No.1 Private Equity Fund	18,625	-	125	(144)	-	(144)	
Digital New Deal Kappa Private Equity Fund	19,576	-	1	(408)	-	(408)	
IBKCJS New Technology Fund No.1	20,842	-	4,123	3,842	-	3,842	
DS-Shinhan-JBwoori New Media New Technology Investment Fund No.1	47,055	-	3	(945)	-	(945)	
VOGO Debt Strategy General Private Real Estate Investment Trust No. 18	42,082	35	5,917	3,496	-	3,496	
Koramco IPO LEITS Mezzanine General Private Investment Trust No. 38	4,248	19	247	228	-	228	
TogetherKorea Private Investment Trust No. 6	5,273	1	223	218	-	218	
TogetherKorea Private Investment Trust No. 7	5,273	1	223	218	-	218	
Kiwoom Core Industrial Technology Investment Fund No.3	12,058	29	592	518	-	518	
Penture K-Content Investment Fund	25,938	338	196	(1,721)	-	(1,721)	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
2023 Shinhan-JB Woori-Daeshin Listed Companies New Technology Fund	₩ 26,684	121	785	438	-	438
Hana Alternative Investment Kosmes PCBO General PEF No. 1	13,806	15	1,007	992	-	992
Shinhan-timefolio Bio Development Investment Fund	12,420	170	23	(150)	-	(150)
Shinhan M&A-ESG Fund	18,154	285	31	(791)	-	(791)
Shinhan SM Office Value Add – Outsource Management Real Estate Investment Co., Ltd. -	37,231	41	3,710	3,548	-	3,548
KDBC meta-enter New Technology investment fund	24,889	2	-	(215)	-	(215)
Shinhan Time Secondary Blind New Technology Investment Trust	10,009	-	50	9	-	9
Shinhan DS Secondary Investment Fund	18,709	15	14,179	14,156	-	14,156
Shinhan-openwater pre-IPO Investment Trust 1	9,947	-	2	(55)	-	(55)
Shinhan-Eco Venture Fund 2nd	9,067	42	1	(100)	-	(100)
Heungkuk-Shinhan the 1st Visionary Technology Investment Trust no. 1	7,885	-	65	(115)	-	(115)
Hantoo Shinhan Lake K-beauty Technology Investment Trust	43,417	-	1	(133)	-	(133)
Shinhan HB Wellness 1st Investment Trust	10,285	-	17	(17)	-	(17)
Korea real Asset Fund No.3	32,625	20	170	(193)	-	(193)
Igis Yongsan Office General PE Real Estate Inv. Trust No. 518	278,662	205,204	3,943	(650)	-	(650)
Samsung-dunamu Innovative IT Technology Investment Trust No. 1	20,175	444	2,875	2,331	-	2,331
Time Robotics New Technology Investment Trust	13,284	-	-	(114)	-	(114)
Ascent-welcome Tehcnology Investment Trust No.2	31,722	-	2	(828)	-	(828)
Igis General PE Real Estate Investment Trust 517-1	54,015	289	-	(274)	-	(274)
Consus Osansegyo No.2	16,209	-	24	22	-	22
Mastern General Private Real Estate Investment Trust No.189(Type 1 Beneficiary Securities)	123,657	99,729	1,285	(2,073)	-	(2,073)
Shinhan AIM Private Fund of Fund 9-B	96,124	51	9,992	3,928	-	3,928
Shinhan General Private Real Estate Investment Trust No.3	38,175	410	591	564	-	564
NH Absolute Project L General Private Investment Trust	18,863	65	7	1,556	-	1,556
Paros Kosdaq Venture General Private Investment Trust No. 5	8,998	3	5	(9)	-	(9)
Happy Pet Life Care New Technology Investment Association No.2	11,868	347	1,868	1,520	-	1,520
Shinhan-Soo Secondary Investment Association	6,764	-	-	(1)	-	(1)

(\*) Excluded the financial information of associates that are not subject to equity method due to disposal or of which the financial information is not available as of end of the year.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022						
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
BNP Paribas Cardif Life Insurance	₩ 2,528,558	2,327,352	47,631	(11,901)	(80,527)	(92,428)	
Partners 4th Growth Investment Fund	54,661	496	14,432	27,663	(18,774)	8,889	
KTB Newlake Global Healthcare PEF	21,000	55	3,091	2,996	-	2,996	
Shinhan-Neoplux Energy Newbiz Fund	66,792	978	3,371	21,618	-	21,618	
Shinhan-Albatross tech investment Fund	24,870	363	1,469	10,429	(383)	10,046	
Meritz AI-SingA330-A Investment Type Private Placement Special Asset Fund	17,718	2	14,888	14,888	-	14,888	
Meritz AI-SingA330-B Investment Type Private Placement Special Asset Fund	8,569	6	1,267	1,265	-	1,265	
VOGO Debt Strategy Qualified IV Private	30,440	20	3,963	1,691	-	1,691	
Shinhan -Midas Dong-A Secondary Fund	8,863	-	3,749	3,011	-	3,011	
ShinHan – Soo Young Entrepreneur Investment Fund No.1	18,660	269	1,056	784	-	784	
Shinhan Praxis K-Growth Global Private Equity Fund	26,086	4	32,477	31,394	-	31,394	
Kiwoom Milestone Professional Private Real Estate Trust 19	46,585	38,663	2,605	(2,584)	-	(2,584)	
Shinhan Global Healthcare Fund 1	40	4,558	-	(1,406)	-	(1,406)	
KB NA Hickory Private Special Asset Fund	91,617	45	17,394	8,543	-	8,543	
Koramco Europe Core Private Placement Real Estate Fund No.2-2	45,492	1,798	7,431	574	-	574	
Hermes Private Investment Equity Fund	19,078	7	-	(14,465)	-	(14,465)	
KDBC-Midas Dong-A Global contents Fund	18,412	19	7,110	5,689	-	5,689	
Shinhan-Nvestor Liquidity Solution Fund	26,085	249	2,297	1,607	-	1,607	
Shinhan AIM FoF Fund 1-A	40,471	27	16,497	3,617	-	3,617	
IGIS Global Credit Fund 150-1	18,779	14	5,436	2,223	-	2,223	
Partner One Value up I Private Equity Fund	18,496	68	1,281	(9,798)	-	(9,798)	
Genesis No.1 Private Equity Fund	262,825	2	19,226	17,898	-	17,898	
Korea Omega Project Fund III	15,610	-	-	(2,624)	-	(2,624)	
Genesis North America Power Company No.1 PEF	20,898	138	20,864	20,155	-	20,155	
SH MAIN Professional Investment Type Private Mixed Asset Investment Trust No.3	185,777	444	-	(44,452)	-	(44,452)	
MIEL CO.,LTD.	422	565	36	(1)	-	(1)	
AIP Transportation Specialized Privately Placed Fund Trust #1	125,545	86	7,398	(3,978)	-	(3,978)	
E&Healthcare Investment Fund No.6	2,839	-	3,243	(14,623)	-	(14,623)	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022						
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
One Shinhan Global Fund 1	₩ 9,575	80	-	(6,263)	-	(6,263)	
Kiwoom-Shinhan Innovation Fund I	19,130	249	1,545	(1,581)	-	(1,581)	
Midas Asset Global CRE Debt Private Fund No.6	139,200	662	10,515	6,925	-	6,925	
Samchully Midstream Private Placement Special Asset Fund 5-4	71,399	47	16,238	(4,512)	-	(4,512)	
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3	122,479	23	4,534	1,007	-	1,007	
NH-Amundi Global Infrastructure Trust 14	69,933	14	14,823	3,201	-	3,201	
Jarvis Memorial Private Investment Trust 1	9,887	4	384	380	-	380	
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37	55,618	20	15,784	379	-	379	
Milestone Private Real Estate Fund 3	59,697	212	1,865	(4,045)	-	(4,045)	
Nomura-Rifa Private Real Estate Investment Trust 31	95,314	71,795	13,708	108	-	108	
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2	13,967	6	2,226	(9,585)	-	(9,585)	
T&F 2019 bearing Private Equity Fund Specializing in Start-up and Venture Business	11,446	6	1,527	1,333	-	1,333	
FuturePlay-Shinhan TechInnovation Fund 1	13,832	-	2	(465)	-	(465)	
Stonebridge Corporate 1st Fund	8,211	-	1,575	1,493	-	1,493	
Vogo Realty Partners Private Real Estate Fund V	50,529	83	3,851	3,637	-	3,637	
Korea Credit Bureau	144,765	88,766	141,445	(29,498)	-	(29,498)	
Goduck Gangil PFV Co., Ltd.	212,608	206,893	187,295	21,478	-	21,478	
SBC PFV Co., Ltd.	424,242	290,391	-	(4,471)	-	(4,471)	
NH-amundi global infra private fund 16	112,489	66	32,982	22,026	-	22,026	
IMM Global Private Equity Fund	451,407	4,821	25,234	(48,679)	-	(48,679)	
SH BNCT Professional Investment Type Private Special Asset Investment Trust	362,896	66	10,788	(18,077)	-	(18,077)	
Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24	43,941	552	25,185	2,665	-	2,665	
Sparklabs-Shinhan Opportunity Fund 1	9,356	-	1,951	1,652	-	1,652	
BNW Tech-Innovation Private Equity Fund	20,303	763	92	(161)	-	(161)	
IGIS Real-estate Private Investment Trust No.33	89,582	53,964	5,202	3,387	-	3,387	
WWG Global Real Estate Investment Trust no.4	34,970	11	4,402	1,169	-	1,169	
Goduck Gangil10 PFV Co., Ltd.	179,923	163,660	210,961	24,625	-	24,625	
Fidelis Global Private Real Estate Trust No.2	30,217	32	-	(821)	-	(821)	
AIP EURO PRIVATE REAL ESTATE TRUST No. 12	169,704	969	17,932	13,514	-	13,514	
Shinhan Global Healthcare Fund 2	32	192	1	(75)	-	(75)	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
Shinhan AIM Real Estate Fund No.2 ₩	84,946	806	10,262	(4,595)	-	(4,595)
Shinhan AIM Real Estate Fund No.1	239,734	27,259	15,006	11,925	-	11,925
SH Daegu Green Power Cogeneration System Professional Investment Type Private Special Asset Investment Trust	148,236	75	4,456	2,688	-	2,688
SH Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust	66,408	301	655	(4,315)	-	(4,315)
SH Global Infrastructure Professional Investment Type Private Special Asset Investment Trust No.7-2	34,479	42	4,149	2,310	-	2,310
Korea Omega-Shinhan Project Fund I	20,043	-	1,776	1,555	-	1,555
ST-Bonanja Food tech	6,775	-	202	(275)	-	(275)
Samsung SRA Real Estate Professional Private 45	93,284	7,161	5,721	(7,106)	-	(7,106)
IBK Global New Renewable Energy Special Asset Professional Private2	115,311	41	8,791	8,504	-	8,504
VS Cornerstone Fund	8,098	-	1	(131)	-	(131)
Aone Mezzanine Opportunity Professional Private	8,006	229	992	729	-	729
NH-Amundi US Infrastructure Private Fund2	123,363	72	32,302	9,571	-	9,571
SH Japan Photovoltaic Private Special Asset Investment Trust No.2	21,202	99	6,709	2,901	-	2,901
Kakao-Shinhan 1st TNYT Fund	44,003	134	14,778	14,054	-	14,054
IMM Special Situation 1-2 PRIVATE EQUITY FUND	13,058	39	6,499	(1,494)	-	(1,494)
Pacific Private Placement Real Estate Fund No.40	145,569	98,572	4,155	3,122	-	3,122
Mastern Private Real Estate Loan Fund No.2	19,200	175	919	759	-	759
LB Scotland Amazon Fulfillment Center Fund 29	42,291	39	2,226	795	-	795
JR AMC Hungary Budapest Office Fund 16	38,247	-	3,493	3,493	-	3,493
EDNCENTRAL Co.,Ltd.	114,856	138,293	1,193	(9,338)	-	(9,338)
Future-Creation Neoplux Venture Capital Fund	30,109	3,949	13,584	7,591	-	7,591
Gyeonggi-Neoplux Superman Fund	25,739	623	12,768	(5,587)	-	(5,587)
NewWave 6th Fund	45,981	849	2,167	(3,053)	-	(3,053)
KTC-NP Growth Champ 2011-2 Private Equity Fund	27,070	5,349	463	(5,288)	-	(5,288)
Neoplux No.3 Private Equity Fund	207,723	3,194	10,686	(21,454)	-	(21,454)
PCC Amberstone Private Equity Fund I	89,577	2,892	9,177	(10,097)	-	(10,097)
KIAMCO POWERLOAN TRUST 4TH	91,908	24	5,024	1,117	-	1,117
Mastern Opportunity Seeking Real Estate Fund II	73,584	40	13,201	(2,950)	-	(2,950)
AION ELFIS PROFESSIONAL PRIVATE 1	17,833	2	395	(4,280)	-	(4,280)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
T&F 2020 SS Private Equity Fund Specializing in Start-up and Venture Business ₩	19,257	22	10,655	10,381	-	10,381
Neoplux Market-Frontier Secondary Fund	71,633	904	29,131	16,720	-	16,720
Harvest Private Equity Fund II	14,387	157	119	(831)	-	(831)
Synergy Green New Deal 1st New Technology Business Investment Fund	37,743	-	4,283	3,883	-	3,883
KAIM Real-estate Private Investment Trust 20	3,089	-	820	820	-	820
KIAMCO Vietnam Solar Special Asset Private Investment Trust	13,473	18	5,271	2,438	-	2,438
Daishin New Technology Investment Fund 5th	10,384	15	227	107	-	107
SHINHAN-NEO Core Industrial Technology Fund	19,037	124	136	(486)	-	(486)
SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2	83,453	36	3,580	1,158	-	1,158
SIMONE Mezzanine Fund No.3	10,427	8	120	(129)	-	(129)
Eum Private Equity Fund No.7	43,679	6	7,116	6,587	-	6,587
Kiwoom Hero No.4 Private Equity Fund	16,731	26	399	191	(3,936)	(3,745)
Vogo Canister Professional Trust Private Fund I	127,808	61	22,709	8,743	-	8,743
SW-S Fund	23,919	-	1,978	1,728	-	1,728
CL Buyout 1st PEF	60,144	214	1	(5,704)	-	(5,704)
Timefolio The Venture-V second Newlake Growth Capital Partners2 PEF	19,764	-	-	(2,296)	-	(2,296)
PEF	42,358	592	-	(829)	-	(829)
Shinhan Smilegate Global PEF I	28,792	-	6,610	6,118	-	6,118
Genesis Eco No.1 PEF	39,363	4	657	1,400	-	1,400
SHINHAN-NEO Market-Frontier 2nd Fund	81,123	513	8,166	2,985	-	2,985
NH-Synergy Core Industrial New Technology Fund	17,269	-	-	100	-	100
J& Moorim Jade Investment Fund	21,837	1	1,134	969	-	969
Helios-KDBC Digital Contents 1st	14,518	87	3,529	3,272	-	3,272
Ulmus SHC innovation investment fund	20,326	-	1	(1,275)	-	(1,275)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
Mirae Asset Partners X Private Equity Fund ₩	21,850	33	2	(185)	-	(185)
T Core Industrial Technology 1st Venture PEF	14,405	12	208	(20)	-	(20)
Curious Finale Corporate Recovery Private Equity Fund	12,986	61	946	522	-	522
TI First Property Private Investment Trust I	7,817	-	432	432	-	432
MPLUS Professional Private Real Estate Fund 25	12,395	2,242	686	686	-	686
IBKC Global Contents Investment Fund	18,739	78	-	(1,603)	-	(1,603)
Nautic Smart No.6 Private Equity Fund	3,212	91	2,718	2,531	-	2,531
Premier Luminous Private Equity Fund	35,763	63	10,762	10,534	-	10,534
Hanyang-Meritz 1 Fund	15,348	-	41	(74)	-	(74)
KNT 2ND PRIVATE EQUITY FUND	5,182	5	6,186	5,983	-	5,983
Kiwoom-Shinhan Innovation Fund 2	26,475	176	16	(947)	-	(947)
Maple Mobility Fund	83,540	1	40,442	40,066	-	40,066
SJ ESG Innovative Growth Fund	14,689	-	4,319	4,195	-	4,195
AVES 1st Corporate Recovery Private Equity Fund	6,641	3	431	422	-	422
JS Shinhan Private Equity Fund	128,728	1	12	(2,098)	-	(2,098)
NH Kyobo AI Solution Investment Fund	12,601	-	2,182	2,002	-	2,002
Daishin Newgen New Technology Investment Fund 1st	11,298	25	184	38	(8,314)	(8,276)
META ESG Private Equity Fund I	21,380	-	2	(341)	-	(341)
SWFV FUND-1	22,678	-	-	(1,287)	-	(1,287)
PHAROS DK FUND	15,918	32	-	(403)	-	(403)
Shinhan VC tomorrow venture fund 1	68,808	850	2,775	(645)	-	(645)
Highland 2021-8 Fund	14,924	154	-	(228)	-	(228)
H-IOTA Fund	38,933	149	356	(64)	-	(64)
Stonebridge-Shinhan Unicorn Secondary Fund	34,621	-	3	(866)	-	(866)



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022						
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
Tres-Yujin Trust	₩ 20,010	3	1,114	1,111	-	1,111	
Shinhan-Time mezzanine blind Fund	26,625	-	42	(3,260)	-	(3,260)	
Capstone REITs No.26	16,709	9,006	-	(486)	-	(486)	
JB Incheon-Bucheon REITS No.54	12,695	5	2	(26)	-	(26)	
Hankook Smart Real Asset Investment Trust No.3	21,085	105	1,408	1,368	-	1,368	
JB Hwaseong-Hadong REITs No.53	16,090	6	2	(27)	-	(27)	
KB Oaktree Trust No.3	25,822	8	3,266	210	-	210	
Daehan No.36 Office Asset Management Company	141,037	96,073	5,231	2,047	-	2,047	
Rhinos Premier Mezzanine Private Investment Fund No.1	2,880	7	1,137	1,073	-	1,073	
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	192,904	53	11,005	5,638	-	5,638	
Shinhan JigaeNamsan Road Private Special Asset Investment Trust	163,349	82	5,679	5,076	-	5,076	
SKS-Yozma Fund No.1	22,110	-	2,505	2,196	-	2,196	
IBKC-METIS Global Contents Investment Fund	12,513	-	1	1,513	-	1,513	
Keystone Unicorn Private Equity Fund	22,318	-	-	(176)	-	(176)	
KB Distribution Private Real Estate 3-1	71,093	24	85	14	-	14	
Pacific Private Investment Trust No.49-1	36,126	-	-	(23)	-	(23)	
KIWOOM Real estate private placement fund for normal investors No. 31	14,278	14	435	260	-	260	
RIFA Real estate private placement fund for normal investoes No. 51	14,343	28	218	170	-	170	
Fivetree general private equity fund No.15	24,606	33	2,003	1,920	-	1,920	
Shinhan-Kunicorn first Fund	25,658	-	10	(442)	-	(442)	
Harvest Fund No.3	35,577	89	6,855	6,388	-	6,388	
Shinhan Simone Fund I	12,468	-	24	(532)	-	(532)	
Korea Investment develop seed Trust No.1	26,334	730	1,806	1,702	-	1,702	
Tiger Green alpha Trust No.29	28,200	54	1,431	658	-	658	
STIC ALT Global II Private Equity Fund	45,480	130	2	(649)	-	(649)	
NH-Brain EV Fund	46,369	-	2	(5,631)	-	(5,631)	
DDI LVC Master Real Estate Investment Trust Co., Ltd.	42,665	43	-	(1,466)	-	(1,466)	
Find-Green New Deal 2nd Equity Fund	19,969	-	26	(181)	-	(181)	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(c) The statement of financial information as of and for the years ended December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Asset	Liability	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
ShinhanFitrin 1st Technology	₩					
Business Investment Association	27,520	76	1	(2,556)	-	(2,556)
PARATUS No.3 Private Equity Fund	19,372	123	-	(250)	-	(250)
Golden Route 2nd Startup Venture						
Specialized Private Equity Fund	13,272	58	73	14	-	14
Koramco Private Real Estate Fund						
143	10,006	6	4	-	-	-
Korea Investment Top Mezzanine						
Private Real Estate Trust No.1	45,126	649	4,554	4,499	-	4,499
LB YoungNam Logistics Private						
Trust No.40	39,001	9	191	169	-	169
Shinhan-Cognitive Start-up Fund L.P.	30,744	386	899	384	-	384
IGEN2022 No.1 private Equity Fund	32,483	122	3,166	2,737	-	2,737
Cornerstone J&M Fund I	13,355	2	1	(147)	-	(147)
Logisvalley Shinhan REIT Co.,Ltd.	79,248	55,619	1,000	(296)	-	(296)
KDB Investment Global Healthcare						
Private Equity Fund I	143,070	276	-	(2,206)	-	(2,206)
Korea Investment Green Newdeal						
Infra Trust No.1	20,438	7	-	(70)	-	(70)
BTS 2nd Private Equity Fund	15,018	513	1	(625)	-	(625)
Shinhan Global Active REIT Co.Ltd.	192,742	98,372	-	(1,703)	-	(1,703)
NH-J&-IBKC Label Technology Fund	35,481	4	2	(123)	-	(123)
IMM Global Venture Opportunity, LP	8,775	-	-	-	-	-
Capstone Develop Frontier Trust	32,000	-	-	-	-	-
Nextrade Co., Ltd.	141,561	140	-	(2,323)	-	(2,323)
SH Sustainable Management ESG						
Short term Bond Security Feeder						
Investment Trust No.1	11,196	2	72	49	-	49
SH 1.5years Maturity Investment Type						
Security Investment Trust No.2	15,865	-	4	4	-	4
Eventus-IBKC LIB Fund	27,617	27	6	(4,409)	-	(4,409)
NH-Daishin-Kyobo healthcare 1 Fund	15,792	-	17	(208)	-	(208)
IBKC-Behigh Fund 1st	10,992	-	1	(108)	-	(108)
Nautic Green Innovation ESG Co-						
investment No.1 Private Equity						
Fund	16,569	150	1	(181)	-	(181)
ON No.1 Private Equity Fund	18,767	-	-	(2,233)	-	(2,233)
Digital New Deal Kappa Private						
Equity Fund	16,569	149	1	(180)	-	(180)

(\*) Excluded the financial information of associates that are not subject to equity method due to disposal or of which the financial information is not available as of end of the year.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2023 and 2022 are as follows:

Investees	December 31, 2023						Carrying amount
	Net assets (a)	Ownership (%) (b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others		
BNP Paribas Cardif Life Insurance	₩ 262,022	15	39,277	(5)	-	39,272	
Shinhan-Neoplux Energy Newbiz Fund	70,619	32	22,358	-	-	22,358	
Shinhan-Albatross tech investment Fund	31,000	50	15,499	-	-	15,499	
KCGI-SingA330-A Private Special Asset Investment Trust	19,297	24	4,609	-	-	4,609	
VOGO Debt Strategy Qualified IV Private	32,658	20	6,532	-	-	6,532	
Shinhan -Midas Dong-A Secondary Fund	8,602	50	4,301	-	-	4,301	
ShinHan – Soo Young Entrepreneur Investment Fund No.1	20,258	24	4,862	-	-	4,862	
Shinhan Praxis K-Growth Global Private Equity Fund	26,095	14	3,692	-	-	3,692	
Kiwoom Milestone Professional Private Real Estate Trust 19 (*2)	(38,868)	50	(19,434)	-	19,434	-	
Shinhan Global Healthcare Fund 1 (*2)	(3,469)	4	(153)	-	153	-	
KB NA Hickory Private Special Asset Fund	64,256	38	24,096	-	-	24,096	
Koramco Europe Core Private Placement Real Estate Fund No.2-2	42,706	44	18,799	-	-	18,799	
KDBC-Midas Dong-A Global contents Fund	18,437	23	4,288	-	-	4,288	
Shinhan-Nvestor Liquidity Solution Fund	24,430	25	6,088	-	-	6,088	
Shinhan AIM FoF Fund 1-A	38,541	25	9,635	-	-	9,635	
IGIS Global Credit Fund 150-1	17,142	25	4,286	-	-	4,286	
Korea Omega Project Fund III	15,708	24	3,696	-	-	3,696	
Genesis North America Power Company No.1 PEF	14,501	44	6,358	-	-	6,358	
SH MAIN Professional Investment Type Private Mixed Asset Investment Trust No.3	174,701	23	40,764	-	-	40,764	
KOREA FINANCE SECURITY CO., LTD	21,762	15	3,245	-	-	3,245	
MIEL CO.,LTD. (*2)	(144)	29	(41)	-	41	-	
AIP Transportation Specialized Privately Placed Fund Trust #1	129,800	36	46,372	-	-	46,372	
Kiwoom-Shinhan Innovation Fund I	15,707	50	7,854	-	-	7,854	
Midas Asset Global CRE Debt Private Fund No.6	136,849	40	54,881	-	-	54,881	
Samchully Midstream Private Placement Special Asset Fund 5-4	77,267	43	33,163	-	-	33,163	
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3	36,272	20	7,254	-	-	7,254	
NH-Amundi Global Infrastructure Trust 14	62,428	30	18,728	-	-	18,728	
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37	58,775	60	35,265	-	-	35,265	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023						Carrying amount
	Net assets (a)	Ownership (%) (b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others		
Milestone Private Real Estate Fund 3	₩ 54,944	32	17,615	-	-	17,615	
Nomura-Rifa Private Real Estate Investment Trust 31	22,003	31	6,889	-	-	6,889	
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2	14,753	21	3,138	-	-	3,138	
FuturePlay-Shinhan TechInnovation Fund I	15,694	50	7,847	-	-	7,847	
Stonebridge Corporate 1st Fund	9,389	44	4,142	-	-	4,142	
Vogo Realty Partners Private Real Estate Fund V	49,881	22	10,792	-	-	10,792	
Korea Credit Bureau	74,867	9	6,738	-	-	6,738	
Goduck Gangil1 PFV Co., Ltd.	17,303	1	180	-	-	180	
SBC PFV Co., Ltd. (*3)	163,057	25	40,764	-	(9,990)	30,774	
NH-amundi global infra private fund 16	101,303	50	50,652	-	-	50,652	
SH BNCT Professional Investment Type Private Special Asset Investment Trust Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24	337,616	73	244,772	-	-	244,772	
Sparklabs-Shinhan Opportunity Fund 1	7,906	50	3,914	-	-	3,914	
IGIS Real-estate Private Investment Trust No.33	37,377	41	15,271	-	-	15,271	
Goduck Gangil10 PFV Co., Ltd.	25,534	20	5,081	-	-	5,081	
Fidelis Global Private Real Estate Trust No.2	692	80	551	-	-	551	
AIP EURO PRIVATE REAL ESTATE TRUST No. 12	169,407	29	48,619	-	-	48,619	
Shinhan Healthcare Fund 2	(153)	14	(21)	-	21	-	
Shinhan AIM Real Estate Fund No.2	88,925	30	26,678	-	-	26,678	
Shinhan AIM Real Estate Fund No.1	246,896	21	51,873	-	-	51,873	
SH Daegu Green Power Cogeneration System Professional Investment Type Private Special Asset Investment Trust	157,954	22	34,781	-	-	34,781	
SH Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust	68,697	29	20,053	-	-	20,053	
SH Global Infrastructure Professional Investment Type Private Special Asset Investment Trust No.7-2	24,522	71	17,516	-	-	17,516	
Korea Omega-Shinhan Project Fund I	23,260	50	11,630	-	-	11,630	
Samsung SRA Real Estate Professional Private 45	125,727	25	31,432	-	-	31,432	
IBK Global New Renewable Energy Special Asset Professional Private2	111,423	29	32,296	-	-	32,296	
VS Cornerstone Fund	7,966	41	3,280	-	-	3,280	
NH-Amundi US Infrastructure Private Fund2	114,737	26	29,725	-	-	29,725	
SH Japan Photovoltaic Private Special Asset Investment Trust No.2	7,711	30	2,313	-	-	2,313	
Kakao-Shinhan 1st TNYT Fund	40,857	49	19,866	-	-	19,866	

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
Pacific Private Placement Real Estate Fund No.40	₩ 47,001	25	11,624	-	-	11,624
Mastern Private Real Estate Loan Fund No.2	9,056	34	3,040	-	-	3,040
LB Scotland Amazon Fulfillment Center Fund 29	44,093	70	30,928	-	-	30,928
JR AMC Hungary Budapest Office Fund 16	38,954	33	12,687	-	-	12,687
EDNCENTRAL Co.,Ltd. (*2)	(42,159)	13	-5,677	-	5,677	-
Future-Creation Neoplux Venture Capital Fund	16,495	16	2,680	-	-	2,680
Gyeonggi-Neoplux Superman Fund	23,234	22	5,056	-	-	5,056
NewWave 6th Fund	45,719	30	13,716	-	-	13,716
Neoplux No.3 Private Equity Fund	189,791	10	18,979	-	-	18,979
PCC Amberstone Private Equity Fund I	79,640	22	17,258	-	-	17,258
KIAMCO POWERLOAN TRUST 4TH	95,208	47	45,099	-	-	45,099
Mastern Opportunity Seeking Real Estate Fund II	59,112	22	13,135	-	-	13,135
Neoplux Market-Frontier Secondary Fund	52,827	20	10,427	-	-	10,427
Harvest Private Equity Fund II	13,500	22	2,978	-	-	2,978
Synergy Green New Deal 1st New Technology Business Investment Fund	36,617	28	10,315	-	-	10,315
KIAMCO Vietnam Solar Special Asset Private Investment Trust	13,671	50	6,836	-	-	6,836
SHINHAN-NEO Core Industrial Technology Fund	27,370	50	13,616	-	-	13,616
SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2	77,853	30	23,356	-	-	23,356
SIMONE Mezzanine Fund No.3	4,175	29	1,202	-	-	1,202
Eum Private Equity Fund No.7	43,651	21	9,166	-	-	9,166
Kiwoom Hero No.4 Private Equity Fund	16,351	21	3,442	-	-	3,442
Vogo Canister Professional Trust Private Fund I	124,837	37	45,871	-	-	45,871
Timefolio The Venture-V second	27,989	21	5,801	-	-	5,801
Shinhan Smilegate Global PEF I	26,747	14	3,801	-	-	3,801
Genesis Eco No.1 PEF	38,675	29	11,219	-	-	11,219
SHINHAN-NEO Market-Frontier 2nd Fund	76,511	43	32,670	-	-	32,670
NH-Synergy Core Industrial New Technology Fund	17,436	37	6,439	-	-	6,439
J& Moorim Jade Investment Fund	19,771	25	4,920	-	-	4,920
Helios-KDBC Digital Contents 1st	9,699	23	2,256	-	-	2,256
Ulmus SHC innovation investment fund	23,059	24	5,543	-	-	5,543

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
T Core Industrial Technology 1st Venture PEF	₩ 13,518	31	4,254	-	-	4,254
Fine Value POST IPO No.5 Private Equity Fund	9,414	40	3,766	-	-	3,766
TI First Property Private Investment Trust 1	7,755	40	3,102	-	-	3,102
MPLUS Professional Private Real Estate Fund 25	5,659	42	2,358	-	-	2,358
IBKC Global Contents Investment Fund	19,274	24	4,701	-	-	4,701
Hanyang-Meritz 1 Fund	13,201	23	2,981	-	-	2,981
Kiwoom-Shinhan Innovation Fund 2	21,384	43	9,165	-	-	9,165
ETRI Holdings-Shinhan 1st Unicorn Fund	6,589	50	3,295	-	-	3,295
SJ ESG Innovative Growth Fund	14,692	29	4,198	-	-	4,198
AVES 1st Corporate Recovery Private Equity Fund	6,258	76	4,768	-	-	4,768
JS Shinhan Private Equity Fund	123,098	4	4,737	-	-	4,737
Daishin Newgen New Technology Investment Fund 1st	12,018	51	6,081	-	-	6,081
META ESG Private Equity Fund I	21,062	27	5,770	-	-	5,770
PHAROS DK FUND	10,157	24	2,462	-	-	2,462
Shinhan VC tomorrow venture fund 1	114,103	40	45,210	-	-	45,210
H-IOTA Fund	38,382	25	9,524	-	-	9,524
Stonebridge-Shinhan Unicorn Secondary Fund	28,550	26	7,427	-	-	7,427
Tres-Yujin Trust	20,717	50	10,359	-	-	10,359
Shinhan-Time mezzanine blind Fund	28,242	50	14,121	-	-	14,121
Capstone REITs No.26	11,499	50	5,750	-	-	5,750
JB Incheon-Bucheon REITs No.54	12,661	39	4,978	-	-	4,978
Hankook Smart Real Asset Investment Trust No.3	23,005	33	7,668	-	-	7,668
JB Hwaseong-Hadong REITs No.53	16,059	31	4,983	-	-	4,983
KB Oaktree Trust No.3	26,003	33	8,668	-	-	8,668
Daehan No.36 Office Asset Management Company	46,790	48	22,482	-	-	22,482
Rhinos Premier Mezzanine Private Investment Fund No.1	10,944	28	3,056	-	-	3,056
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	211,132	30	62,769	-	-	62,769
Shinhan JigaeNamsan Road Private Special Asset Investment Trust	166,737	25	41,434	-	-	41,434
SKS-Yozma Fund No.1	11,574	30	3,455	-	-	3,455
KB Distribution Private Real Estate 3-1	69,268	38	25,976	-	-	25,976

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amounts of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
Pacific Private Investment Trust No.49-1	₩ 34,532	79	27,377	-	-	27,377
KIWOOM Real estate private placement fund for normal investors No. 31	14,263	60	8,558	-	-	8,558
RIFA Real estate private placement fund for normal investoes No. 51	14,328	40	5,731	-	-	5,731
Fivetree general private equity fund No.15	25,154	50	12,572	-	-	12,572
Shinhan-Kunicorn first Fund	25,125	38	9,626	-	-	9,626
Shinhan-Quantum Startup Fund	8,104	49	3,986	-	-	3,986
Shinhan Simone Fund I	12,577	38	4,837	-	-	4,837
Korea Investment develop seed Trust No.1	23,829	40	9,532	-	-	9,532
Tiger Green alpha Trust No.29	30,002	95	28,573	-	-	28,573
STIC ALT Global II Private Equity Fund	43,717	22	9,504	-	-	9,504
NH-Brain EV Fund	44,498	25	11,125	-	-	11,125
DDI LVC Master Real Estate Investment Trust Co., Ltd. (*1)	43,808	15	6,571	-	12	6,583
Leverent-Frontier 4th Venture PEF	13,791	24	3,294	-	-	3,294
Find-Green New Deal 2nd Equity Fund	19,778	23	4,465	-	-	4,465
ShinhanFitrin 1st Technology Business Investment Association	27,951	16	4,519	-	-	4,519
Koramco Private Real Estate Fund 143	22,002	30	6,667	-	-	6,667
Korea Investment Top Mezzanine Private Real Esate Trust No.1	45,074	22	10,016	-	-	10,016
LB YoungNam Logistics Private Trust No.40	39,128	25	9,782	-	-	9,782
Shinhan-Cognitive Start-up Fund L.P.	16,263	33	5,329	-	-	5,329
Cornerstone J&M Fund I	13,081	27	3,488	-	-	3,488
Logisvalley Shinhan REIT Co.,Ltd. (*1)	22,617	20	4,584	-	(986)	3,598
DA Value-Honest New Technology Investment Fund 1	17,328	24	4,099	-	-	4,099
Shinhan-Ji and Tec Smart Innovation Fund	19,953	50	9,977	-	-	9,977
Shinhan-Gene and New Normal First Mover Venture Investment Equity Fund 1st	13,935	50	6,968	-	-	6,968
Korea Investment Green Newdeal Infra Trust No.1	36,667	28	10,257	-	-	10,257
BTS 2nd Private Equity Fund	24,393	26	6,342	-	-	6,342
Shinhan Global Active REIT Co.Ltd.	93,266	20	18,997	-	-	18,997
NH-J&-IBKC Label Technology Fund	35,052	28	9,748	-	-	9,748
Hanyang Time Mezzanine Fund	10,542	29	3,012	-	-	3,012
Shinhan-isquare Venture PEF 1	10,715	40	4,286	-	-	4,286
Capstone Develop Frontier Trust	35,221	21	7,547	-	-	7,547
Nextrade Co., Ltd.	121,249	8	9,700	-	-	9,700
SH 1.5years Maturity Investment Type Security Investment Trust No.2	16,613	29	4,834	-	-	4,834
Eventus-IBKC LIB Fund	30,317	22	6,632	-	-	6,632
IBKC-Behigh Fund 1st	10,828	30	3,219	-	-	3,219
ON No.1 Private Equity Fund	18,624	29	5,321	-	-	5,321
Digital New Deal Kappa Private Equity Fund	19,575	25	4,845	-	-	4,845
IBKCJS New Technology Fund No.1	20,841	29	6,130	-	-	6,130

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amounts of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
DS-Shinhan-JBWoori New Media New Technology Investment Fund No.1	₩ 47,054	21	9,803	-	-	9,803
VOGO Debt Strategy General Private Real Estate Investment Trust No. 18	42,046	29	12,013	-	-	12,013
Koramco IPO LEITS Mezzanine General Private Investment Trust No. 38	4,228	75	3,171	-	-	3,171
TogetherKorea Private Investment Trust No. 6	5,271	100	5,270	-	-	5,270
TogetherKorea Private Investment Trust No. 7	5,271	100	5,270	-	-	5,270
Kiwoom Core Industrial Technology Investment Fund No.3	12,028	35	4,180	-	-	4,180
Penture K-Content Investment Fund	25,599	22	5,622	-	-	5,622
2023 Shinhan-JB Woori-Daeshin Listed Companies New Technology Fund	26,562	30	7,969	-	-	7,969
Hana Alternative Investment Kosmes PCBO General PEF No. 1	13,790	37	5,107	-	-	5,107
Shinhan-timefolio Bio Development Investment Fund	12,249	48	5,927	-	-	5,927
Shinhan M&A-ESG Fund	17,868	23	4,169	-	-	4,169
Shinhan SM Office Value Add – Outsource Management Real Estate Investment Co., Ltd. -	37,189	28	10,575	-	-	10,575
KDBC meta-enter New Technology investment fund	24,886	28	6,940	-	-	6,940
Shinhan Time Secondary Blind New Technology Investment Trust	10,008	48	4,754	-	-	4,754
Shinhan DS Secondary Investment Fund	18,693	40	7,477	-	-	7,477
Shinhan-openwater pre-IPO Investment Trust 1	9,946	50	4,973	-	-	4,973
Shinhan-Eco Venture Fund 2nd	9,024	40	3,610	-	-	3,610
Heungkuk-Shinhan the 1st Visionary Technology Investment Trust no. 1	7,884	40	3,154	-	-	3,154
Hantoo Shinhan Lake K-beauty Technology Investment Trust	43,416	23	9,969	-	-	9,969
Shinhan HB Wellness 1st Investment Trust	10,284	49	4,992	-	-	4,992



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amounts of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2023					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
Korea real Asset Fund No.3	₩ 32,604	29	9,315	-	-	9,315
Igis Yongsan Office General PE Real Estate Inv. Trust No. 518	73,457	31	23,131	-	-	23,131
Samsung-dunamu Innovative IT Technology Investment Trust No. 1	19,730	23	4,536	-	-	4,536
Time Robotics New Technology Investment Trust	13,283	30	3,966	-	-	3,966
Ascent-welcome Tehcnology Investment Trust No.2	31,721	28	8,771	-	-	8,771
Igis General PE Real Estate Investment Trust 517-1	53,725	96	51,735	-	-	51,735
Consus Osansegyo No.2	16,208	50	8,104	-	-	8,104
Mastern General Private Real Estate Investment Trust No.189 (Type 1 Beneficiary Securities)	23,927	33	7,822	-	-	7,822
Shinhan AIM Private Fund of Fund 9-B	96,072	25	24,018	-	-	24,018
Shinhan General Private Real Estate Investment Trust No.3	37,764	21	7,838	-	-	7,838
NH Absolute Project L General Private Investment Trust	18,797	26	4,893	-	-	4,893
Paros Kosdaq Venture General Private Investment Trust No. 5	8,994	67	5,994	-	-	5,994
Happy Pet Life Care New Technology Investment Association No.2	11,521	30	3,456	-	-	3,456
Shinhan-Soo Secondary Investment Association	6,764	78	5,249	-	-	5,249
Others	673,313	-	191,051	-	148	191,199
	<u>8,484,787</u>	<u>-</u>	<u>2,677,526</u>	<u>(5)</u>	<u>14,510</u>	<u>2,692,031</u>

(\*1) Others represents the adjustments of fair value when acquired.

(\*2) Others are the amount of fair value adjustments that occurred at the time of acquisition and accumulated losses that were not recognized due to the suspension of equity method recognition as the investment account balance became "0" due to the accumulation of losses for the current period.

(\*3) Others are the unrecognized equity method for preferred stocks without voting rights issued by the investee.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
BNP Paribas Cardif Life Insurance	₩ 201,205	15	30,161	8	-	30,169
Partners 4th Growth Investment Fund	54,165	25	13,542	-	-	13,542
KTB Newlake Global Healthcare PEF	20,945	21	4,309	-	-	4,309
Shinhan-Neoplux Energy Newbiz Fund	65,814	32	20,837	-	-	20,837
Shinhan-Albatross tech investment Fund	24,507	50	12,253	-	-	12,253
Meritz AI-SingA330-A Investment Type Private Placement Special Asset Fund	17,716	24	4,232	-	-	4,232
Meritz AI-SingA330-B Investment Type Private Placement Special Asset Fund	8,563	20	1,726	-	-	1,726
VOGO Debt Strategy Qualified IV Private	30,420	20	6,085	-	-	6,085
Shinhan -Midas Dong-A Secondary Fund	8,863	50	4,431	-	-	4,431
ShinHan – Soo Young Entrepreneur Investment Fund No.1	18,391	24	4,414	-	-	4,414
Shinhan Praxis K-Growth Global Private Equity Fund	26,082	14	3,691	-	-	3,691
Kiwoom Milestone Professional Private Real Estate Trust 19	7,922	50	3,961	-	-	3,961
Shinhan Global Healthcare Fund 1 (*2)	(4,518)	4	(199)	-	199	-
KB NA Hickory Private Special Asset Fund	91,572	38	34,339	-	-	34,339
Koramco Europe Core Private Placement Real Estate Fund No.2-2	43,694	44	19,236	-	-	19,236
Hermes Private Investment Equity Fund	19,071	29	5,562	-	-	5,562
KDBC-Midas Dong-A Global contents Fund	18,393	23	4,277	-	-	4,277
Shinhan-Nvestor Liquidity Solution Fund	25,836	25	6,438	-	-	6,438
Shinhan AIM FoF Fund 1-A	40,444	25	10,110	-	-	10,110
IGIS Global Credit Fund 150-1	18,765	25	4,692	-	-	4,692
Partner One Value up I Private Equity Fund	18,428	28	5,144	-	-	5,144
Genesis No.1 Private Equity Fund	262,823	23	59,924	-	-	59,924
Korea Omega Project Fund III	15,610	24	3,674	-	-	3,674
Genesis North America Power Company No.1 PEF	20,760	39	8,118	-	-	8,118
SH MAIN Professional Investment Type Private Mixed Asset Investment Trust No.3	185,333	23	43,244	-	-	43,244
MIEL CO.,LTD. (*2)	(143)	29	(41)	-	41	-
AIP Transportation Specialized Privately Placed Fund Trust #1	125,459	36	44,821	-	-	44,821
E&Healthcare Investment Fund No.6	2,839	21	597	-	-	597

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
One Shinhan Global Fund 1	₩ 9,495	21	1,948	-	-	1,948
Kiwoom-Shinhan Innovation Fund I	18,881	50	9,441	-	-	9,441
Midas Asset Global CRE Debt Private Fund No.6	138,538	41	57,029	-	-	57,029
Samchully Midstream Private Placement Special Asset Fund 5-4	71,352	43	30,624	-	-	30,624
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3	122,456	20	24,492	-	-	24,492
NH-Amundi Global Infrastructure Trust 14	69,919	30	20,975	-	-	20,975
Jarvis Memorial Private Investment Trust 1	9,883	99	9,786	-	-	9,786
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37	55,598	60	33,357	-	-	33,357
Milestone Private Real Estate Fund 3	59,485	32	19,071	-	-	19,071
Nomura-Rifa Private Real Estate Investment Trust 31	23,519	31	7,364	-	-	7,364
SH Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2	13,961	21	2,969	-	-	2,969
T&F 2019 bearing Private Equity Fund Specializing in Start-up and Venture Business	11,440	28	3,231	-	-	3,231
FuturePlay-Shinhan TechInnovation Fund 1	13,832	50	6,916	-	-	6,916
Stonebridge Corporate 1st Fund	8,211	44	3,622	-	-	3,622
Vogo Realty Partners Private Real Estate Fund V	50,446	22	10,915	-	-	10,915
Korea Credit Bureau	55,999	9	5,039	-	-	5,039
Goduck Gangil1 PFV Co., Ltd.	5,715	1	60	-	-	60
SBC PFV Co., Ltd. (*3)	133,851	25	33,463	-	(4,995)	28,468
NH-amundi global infra private fund 16	112,423	50	56,211	-	-	56,211
IMM Global Private Equity Fund	446,586	33	147,384	-	-	147,384
SH BNCT Professional Investment Type Private Special Asset Investment Trust	362,830	73	263,052	-	-	263,052
Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24	43,389	52	22,683	-	-	22,683
Sparklabs-Shinhan Opportunity Fund 1	9,356	50	4,631	-	-	4,631
BNW Tech-Innovation Private Equity Fund	19,540	30	5,833	-	-	5,833
IGIS Real-estate Private Investment Trust No.33	35,618	41	14,552	-	-	14,552
WWG Global Real Estate Investment Trust no.4	34,959	30	10,331	-	-	10,331
Goduck Gangil10 PFV Co., Ltd.	16,263	20	3,236	-	-	3,236
Fidelis Global Private Real Estate Trust No.2 (*1)	30,185	80	24,055	-	(2,110)	21,945
AIP EURO PRIVATE REAL ESTATE TRUST No. 12	168,735	29	48,427	-	-	48,427
Shinhan Healthcare Fund 2	(160)	14	(22)	-	22	-

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
Shinhan AIM Real Estate Fund No.2	₩ 84,140	30	25,243	-	-	25,243
Shinhan AIM Real Estate Fund No.1	212,475	21	44,642	-	-	44,642
SH Daegu Green Power Cogeneration System Professional Investment Type Private Special Asset Investment Trust	148,161	22	32,627	-	-	32,627
SH Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust	66,107	29	19,296	-	-	19,296
SH Global Infrastructure Professional Investment Type Private Special Asset Investment Trust No.7-2	34,437	71	24,598	-	-	24,598
Korea Omega-Shinhan Project Fund I	20,043	50	10,022	-	-	10,022
ST-Bonanja Food tech	6,775	39	2,631	-	-	2,631
Samsung SRA Real Estate Professional Private 45 (*1)	86,123	25	21,531	-	119	21,650
IBK Global New Renewable Energy Special Asset Professional Private2	115,270	29	33,412	-	-	33,412
VS Cornerstone Fund	8,098	41	3,335	-	-	3,335
Aone Mezzanine Opportunity Professional Private	7,777	64	5,009	-	-	5,009
NH-Amundi US Infrastructure Private Fund2	123,291	26	31,941	-	-	31,941
SH Japan Photovoltaic Private Special Asset Investment Trust No.2	21,103	30	6,332	-	-	6,332
Kakao-Shinhan 1st TNYT Fund	43,869	49	21,330	-	-	21,330
IMM Special Situation 1-2 PRIVATE EQUITY FUND	13,019	20	2,603	-	-	2,603
Pacific Private Placement Real Estate Fund No.40	46,997	25	11,622	-	-	11,622
Mastern Private Real Estate Loan Fund No.2	19,025	34	6,387	-	-	6,387
LB Scotland Amazon Fulfillment Center Fund 29	42,252	70	29,637	-	-	29,637
JR AMC Hungary Budapest Office Fund 16	38,247	33	12,457	-	-	12,457
EDNCENTRAL Co.,Ltd. (*2)	(23,437)	13	(3,156)	-	3,156	-
Future-Creation Neoplux Venture Capital Fund	26,160	16	4,251	-	-	4,251
Gyeonggi-Neoplux Superman Fund	25,116	22	5,467	-	-	5,467
NewWave 6th Fund	45,132	30	13,540	-	-	13,540
KTC-NP Growth Champ 2011-2 Private Equity Fund	21,721	6	1,207	-	-	1,207
Neoplux No.3 Private Equity Fund	204,529	10	20,454	-	-	20,454
PCC Amberstone Private Equity Fund I	86,685	22	18,785	-	-	18,785
KIAMCO POWERLOAN TRUST 4TH	91,884	47	43,524	-	-	43,524
Mastern Opportunity Seeking Real Estate Fund II	73,544	20	14,710	-	-	14,710
AION ELFIS PROFESSIONAL PRIVATE 1	17,831	20	3,566	-	-	3,566
T&F 2020 SS Private Equity Fund Specializing in Start-up and Venture Business	19,235	30	5,709	-	-	5,709

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
Neoplux Market-Frontier Secondary Fund	₩ 70,729	20	13,960	-	-	13,960
Harvest Private Equity Fund II	14,230	22	3,139	-	-	3,139
Synergy Green New Deal 1st New Technology Business Investment Fund	37,743	28	10,632	-	-	10,632
KAIM Real-estate Private Investment Trust 20	3,089	38	1,187	-	-	1,187
KIAMCO Vietnam Solar Special Asset Private Investment Trust	13,455	50	6,727	-	-	6,727
Daishin New Technology Investment Fund 5 <sup>th</sup>	10,369	23	2,430	-	-	2,430
SHINHAN-NEO Core Industrial Technology Fund	18,913	50	9,409	-	-	9,409
SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2	83,417	30	25,024	-	-	25,024
SIMONE Mezzanine Fund No.3	10,419	29	3,017	-	-	3,017
Eum Private Equity Fund No.7	43,673	21	9,170	-	-	9,170
Kiwoom Hero No.4 Private Equity Fund	16,705	21	3,517	-	-	3,517
Vogo Canister Professional Trust Private Fund I	127,747	36	46,329	-	-	46,329
SW-S Fund	23,919	30	7,248	-	-	7,248
CL Buyout 1st PEF	59,930	21	12,842	-	-	12,842
Timefolio The Venture-V second	19,764	21	4,096	-	-	4,096
Newlake Growth Capital Partners2 PEF	41,766	30	12,496	-	-	12,496
Shinhan Smilegate Global PEF I (*1)	28,792	14	4,091	-	(320)	3,771
Genesis Eco No.1 PEF	39,359	29	11,418	-	-	11,418
SHINHAN-NEO Market-Frontier 2nd Fund	80,610	43	34,420	-	-	34,420
NH-Synergy Core Industrial New Technology Fund	17,269	37	6,377	-	-	6,377
J& Moorim Jade Investment Fund	21,836	25	5,434	-	-	5,434
Helios-KDBC Digital Contents 1 <sup>st</sup>	14,431	23	3,356	-	-	3,356
Ulmus SHC innovation investment fund	20,326	24	4,886	-	-	4,886
Mirae Asset Partners X Private Equity Fund	21,817	36	7,792	-	-	7,792
T Core Industrial Technology 1st Venture PEF	14,393	31	4,529	-	-	4,529
Curious Finale Corporate Recovery Private Equity Fund	12,925	28	3,591	-	-	3,591
TI First Property Private Investment Trust 1	7,817	40	3,127	-	-	3,127
MPLUS Professional Private Real Estate Fund 25	10,153	42	4,231	-	-	4,231
IBKC Global Contents Investment Fund	18,661	24	4,552	-	-	4,552
Nautic Smart No.6 Private Equity Fund	3,121	38	1,178	-	-	1,178

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Intra-group transactions	Others	Carrying amount
Premier Luminous Private Equity Fund ₩	35,700	25	8,966	-	-	8,966
Hanyang-Meritz 1 Fund	15,348	23	3,466	-	-	3,466
KNT 2ND PRIVATE EQUITY FUND (*1)	5,177	22	1,124	-	(174)	950
Kiwoom-Shinhan Innovation Fund 2	26,299	43	11,271	-	-	11,271
Maple Mobility Fund	83,539	20	16,859	-	-	16,859
SJ ESG Innovative Growth Fund	14,689	29	4,197	-	-	4,197
AVES 1st Corporate Recovery Private Equity Fund	6,638	76	5,057	-	-	5,057
JS Shinhan Private Equity Fund	128,727	4	4,953	-	-	4,953
NH Kyobo AI Solution Investment Fund	12,601	26	3,288	-	-	3,288
Daishin Newgen New Technology Investment Fund 1st	11,273	51	5,704	-	-	5,704
META ESG Private Equity Fund I	21,380	27	5,857	-	-	5,857
SWFV FUND-1	22,678	40	9,128	-	-	9,128
PHAROS DK FUND	15,886	24	3,835	-	-	3,835
Shinhan VC tomorrow venture fund 1	67,958	40	26,926	-	-	26,926
Highland 2021-8 Fund	14,770	33	4,826	-	-	4,826
H-IOTA Fund	38,784	25	9,623	-	-	9,623
Stonebridge-Shinhan Unicorn Secondary Fund	34,621	18	6,082	-	-	6,082
Tres-Yujin Trust	20,007	50	10,004	-	-	10,004
Shinhan-Time mezzanine blind Fund	26,625	50	13,312	-	-	13,312
Capstone REITs No.26	7,703	50	3,852	-	-	3,852
JB Incheon-Bucheon REITs No.54	12,690	39	4,989	-	-	4,989
Hankook Smart Real Asset Investment Trust No.3	20,980	33	6,993	-	-	6,993
JB Hwaseong-Hadong REITs No.53	16,084	31	4,991	-	-	4,991
KB Oaktree Trust No.3	25,814	33	8,605	-	-	8,605
Daehan No.36 Office Asset Management Company (*1)	44,964	48	21,604	-	454	22,058
Rhinos Premier Mezzanine Private Investment Fund No.1 (*1)	2,873	28	802	-	2,071	2,873
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	192,851	30	57,334	-	-	57,334
Shinhan JigaeNamsan Road Private Special Asset Investment Trust	163,267	25	40,571	-	-	40,571
SKS-Yozma Fund No.1	22,110	30	6,599	-	-	6,599
IBKC-METIS Global Contents Investment Fund	12,513	36	4,550	-	-	4,550
Keystone Unicorn Private Equity Fund	22,318	28	6,249	-	-	6,249
KB Distribution Private Real Estate 3-1	71,069	38	26,651	-	-	26,651
Pacific Private Investment Trust No.49-1	36,126	79	28,641	-	-	28,641
KIWOOM Real estate private placement fund for normal investors No. 31	14,264	60	8,558	-	-	8,558
RIFA Real estate private placement fund for normal investoes No. 51	14,315	40	5,726	-	-	5,726
Fivetree general private equity fund No.15	24,573	50	12,281	-	-	12,281
Shinhan-Kunicorn first Fund	25,658	38	9,831	-	-	9,831
Harvest Fund No.3	35,488	45	15,854	-	-	15,854
Shinhan Simone Fund I	12,468	38	4,796	-	-	4,796
Korea Investment develop seed Trust No.1	25,604	40	10,242	-	-	10,242

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(d) Reconciliation of the financial information to the carrying amounts of its interests in the associates as of December 31, 2023 and 2022 are as follows (continued):

Investees	December 31, 2022						
	Net assets (a)	Ownership (%)(b)	Interests in the net assets		Intra-group transactions	Others	Carrying amount
			(a)	(b)			
Tiger Green alpha Trust No.29	₩ 28,146	95	26,806	-	-	26,806	
STIC ALT Global II Private Equity Fund	45,350	22	9,859	-	-	9,859	
NH-Brain EV Fund	46,369	25	11,592	-	-	11,592	
DDI LVC Master Real Estate Investment Trust Co., Ltd. (*1)	42,622	15	6,393	-	12	6,405	
Find-Green New Deal 2nd Equity Fund	19,969	23	4,508	-	-	4,508	
ShinhanFitrin 1st Technology Business Investment Association	27,444	16	4,437	-	-	4,437	
PARATUS No.3 Private Equity Fund	19,249	26	4,936	-	-	4,936	
Golden Route 2nd Startup Venture Specialized Private Equity Fund	13,214	23	3,003	-	-	3,003	
Koramco Private Real Estate Fund 143	10,000	30	3,030	-	-	3,030	
Korea Investment Top Mezzanine Private Real Estate Trust No.1	44,477	22	9,885	-	-	9,885	
LB YoungNam Logistics Private Trust No.40	38,992	25	9,748	-	-	9,748	
Shinhan-Cognitive Start-up Fund L.P. (*1)	30,358	33	9,939	-	14	9,953	
IGEN2022 No.1 private Equity Fund	32,361	28	9,045	-	-	9,045	
Cornerstone J&M Fund I	13,353	27	3,561	-	-	3,561	
Logisvalley Shinhan REIT Co.,Ltd. (*1)	23,629	20	4,790	-	(986)	3,804	
KDB Investment Global Healthcare Private Equity Fund I	142,794	24	34,468	-	-	34,468	
Korea Investment Green Newdeal Infra Trust No.1	20,431	28	5,714	-	-	5,714	
BTS 2nd Private Equity Fund	14,505	26	3,772	-	-	3,772	
Shinhan Global Active REIT Co.Ltd.	94,370	20	19,222	-	-	19,222	
NH-J&-IBKC Label Technology Fund	35,477	28	9,866	-	-	9,866	
IMM Global Venture Opportunity, LP	8,775	36	3,115	-	-	3,115	
Capstone Develop Frontier Trust	32,000	21	6,857	-	-	6,857	
Nextrade Co., Ltd. (*1)	141,421	8	11,314	-	(1,614)	9,700	
SH Sustainable Management ESG Short term Bond Security Feeder Investment Trust No.1	11,194	27	3,011	-	-	3,011	
SH 1.5years Maturity Investment Type Security Investment Trust No.2	15,865	29	4,601	-	-	4,601	
Eventus-IBKC LIB Fund	27,590	22	6,035	-	-	6,035	
NH-Daishin-Kyobo healthcare 1 Fund	15,792	25	3,948	-	-	3,948	
IBKC-Behigh Fund 1 <sup>st</sup>	10,992	30	3,268	-	-	3,268	
Nautic Green Innovation ESG Co- investment No.1 Private Equity Fund	16,419	24	3,956	-	-	3,956	
ON No.1 Private Equity Fund	18,767	29	5,362	-	-	5,362	
Digital New Deal Kappa Private Equity Fund	16,420	30	4,946	-	-	4,946	
Others	797,590	-	228,801	-	1,422	230,223	
₩	9,416,618	-	2,907,155	8	(2,689)	2,904,474	

(\*1) Others represents the adjustments of fair value when acquired.

(\*2) Others are the amount of fair value adjustments that occurred at the time of acquisition and accumulated losses that were not recognized due to the suspension of equity method recognition as the investment account balance became "0" due to the accumulation of losses for the current period.

(\*3) Others are the unrecognized equity method for preferred stocks without voting rights issued by the investee.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**16. Investments in associates (continued)**

(e) The unrecognized equity method losses as of and for the years ended December 31, 2023 and 2022 are as follows:

<u>Investees</u>	<b>December 31, 2023</b>	
	<b>Unrecognized equity method losses</b>	<b>Cumulative unrecognized equity method losses</b>
MIEL CO.,LTD.	₩ -	(41)
Shinhan Global Healthcare Fund 1	61	(153)
Shinhan Global Healthcare Fund 2	75	(21)
EDNCENTRAL Co.,Ltd.	(4,679)	(5,677)
Kiwoom Milestone Professional Private Real Estate Trust 19	(19,433)	(19,433)
	₩ <u>(23,976)</u>	<u>(25,325)</u>

<u>Investees</u>	<b>December 31, 2022</b>	
	<b>Unrecognized equity method losses</b>	<b>Cumulative unrecognized equity method losses</b>
MSTEEL co.Ltd.	₩ (371)	(371)
MIEL CO.,LTD.	-	(41)
Shinhan Global Healthcare Fund 1	(61)	(214)
Shinhan Global Healthcare Fund 2	(82)	(96)
EDNCENTRAL Co.,Ltd.	(504)	(998)
	₩ <u>(1,018)</u>	<u>(1,720)</u>



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**17. Investment properties**

(a) Investment properties as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Acquisition cost	₩ 410,475	513,986
Accumulated depreciation	(152,669)	(150,878)
Carrying amount	₩ <u>257,806</u>	<u>363,108</u>

(b) Changes in investment properties for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Beginning balance	₩ 363,108	675,391
Acquisition	5,479	10,090
Disposal	(106,344)	(230,148)
Depreciation	(15,058)	(18,115)
Amounts transferred from (to) property and equipment	16,678	9,554
Amounts transferred from (to) assets held for sale(*)	(6,057)	(83,664)
Ending balance	₩ <u>257,806</u>	<u>363,108</u>

(\*) Comprise buildings and land, etc.

(c) Income and expenses on investment property for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Rental income	₩ 24,472	33,366
Direct operating expenses for investment properties that generated rental income	12,905	16,980

(d) The fair value of investment property as of December 31, 2023 and 2022 is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land and buildings (*)	₩ 1,044,491	1,063,031

(\*) Fair value of investment properties is estimated based in the recent market transaction conditions with an independent third party and certain significant unobservable inputs. Accordingly, fair value of investment properties is classified as level 3.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**18. Other assets**

Other assets as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	₩ 17,048,595	11,489,203
Domestic exchange settlement debit	5,024,787	6,034,816
Guarantee deposits	1,002,119	1,016,748
Discounted present value	(52,660)	(51,864)
Accrued income	3,908,205	3,289,481
Prepaid expense	304,161	784,630
Provisional payments	405,201	378,993
Sundry assets	98,104	96,190
Advance payments	408,857	288,466
Leased assets	2,078,742	1,932,791
Others	165,163	173,864
Allowances for credit loss of other assets	(465,430)	(362,204)
	<u>₩ 29,925,844</u>	<u>25,071,114</u>

**19. Leases**

(a) Gross investment and present value of minimum lease payment of finance lease as of December 31, 2023 and 2022 are as follows:

		<u>December 31, 2023</u>		
		<u>Gross investment</u>	<u>Unrealized interest income</u>	<u>Present value of minimum lease payment</u>
Not later than 1 year	₩	898,235	95,269	802,966
1 ~ 2 years		458,736	28,398	430,338
2 ~ 3 years		359,893	19,220	340,673
3 ~ 4 years		324,331	6,155	318,176
4 ~ 5 years		155,615	6,399	149,216
Later than 5 years		1,411	3	1,408
	₩	<u>2,198,221</u>	<u>155,444</u>	<u>2,042,777</u>

(\*) Interest income on finance lease receivables recognized for the year ended December 31, 2023 is ₩ 108,514 million.

		<u>December 31, 2022</u>		
		<u>Gross investment</u>	<u>Unrealized interest income</u>	<u>Present value of minimum lease payment</u>
Not later than 1 year	₩	654,159	82,286	571,873
1 ~ 2 years		477,216	55,860	421,356
2 ~ 3 years		379,998	36,353	343,645
3 ~ 4 years		312,014	20,816	291,198
4 ~ 5 years		250,568	7,415	243,153
Later than 5 years		1,682	4	1,678
	₩	<u>2,075,637</u>	<u>202,734</u>	<u>1,872,903</u>

(\*) Interest income on finance lease receivables recognized for the year ended December 31, 2022 is ₩64,679 million.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

19. Leases (continued)

(b) Minimum lease payment receivable schedule for lease contracts of the Group as lessor as of December 31, 2023 and 2022 are as follows:

i) *Finance lease*

		<b>December 31, 2023</b>		
		<b>Minimum lease payment</b>	<b>Present value adjustment</b>	<b>Present value of minimum lease payment</b>
Not later than 1 year	₩	898,235	95,269	802,966
1 ~ 2 years		458,736	28,398	430,338
2 ~ 3 years		359,893	19,220	340,673
3 ~ 4 years		324,331	6,155	318,176
4 ~ 5 years		155,615	6,399	149,216
Later than 5 years		1,411	3	1,408
	₩	<u>2,198,221</u>	<u>155,444</u>	<u>2,042,777</u>
		<b>December 31, 2022</b>		
		<b>Minimum lease payment</b>	<b>Present value adjustment</b>	<b>Present value of minimum lease payment</b>
Not later than 1 year	₩	654,159	82,286	571,873
1 ~ 2 years		477,216	55,860	421,356
2 ~ 3 years		379,998	36,353	343,645
3 ~ 4 years		312,014	20,816	291,198
4 ~ 5 years		250,568	7,415	243,153
Later than 5 years		1,682	4	1,678
	₩	<u>2,075,637</u>	<u>202,734</u>	<u>1,872,903</u>

ii) *Operating lease*

		<b>Minimum lease payment</b>	
		<b>December 31, 2023</b>	<b>December 31, 2022</b>
Not later than 1 year	₩	576,017	513,245
1 ~ 2 years		460,075	439,678
2 ~ 3 years		320,463	322,125
3 ~ 4 years		177,914	189,375
4 ~ 5 years		55,548	72,000
Later than 5 years		453	6,997
	₩	<u>1,590,470</u>	<u>1,543,420</u>

(c) Changes in operating lease assets for the years ended December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>	<b>December 31, 2022</b>
Beginning balance	₩	1,930,503	1,393,738
Acquisition		762,996	1,017,137
Disposal		(171,192)	(128,950)
Depreciation		(445,006)	(351,208)
Amounts transferred from (to) property and equipment		(221)	(214)
Ending balance	₩	<u>2,077,080</u>	<u>1,930,503</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

19. Leases (continued)

(d) The details of the right-of-use assets by the lessee's underlying asset type as of December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>		
		<b>Acquisition cost</b>	<b>Accumulated depreciation</b>	<b>Carrying amount</b>
Real estate	₩	1,282,462	(715,521)	566,941
Vehicle		57,534	(29,117)	28,417
Others		38,031	(26,914)	11,117
	₩	<u>1,378,027</u>	<u>(771,552)</u>	<u>606,475</u>

		<b>December 31, 2022</b>		
		<b>Acquisition cost</b>	<b>Accumulated depreciation</b>	<b>Carrying amount</b>
Real estate	₩	1,124,151	(538,076)	586,075
Vehicle		51,644	(29,317)	22,327
Others		32,933	(22,125)	10,808
	₩	<u>1,208,728</u>	<u>(589,518)</u>	<u>619,210</u>

(e) The details of the changes in the right-of-use assets for the years ended December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>			
		<b>Real estate</b>	<b>Vehicle</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩	586,075	22,327	10,808	619,210
Acquisition		340,809	23,039	6,876	370,724
Disposal		(66,392)	(3,388)	(1,272)	(71,052)
Depreciation (*)		(294,895)	(13,565)	(5,295)	(313,755)
Effects of foreign currency movements		1,344	4	-	1,348
Ending balance	₩	<u>566,941</u>	<u>28,417</u>	<u>11,117</u>	<u>606,475</u>

		<b>December 31, 2022</b>			
		<b>Real estate</b>	<b>Vehicle</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩	574,041	21,849	12,237	608,127
Acquisition		350,328	14,834	3,991	369,153
Disposal		(72,323)	(2,404)	(836)	(75,563)
Depreciation (*)		(271,299)	(12,004)	(4,583)	(287,886)
Effects of foreign currency movements		4,277	52	(1)	4,328
Business combination		1,051	-	-	1,051
Ending balance	₩	<u>586,075</u>	<u>22,327</u>	<u>10,808</u>	<u>619,210</u>

(\*) Included in general administrative expense, other operating income(expense) and insurance service expense of the consolidated statements of comprehensive income.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

19. Leases (continued)

(f) The details of the maturity of the lease liability as of December 31, 2023 and 2022 are as follows:

		December 31, 2023						
		1 month or less	1 month ~ 3 months or less	3 months ~ 6 months or less	6 months ~ 1 year or less	1 year ~ 5 years or less	More than 5 years	Total
Real estate	₩	35,167	36,612	51,621	83,202	305,694	54,961	567,257
Vehicle		6,908	1,705	2,380	5,559	18,333	434	35,319
Others		639	658	1,223	2,438	6,380	-	11,338
	₩	<u>42,714</u>	<u>38,975</u>	<u>55,224</u>	<u>91,199</u>	<u>330,407</u>	<u>55,395</u>	<u>613,914</u>

		December 31, 2022						
		1 month or less	1 month ~ 3 months or less	3 months ~ 6 months or less	6 months ~ 1 year or less	1 year ~ 5 years or less	More than 5 years	Total
Real estate	₩	26,601	34,980	48,209	84,706	315,267	74,190	583,953
Vehicle		4,999	1,851	2,543	4,566	13,910	92	27,961
Others		463	588	1,151	2,219	6,994	10	11,425
	₩	<u>32,063</u>	<u>37,419</u>	<u>51,903</u>	<u>91,491</u>	<u>336,171</u>	<u>74,292</u>	<u>623,339</u>

(\*) The above amounts are based on undiscounted cash flows, and have been classified at the earliest maturity that the Group has the obligation to pay.

(g) The lease payments for low-value assets and short-term leases for the years ended December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
Low-value assets	₩	7,016		6,888
Short-term lease (*)		1,841		268
Total	₩	<u>8,857</u>		<u>7,156</u>

(\*) The payments for leases with terms less than 1 month are included.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**20. Pledged assets**

(a) Assets pledged as collateral as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Reasons for collateral</u>
Loans at fair value through profit or loss	₩ 49,902	-	Pledge for borrowing transaction
Loans at amortized cost	124,420	-	Pledge for borrowing transaction
Securities:			
Securities at FVTPL	18,525,421	12,714,420	Customer RP, etc.
Securities at FVOCI	12,164,955	9,383,156	Borrowings, Settlement security for Bank of Korea, Borrowing securities, etc.
Securities at amortized cost	17,659,715	14,913,535	Borrowings, Settlement security for Bank of Korea, Customer RP, etc.
	<u>48,350,091</u>	<u>37,011,111</u>	
Deposits at amortized cost	1,500,246	1,883,725	Borrowings, etc.
Property and Equipment (real estate)	5,039	29,288	Establishing the right to collateral security, etc.
	<u>₩ 50,029,698</u>	<u>38,924,124</u>	

(\*) The carrying amounts of assets pledged that the pledgees have the right to sell or re-pledge regardless of the Group's default as of December 31, 2023 and 2022 are ₩ 16,345,580 million and ₩9,754,980 million, respectively.

(b) The fair value of collateral held that the Group has the right to sell or re-pledge regardless of the pledger's default as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>The fair value of assets received as collateral</u>	<u>The fair value of collateral sold or re-provided as collateral</u>	<u>The fair value of assets received as collateral</u>	<u>The fair value of collateral sold or re-provided as collateral</u>
Securities	₩ 14,372,408	-	3,750,199	-

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**21. Deposits**

Deposits as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Demand deposits:		
Korean won	₩ 128,035,326	132,604,867
Foreign currencies	23,141,715	24,841,409
	<u>151,177,041</u>	<u>157,446,276</u>
Time deposits:		
Korean won	175,191,964	171,355,724
Foreign currencies	26,914,722	24,910,187
	<u>202,106,686</u>	<u>196,265,911</u>
Certificates of deposits	12,059,730	14,921,375
Discount note deposits	7,614,701	6,631,858
CMA	4,950,392	4,634,010
Others	3,604,114	3,088,864
	<u>₩ 381,512,664</u>	<u>382,988,294</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**22. Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Securities sold:		
Stocks	₩ 628,225	278,341
Bonds	477,626	438,689
Others	343,783	7,074
	<u>1,449,634</u>	<u>724,104</u>
Gold/silver deposits	419,343	422,006
	<u>₩ 1,868,977</u>	<u>1,146,110</u>

**23. Financial liabilities designated at fair value through profit or loss**

(a) Financial liabilities designated at fair value through profit or loss as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Reason for designation</u>
Equity-linked securities sold	₩ 5,610,256	5,437,434	Compound financial instrument
Securities sold with embedded derivatives	1,931,639	2,882,607	
Debt securities issued	254,832	47,327	Fair value measurement and management
	<u>₩ 7,796,727</u>	<u>8,367,368</u>	

(\*) The Group designated the financial liabilities at the initial recognition (or subsequently) in accordance with paragraph 6.7.1 of K-IFRS No. 1109 as financial liabilities at fair value through profit or loss.

Maximum credit risk exposure of the financial liabilities designated at fair value through profit or loss amounts to ₩ 7,796,727 million as of December 31, 2023. Increase in values of the liability due to credit risk changes is ₩ 4,011 million for the year ended December 31, 2023 and the accumulated changes in values are ₩(-)5,278 million as of December 31, 2023.

(b) The difference between the carrying amount of financial liabilities designated at fair value through profit or loss and the amount required to be paid at contractual maturity as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expiration payment	₩ 7,519,962	7,733,506
Carrying amount	7,796,727	8,367,368
Difference from carrying amount	<u>₩ (276,765)</u>	<u>(633,862)</u>



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**24. Borrowings**

Borrowings as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Borrowings denominated in Korean won:				
Borrowings from Bank of Korea	2.00~2.00	₩ 2,562,162	0.25~1.75	₩ 5,100,325
Others	0.00~7.83	25,077,825	0.00~7.60	23,091,971
		<u>27,639,987</u>		<u>28,192,296</u>
Borrowings denominated in foreign currencies:				
Overdraft due from banks	0.00~0.00	34,072	0.00~0.30	48,072
Borrowings from banks	0.00~14.85	7,331,197	0.15~21.20	7,811,701
Others	0.00~17.50	2,674,834	0.00~22.65	2,397,605
		<u>10,040,103</u>		<u>10,257,378</u>
Call money	0.02~5.88	2,195,849	0.05~6.30	1,276,301
Bill of sale	0.00~3.65	11,252	0.00~3.95	15,057
Bonds sold under repurchase agreements	0.00~6.74	17,312,576	0.00~6.80	9,544,536
Deferred origination costs		(298,415)		(6,393)
		<u>₩ 56,901,352</u>		<u>₩ 49,279,175</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**25. Debt securities issued**

Debt securities issued as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Debt securities issued in Korean won:				
Debt securities issued	0.00~7.70	₩ 65,801,744	0.05~9.00	₩ 61,038,481
Subordinated debt securities issued	2.20~5.20	2,860,105	2.20~4.17	3,275,225
Gain on fair value hedges	-	(225,750)	-	(348,700)
Discount on debt securities issued	-	(53,857)	-	(37,943)
		<u>68,382,242</u>		<u>63,927,063</u>
Debt securities issued in foreign currencies:				
Debt securities issued	0.25~7.36	9,697,265	0.25~7.59	9,586,831
Subordinated debt securities issued	3.34~5.00	3,768,942	3.34~5.10	4,145,264
Gain on fair value hedges	-	(240,483)	-	(324,901)
Discount on debt securities issued	-	(46,241)	-	(45,474)
		<u>13,179,483</u>		<u>13,361,720</u>
		<u>₩ 81,561,725</u>		<u>₩ 77,288,783</u>

**26. Defined benefit plans**

(a) Defined benefit plan assets and obligations

The Group has operated a defined benefit plan and calculates defined benefit obligations based on the employee's pension compensation benefits and service period.

Defined benefit obligations and plan assets as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	₩ 2,219,490	1,934,643
Fair value of plan assets	(2,266,248)	(2,376,817)
Recognized liability (asset) for defined benefit obligations (*)	<u>₩ (46,758)</u>	<u>(442,174)</u>

(\*) The asset for defined benefit obligation of ₩46,758 million as of December 31, 2023 is the net defined benefit assets of ₩114,378 million less the net defined liabilities of ₩67,620 million. In addition, the asset for defined benefit obligation of ₩442,174 million as of December 31, 2022 is the net defined benefit liabilities of ₩456,838 million less the net defined assets of ₩14,664 million.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**26. Defined benefit plans (continued)**

(b) Changes in the present value of defined benefit obligation and plan assets for the years ended December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023</b>		
	<b>Defined benefit obligation</b>	<b>Plan assets</b>	<b>Net defined benefit liabilities (assets)</b>
Beginning balance	₩ 1,934,643	(2,376,817)	(442,174)
Included in profit or loss:			
Current service cost	143,259	-	143,259
Past service cost	92	-	92
Net interest expense (income)	104,546	(138,254)	(33,708)
Settlement loss (gain)	7,633	5	7,638
	<u>255,530</u>	<u>(138,249)</u>	<u>117,281</u>
Included in other comprehensive income:			
Remeasurement loss:			
- Actuarial losses arising from:			
Demographic assumptions	106,072	-	106,072
Financial assumptions	123,204	1,723	124,927
Experience adjustment	5,925	-	5,925
- Return on plan assets excluding interest income	195	34,233	34,428
	<u>235,396</u>	<u>35,956</u>	<u>271,352</u>
Other:			
Benefits paid by the plan	(207,515)	295,185	87,670
Contributions paid into the plan	(13)	(82,323)	(82,336)
Changes in the scope of consolidation	93	-	93
Effect of changes in foreign exchange rates	1,356	-	1,356
	<u>(206,079)</u>	<u>212,862</u>	<u>6,783</u>
Ending balance	₩ <u>2,219,490</u>	<u>(2,266,248)</u>	<u>(46,758)</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**26. Defined benefit plans (continued)**

(b) Changes in the present value of defined benefit obligation and plan assets for the years ended December 31, 2023 and 2022 are as follows (continued):

	<b>December 31, 2022</b>		
	<b>Defined benefit obligation</b>	<b>Plan assets</b>	<b>Net defined benefit liabilities (assets)</b>
Beginning balance	₩ 2,205,869	(2,296,685)	(90,816)
Included in profit or loss:			
Current service cost	170,772	-	170,772
Past service cost	8,330	-	8,330
Net interest expense (income)	72,307	(78,823)	(6,516)
Settlement loss (gain)	(466)	-	(466)
	<u>250,943</u>	<u>(78,823)</u>	<u>172,120</u>
Included in other comprehensive income:			
Remeasurement loss (gain):			
- Actuarial losses (gains) arising from:			
Demographic assumptions	(938)	-	(938)
Financial assumptions	(419,764)	-	(419,764)
Experience adjustment	35,758	-	35,758
- Return on plan assets excluding interest income	-	36,725	36,725
	<u>(384,944)</u>	<u>36,725</u>	<u>(348,219)</u>
Other:			
Benefits paid by the plan	(138,290)	145,130	6,840
Contributions paid into the plan	-	(183,164)	(183,164)
Changes in the scope of consolidation	1,507	-	1,507
Effect of changes in foreign exchange rates	(442)	-	(442)
	<u>(137,225)</u>	<u>(38,034)</u>	<u>(175,259)</u>
Ending balance	₩ <u>1,934,643</u>	<u>(2,376,817)</u>	<u>(442,174)</u>

(\*) Profit and loss related to defined benefit plans are all included in the general administrative expense.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**26. Defined benefit plans (continued)**

(c) The composition of plan assets as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Plan assets comprise:		
Debt securities	₩ 5,002	31,140
Due from banks	2,044,101	2,115,397
Others	217,145	230,280
	<u>₩ 2,266,248</u>	<u>2,376,817</u>

(d) Actuarial assumptions as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Description</u>
Discount rate	4.00%~5.20%	5.05%~5.93%	AA0 corporate bond yields
Future salary increase rate	0.00%~7.00%	2.00%~7.00%	Average for 5 years
	+ Upgrade rate	+ Upgrade rate	
Weighted average maturity	1.00 years~ 11.50 years	6.7 years~ 10.9 years	

(e) Sensitivity analysis

As of December 31, 2023 and 2022, reasonably possible changes in one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<u>December 31, 2023</u>	
	<u>Defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
Discount rate (1%p movement)	₩ (190,760)	205,916
Future salary increase rate (1%p movement)	209,531	(196,909)
	<u>December 31, 2022</u>	
	<u>Defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
Discount rate (1%p movement)	₩ (154,651)	168,565
Future salary increase rate (1%p movement)	172,716	(160,649)

(f) The Group's estimated contribution is ₩ 162,769 million as of December 31, 2024.

**27. Provisions**

(a) Provisions as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Asset retirement obligations	₩ 99,927	91,571
Expected loss related to litigation	31,371	29,238
Unused credit commitments	355,591	317,590
Guarantee contracts issued	63,161	83,411
Financial guarantee contracts issued	39,998	55,828
Non-financial guarantee contracts issued	23,163	27,583
Others (*)	819,616	744,504
	<u>₩ 1,369,666</u>	<u>1,266,314</u>

(\*) As of December 31, 2023 and 2022, the Group recognizes a provision of ₩ 360,137 million and ₩ 574,013 million, respectively, an estimated amount which is highly probable to be paid for customer losses expected due to delays in redemption of Lime CI funds, etc. As of December 31, 2023, the Group recognizes a provision of ₩ 293,824 million for vulnerable groups such as self-employed people, small business owners and institutions supporting vulnerable groups, etc. in accordance with the "Banking financial support plan for people's livelihood."

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**27. Provisions (continued)**

(b) Changes in provision for unused credit commitments and financial guarantee contracts issued for the years ended December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>						
		<b>Unused credit commitments</b>			<b>Financial guarantee contracts issued</b>			
		<b>12 months expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Impaired financial asset</b>	<b>12 months expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Impaired financial asset</b>	<b>Total</b>
Beginning balance	₩	175,562	139,998	2,030	48,113	7,687	28	373,418
Transfer (from) to 12 months expected credit loss		65,058	(64,897)	(161)	3,921	(3,921)	-	-
Transfer (from) to life time expected credit loss		(13,466)	13,502	(36)	(7,659)	7,659	-	-
Transfer (from) to impaired financial asset		(609)	(1,953)	2,562	(530)	-	530	-
Provided (reversed)		(20,883)	42,506	15,327	150	70	(14)	37,156
Change in foreign exchange rate		1,025	26	-	294	92	1	1,438
Others (*)		-	-	-	(12,287)	(3,997)	(139)	(16,423)
Ending balance	₩	<u>206,687</u>	<u>129,182</u>	<u>19,722</u>	<u>32,002</u>	<u>7,590</u>	<u>406</u>	<u>395,589</u>

(\*) Others include effects of the provision from the new financial guarantee contracts measured at fair value, and the expired contracts, the change of discount rate and others.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**27. Provisions (continued)**

(b) Changes in provision for unused credit commitments and financial guarantee contracts issued for the years ended December 31, 2023 and 2022 are as follows (continued):

		<b>December 31, 2022</b>						
		<b>Unused credit commitments</b>			<b>Financial guarantee contracts issued</b>			
		<b>12 months expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Impaired financial asset</b>	<b>12 months expected credit loss</b>	<b>Life time expected credit loss</b>	<b>Impaired financial asset</b>	<b>Total</b>
Beginning balance	₩	150,573	147,511	1,924	48,607	6,709	28	355,352
Transfer (from) to 12 months expected credit loss		68,226	(67,945)	(281)	2,680	(2,680)	-	-
Transfer (from) to life time expected credit loss		(10,794)	10,842	(48)	(3,715)	3,715	-	-
Transfer (from) to impaired financial asset		(316)	(1,274)	1,590	-	-	-	-
Provided (reversed)		(30,016)	50,733	(1,155)	(972)	537	5	19,132
Change in foreign exchange rate		(2,068)	131	-	910	118	-	(909)
Others (*)		(43)	-	-	603	(712)	(5)	(157)
Ending balance	₩	<u>175,562</u>	<u>139,998</u>	<u>2,030</u>	<u>48,113</u>	<u>7,687</u>	<u>28</u>	<u>373,418</u>

(\*) Others include effects of the provision from the new financial guarantee contracts measured at fair value, and the expired contracts, the change of discount rate and others.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

27. Provisions (continued)

(c) Changes in provisions for the years ended December 31, 2023 and 2022 are as follows:

<b>December 31, 2023</b>					
	<b>Asset retirement</b>	<b>Litigation</b>	<b>Guarantee</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 91,571	29,238	27,583	744,504	892,896
Provision(reversal)	4,771	2,266	(4,856)	516,735	518,916
Provision used	(5,157)	(193)	-	(446,545)	(451,895)
Change in foreign exchange rate	-	-	412	1,127	1,539
Others (*)	8,742	60	24	3,795	12,621
Ending balance	₩ 99,927	31,371	23,163	819,616	974,077

<b>December 31, 2022</b>					
	<b>Asset retirement</b>	<b>Litigation</b>	<b>Guarantee</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 82,123	9,693	26,578	693,110	811,504
Provision(reversal)	27,474	20,733	(410)	127,460	175,257
Provision used	(25,228)	(779)	-	(75,355)	(101,362)
Change in foreign exchange rate	4	-	1,352	315	1,671
Others (*)	7,090	(409)	63	(1,026)	5,718
Business combination	108	-	-	-	108
Ending balance	₩ 91,571	29,238	27,583	744,504	892,896

(\*) Others include increase in provisions based on the present value, the effect of changes in discount rate over the period and others.

(d) Asset retirement obligation liabilities represent the estimated cost to restore the existing leased properties which is discounted to the present value using the appropriate discount rate at the end of the reporting period. Disbursements of such costs are expected to incur at the end of lease contract. Such costs are reasonably estimated using the average lease year and the average restoration expenses. The average lease year is calculated based on the past ten-year historical data of the expired leases. The average restoration expense is calculated based on the actual costs incurred for the past three years using the three-year average inflation rate.

(e) Allowance for guarantees and acceptances as of December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Outstanding guarantees and acceptances	₩ 12,503,445	12,154,088
Contingent guarantees and acceptances	4,337,751	4,565,829
ABS and ABCP purchase commitments	1,533,047	1,496,604
Endorsed bill	44	10,025
	₩ 18,374,287	18,226,546
Allowance for loss on guarantees and acceptances	₩ 63,161	83,411
Ratio	%	0.34
		0.46



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts**

(a) The details of insurance contract liabilities as of December 31, 2023 and 2022 are as follow:

		<b>December 31, 2023</b>									
		Life insurance					Non-life insurance				
		Death	Health	Pension Savings	Variable	Etc.	Complex	Long-term	General	Car	Total
Insurance contract assets	₩	-	-	-	-	-	-	(444)	(10,210)	-	(10,654)
Insurance contract liabilities (*)		16,895,075	5,347,357	20,536,870	5,445,493	5,001	-	-	102,921	1,515	48,334,232
Net insurance contract liability (asset) total		16,895,075	5,347,357	20,536,870	5,445,493	5,001	-	(444)	92,711	1,515	48,323,578
Reinsurance contract assets		-	-	-	-	-	62,815	-	25,538	-	88,353
Reinsurance contract liabilities		(27,046)	(66,075)	-	-	-	-	(41)	(78)	-	(93,240)
Total net reinsurance contract assets (liabilities)	₩	(27,046)	(66,075)	-	-	-	62,815	(41)	25,460	-	(4,887)

		<b>December 31, 2022</b>									
		Life insurance					Non-life insurance				
		Death	Health	Pension Savings	Variable	Etc.	Complex	Long-term	General	Car	Total
Insurance contract assets	₩	-	-	-	-	-	-	-	-	-	-
Insurance contract liabilities (*)		14,562,428	4,989,899	21,137,691	5,124,028	1,528	-	3,376	85,672	1,767	45,906,389
Net insurance contract liability (asset) total		14,562,428	4,989,899	21,137,691	5,124,028	1,528	-	3,376	85,672	1,767	45,906,389
Reinsurance contract assets		-	-	-	-	-	59,018	-	29,754	-	88,772
Reinsurance contract liabilities		(24,661)	(38,109)	-	-	-	-	-	(33)	-	(62,803)
Total net reinsurance contract assets (liabilities)	₩	(24,661)	(38,109)	-	-	-	59,018	-	29,721	-	25,969

(\*) As of December 31, 2023 and 2022, contractor's share adjustment amount is excluded ₩ (-) 1,024 million and ₩ (-) 1,616 million, respectively.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(b) The assumptions and calculation basis for the current estimates of future cash flows applied to the holding contract as of December 31, 2023 and 2022 are as follow:

	Assumption value (%)			Basis for calculation
	December 31, 2023	December 31, 2022	Transition point	
<b>Life insurance:</b>				
Cancellation rate	0.00~73.78	0.00~78.00	0.00~78.00	The ratio of the cancellation contract amount to the maintenance contract amount by payment category, product group, interest rate category, channel, and elapsed period calculated based on the last 5 years of experience statistics.
Loss rate	17.00 ~ 756.00	9.00~ 771.00	11.00 ~ 833.00	- Other than general mortality: Ratio of accident insurance premium to on-level risk insurance premium by risk coverage and elapsed period based on the last five years of experience statistics - General mortality: Ratio of actual mortality rate to expected mortality rate by risk coverage and elapsed period based on empirical statistics from the past five years
Operating expense rate	-	-	-	Based on the Group's experience statistics for the past one year or more, the business plan (budget) that reflects the future operating expense policy is used as basic statistics to calculate proportional unit costs such as conversion results, planner fees, number of new/existing contracts, new/continuing insurance premiums, and reserves.
Discount rate	3.75 ~ 4.80	4.38 ~ 5.17	1.55 ~ 4.95	Interest rate term structure based on Financial Supervisory Service disclosure standards
Risk adjustment confidence level for non-financial risks	75.00	75.00	75.00	Under the assumption that the probability distribution of the present value of future cash flows at each reporting time follows a normal distribution, the portion where the 75% percentile exceeds the probability-weighted average of the present value of future cash flows is calculated as risk adjustment.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(b) The assumptions and calculation basis for the current estimates of future cash flows applied to the holding contract as of December 31, 2023 and 2022 are as follow: (continued)

	Assumption value (%)			Basis for calculation
	December 31, 2023	December 31, 2022	Transition point	
<b>Non-life insurance:</b>				
Cancellation rate	General: 0.54~38.56	General: 5.10~38.90	General: 0.10~39.60	General: Calculated as the ratio of the number of and effective contracts compared to the number of contracts with experience from July 2017 to June 2023
	Long-term: 1.60~25.25	Long-term: 10.50~25.50	Long-term: 7.00~26.00	Long-term: Calculated as the ratio of the number of canceled and effective contracts compared to the number of contracts with experience from October 2017 to June 2023 * In case of long-term new products, application assumptions are used during product development due to lack of experience statistics of the consolidated entity.
Loss rate	General: 24.47~112.27	General: 48.80~100.00	General: 13.60~158.30	General: Calculated as the ratio of incurred losses to experienced risk insurance premiums from July 2016 to June 2023
	Long-term: 40.99~187.70	Long-term: 44.10~171.50	Long-term: 33.60~137.70	Long-term: Calculated as the ratio of incurred losses to experienced risk insurance premiums from October 2017 to June 2023 *In case of long-term new products, application assumptions are used during product development due to lack of experience statistics of the Group.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

28. Liability under insurance contracts (continued)

(b) The assumptions and calculation basis for the current estimates of future cash flows applied to the holding contract as of December 31, 2023 and 2022 are as follow: (continued)

	Assumption value (%)			Basis for calculation
	December 31, 2023	December 31, 2022	Transition point	
Operating expense rate	Contract conclusion cost:	Contract conclusion cost:	Contract conclusion cost:	Using the Group's experience statistics for the year immediately preceding the calculation (October 2022 - September 2023), the operating expense unit price was subdivided by workload and type of work on a portfolio basis, and calculated by applying the variable cost/fixed ratio according to the operating expense allocation standard.
	Variable cost (%) 11.73~2170.24	Variable cost (%) 4.99~13.16	Variable cost (%) 6.02~10.96	
	Fixed cost (won) 44,653~68,795	Fixed cost (won) 921~3,769	Fixed cost (won) 902~1,896	
	Contract maintenance cost:	Contract maintenance cost:	Contract maintenance cost:	Contract conclusion cost - Variable cost: Distribution of contract variable cost compared to imported insurance premium - Fixed cost: Fixed cost distribution for contract conclusion compared to the number of new contracts  Contract maintenance cost - Variable cost: Variable cost allocation for contract maintenance compared to earned insurance premiums - Fixed cost: Fixed cost allocation for contract maintenance compared to the number of contracts held  Damage investigation cost: Amount of damage investigation cost allocated to the amount of damage incurred *In case of long-term new products, application assumptions are used during product development due to lack of experience statistics of the consolidated entity
	Variable cost (%) 31.73~36.37	Variable cost (%) 4.7~21.19	Variable cost (%) 2.4~22.56	
	Fixed cost (won) 2,220~2,538	Fixed cost (won) 0~2,004	Fixed cost (won) 0~1,655	
	Damage investigation cost (%) 11.65~14.30	Damage investigation cost (%) 8.38~26.9	Damage investigation cost (%) 20.7~30.7	
Discount rate	4.55~4.80	4.71~4.95	1.546~4.95	Interest rate term structure based on Financial Supervisory Service disclosure standards
Risk adjustment confidence level for non-financial risks	75.00	75.00	75.00	Under the assumption that the probability distribution of the present value of future cash flows at each reporting time follows a normal distribution, the portion where the 75% percentile exceeds the probability-weighted average of the present value of future cash flows is calculated as risk adjustment.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(c) The details of changes in the remaining coverage elements and occurrence elements of net insurance contract liabilities that did not apply the premium distribution for the years ended December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>			
		Remaining coverage elements		Accident factors that	
		Excluding loss factors	Loss factor	occur	Total
Beginning balance	Insurance contract assets	₩ -	-	-	-
	Insurance contract liabilities	43,128,619	880,115	1,810,028	45,818,762
	Net insurance contract liabilities	43,128,619	880,115	1,810,028	45,818,762
Insurance income	Retroactive modification method	(1,484,047)	-	-	(1,484,047)
	Fair value method	(958,369)	-	-	(958,369)
	Etc.	(417,542)	-	-	(417,542)
		(2,859,958)	-	-	(2,859,958)
Insurance service expenses	Accrued insurance premiums and other incurred insurance service expenses	-	-	1,513,580	1,513,580
	Changes in incident fulfillment cash flow	-	-	11,468	11,468
	Costs related to onerous contracts	-	(35,360)	-	(35,360)
	Amortization of insurance acquisition cash flows	262,280	-	-	262,280
	Etc.	(21,048)	(16,548)	-	(37,596)
		241,232	(51,908)	1,525,048	1,714,372
Investment factors and insurance premium refund		(5,281,435)	-	5,281,435	-
Insurance finance income and expenses	Current profit or loss	2,134,312	21,300	62,861	2,218,473
	Other comprehensive income	2,924,797	35,025	1,172	2,960,994
		₩ 5,059,109	56,325	64,033	5,179,467

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(c) The details of changes in the remaining coverage elements and occurrence elements of net insurance contract liabilities that did not apply the premium distribution approach for the years ended December 31, 2023 and 2022 are as follow (continued)

		<b>December 31, 2023</b>			
		Remaining coverage elements		Accident factors that	
		Excluding loss factors	Loss factor	occur	Total
Cash flow for the period	Insurance premium received	₩ 6,209,129	-	-	6,209,129
	Insurance acquisition cash flow payment	(979,176)	-	-	(979,176)
	Payment of insurance benefits and other insurance service expenses	(715)	-	(1,497,502)	(1,498,217)
	Receipt (payment) of investment elements and refund of insurance premiums	-	-	(5,355,137)	(5,355,137)
		5,229,238	-	(6,852,639)	(1,623,401)
Other increase/decrease		269	(490)	101	(120)
Ending balance	Insurance contract assets	(493)	-	49	(444)
	Insurance contract liabilities	45,517,567	884,042	1,827,957	48,229,566
	Net insurance contract liabilities	₩ 45,517,074	884,042	1,828,006	48,229,122

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(c) The details of changes in the remaining coverage elements and occurrence elements of net insurance contract liabilities that did not apply the premium distribution approach for the years ended December 31, 2023 and 2022 are as follow (continued):

		<b>December 31, 2022</b>			
		Remaining coverage elements		Accident factors that	
		Excluding loss factors	Loss factor	occur	Total
Beginning balance	Insurance contract assets	₩ -	-	-	-
	Insurance contract liabilities	50,883,599	984,570	1,861,002	53,729,171
	Net insurance contract liabilities	50,883,599	984,570	1,861,002	53,729,171
Insurance income	Retroactive modification method	(1,653,048)	-	-	(1,653,048)
	fair value law	(945,620)	-	-	(945,620)
	Etc.	(132,798)	-	-	(132,798)
		(2,731,466)	-	-	(2,731,466)
Insurance service expenses	Accrued insurance premiums and other				
	incurred insurance service expenses	165	-	1,478,369	1,478,534
	Changes in incident fulfillment cash flow	-	-	(37,104)	(37,104)
	Costs related to loss-bearing contracts	-	(7,810)	-	(7,810)
	Amortization of insurance acquisition				
	Cash flows	214,103	-	-	214,103
Etc.	15,772	(14,929)	-	843	
		230,040	(22,739)	1,441,265	1,648,566
Investment factors and insurance premium refund		(5,790,725)	-	5,790,725	-
Insurance finance income and expenses	Current profit or loss	785,938	19,074	58,382	863,394
	Other comprehensive income	(6,290,667)	(101,576)	(4,093)	(6,396,336)
		₩ (5,504,729)	(82,502)	54,289	(5,532,942)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(c) The details of changes in the remaining coverage elements and occurrence elements of net insurance contract liabilities that did not apply the premium distribution approach for the years ended December 31, 2023 and 2022 are as follow (continued):

		<b>December 31, 2022</b>			
		Remaining coverage elements		Accident factors that	
		Excluding loss factors	Loss factor	occur	Total
Cash flow for the period	Insurance premium received	₩ 6,875,883	-	-	6,875,883
	Insurance acquisition cash flow payment	(841,325)	-	-	(841,325)
	Payment of insurance benefits and other insurance service expenses	5,221	-	(1,463,750)	(1,458,529)
	Receipt (payment) of investment elements and refund of insurance premiums	-	-	(5,873,670)	(5,873,670)
		<u>6,039,779</u>	<u>-</u>	<u>(7,337,420)</u>	<u>(1,297,641)</u>
Business combination		2,058	849	167	3,074
Other increase/decrease		63	(63)	-	-
Ending balance	Insurance contract assets	-	-	-	-
	Insurance contract liabilities	43,128,619	880,115	1,810,028	45,818,762
	Net insurance contract liabilities	₩ <u>43,128,619</u>	<u>880,115</u>	<u>1,810,028</u>	<u>45,818,762</u>



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(d) The changes in the remaining coverage elements and occurrence elements of net insurance contract liabilities applying the premium allocation approach for the years ended December 31, 2023 and 2022 are as follow:

		<b>December 31, 2023</b>				
		Remaining coverage elements		Accident factors that occur		
		Excluding loss factors	Loss factor	Present value estimate of future cash flows	Risk adjustment for non-financial risks	Total
Beginning balance	Insurance contract assets	₩ -	-	-	-	-
	Insurance contract liabilities	78,665	3,139	5,372	451	87,627
	Net insurance contract liabilities	78,665	3,139	5,372	451	87,627
Insurance income		(39,641)	-	-	-	(39,641)
Insurance service expenses	Accrued insurance premiums and other incurred insurance service expenses	33	-	29,966	1,093	31,092
	Changes in incident fulfillment cash flow	-	-	(2,669)	(684)	(3,353)
	Costs related to loss-bearing contracts	23	2,449	-	-	2,472
	Amortization of insurance acquisition Cash flows	4,126	-	-	-	4,126
	Etc.	-	-	70	-	70
		4,182	2,449	27,367	409	34,407
Investment factors and insurance premium refund		(9)	-	9	-	-
Insurance finance income and expenses	Current profit or loss	2,412	-	67	10	2,489
	Other comprehensive income	-	-	23	2	25
		2,412	-	90	12	2,514
Cash flow for the period	Insurance premium received	46,680	-	-	-	46,680
	Insurance acquisition cash flow payment	(12,751)	-	-	-	(12,751)
	Payment of insurance benefits and other insurance service expenses	-	-	(22,643)	-	(22,643)
	Receipt (payment) of investment elements and refund of insurance premiums	-	-	288	-	288
			33,929	-	(22,355)	-
Other increase/decrease		(1,684)	(770)	307	122	(2,025)
Ending balance	Insurance contract assets	(10,670)	3	450	7	(10,210)
	Insurance contract liabilities	88,524	4,815	10,340	987	104,666
	Net insurance contract liabilities	₩ 77,854	4,818	10,790	994	94,456

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(d) The changes in the remaining coverage elements and occurrence elements of net insurance contract liabilities applying the premium allocation approach for the years ended December 31, 2023 and 2022 are as follow (continued):

		<b>December 31, 2022</b>				
		Remaining coverage elements		Accident factors that occur		
		Excluding loss factors	Loss factor	Present value estimate of future cash flows	Risk adjustment for non-financial risks	Total
Beginning balance	Insurance contract assets	-	-	-	-	-
	Insurance contract liabilities	219	-	348	23	590
	Net insurance contract liabilities	219	-	348	23	590
Insurance income		(10,264)	-	-	-	(10,264)
Insurance service expenses	Accrued insurance premiums and other incurred insurance service expenses	8,187	-	3,903	5	12,095
	Changes in incident fulfillment cash flow	-	-	1,257	225	1,482
	Costs related to loss-bearing contracts	(178)	2,364	-	-	2,186
	Amortization of insurance acquisition					
	Cash flows	3,541	-	-	-	3,541
	Etc.	-	-	-	-	-
		11,550	2,364	5,160	230	19,304
Investment factors and insurance premium refund		(2)	-	2	-	-
Insurance finance income and expenses	Current profit or loss	618	-	(5)	-	613
	Other comprehensive income	-	-	(1)	-	(1)
		618	-	(6)	-	612
Cash flow for the period	Insurance premium received	31,741	-	-	-	31,741
	Insurance acquisition cash flow payment	(8,488)	-	-	-	(8,488)
	Payment of insurance benefits and other insurance service expenses	(7,396)	-	(3,514)	-	(10,910)
	Receipt (payment) of investment elements and refund of insurance premiums	-	-	(2)	-	(2)
		15,857	-	(3,516)	-	12,341
Business Combination		60,687	775	3,384	198	65,044
Ending balance	Insurance contract assets	-	-	-	-	-
	Insurance contract liabilities	78,665	3,139	5,372	451	87,627
	Net insurance contract liabilities	78,665	3,139	5,372	451	87,627

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(e) Changes by measurement element in net insurance contract liabilities without applying the premium allocation approach for the years ended December 31, 2023 and 2022 are as follow:

		<b>December 31, 2023</b>						
		Present value estimate of future cash flows	Risk adjustment for non-financial risks	Contractual service margin			Sub-total	Total
				Retrospective method	Fair value method	Etc.		
Beginning balance	Insurance contract assets	₩ -	-	-	-	-	-	-
	Insurance contract liabilities	34,851,591	1,151,768	6,765,720	2,351,146	698,537	9,815,403	45,818,762
	Net insurance contract liabilities	34,851,591	1,151,768	6,765,720	2,351,146	698,537	9,815,403	45,818,762
Changes related to future services	Change in contractual service margin adjustment estimate	350,007	(84,549)	(659,780)	570,862	(176,540)	(265,458)	-
	Change in unadjusted estimate of contractual service margin	(46,697)	(4,196)	-	-	(158)	(158)	(51,051)
	Initial recognition effect of new contracts for the current period	(991,607)	105,353	-	-	901,945	901,945	15,691
		(688,297)	16,608	(659,780)	570,862	725,247	636,329	(35,360)
Changes related to current service	Contractual service margin amortization	-	-	(536,399)	(215,795)	(162,449)	(914,643)	(914,643)
	Risk-adjusted change	-	(101,902)	-	-	-	-	(101,902)
	Experience adjustment	(105,141)	(8)	-	-	-	-	(105,149)
		(105,141)	(101,910)	(536,399)	(215,795)	(162,449)	(914,643)	(1,121,694)
Changes related to past services	Adjustment of accident factors	21,880	(10,412)	-	-	-	-	11,468

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(e) Changes by measurement element in net insurance contract liabilities without applying the premium allocation approach for the years ended December 31, 2023 and 2022 are as follow (continued):

			<b>December 31, 2023</b>						
			Present value estimate of future cash flows	Risk adjustment for non-financial risks	Contractual service margin			Sub-total	Total
					Retrospective method	Fair value method	Etc.		
Insurance finance income and expenses	Current profit or loss	₩	1,848,652	42,200	203,297	76,583	47,741	327,621	2,218,473
	Other comprehensive income		2,907,587	53,407	-	-	-	-	2,960,994
			<u>4,756,239</u>	<u>95,607</u>	<u>203,297</u>	<u>76,583</u>	<u>47,741</u>	<u>327,621</u>	<u>5,179,467</u>
Cash flow for the period	Insurance premium received		6,209,129	-	-	-	-	-	6,209,129
	Insurance acquisition cash flow payment		(979,176)	-	-	-	-	-	(979,176)
	Payment of insurance benefits and other insurance service expenses		(1,498,217)	-	-	-	-	-	(1,498,217)
	Receipt (payment) of investment elements and refund of insurance premiums		(5,355,137)	-	-	-	-	-	(5,355,137)
				<u>(1,623,401)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other increase/decrease		(117)	(3)	-	-	-	-	-	(120)
Ending balance	Insurance contract assets		(743)	124	-	-	175	175	(444)
	Insurance contract liabilities		37,213,497	1,151,534	5,772,838	2,782,796	1,308,901	9,864,535	48,229,566
	Net insurance contract liabilities	₩	<u>37,212,754</u>	<u>1,151,658</u>	<u>5,772,838</u>	<u>2,782,796</u>	<u>1,309,076</u>	<u>9,864,710</u>	<u>48,229,122</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(e) Changes by measurement element in net insurance contract liabilities without applying the premium allocation approach as of December 31, 2023 and 2022 are as follow (continued):

		<b>December 31, 2022</b>						
		Present value estimate of future cash flows	Risk adjustment for non-financial risks	Contractual service margin			Sub-total	Total
				Retrospective method	Fair value method	Etc.		
Beginning balance	Insurance contract assets	₩ -	-	-	-	-	-	-
	Insurance contract liabilities	42,860,167	1,273,126	7,528,543	2,067,335	-	9,595,878	53,729,171
	Net insurance contract liabilities	42,860,167	1,273,126	7,528,543	2,067,335	-	9,595,878	53,729,171
Changes related to future services	Change in contractual service margin adjustment estimate	(46,515)	7,259	(370,905)	434,892	(24,732)	39,255	(1)
	Change in unadjusted estimate of contractual service margin	(75,617)	(808)	-	-	-	-	(76,425)
	Initial recognition effect of new contracts for the current period	(792,097)	106,962	-	-	753,751	753,751	68,616
		(914,229)	113,413	(370,905)	434,892	729,019	793,006	(7,810)
Changes related to current service	Contractual service margin amortization	-	-	(632,727)	(218,251)	(50,830)	(901,808)	(901,808)
	Risk-adjusted change	-	(109,301)	-	-	-	-	(109,301)
	Experience adjustment	(26,844)	-	(33)	-	-	(33)	(26,877)
	(26,844)	(109,301)	(632,760)	(218,251)	(50,830)	(901,841)	(1,037,986)	
Changes related to past services	Adjustment of accident factors	(27,113)	(9,991)	-	-	-	-	(37,104)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(e) Changes by measurement element in net insurance contract liabilities without applying the premium allocation approach for the years ended December 31, 2023 and 2022 are as follow (continued):

		<b>December 31, 2022</b>						
		Present value estimate of future cash flows	Risk adjustment for non-financial risks	Contractual service margin			Sub-total	Total
				Retrospective method	Fair value method	Etc.		
Insurance finance income and expenses	Current profit or loss	₩ 501,746	36,907	240,829	67,170	16,742	324,741	863,394
	Other comprehensive income	(6,243,862)	(152,474)	-	-	-	-	(6,396,336)
		<u>(5,742,116)</u>	<u>(115,567)</u>	<u>240,829</u>	<u>67,170</u>	<u>16,742</u>	<u>324,741</u>	<u>(5,532,942)</u>
Cash flow for the period	Insurance premium received	6,875,883	-	-	-	-	-	6,875,883
	Insurance acquisition cash flow payment	(841,325)	-	-	-	-	-	(841,325)
	Payment of insurance benefits and other insurance service expenses	(1,458,529)	-	-	-	-	-	(1,458,529)
	Receipt (payment) of investment elements and refund of insurance premiums	(5,873,670)	-	-	-	-	-	(5,873,670)
			<u>(1,297,641)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business Combination Ending balance		(633)	88	13	-	3,606	3,619	3,074
	Insurance contract assets	-	-	-	-	-	-	-
	Insurance contract liabilities	34,851,591	1,151,768	6,765,720	2,351,146	698,537	9,815,403	45,818,762
	Net insurance contract liabilities	₩ 34,851,591	1,151,768	6,765,720	2,351,146	698,537	9,815,403	45,818,762

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(f) Details of insurance contracts that did not apply the premium allocation approach recognized for the first time for the years ended December 31, 2023 and 2022 are as follow:

		<b>December 31, 2023</b>					
		<u>Present value estimate of future cash outflows</u>					
		Other than insurance					
		acquisition cash flow amount	Insurance acquisition cash flow amount	Present value estimate of future cash inflows	Risk adjustment for non-financial risks	Contractual service margin	Total
Contract recognized for the first time in the period	Except for loss burden contract set	₩ 2,790,412	975,895	(4,766,973)	98,721	901,945	-
	Loss burden contract set	154,524	63,685	(209,150)	6,632	-	15,691
		<u>₩ 2,944,936</u>	<u>1,039,580</u>	<u>(4,976,123)</u>	<u>105,353</u>	<u>901,945</u>	<u>15,691</u>
		<b>December 31, 2022</b>					
		<u>Present value estimate of future cash outflows</u>					
		Other than insurance					
		acquisition cash flow amount	Insurance acquisition cash flow amount	Present value estimate of future cash inflows	Risk adjustment for non-financial risks	Contractual service margin	Total
Contract recognized for the first time in the period	Except for loss burden contract set	₩ 2,314,596	783,758	(3,948,951)	96,846	753,751	-
	Loss burden contract set	705,278	120,272	(767,050)	10,116	-	68,616
		<u>₩ 3,019,874</u>	<u>904,030</u>	<u>(4,716,001)</u>	<u>106,962</u>	<u>753,751</u>	<u>68,616</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(g) The amount expected to be recognized in profit or loss in the future as contractual service margin for insurance contracts that do not apply the premium distribution approach as of December 31, 2023 and 2022 are as follow:

		<b>December 31, 2023</b>					
		<b>Less than 1 year</b>	<b>1~2 years</b>	<b>2~5 years</b>	<b>5~10 years</b>	<b>More than 10 years</b>	<b>Total</b>
Contractual Service Margin	₩	867,208	759,132	1,851,145	2,185,854	4,201,371	9,864,710
		<b>December 31, 2022</b>					
		<b>Less than 1 year</b>	<b>1~2 years</b>	<b>2~5 years</b>	<b>5~10 years</b>	<b>More than 10 years</b>	<b>Total</b>
Contractual Service Margin	₩	834,346	738,947	1,820,472	2,179,243	4,242,395	9,815,403

(h) The composition details and fair value amounts of basic items of insurance contracts with direct participation characteristics as of December 31, 2023 and 2022 are as follow:

(*)	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and amortized cost measurement deposits	₩ 322,933	381,923
Financial assets measured at fair value through profit or loss	3,934,491	3,831,526
Amortized cost loan receivables	66,790	44,319
derivatives	674	(961)
Etc.	81,468	79,950
	<b>₩ 4,406,356</b>	<b>4,336,757</b>

(\*) As of December 31, 2023 and 2022, the book value of financial assets (liabilities) of variable insurance is ₩ 5,940,453 million and ₩ 5,695,788 million.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(i) The details of changes in the remaining coverage elements and occurrence elements of reinsurance contract assets (liabilities) for which the premium distribution approach was not applied for the years ended December 31, 2023 and 2022 are as follow:

		<b>December 31, 2023</b>			
		Remaining coverage elements		Accident factors that	
		Excluding loss factors	Loss factor	occur	Total
Beginning balance	Reinsurance contract assets	₩ 8,453	5,236	45,328	59,017
	Reinsurance contract liabilities	(106,247)	22,662	20,815	(62,770)
	Net reinsurance contract assets (liabilities)	(97,794)	27,898	66,143	(3,753)
Reinsurance revenue	Accrued reinsurance amount	-	-	72,651	72,651
	Changes in incident fulfillment cash flow	-	-	(32,100)	(32,100)
	Etc.	(1)	(115)	-	(116)
		(1)	(115)	40,551	40,435
Reinsurance service expense	Fair value method	(52,637)	-	-	(52,637)
	Etc.	(19,767)	318	-	(19,449)
		(72,404)	318	-	(72,086)
Recovery of investment elements and reinsurance premiums		(152,684)	-	152,684	-
Reinsurance finance income and expense	Current profit or loss	(2,156)	29	1,263	(864)
	Other comprehensive income	(28,793)	384	116	(28,293)
		₩ (30,949)	413	1,379	(29,157)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(i) The details of changes in the remaining coverage elements and occurrence elements of reinsurance contract assets (liabilities) for which the premium distribution approach was not applied for the years ended December 31, 2023 and 2022 are as follow (continued) :

		<b>December 31, 2023</b>			
		<u>Remaining coverage elements</u>			
		<u>Excluding loss recovery factors</u>	<u>Loss recovery factor</u>	<u>Accident factors that occur</u>	<u>Total</u>
Cash flow for the period	Reinsurance premium paid	₩ 229,319	-	-	229,319
	Recovery of reinsurance proceeds and other reinsurance profits	-	-	(43,405)	(43,405)
	Receipt of investment elements and recovery of reinsurance premiums	-	-	(152,052)	(152,052)
		<u>229,319</u>	<u>-</u>	<u>(195,457)</u>	<u>33,862</u>
Other increase/decrease		745	(347)	(47)	351
Ending balance	Reinsurance contract assets	19,436	5,055	38,323	62,814
	Reinsurance contract liabilities	(143,204)	23,112	26,930	(93,162)
	Net reinsurance contract assets (liabilities)	₩ (123,768)	28,167	65,253	(30,348)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(i) The details of changes in the remaining coverage elements and occurrence elements of reinsurance contract assets (liabilities) for which the premium distribution approach was not applied for the years ended December 31, 2023 and 2022 are as follow (continued) :

		<b>December 31, 2022</b>			
		Remaining coverage elements		Accident factors that	
		Excluding loss factors	Loss factor	occur	Total
Beginning balance	Reinsurance contract assets	₩ -	-	-	-
	Reinsurance contract liabilities	(372,952)	31,824	59,364	(281,764)
	Net reinsurance contract assets (liabilities)	(372,952)	31,824	59,364	(281,764)
Reinsurance revenue	Accrued reinsurance amount	-	-	66,383	66,383
	Changes in incident fulfillment cash flow	-	-	(25,677)	(25,677)
	Etc.	-	(5,724)	-	(5,724)
		-	(5,724)	40,706	34,982
Reinsurance service expense	Fair value method	(53,430)	-	-	(53,430)
	Etc.	(8,898)	-	-	(8,898)
		(62,328)	-	-	(62,328)
Recovery of investment elements and reinsurance premiums		(146,377)	-	146,377	-
Reinsurance finance income and expense	Current profit or loss	(1,852)	73	600	(1,179)
	Other comprehensive income	45,085	1,725	(490)	46,320
		₩ 43,233	1,798	110	45,141

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(i) The details of changes in the remaining coverage elements and occurrence elements of reinsurance contract assets (liabilities) for which the premium distribution approach was not applied for the years ended December 31, 2023 and 2022 are as follow (continued) :

		<b>December 31, 2022</b>			
		<u>Remaining coverage elements</u>			
		<u>Excluding loss recovery factors</u>	<u>Loss recovery factor</u>	<u>Accident factors that occur</u>	<u>Total</u>
Cash flow for the period	Reinsurance premium paid	₩ 440,630	-	-	440,630
	Recovery of reinsurance proceeds and other reinsurance profits	-	-	(35,130)	(35,130)
	Receipt of investment elements and recovery of reinsurance premiums	-	-	(145,284)	(145,284)
		<u>440,630</u>	<u>-</u>	<u>(180,414)</u>	<u>260,216</u>
Ending balance	Reinsurance contract assets	8,453	5,236	45,328	59,017
	Reinsurance contract liabilities	(106,247)	22,662	20,815	(62,770)
	Net reinsurance contract assets (liabilities)	₩ (97,794)	27,898	66,143	(3,753)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(j) Details of changes in the remaining coverage elements and occurrence elements of reinsurance contract assets (liabilities) applying the premium distribution approach for the years ended December 31, 2023 and 2022 are as follow:

		<b>December 31, 2023</b>				
		Remaining coverage elements		Accident factors that occur		
		Excluding loss recovery factors	Loss recovery factor	Present value estimate of future cash flows	Risk adjustment for non-financial risks	Total
Beginning balance	Reinsurance contract assets	₩ 26,901	75	2,659	120	29,755
	Reinsurance contract liabilities	-	-	(33)	-	(33)
	Net reinsurance contract assets (liabilities)	<u>26,901</u>	<u>75</u>	<u>2,626</u>	<u>120</u>	<u>29,722</u>
Reinsurance revenue	Accrued reinsurance amount	-	-	2,813	79	2,892
	Changes in incident fulfillment cash flow	-	1,194	318	(71)	1,441
	Etc.	217	-	-	-	217
		<u>217</u>	<u>1,194</u>	<u>3,131</u>	<u>8</u>	<u>4,550</u>
Reinsurance service expense		(10,104)	-	-	-	(10,104)
Recovery of investment elements and reinsurance premiums		-	-	-	-	-
Reinsurance finance income and expense	Current profit or loss	915	-	27	3	945
	Other comprehensive income	-	-	9	1	10
		<u>915</u>	<u>-</u>	<u>36</u>	<u>4</u>	<u>955</u>
Cash flow for the period	Reinsurance premium paid	3,716	-	-	-	3,716
	Recovery of reinsurance proceeds and other reinsurance profits	-	-	(1,079)	-	(1,079)
	Receipt of investment elements and recovery of reinsurance premiums	-	-	-	-	-
		<u>3,716</u>	<u>-</u>	<u>(1,079)</u>	<u>-</u>	<u>2,637</u>
Other increase/decrease		(1,733)	(49)	(489)	(28)	(2,299)
Ending balance	Reinsurance contract assets	19,971	1,220	4,244	104	25,539
	Reinsurance contract liabilities	(59)	-	(19)	-	(78)
	Net reinsurance contract assets (liabilities)	<u>₩ 19,912</u>	<u>1,220</u>	<u>4,225</u>	<u>104</u>	<u>25,461</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(j) Details of changes in the remaining coverage elements and occurrence elements of reinsurance contract assets (liabilities) applying the premium distribution approach for the years ended December 31, 2023 and 2022 are as follow (continued):

		<b>December 31, 2022</b>				
		Remaining coverage elements		Accident factors that occur		
		Excluding loss recovery factors	Loss recovery factor	Present value estimate of future cash flows	Risk adjustment for non-financial risks	Total
Beginning balance	Reinsurance contract assets	₩ -	-	-	-	-
	Reinsurance contract liabilities	-	-	-	-	-
	Net reinsurance contract assets (liabilities)	-	-	-	-	-
Reinsurance revenue	Accrued reinsurance amount	-	-	614	(8)	606
	Changes in incident fulfillment cash flow	-	(65)	667	84	686
	Etc.	-	-	-	-	-
		-	(65)	1,281	76	1,292
Reinsurance service expense		(1,582)	-	-	-	(1,582)
Recovery of investment elements and reinsurance premiums		-	-	-	-	-
Reinsurance finance income and expense	Current profit or loss	255	-	(6)	-	249
	Other comprehensive income	-	-	-	-	-
		255	-	(6)	-	249
Cash flow for the period	Reinsurance premium paid	14,052	-	-	-	14,052
	Recovery of reinsurance proceeds and other reinsurance profits	-	-	(447)	-	(447)
	Receipt of investment elements and recovery of reinsurance premiums	-	-	-	-	-
		14,052	-	(447)	-	13,605
Business Combination		14,176	140	1,798	44	16,158
Ending balance	Reinsurance contract assets	26,901	75	2,659	120	29,755
	Reinsurance contract liabilities	-	-	(33)	-	(33)
	Net reinsurance contract assets (liabilities)	₩ 26,901	75	2,626	120	29,722

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(k) Changes by measurement element in reinsurance contract assets (liabilities) for which the premium distribution approach was not applied for the years ended December 31, 2023 and 2022 are as follow:

		<b>December 31, 2023</b>					
		Present value estimate of future cash flows	Risk adjustment for non-financial risks	Contractual service margin			Total
				Fair value method	Etc.	Sub-total	
Beginning balance	Reinsurance contract assets	₩ (52,365)	16,522	47,211	47,649	94,860	59,017
	Reinsurance contract liabilities	(168,825)	22,870	68,110	15,075	83,185	(62,770)
	Net reinsurance contract assets (liabilities)	(221,190)	39,392	115,321	62,724	178,045	(3,753)
Changes related to future services	Change in contractual service margin adjustment estimate	42,958	4,630	(71,099)	24,721	(46,378)	1,210
	Initial recognition effect of new contracts for the current period	(10,008)	1,254	-	8,924	8,924	170
		32,950	5,884	(71,099)	33,645	(37,454)	1,380
Changes related to current service	Contractual service margin amortization	-	-	(8,120)	(7,269)	(15,389)	(15,389)
	Risk-adjusted change	-	(2,485)	-	-	-	(2,485)
	Experience adjustment	16,943	-	-	-	-	16,943
		16,943	(2,485)	(8,120)	(7,269)	(15,389)	(931)
Changes related to past services	Adjustment of accident factors	₩ (31,062)	(1,038)	-	-	-	(32,100)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(k) Changes by measurement element in reinsurance contract assets (liabilities) for which the premium distribution approach was not applied for the years ended December 31, 2023 and 2022 are as follow (continued) :

		<b>December 31, 2023</b>					
		Present value estimate of future cash flows	Risk adjustment for non-financial risks	Contractual service margin			Total
				Fair value method	Etc.	Sub-total	
Reinsurance finance income and expenses	Current profit or loss	₩ (8,686)	1,711	3,188	2,923	6,111	(864)
	Other comprehensive income	(31,987)	3,694	-	-	-	(28,293)
		(40,673)	5,405	3,188	2,923	6,111	(29,157)
Cash flow for the period	Reinsurance premium paid	229,319	-	-	-	-	229,319
	Recovery of reinsurance proceeds and other reinsurance profits	(43,405)	-	-	-	-	(43,405)
	Receipt of investment elements and refund of insurance premiums	(152,052)	-	-	-	-	(152,052)
		33,862	-	-	-	-	33,862
Other increase/decrease		351	-	-	-	-	351
Ending balance	Reinsurance contract assets	(26,683)	18,538	15,224	55,735	70,959	62,814
	Reinsurance contract liabilities	(182,136)	28,620	24,066	36,288	60,354	(93,162)
	Net reinsurance contract assets (liabilities)	₩ (208,819)	47,158	39,290	92,023	131,313	(30,348)



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

28. Liability under insurance contracts (continued)

(k) Changes by measurement element in reinsurance contract assets (liabilities) for which the premium distribution approach was not applied for the years ended December 31, 2023 and 2022 are as follow (continued):

		<b>December 31, 2022</b>					
		Present value estimate of future cash flows	Risk adjustment for non-financial risks	Contractual service margin			Total
				Fair value method	Etc.	Sub-total	
Beginning balance	Reinsurance contract assets	₩ -	-	-	-	-	-
	Reinsurance contract liabilities	(421,703)	42,240	97,699	-	97,699	(281,764)
	Net reinsurance contract assets (liabilities)	(421,703)	42,240	97,699	-	97,699	(281,764)
Changes related to future services	Change in contractual service margin adjustment estimate	(34,424)	3,218	26,001	468	26,469	(4,737)
	Initial recognition effect of new contracts for the current period	(68,578)	6,142	-	64,486	64,486	2,050
		(103,002)	9,360	26,001	64,954	90,955	(2,687)
Changes related to current service	Contractual service margin amortization	-	-	(11,589)	(4,433)	(16,022)	(16,022)
	Risk-adjusted change	-	(2,445)	-	-	-	(2,445)
	Experience adjustment	19,485	-	-	-	-	19,485
		19,485	(2,445)	(11,589)	(4,433)	(16,022)	1,018
Changes related to past services	Adjustment of accident factors	₩ (24,999)	(678)	-	-	-	(25,677)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(k) Changes by measurement element in reinsurance contract assets (liabilities) for which the premium distribution approach was not applied for the years ended December 31, 2023 and 2022 are as follow (continued) :

		<b>December 31, 2022</b>					
		Present value estimate of future cash flows	Risk adjustment for non-financial risks	Contractual service margin			Total
				Fair value method	Etc.	Sub-total	
Reinsurance finance income and expense	Current profit or loss	₩ (8,125)	1,533	3,210	2,203	5,413	(1,179)
	Other comprehensive income	56,938	(10,618)	-	-	-	46,320
		48,813	(9,085)	3,210	2,203	5,413	45,141
Cash flow for the period	Reinsurance premium paid	440,630	-	-	-	-	440,630
	Recovery of reinsurance proceeds and other reinsurance profits	(35,130)	-	-	-	-	(35,130)
	Receipt of investment elements and refund of insurance premiums	(145,284)	-	-	-	-	(145,284)
		260,216	-	-	-	-	260,216
Ending balance	Reinsurance contract assets	(52,365)	16,522	47,211	47,649	94,860	59,017
	Reinsurance contract liabilities	(168,825)	22,870	68,110	15,075	83,185	(62,770)
	Net reinsurance contract assets (liabilities)	₩ (221,190)	39,392	115,321	62,724	178,045	(3,753)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(l) Details of reinsurance contracts that did not apply the premium allocation approach recognized for the first time for the years ended December 31, 2023 and 2022 are as follow:

		<b>December 31, 2023</b>					
		<u>Present value estimate of future cash outflows</u>					
		Other than insurance					
		acquisition cash flow amount	Insurance acquisition cash flow amount	Present value estimate of future cash inflows	Risk adjustment for non-financial risks	Contractual service margin	Total
Contract recognized for the first time in the period	Except for net profit contract set	₩ 71,470	-	(61,101)	(1,104)	(9,307)	(42)
	Net profit contract set	6,322	-	(6,683)	(150)	383	(128)
		<u>₩ 77,792</u>	<u>-</u>	<u>(67,784)</u>	<u>(1,254)</u>	<u>(8,924)</u>	<u>(170)</u>
		<b>December 31, 2022</b>					
		<u>Present value estimate of future cash outflows</u>					
		Other than insurance					
		acquisition cash flow amount	Insurance acquisition cash flow amount	Present value estimate of future cash inflows	Risk adjustment for non-financial risks	Contractual service margin	Total
Contract recognized for the first time in the period	Except for net profit contract set	₩ 443,000	-	(371,957)	(5,557)	(65,860)	(374)
	Net profit contract set	24,043	-	(26,508)	(585)	1,374	(1,676)
		<u>₩ 467,043</u>	<u>-</u>	<u>(398,465)</u>	<u>(6,142)</u>	<u>(64,486)</u>	<u>(2,050)</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(m) The amount of contractual service margin for reinsurance contracts that do not apply the premium allocation approach as of December 31, 2023 and 2022 is expected to be recognized in profit or loss in the future as follows:

		<b>December 31, 2023</b>					
		<b>Less than 1 year</b>	<b>1~2 years</b>	<b>2~5 year</b>	<b>5~10 year</b>	<b>More than 10 year</b>	<b>Total</b>
Reinsurance contract assets	₩	(5,256)	(4,777)	(12,166)	(15,305)	(33,455)	(70,959)
Reinsurance contract liabilities		(5,692)	(4,947)	(11,507)	(12,251)	(25,957)	(60,354)
	₩	<u>(10,948)</u>	<u>(9,724)</u>	<u>(23,673)</u>	<u>(27,556)</u>	<u>(59,412)</u>	<u>(131,313)</u>
		<b>December 31, 2022</b>					
		<b>Less than 1 year</b>	<b>1~2 years</b>	<b>2~5 year</b>	<b>5~10 year</b>	<b>More than 10 year</b>	<b>Total</b>
Reinsurance contract assets	₩	(7,364)	(6,682)	(16,987)	(21,143)	(42,684)	(94,860)
Reinsurance contract liabilities		(7,487)	(6,495)	(15,387)	(17,968)	(35,848)	(83,185)
	₩	<u>(14,851)</u>	<u>(13,177)</u>	<u>(32,374)</u>	<u>(39,111)</u>	<u>(78,532)</u>	<u>(178,045)</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(n) Details of insurance profits and losses for the years ended December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>			
		Retroactive modification method	Fair value method	Etc.	Total
Unapplied premium allocation approach	Expected insurance premiums and other expected insurance service expenses	₩ 776,917	706,136	90,916	1,573,969
	Risk-adjusted change amount	55,712	36,036	24,797	116,545
	Contractual service margin amortization	536,399	215,795	162,449	914,643
	Recovery of insurance acquisition cash flows	133,781	337	128,162	262,280
	Etc. (*)	(18,762)	65	11,218	(7,479)
		1,484,047	958,369	417,542	2,859,958
Premium allocation approach		29,504	-	10,137	39,641
<b>Insurance revenue subtotal</b>		1,513,551	958,369	427,679	2,899,599
Unapplied premium allocation approach	Accrued insurance premiums and other incurred insurance service expenses	794,824	644,118	74,638	1,513,580
	Changes in incident fulfillment cash flow	(5,104)	14,944	1,628	11,468
	Costs related to loss-bearing contracts	(74,960)	8,286	31,314	(35,360)
	Amortization of insurance acquisition cash flows	133,868	337	128,075	262,280
	Etc. (*)	(10,235)	1,451	(28,812)	(37,596)
		838,393	669,136	206,843	1,714,372
Premium allocation approach		37,657	-	(3,250)	34,407
<b>Insurance service expense subtotal</b>		₩ 876,050	669,136	203,593	1,748,779

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(n) Details of insurance profits and losses for the years ended December 31, 2023 and 2022 are as follows (continued):

		<b>December 31, 2023</b>			
		Retroactive modification method	Fair value method	Etc.	Total
Unapplied premium allocation approach	Accrued reinsurance amount	₩ 27	67,051	5,573	72,651
	Changes in incident fulfillment cash flow	2	(29,952)	(2,150)	(32,100)
	Etc. (*)	(1)	(2,021)	1,906	(116)
		28	35,078	5,329	40,435
Premium allocation approach		4,550	-	-	4,550
<b>Reinsurance revenue subtotal</b>		<b>4,578</b>	<b>35,078</b>	<b>5,329</b>	<b>44,985</b>
Unapplied premium allocation approach	Expected reinsurance amount	-	41,537	7,324	48,861
	Risk-adjusted change amount	-	3,227	626	3,853
	Contractual service margin amortization	-	8,120	7,269	15,389
	Etc. (*)	-	(247)	4,230	3,983
		-	52,637	19,449	72,086
Premium allocation approach		5,375	-	4,729	10,104
<b>Reinsurance service expense subtotal</b>		<b>5,375</b>	<b>52,637</b>	<b>24,178</b>	<b>82,190</b>
		₩ 636,704	271,674	205,237	1,113,615

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(n) Details of insurance profits and losses for the years ended December 31, 2023 and 2022 are as follows (continued):

		<b>December 31, 2022</b>			
		Retroactive modification method	Fair value method	Etc.	Total
Unapplied premium allocation approach	Expected insurance premiums and other expected insurance service expenses	₩ 772,251	690,905	28,087	1,491,243
	Risk-adjusted change amount	71,839	36,260	12,115	120,214
	Contractual service margin amortization	632,727	218,251	50,830	901,808
	Recovery of insurance acquisition cash flows	169,488	216	44,399	214,103
	Others (*)	6,743	(12)	(2,633)	4,098
		<u>1,653,048</u>	<u>945,620</u>	<u>132,798</u>	<u>2,731,466</u>
Premium allocation approach		9,915	-	349	10,264
<b>Insurance revenue subtotal</b>		<u>1,662,963</u>	<u>945,620</u>	<u>133,147</u>	<u>2,741,730</u>
Unapplied premium allocation approach	Accrued insurance premiums and other incurred insurance service expenses	790,309	647,065	41,160	1,478,534
	Changes in incident fulfillment cash flow	(425)	(36,823)	144	(37,104)
	Costs related to onerous contracts	(69,089)	(5,444)	66,723	(7,810)
	Amortization of insurance acquisition cash flows	169,488	216	44,399	214,103
	Others (*)	21,764	2,691	(23,612)	843
		<u>912,047</u>	<u>607,705</u>	<u>128,814</u>	<u>1,648,566</u>
Premium allocation approach		18,450	-	854	19,304
<b>Insurance service expense subtotal</b>		<u>₩ 930,497</u>	<u>607,705</u>	<u>129,668</u>	<u>1,667,870</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**28. Liability under insurance contracts (continued)**

(n) Details of insurance profits and losses for the years ended December 31, 2023 and 2022 are as follows (continued):

		<b>December 31, 2022</b>			
		Retroactive modification method	Fair value method	Etc.	Total
Unapplied premium allocation approach	Accrued reinsurance amount	₩ -	62,436	3,947	66,383
	Changes in incident fulfillment cash flow	-	(26,236)	559	(25,677)
	Etc. (*)	-	(7,804)	2,080	(5,724)
		-	28,396	6,586	34,982
Premium allocation approach		1,292	-	-	1,292
<b>Reinsurance revenue subtotal</b>		<b>1,292</b>	<b>28,396</b>	<b>6,586</b>	<b>36,274</b>
Unapplied premium allocation approach	Expected reinsurance amount	-	39,103	1,949	41,052
	Risk-adjusted change amount	-	3,242	270	3,512
	Contractual service margin amortization	-	11,589	4,433	16,022
	Etc. (*)	-	(504)	2,246	1,742
		-	53,430	8,898	62,328
Premium allocation approach		1,582	-	-	1,582
<b>Reinsurance service expense subtotal</b>		<b>1,582</b>	<b>53,430</b>	<b>8,898</b>	<b>63,910</b>
		₩ 732,176	312,881	1,167	1,046,224

(\*) Include amounts allocated to loss components, etc.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**29. Insurance finance income and expense**

Details of insurance finance income and expense for the years ended December 31, 2023 and 2022 are as follow:

			December 31, 2023							
			Life insurance			Non-life insurance				
			General	Variable	Retirement	Long-term	General	Car	Total	
Insurance finance income	Insurance contract	Exchange rate fluctuation effect	₩ 13,656	-	-	-	-	-	13,656	
		Discount rate change effect	-	-	-	-	-	-	-	
		Etc.	38,384	91,062	-	-	-	-	-	129,446
			52,040	91,062	-	-	-	-	-	143,102
	Reinsurance contract	Discount rate change effect	-	-	-	-	(38)	-	-	(38)
		52,040	91,062	-	-	(38)	-	-	143,064	
Insurance finance expense	Insurance contract	Exchange rate fluctuation effect	19,345	-	-	-	-	-	-	19,345
		Discount rate change effect	-	-	-	-	-	-	-	-
		Etc.	935	638,881	-	-	-	-	-	639,816
			20,280	638,881	-	-	-	-	-	659,161
	Total insurance finance income and expense recognized in current profit or loss		31,760	(547,819)	-	-	(38)	-	-	(516,097)
Insurance finance income and expense recognized as other comprehensive income (*)		(2,970,845)	9,841	-	(15)	-	-	-	(2,961,019)	
Reinsurance finance income and expense recognized in other comprehensive income (*)		(28,276)	-	-	(7)	-	-	-	(28,283)	
Total insurance finance income and expense recognized in profit or loss and other comprehensive income		₩ (2,967,361)	(537,978)	-	(22)	(38)	-	-	(3,505,399)	

(\*) Finance income and expense recognized as other comprehensive income are before deducting corporate tax effects.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**29. Insurance finance income and expense (continued)**

Details of insurance finance income and expense for the years ended December 31, 2023 and 2022 are as follow (continued):

			December 31, 2022							
			Life insurance			Non-life insurance				
			General	Variable	Retirement	Long-term	General	Car	Total	
Insurance finance income	Insurance contract	Exchange rate fluctuation effect	₩ 2,364	-	-	-	-	-	2,364	
		Discount rate change effect	-	-	-	27	10	-	37	
		Etc.	21,162	827,377	-	-	-	-	-	848,539
			<u>23,526</u>	<u>827,377</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>10</u>	<u>-</u>	<u>850,940</u>
Insurance finance expense	Insurance contract	Exchange rate fluctuation effect	25,870	-	-	-	-	-	25,870	
		Etc.	219	16,881	-	-	-	-	17,100	
			<u>26,089</u>	<u>16,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,970</u>
	Reinsurance contract	Exchange rate fluctuation effect	-	-	-	-	6	-	6	
		<u>26,089</u>	<u>16,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>42,976</u>	
Total insurance finance income and expense recognized in current profit or loss			(2,563)	810,496	-	27	4	-	807,964	
Insurance finance income and expense recognized as other comprehensive income (*)			6,330,587	65,750	-	-	-	-	6,396,337	
Reinsurance finance income and expense recognized in other comprehensive income (*)			46,320	-	-	-	-	-	46,320	
Total insurance finance income and expense recognized in profit or loss and other comprehensive income			₩ <u>6,374,344</u>	<u>876,246</u>	<u>-</u>	<u>27</u>	<u>4</u>	<u>-</u>	<u>7,250,621</u>	

(\*) Finance income and expense recognized as other comprehensive income are before deducting corporate tax effects.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**30. Investment contract liabilities**

Details of investment contract liabilities as of December 31, 2023 and 2022 are as follow:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities measured at amortized cost (*)	₩ 1,572,685	2,133,586

(\*) This is retirement pension policyholder reserve.

**31. Other liabilities**

Other liabilities as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities (*)	₩ 613,914	623,339
Accounts payable	18,917,257	12,343,884
Accrued expenses	5,877,135	4,418,363
Dividend payable	8,809	34,698
Advance received	168,940	186,134
Unearned income	492,886	448,094
Withholding value-added tax and other taxes	876,814	751,695
Securities deposit received	2,552,266	2,451,521
Foreign exchange settlement pending	302,322	359,422
Domestic exchange settlement pending	9,238,159	2,308,574
Payable from trust account	6,537,565	6,579,457
Due to agencies	801,976	718,082
Deposits for subscription	30,729	18,931
Sundry liabilities	2,394,202	2,149,160
Others	45,221	42,824
Present value discount	(135,855)	(97,703)
	₩ <u>48,722,340</u>	<u>33,336,475</u>

(\*) As of December 31, 2023, the Group accounts for the lease liabilities as other liabilities. For the year ended December 31, 2023, the amount of variable lease payments that are not included in the measurement of lease liabilities is ₩ 23,272 million, cash outflows from leases are ₩ 293,240 million, and interest expense on lease liabilities is ₩ 18,855 million. For the year ended December 31, 2022, the amount of variable lease payments that are not included in the measurement of lease liabilities is ₩ 12,337 million, cash outflows from leases are ₩ 279,406 million, and interest expense on lease liabilities is ₩ 13,379 million

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

32. Equity

(a) Equity as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Capital stock:		
Common stock (*1)	₩ 2,695,586	2,608,176
Preferred stock (*1)	274,055	361,465
	<u>2,969,641</u>	<u>2,969,641</u>
Hybrid bond	4,001,731	4,196,968
Capital surplus:		
Share premium	11,352,744	11,352,819
Others	742,224	742,224
	<u>12,094,968</u>	<u>12,095,043</u>
Capital adjustments	(658,664)	(582,859)
Accumulated other comprehensive income, net of tax:		
Loss on financial assets at fair value through other comprehensive income	(3,503,542)	(6,669,931)
Equity in other comprehensive loss of associates	(970)	(8,126)
Foreign currency translation adjustments for foreign operations	(118,517)	(112,283)
Net loss from cash flow hedges	(35,108)	(96,388)
Remeasurement of net defined benefit liabilities (assets)	(292,328)	(91,993)
Changes in own credit risk on financial liabilities designated under fair value option	(3,884)	(5,155)
Net finance income on insurance contract assets (liabilities)	2,866,623	5,039,081
Net finance income on reinsurance contract assets (liabilities)	13,273	34,045
	<u>(1,074,453)</u>	<u>(1,910,750)</u>
Retained earnings (*2),( *3),( *4)	36,387,314	33,963,799
Non-controlling interest (*5),( *6)	2,601,328	2,691,716
	<u>₩ 56,321,865</u>	<u>53,423,558</u>

(\*1) Convertible preferred shares of 17,482,000 that were issued on May 1, 2019 have been converted into common shares at a 1:1 ratio on May 1, 2023.

(\*2) As of December 31, 2023 and 2022, profits reserved by the Group in accordance with Article 53 of the Financial Holding Companies Act amounted to ₩ 2,698,360 million and ₩2,573,435 million, respectively.

(\*3) As of December 31, 2023 and 2022, the regulatory reserve for loan losses the Group appropriated in retained earnings are ₩ 21,078 million and ₩18,524 million, respectively.

(\*4) As of December 31, 2023, profit dividends within retained earnings of subsidiaries of the Group restricted in accordance with laws, etc. are amounted to ₩ 7,543,306 million.

(\*5) As of December 31, 2023 and 2022, the total amounts of hybrid bonds that Shinhan Bank, Jeju Bank, Shinhan Capital Co.,Ltd. and Shinhan Life Insurance Co., Ltd. issued are ₩ 2,437,561 million and ₩2,537,569 million, respectively, and are recognized as non-controlling interests. And, for the years ended December 31, 2023 and 2022, the amounts of dividends paid for the hybrid bonds of Shinhan Bank, Jeju Bank, Shinhan Capital Co.,Ltd. and Shinhan Life Insurance Co., Ltd. ₩ 106,715 million and ₩81,262 million, respectively, are allocated to profit attributed to non-controlling interest.

(\*6) During the year ended December 31, 2022, non-controlling interests decreased by ₩ 89,912 million due to the acquisition of remaining shares by Shinhan Asset Trust Co., Ltd., and non-controlling interests increased by ₩ 19,454 million due to paid-in capital increase of Shinhan EZ General Insurance Co., Ltd.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won, except per share data)

**32. Equity (continued)**

(b) Capital stock

i) Capital stock of the Group as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
	Common stocks	Preferred stocks	Common stocks	Preferred stocks
Number of authorized shares	1,000,000,000		1,000,000,000	
Types of stock	Common stocks	Preferred stocks	Common stocks	Preferred stocks
Par value per share in won	₩ 5,000	-	5,000	5,000
Number of issued common stocks	512,759,471	-	508,784,869	17,482,000
Capital stock (*)	₩ 2,695,586	274,055	2,608,176	361,465

(\*) Due to profit retirement, the capital is different from the total face value of issued stocks.

(ii) The details of changes in the number of common shares outstanding as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Beginning balance	508,778,517	516,593,202
Increase	17,482,000	-
Decrease	(13,507,398)	(7,814,685)
Ending balance	512,753,119	508,778,517

(iii) The details of convertible preferred stock as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Beginning balance	17,482,000	17,482,000
Decrease (*)	(17,482,000)	-
Ending balance	-	17,482,000

(\*) Convertible preferred shares of 17,482,000 that were issued on May 1, 2019 have been converted into common shares at a 1:1 ratio on May 1, 2023.

(c) Hybrid bonds

Hybrid bonds classified as other equity instruments as of December 31, 2023 and 2022 are as follows:

	Issue date	Maturity date	Interest rate (%)		December 31,	December 31,
					2023	2022
KRW	June 25, 2015	June 25, 2045	4.38	₩	199,455	199,455
	September 15, 2017	Perpetual bond	4.25		89,783	89,783
	April 13, 2018	Perpetual bond	-		-	134,678
	April 13, 2018	Perpetual bond	4.56		14,955	14,955
	August 29, 2018	Perpetual bond	-		-	398,679
	June 28, 2019	Perpetual bond	3.27		199,476	199,476
	September 17, 2020	Perpetual bond	3.12		448,699	448,699
	March 16, 2021	Perpetual bond	2.94		429,009	429,009
	March 16, 2021	Perpetual bond	3.30		169,581	169,581
	January 25, 2022	Perpetual bond	3.90		560,438	560,438
	January 25, 2022	Perpetual bond	4.00		37,853	37,853
	August 26, 2022	Perpetual bond	4.93		343,026	343,026
	August 26, 2022	Perpetual bond	5.15		55,803	55,803
	January 30, 2023	Perpetual bond	5.14		398,831	-
	July 13, 2023	Perpetual bond	5.40		498,815	-
	USD	August 13, 2018	Perpetual bond	-		-
May 12, 2021		Perpetual bond	2.88		556,007	556,007
				₩	4,001,731	4,196,968

(\*) For the year ended December 31, 2023, the deduction for capital related to hybrid bonds issued is ₩ 2,354 million.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won, except per share data)

**32. Equity (continued)**

(c) Hybrid bonds (continued)

The hybrid bonds above can be repaid early after 5 or 10 years from the date of issuance, and the controlling company has an unconditional right to extend the maturity under the same condition or change them to perpetual bonds.

(d) Capital adjustments

(i) Changes in capital adjustments for the years ended December 31, 2023 and 2022 are as follows:

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Beginning balance	₩	(582,859)	(664,429)
Acquisition of treasury stocks		(485,947)	(300,000)
Disposal and retirement of treasury stocks		485,947	300,000
The acquisition commitment amount for subsidiaries' remaining shares		-	86,711
Repayments of hybrid bonds		(102,350)	(317)
Other transactions with owners		26,545	(4,824)
Ending balance	₩	<u>(658,664)</u>	<u>(582,859)</u>

(ii) Details of treasury stock acquisition for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>The number of share</u>	<u>Carrying amount</u>	<u>The number of share</u>	<u>Carrying amount</u>
Beginning balance	6,352 ₩	227	6,352 ₩	227
Acquisition	13,507,398	485,947	7,814,685	300,000
Retirement (*)	(13,507,398)	(485,947)	(7,814,685)	(300,000)
Ending balance	<u>6,352 ₩</u>	<u>227</u>	<u>6,352 ₩</u>	<u>227</u>

(\*) For the year ended December 31, 2023, the Group acquired treasury stocks for retirement, and the retirement of 3,676,470 shares, 4,243,281 shares, 2,842,929 shares and 2,744,718 shares was completed on March 28, 2023, June 16, 2023, August 31, 2023 and December 27, 2023, respectively. For the year ended December 31, 2022, treasury stocks were acquired for retirement, and the retirement of 3,665,423 shares and 4,149,262 shares was completed on April 25, 2022 and November 23, 2022, respectively.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**32. Equity (continued)**

(e) Accumulated other comprehensive income

Changes in accumulated other comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023</b>										
	Items that are or may be reclassified to profit or loss						Items that will never be reclassified to profit or loss				
	Gain (loss) on securities at fair value through other comprehensive income	Equity in other comprehensive income (expense) of associates	Foreign currency translation adjustments for foreign operations	Net gain (loss) from cash flow hedges	Net finance Income (expense) on insurance contract assets (liabilities)	Net finance Income (expense) on reinsurance contract assets (liabilities)	Remeasurements of the defined benefit plans	Equity in other comprehensive income (expense) of associates	Gain (loss) on securities at fair value through other comprehensive income	Gain (loss) on financial Liabilities measured at FVTPL attributable to changes in credit risk	
Beginning balance	₩ (6,786,650)	(8,135)	(112,283)	(96,388)	5,039,081	34,045	(91,993)	9	116,719	(5,155)	(1,910,750)
Change due to fair value	3,862,277	9,738	-	-	(2,961,019)	(28,283)	-	-	1,459	4,011	888,183
Reclassification:											
Change due to impairment or disposal	465,343	-	-	-	-	-	-	-	4,199	5,077	474,619
Effect of hedge accounting	-	-	-	(69,484)	-	-	-	-	-	-	(69,484)
Hedging	(28,044)	-	(3,903)	152,927	-	-	-	-	-	-	120,980
Effects from changes in foreign exchange rate	-	-	2,316	-	-	-	-	-	2,862	-	5,178
Remeasurements of the net defined benefit plans	-	-	-	-	-	-	(272,792)	-	-	-	(272,792)
Deferred income taxes	(1,137,032)	(2,582)	(4,658)	(22,163)	788,561	7,511	71,935	-	(3,402)	(465)	(302,295)
Transfer to other account	-	-	-	-	-	-	-	-	3,055	(7,352)	(4,297)
Non-controlling interests	(4,328)	-	11	-	-	-	522	-	-	-	(3,795)
Ending balance	₩ (3,628,434)	(979)	(118,517)	(35,108)	2,866,623	13,273	(292,328)	9	124,892	(3,884)	(1,074,453)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

32. Equity (continued)

(e) Accumulated other comprehensive income (continued)

Changes in accumulated other comprehensive income for the years ended December 31, 2023 and 2022 are as follows (continued):

	December 31, 2022										
	Items that are or may be reclassified to profit or loss						Items that will never be reclassified to profit or loss				
	Gain (loss) on securities at fair value through other comprehensive income	Equity in other comprehensive income (expense) of associates	Foreign currency translation adjustments for foreign operations	Net gain (loss) from cash flow hedges	Net finance income (expense) on insurance contract assets (liabilities)	Net finance income (expense) on reinsurance contract assets (liabilities)	Remeasurements of the defined benefit plans	Equity in other comprehensive income (expense) of associates	Gain (loss) on securities at fair value through other comprehensive income	Gain (loss) on financial Liabilities measured at FVTPL attributable to changes in credit risk	
Beginning balance	₩ (867,680)	7,623	(125,219)	(26,124)	333,178	-	(343,124)	(28)	117,967	(1,816)	(905,223)
Change due to fair value	(8,059,410)	(16,914)	-	-	6,396,337	46,320	-	9	10,880	(5,919)	(1,628,697)
Reclassification:											
Change due to impairment or disposal	(37,142)	(7,333)	-	-	-	-	-	-	-	-	(44,475)
Effect of hedge accounting	-	-	-	(190,372)	-	-	-	-	-	-	(190,372)
Hedging	63,480	-	(25,793)	87,491	-	-	-	-	-	-	125,178
Effects from changes in foreign exchange rate	-	-	40,679	-	-	-	-	-	(823)	-	39,856
Remeasurements of the net defined benefit plans	-	-	-	-	-	-	348,017	-	-	-	348,017
Deferred income taxes	2,110,516	8,489	(154)	32,617	(1,690,434)	(12,275)	(96,026)	(14)	(9,171)	1,170	344,718
Transfer to other account	-	-	-	-	-	-	-	42	(2,134)	1,410	(682)
Non-controlling interests	3,586	-	(1,796)	-	-	-	(860)	-	-	-	930
Ending balance	₩ (6,786,650)	(8,135)	(112,283)	(96,388)	5,039,081	34,045	(91,993)	9	116,719	(5,155)	(1,910,750)



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**32. Equity (continued)**

(f) Appropriation of retained earnings

The appropriation of retained earnings for the years ended December 31, 2023 and 2022 are as follows:

Date of appropriation:	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	March 26, 2024	March 23, 2023
<b>Unappropriated retained earnings:</b>		
Balance at beginning of year	₩ 5,033,475	5,461,771
Retirement of treasury stock	(486,999)	(300,661)
Dividend to hybrid bonds	(189,672)	(156,277)
Interim dividends	(817,122)	(637,598)
Net income	1,671,011	1,249,251
	<u>5,210,693</u>	<u>5,616,486</u>
<b>Transfer from voluntary reserves</b>		
Loan loss reserve reversal amount	422	-
	<u>5,211,115</u>	<u>5,616,486</u>
<b>Appropriation of retained earnings:</b>		
Legal reserve	167,101	124,925
Dividends		
Dividends on common stocks paid	268,697	440,093
Dividends on preferred stocks paid	-	15,122
Regulatory reserve for loan losses	-	2,554
Loss on repayments of hybrid bonds	102,667	317
	<u>538,465</u>	<u>583,011</u>
<b>Unappropriated retained earnings to be carried over to subsequent year</b>	₩ <u>4,672,650</u>	<u>5,033,475</u>

(\*) These statements of appropriation of retained earnings are based on the separate financial statements of Shinhan Financial Group.

(g) Regulatory reserve for loan losses

In accordance with Regulations for the Supervision of Financial Institutions, the Group reserves the difference between allowance for credit losses by K-IFRS and that as required by the Regulations at the account of regulatory reserve for loan losses in retained earnings.

i) Changes in regulatory reserve for loan losses including non-controlling interests as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Beginning balance	₩ 3,609,851	3,647,972
Expected reversal of regulatory reserve for loan losses	(153,364)	(38,121)
Ending balance	₩ <u>3,456,487</u>	<u>3,609,851</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won, except per share data)

**32. Equity (continued)**

(g) Regulatory reserve for loan losses (continued)

*ii) Profit attributable to equity holders of Shinhan Financial Group and earnings per share after factoring in regulatory reserve for loan losses for the years ended December 31, 2023 and 2022 are as follows:*

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Profit attributable to equity holders of Shinhan Financial Group	₩	4,368,035	4,665,643
Provision for regulatory reserve for loan losses		<u>151,357</u>	<u>38,508</u>
Profit attributable to equity holders of Shinhan Financial Group adjusted for regulatory reserve	₩	<u>4,519,392</u>	<u>4,704,151</u>
Basic and diluted earnings per share adjusted for regulatory reserve in won (*)		8,361	8,571

(\*) Dividends for hybrid bonds are deducted.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won, except per share data)

**33. Dividends**

(a) The interim dividends paid for the years ended December 31, 2023 and 2022 are as follows:

<b>December 31, 2023</b>		
<b>Dividend base date</b>		<b>Amount</b>
March 31, 2023 (1 <sup>st</sup> Quarter)	Common stock (₩525 per share)	₩ 265,179
	Convertible preferred stock (₩525 per share)	9,178
		<u>₩ 274,357</u>
June 30, 2023 (2 <sup>nd</sup> Quarter)	Common stock (₩525 per share)	₩ 272,129
September 30, 2023 (3 <sup>rd</sup> Quarter)	Common stock (₩525 per share)	₩ 270,636
		<u>₩ 817,122</u>
<b>December 31, 2022</b>		
<b>Dividend base date</b>		<b>Amount</b>
March 31, 2022 (1 <sup>st</sup> Quarter)	Common stock (₩400 per share)	₩ 206,277
	Convertible preferred stock (₩400 per share)	6,993
		<u>₩ 213,270</u>
June 30, 2022 (2 <sup>nd</sup> Quarter)	Common stock (₩400 per share)	₩ 205,171
	Convertible preferred stock (₩400 per share)	6,993
		<u>₩ 212,164</u>
September 30, 2022 (3 <sup>rd</sup> Quarter)	Common stock (₩400 per share)	₩ 205,171
	Convertible preferred stock (₩400 per share)	6,993
		<u>₩ 212,164</u>
		<u>₩ 637,598</u>

(b) Details of dividends recognized as distributions to stockholders for the years ended December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023(*1)</b>	<b>December 31, 2022</b>
<b>Common Stock:</b>		
Total number of shares issued and outstanding	₩ 512,759,471	508,784,869
Par value per share in won	5,000	5,000
Dividend per share in won (*3)	525	865
Dividends (*2)	₩ 268,697	440,093
Dividend rate per share (*3)	% 10.5	17.3
<b>Preferred Stock:</b>		
Total number of shares issued and outstanding	-	17,482,000
Par value per share in won	-	5,000
Dividend per share in won	-	865
Dividends	₩ -	15,122
Dividend rate per share	% -	17.3
<b>Record date (*4)</b>	<u>2024-02-23</u>	<u>2022-12-31</u>

(\*1) The current dividend(plan) will be decided on March 26, 2024. The amount of dividends was not recognized as a distribution to the owner during the period.

(\*2) Dividends on own shares held by the Group are excluded.

(\*3) Excluding quarterly dividends, including quarterly dividends, dividends per share are KRW 2,100 and KRW 2,065 for the years ended December 31, 2023 and 2022, respectively, and dividend rate per share are 42.0% and 41.3%, for the years ended December 31, 2023 and 2022, respectively.

(\*4) At the regular stockholders' general meeting on March 23, 2023, the Articles of Incorporation were revised to allow the dividend base date to be determined by resolution of the Board of Directors, and the dividend base date for the 2023 annual dividend is February 23, 2024.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won, except per share data)

**33. Dividends (continued)**

(c) The details of dividends paid by the Group related to the preferred stock issued for the years ended December 31, 2023 and 2022 are as follows:

December 31, 2023					
Number of shares	Dividend per share (in won)	Total dividend paid	Issue price per share (in won)	Dividend rate per issue price (%)	
Convertible preferred stock (*)	17,482,000	525	9,178	42,900	1.22

(\*) Convertible preferred shares of 17,482,000 that were issued on May 1, 2019 have been converted into common shares at a 1:1 ratio on May 1, 2023, and dividends were paid before conversion.

December 31, 2022					
Number of shares	Dividend per share (in won)	Total dividend paid	Issue price per share (in won)	Dividend rate per issue price (%)	
Convertible preferred stock	17,482,000	2,065	36,101	42,900	4.81

(d) Dividends for hybrid bond is calculated as follows for the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Amount of hybrid bond	₩ 4,014,550	₩ 4,212,700
Interest rate (%)	2.88 ~ 5.40	2.88 ~ 5.88
Dividends	₩ 189,672	₩ 156,277

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**34. Net interest income**

Net interest income for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Interest income:</b>		
Cash and due from banks at amortized cost	₩ 590,831	281,575
Deposits at FVTPL	-	1,329
Securities at FVTPL	1,396,409	924,346
Securities at FVOCI	2,357,108	1,846,888
Securities at amortized cost	1,062,110	691,798
Loans at amortized cost	21,676,818	16,064,617
Loans at FVTPL	120,815	69,146
Insurance finance interest income	240,534	119,801
Others	134,586	92,825
	<u>27,579,211</u>	<u>20,092,325</u>
<b>Interest expense:</b>		
Deposits	9,790,811	4,642,670
Financial liabilities designated at FVTPL	9,804	1,296
Borrowings	1,895,913	938,641
Debt securities issued	2,735,421	1,901,458
Insurance finance interest expense	1,945,318	1,792,702
Others	384,022	218,705
	<u>16,761,289</u>	<u>9,495,472</u>
Net interest income	₩ <u>10,817,922</u>	<u>10,596,853</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**35. Net fees and commission income**

Net fees and commission income for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fees and commission income:		
Credit placement fees	₩ 75,930	68,101
Commission received as electronic charge receipt	146,037	147,727
Brokerage fees	369,175	340,367
Commission received as agency	134,432	136,114
Investment banking fees	165,366	232,512
Commission received in foreign exchange activities	295,722	295,161
Trust management fees	299,600	308,353
Credit card fees	1,378,200	1,202,129
Operating lease fees (*)	600,283	478,374
Others	710,498	675,508
	<u>4,175,243</u>	<u>3,884,346</u>
Fees and commission expense:		
Credit-related fee	45,739	37,313
Credit card fees	930,044	895,787
Others	552,254	537,704
	<u>1,528,037</u>	<u>1,470,804</u>
Net fees and commission income	₩ <u>2,647,206</u>	<u>2,413,542</u>

(\*) Among operating lease fees recognized for the years ended December 31, 2023 and 2022, there is no variable lease fee income which does not vary by index or rate.

**36. Dividend income**

Dividend income for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Securities at FVTPL	₩ 121,347	144,869
Securities at FVOCI	60,139	32,700
	<u>₩ 181,486</u>	<u>177,569</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**37. Net gain (loss) on financial instruments measured at fair value through profit or loss**

Net gain (loss) on financial instruments measured at fair value through profit or loss for the ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Net gain (loss) on due from banks measured at FVTPL		
Gain (loss) on valuation	₩ 3,964	(10,600)
Net gain (loss) on loans measured at FVTPL		
Loss on valuation	(6,562)	(35,653)
Gain on sale	36,774	14,062
	<u>30,212</u>	<u>(21,591)</u>
Net gain (loss) on securities measured at FVTPL		
Debt securities		
Gain (loss) on valuation	755,501	(677,327)
Gain (loss) on sale	197,148	(244,263)
Other gains	624,282	590,933
	<u>1,576,931</u>	<u>(330,657)</u>
Equity securities		
Gain (loss) on valuation	540,188	(337,302)
Gain (loss) on sale	428,947	(284,267)
	<u>969,135</u>	<u>(621,569)</u>
Other		
Gain on valuation	11,635	2,089
	<u>2,557,701</u>	<u>(950,137)</u>
Net gain (loss) on financial liabilities measured at FVTPL		
Debt securities		
Gain (loss) on valuation	(60,144)	41,316
Gain (loss) on disposal	(88,398)	53,066
	<u>(148,542)</u>	<u>94,382</u>
Other		
Loss on valuation	(60,565)	(38,996)
Gain on disposal	1,606	2,726
	<u>(58,959)</u>	<u>(36,270)</u>
	<u>(207,501)</u>	<u>58,112</u>
Derivatives:		
Gain (loss) on valuation	292,483	(702,735)
Gain (loss) on transaction	(183,233)	466,118
	<u>109,250</u>	<u>(236,617)</u>
	₩ <u>2,493,626</u>	<u>(1,160,833)</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**38. Net gain (loss) on financial instruments designated at fair value through profit or loss**

Net gain (loss) on financial instruments designated at fair value through profit or loss for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities designated at fair value through profit or loss:		
Debt securities issued:		
Gain on valuation	₩ 2,495	2,673
Compound financial instruments:		
Gain on valuation	51,750	804,068
Loss on sale and redemption	(492,025)	(229,799)
	<u>(440,275)</u>	<u>574,269</u>
	₩ <u>(437,780)</u>	<u>576,942</u>

**39. Reversal of (provision for) credit loss allowance**

Reversal of (provision for) credit loss allowance on financial assets for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Allowance provided:		
Loans at amortized cost	₩ (2,114,442)	(1,244,351)
Other financial assets at amortized cost	(90,770)	(32,831)
Securities at fair value through other comprehensive income	(2,271)	-
Unused credit line and financial guarantee	(37,156)	(19,106)
Securities at amortized cost	-	(538)
	<u>(2,244,639)</u>	<u>(1,296,826)</u>
Allowance reversed:		
Securities at fair value through other comprehensive income	₩ -	5,013
Securities at amortized cost	136	-
	<u>136</u>	<u>5,013</u>
	₩ <u>(2,244,503)</u>	<u>(1,291,813)</u>



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**40. General and administrative expenses**

General and administrative expenses for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Employee benefits:		
Salaries	₩ 3,247,162	3,218,540
Severance benefits:		
Defined contribution	35,679	35,290
Defined benefit	109,444	156,181
Termination benefits	197,184	154,012
	<u>3,589,469</u>	<u>3,564,023</u>
Entertainment	46,050	46,374
Depreciation	514,100	462,024
Amortization	225,900	186,448
Taxes and utility bills	245,723	206,421
Advertising	285,495	339,915
Research	21,494	20,703
Others	967,106	818,252
	₩ <u>5,895,337</u>	<u>5,644,160</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won, except per share data)

**41. Share-based payments**

(a) Performance shares granted as of December 31, 2023 are as follows:

Type	<b>Expired</b>	<b>Not expired</b>
	Cash-settled share-based payment	
Performance conditions	Relative stock price linked (20.0%), management index (80.0%)	
Exercising period	4 years from the commencement date of the year to which the grant date belongs	
Estimated number of shares vested at December 31, 2023	730,250	2,480,651
Fair value per share in Korean won (*)	₩ 44,222, ₩ 33,122, ₩ 37,387, ₩ 37,081 and ₩ 38,156 for the expiration of exercising period from 2019 to 2023	₩ 40,150

(\*) Based on performance-based stock compensation, the reference stock price (the arithmetic average of the weighted average share price of transaction volume for the past two months, the past one month, and the past one week from the day before the base date) of four years after the commencement of the grant year is paid in cash, and the fair value of the reference stock price to be paid in the future is assessed as the closing price of the settlement.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**41. Share-based payments (continued)**

(b) Share-based compensation costs for the years ended December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023</b>		
	<b>Employees of</b>		
	<b>The controlling company</b>	<b>The subsidiaries</b>	<b>Total</b>
Performance shares	₩ 5,123	36,751	41,874

	<b>December 31, 2022</b>		
	<b>Employees of</b>		
	<b>The controlling company</b>	<b>The subsidiaries</b>	<b>Total</b>
Performance shares	₩ 3,159	25,092	28,251

(c) Accrued expenses recognized related to share-based payment transactions as of December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023</b>		
	<b>Employees of</b>		
	<b>The controlling company</b>	<b>The subsidiaries</b>	<b>Total</b>
Performance shares	₩ 16,079	111,056	127,135

	<b>December 31, 2022</b>		
	<b>Employees of</b>		
	<b>The controlling company</b>	<b>The subsidiaries</b>	<b>Total</b>
Performance shares	₩ 12,746	91,469	104,215

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**42. Other operating expenses, net**

Other operating income and other operating expense for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Other operating income</b>		
Gain on disposal of assets:		
Loans at amortized cost	₩ 178,158	33,147
Others:		
Gain on hedged items	422,074	1,122,823
Reversal of allowance for guarantees and acceptances	4,856	410
Gain on other trust accounts	2	142
Reversal of other allowance	1,790	388
Others	547,573	461,660
	<u>976,295</u>	<u>1,585,423</u>
	₩ <u>1,154,453</u>	<u>1,618,570</u>
<b>Other operating expense</b>		
Loss on disposal of assets:		
Loans at amortized cost	₩ 19,723	5,533
Others:		
Loss on hedged items	448,664	1,091,195
Fund contribution	470,227	440,715
Provision for other debt allowances	15,516	22,415
Depreciation of operating lease assets	445,006	351,208
Others (*)	1,942,047	1,407,824
	<u>3,321,460</u>	<u>3,313,357</u>
	₩ <u>3,341,183</u>	<u>3,318,890</u>
<b>Other operating expenses, net</b>	₩ <u>(2,186,730)</u>	<u>(1,700,320)</u>

(\*) Includes ₩ 293,824 million for vulnerable groups such as self-employed people, small business owners and institutions supporting vulnerable groups, etc. in accordance with the “Banking financial support plan for people’s livelihood” for the year ended December 31, 2023.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**43. Net other non-operating income**

Other non-operating income and other non-operating expense for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Other non-operating income</b>		
Gain on disposal of assets:		
Property and equipment	₩ 4,944	67,411
Investment property	56,640	29,305
Assets held for sale (*1)	1,753	448,770
Lease assets	9	36
Right-of-use assets	3,388	4,131
	<u>66,734</u>	<u>549,653</u>
Investments in associates:		
Gain on disposal	12,435	8,965
Reversal of impairment loss	-	5,924
	<u>12,435</u>	<u>14,889</u>
Others:		
Rental income on investment property	24,472	33,366
Reversal of impairment losses on intangible asset	50	396
Gain from assets contributed	-	4
Gain from bargain purchase	-	12,349
Others	66,546	75,511
	<u>91,068</u>	<u>121,626</u>
	<u>170,237</u>	<u>686,168</u>
<b>Other non-operating expense</b>		
Loss on disposal of assets:		
Property and equipment	6,009	2,546
Lease assets	-	9
Right-of-use assets	1,063	737
Others	29	183
	<u>7,101</u>	<u>3,475</u>
Investments in associates:		
Loss on disposal	19,266	19,045
Impairment loss	15,583	7,529
	<u>34,849</u>	<u>26,574</u>
Others:		
Donations	100,201	67,558
Depreciation of investment properties	15,058	18,115
Impairment loss on property and equipment	1,409	-
Impairment loss on intangible assets	10,732	3,158
Write-off of intangible assets	446	1,822
Expenses on collection of special bonds	9,130	10,259
Others (*2)	252,289	215,842
	<u>389,265</u>	<u>316,754</u>
	<u>431,215</u>	<u>346,803</u>
<b>Net other non-operating gain (loss)</b>	₩ <u>(260,978)</u>	<u>339,365</u>

(\*1) Gain and loss on disposal of sale-and-leaseback are included in gain and loss on disposal of property and equipment, gain and loss on disposal of investment property and gain on assets held for sale, respectively. Gain on disposal of sale-and-leaseback for the years ended December 31, 2022 is ₩ 443,780.

(\*2) It includes ₩ 51,948 million and ₩ 168,020 million, respectively, for the years ended December 31, 2023 and 2022 of estimated claim for damages that are highly probable to be paid in case of customer losses expected due to redemption delays of Lime CI funds, etc.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**44. Income tax expense**

(a) Income tax expense for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax expense	₩ 1,301,802	1,663,188
Temporary differences	493,026	(397,017)
Income tax recognized in other comprehensive income	(307,868)	344,941
Income tax expenses	₩ <u>1,486,960</u>	<u>1,611,112</u>

(b) Income tax expense calculated by multiplying net income before tax with the tax rate for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Profit before income taxes	₩ 5,964,960	6,366,626
Income taxes at statutory tax rates	1,564,388	1,740,460
Adjustments:		
Non-taxable income	(10,350)	(13,902)
Non-deductible expense	16,514	16,762
Tax credit	(1,185)	(1,233)
Others	(82,407)	(130,975)
Income tax expense	₩ <u>1,486,960</u>	<u>1,611,112</u>
Effective tax rate	%	24.93
		25.31

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

44. Income tax expense (continued)

(c) Deferred tax expenses by origination and reversal of deferred assets and liabilities and temporary differences for the years ended December 31, 2023 and 2022 are as follows:

	<b>December 31, 2023</b>			
	Beginning Balance	Profit or loss	Other comprehensive income (loss)	Ending Balance
Unearned income	₩ (350,772)	(81,504)	-	(432,276)
Account receivable	(23,695)	2,341	-	(21,354)
Financial assets measured at fair value	1,006,441	587,125	(1,139,313)	454,253
Investment in associates and etc.	183,410	7,439	(2,581)	188,268
Valuation and depreciation of property and equipment	(100,618)	(3,460)	-	(104,078)
Derivative asset	262,353	(81,234)	(28,731)	152,388
Deposits	37,047	(3,494)	-	33,553
Accrued expenses	209,728	11,730	-	221,458
Defined benefit obligation	475,777	(1,566)	70,456	544,667
Plan assets	(635,981)	16,645	1,353	(617,983)
Other provisions	398,873	111,731	-	510,604
Allowance for acceptances and guarantees	24,423	(2,406)	-	22,017
Allowance related to asset revaluation	(47,891)	182	-	(47,709)
Allowance for expensing depreciation	(202)	62	-	(140)
Accrued contributions	37,039	630	-	37,669
Financial assets (liabilities) designated at fair value through profit of loss	(279,089)	46,492	-	(232,597)
Allowances	166,078	57,988	-	224,066
Constructive dividend	17,187	531	-	17,718
Liability under insurance contracts	93,537	(82,092)	-	11,445
Others	(1,588,403)	(754,058)	790,948	(1,551,513)
	<u>(114,758)</u>	<u>(166,918)</u>	<u>(307,868)</u>	<u>(589,544)</u>
Expired unused tax losses:				
Extinguishment of deposit and insurance liabilities	219,558	(18,890)	-	200,668
	<u>₩ 104,800</u>	<u>(185,808)</u>	<u>(307,868)</u>	<u>(388,876)</u>

(\*1) Deferred tax assets from overseas subsidiaries are decreased by ₩ 650 million due to foreign exchange rate movements.

(\*2) The Group does not recognize deferred tax assets and liabilities related to global minimum tax laws by applying the temporary exception provision for deferred tax in K-IFRS No. 1012.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

44. Income tax expense (continued)

(c) Deferred tax expenses by origination and reversal of deferred assets and liabilities and temporary differences for the years ended December 31, 2023 and 2022 are as follows (continued):

	<b>December 31, 2022</b>			
	Beginning Balance	Profit or loss	Other comprehensive income (loss)	Ending Balance
Unearned income	₩ (340,992)	(9,780)	-	(350,772)
Account receivable	(26,580)	2,885	-	(23,695)
Financial assets measured at fair value	57,933	(1,152,836)	2,101,344	1,006,441
Investment in associates and etc.	178,262	(3,550)	8,698	183,410
Valuation and depreciation of property and equipment	(135,375)	34,757	-	(100,618)
Derivative asset	22,215	207,521	32,617	262,353
Deposits	24,430	12,617	-	37,047
Accrued expenses	154,716	55,012	-	209,728
Defined benefit obligation	549,950	23,960	(98,133)	475,777
Plan assets	(601,844)	(36,244)	2,107	(635,981)
Other provisions	389,570	9,303	-	398,873
Allowance for acceptances and guarantees	32,462	(8,039)	-	24,423
Allowance related to asset revaluation	(49,713)	1,822	-	(47,891)
Allowance for expensing depreciation	(274)	72	-	(202)
Accrued contributions	36,114	925	-	37,039
Financial liabilities designated at fair value through profit of loss	(74,655)	(204,434)	-	(279,089)
Allowances	132,239	33,839	-	166,078
Constructive dividend	16,737	450	-	17,187
Liability under insurance contracts	96,760	(3,223)	-	93,537
Others	(1,017,980)	1,131,269	(1,701,692)	(1,588,403)
	<u>(556,025)</u>	<u>96,326</u>	<u>344,941</u>	<u>(114,758)</u>
Expired unused tax losses:				
Extinguishment of deposit and insurance liabilities	266,605	(47,047)	-	219,558
	<u>₩ (289,420)</u>	<u>49,279</u>	<u>344,941</u>	<u>104,800</u>

(\*) Deferred tax assets from overseas subsidiaries are decreased by ₩2,797 million due to foreign exchange rate movements.



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

44. **Income tax expense (continued)**

(d) Deferred tax assets and liabilities that are directly charged or credited to equity for the years ended December 31, 2023 and 2022 are as follows:

	January 1, 2023		Changes		December 31, 2023	
	OCI	Tax effect	OCI	Tax effect	OCI	Tax effect
Gain (loss) on valuation of financial assets measured at FVOCI	₩ (9,032,747)	2,362,816	4,305,703	(1,139,313)	(4,727,044)	1,223,503
Gain (loss) on financial liabilities measured at FVTPL attributable to changes in credit risk	(7,014)	1,859	1,736	(466)	(5,278)	1,393
Foreign currency translation adjustments for foreign operations	(103,767)	(8,516)	(1,576)	(4,658)	(105,343)	(13,174)
Gain (loss) on cash flow hedges	(138,634)	42,246	90,011	(28,731)	(48,623)	13,515
Equity in other comprehensive income (loss) of associates	(11,059)	2,933	9,738	(2,581)	(1,321)	352
Remeasurements of the defined benefit liability	(126,394)	34,400	(272,144)	71,809	(398,538)	106,209
Net finance income (expense) on insurance contract	6,902,211	(1,829,086)	(2,989,301)	796,072	3,912,910	(1,033,014)
	₩ (2,517,404)	606,652	1,144,167	(307,868)	(1,373,237)	298,784
	January 1, 2022		Changes		December 31, 2022	
	OCI	Tax effect	OCI	Tax effect	OCI	Tax effect
Gain (loss) on valuation of financial assets measured at FVOCI	₩ (1,011,185)	261,472	(8,021,562)	2,101,344	(9,032,747)	2,362,816
Gain (loss) on financial liabilities measured at FVTPL attributable to changes in credit risk	(2,506)	689	(4,508)	1,170	(7,014)	1,859
Foreign currency translation adjustments for foreign operations	(116,857)	(8,362)	13,090	(154)	(103,767)	(8,516)
Gain (loss) on cash flow hedges	(35,753)	9,629	(102,881)	32,617	(138,634)	42,246
Equity in other comprehensive income (loss) of associates	13,361	(5,765)	(24,420)	8,698	(11,059)	2,933
Remeasurements of the defined benefit liability	(473,551)	130,426	347,157	(96,026)	(126,394)	34,400
Net finance income (expense) on insurance contract	459,556	(126,378)	6,442,655	(1,702,708)	6,902,211	(1,829,086)
	₩ (1,166,935)	261,711	(1,350,469)	344,941	(2,517,404)	606,652

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022  
(In millions of won)

**44. Income tax expense (continued)**

(e) The amount of deductible temporary differences that are not recognized as deferred tax assets as of December 31, 2023 and 2022 are as follows:

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Temporary differences related to			
Shinhan EZ General Insurance Co., Ltd. (*1)	₩	112,293	119,553
Shinhan AI Co., Ltd. (*2)		<u>13</u>	<u>-</u>
		<u>112,306</u>	<u>119,553</u>

(\*1) Shinhan EZ General Insurance Co., Ltd., a subsidiary of the Group, suffered a net loss for the current period, etc. As of the end of 2023, deferred corporate tax assets were not recognized as it was determined that the temporary difference to be deducted in excess of the temporary difference to be added and the tax loss were not feasible.

(\*2) Shinhan AI Co., Ltd, a subsidiary of the Group, did not recognize deferred corporate tax assets for temporary differences in consideration of liquidation in 2024.

(\*3) The expiration date of unused carried tax losses not recognized as deferred tax assets as of the end of the reporting period is as follows:

		<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~3 years</u>	<u>More than 3 years</u>	<u>Total</u>
Tax loss carried-forward	₩	19,979	9,006	7,444	68,786	105,215

(f) The amount of temporary difference regarding investment in subsidiaries that are not recognized as deferred tax liabilities as of December 31, 2023 and 2022 are as follows:

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in subsidiaries, etc.	₩	(9,331,214)	(8,888,268)

(g) The Group set off a deferred tax asset against a deferred tax liability of the same taxable entity if, and only if, they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities. Deferred tax assets and liabilities presented on a gross basis prior to any offsetting as of December 31, 2023 and 2022 are as follows:

		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deferred tax assets	₩	1,300,568	1,620,246
Deferred tax liabilities		1,689,444	1,515,446

(h) As of the end of 2023, the Group is in the process of litigation for cases where tax uncertainty exists (claim amount: ₩ 30,590 million). The Group determined that there is a high probability of winning the case and reflected it as current corporate tax assets and corporate tax expenses.

(i) The Group is reviewing the impact on the consolidated financial statements following the implementation of the Global Minimum Tax Act. Due to the complexity of the application of the global minimum tax law, it is difficult to reasonably estimate the impact on the consolidated financial statements, and the Group is estimating the impact with a tax expert.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won, except per share data)

45. Earnings per share

(a) Basic and diluted earnings per share for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Profit attributable to equity holders of Shinhan Financial Group	₩ 4,368,035	4,665,643
Less:		
Dividends to hybrid bond	(189,672)	(156,277)
Net profit available for common stock	₩ <u>4,178,363</u>	<u>4,509,366</u>
Weighted average number of common shares outstanding (*)	519,207,776	530,638,621
Basic and diluted earnings per share in won	₩ <u>8,048</u>	<u>8,498</u>

(\*) The number of common shares outstanding is 512,759,471 shares. The above weighted-average stocks are calculated by reflecting 17,482,000 shares of convertible preferred shares issued on May 1, 2019 and then converted into common shares on May 1, 2023, and 13,507,398 shares and 7,814,685 shares of treasury stock acquired and canceled during the periods ended December 31, 2023 and December 31, 2022.

(b) The calculation details of the weighted average number of ordinary shares for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	
	<u>Number of shares</u>	<u>Accumulated number of shares</u>
Number of common shares issued	512,759,471	187,756,015,279
Shares of convertible preferred stock	-	2,097,840,000
Shares of treasury stock	(6,352)	(343,017,080)
Average number of ordinary shares	512,753,119	189,510,838,199
Days		365 days
Weighted average number of ordinary shares		519,207,776
	<u>December 31, 2022</u>	
	<u>Number of shares</u>	<u>Accumulated number of shares</u>
Number of common shares issued	508,784,869	187,476,994,819
Shares of convertible preferred stock	17,482,000	6,380,930,000
Shares of treasury stock	(6,352)	(174,828,329)
Average number of ordinary shares	526,260,517	193,683,096,490
Days		365 days
Weighted average number of ordinary shares		530,638,621

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**46. Commitments and contingencies**

(a) Guarantees, acceptances and credit commitments as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantees and purchase agreements:		
Outstanding guarantees	₩ 12,503,445	12,154,088
Contingent guarantees	4,337,751	4,565,829
ABS and ABCP purchase agreements	1,533,047	1,496,604
	<u>18,374,243</u>	<u>18,216,521</u>
Commitments to extend credit:		
Loan commitments in won	88,913,555	83,451,887
Loan commitments in foreign currency	26,970,371	25,052,284
Other agreements (*)	96,194,944	96,984,654
	<u>212,078,870</u>	<u>205,488,825</u>
Endorsed bills:		
Secured endorsed bills	44	10,025
Unsecured endorsed bills	10,519,665	7,046,806
	<u>10,519,709</u>	<u>7,056,831</u>
	<u>₩ 240,972,822</u>	<u>230,762,177</u>

(\*) Unused credit commitments provided to the card customers are included, the amounts are ₩ 90,832,893 million for the year ended December 31, 2023 and ₩ 90,452,012 million for the year ended December 31, 2022.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**46. Commitments and contingencies (continued)**

(b) Pending litigations

The Group's pending lawsuits as a defendant as of December 31, 2023 are as follows:

Case	Number of claim	Claim amount	Description	Status
Return of unjust earning	1	₩ 33,096	The Plaintiff believes that the group of lenders including the Group unfairly sold two oil drilling vessels that are the core assets for borrowers and it caused losses to other bankrupt creditors of the borrower. Therefore, the Plaintiff filed a lawsuit for damages.	The first trial is ongoing as of December 31, 2023
Loss claim	1	64,748	Joint Tort liability and Vicarious liability	The first trial is ongoing as of December 31, 2023
Loss claim	1	36,436	Joint Tort liability and Vicarious liability	The first trial is ongoing as of December 31, 2023
Sinmun-ro, Jongno-gu Agency work PFV fraudulent trusts Cancellation lawsuit (Geosam Co., Ltd.)	1	43,630	The plaintiff, who claims to be the original owner of the trust building, claims that the currently registered trust registration should be canceled as fraudulent trust, and requested payment of approximately KRW 43.6 billion in value compensation.	The first trial is ongoing as of December 31, 2023
Others	749	553,663	It includes various cases, such as compensation for loss claim.	
	<u>753</u>	<u>₩ 731,573</u>		

As of the December 31, 2023, the Group has recorded ₩ 31,371 million and ₩ 3,594 million, respectively, as provisions and incurred claims element of insurance contract liabilities for litigations, etc., which have been decided to lose at the first trial. The outcome of the remaining litigations other than those accounted for provisions, etc. are not expected to have a material impact on the consolidated financial statements, but additional losses may result from future litigation.

## SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

#### **46. Commitments and contingencies (continued)**

(c) As a Prime Brokerage Service operator, the Group entered into a total return swap agreement (“TRS”, derivatives that exchange profits and losses from underlying assets such as stocks, bonds and funds) with a fund operated by Lime Asset Management (“Lime Fund”). Through TRS with the Group, the Lime Fund invested approximately \$200 million in IIG Global Trade Finance Fund, IIG Trade Finance Fund, and IIG Trade Finance Fund-FX Hedge (“IIG Fund”) from May 2017 to September 2017. The Group invested the IIG Fund in LAM Enhanced Finance III L.P (“LAM III Fund”) in kind and acquired the LAM III Fund's beneficiary certificates in accordance with the management instructions of Lime Asset Management in 2019. The recoverable value of the LAM III Fund beneficiary certificates is affected by the recoverable value of the IIG Fund invested in kind.

Meanwhile, IIG Fund received cancellation of registration and asset freeze from the US Securities and Exchange Commission in November 2019. The Financial Supervisory Service (FSS) announced in its interim inspection of Lime Fund in February 2020 that the Group is charged of being involved in poor concealment and fraud of Lime Fund while operating TRSs with Lime Fund, and a related prosecution investigation has been under way since then.

Institutional sanctions (banned from the sale of new private equity funds and etc. for six months) against the Group was finalized by the Financial Services Commission on November 12, 2021.

In addition, the prosecution arrested and indicted the former director of Prime Brokerage Services for fraud charges and violation of the Capital Market and Financial Investment Services Act. Finally, the former director of Prime Brokerage Services was found guilty.

The prosecution indicted the Group and the former director of Prime Brokerage Services on January 22, 2021 for violating ‘Financial Investment Services and Capital Markets Act’, and the Group was sentenced to a fine of ₩ 50 million for neglecting its duty of supervision. However, the Group believes that additional legal liability that may arise in the future in relation to the above incident is not high.

Considering the board resolutions and the results of the Financial Supervisory Service's dispute settlement committee, the Group has been completed or will be carried out the compensation and liquidity supply for some of the Lime Fund sales in the future.

(d) The Group has sold Gen2 related trust instruments from May 2014 to November 2019. As of December 31, 2023, approximately ₩420 billion, the entire outstanding balance, is suspended from redemption and delayed in repayment. In accordance with a resolution of the Board of Directors on September 28, 2021, the Group has decided to pay 40% of the investment principal to the customers who have agreed to the suspension of redemption and settle the amount upon investment recovery. On August 29, 2023, the Board of Directors decided to proceed with privatization using the post-settlement method. In addition, on December 8, 2023, the Board of Directors decided to privatize NH-UK Peterborough Power Plant Trust and others through a post-settlement method.

## SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

#### **46. Commitments and contingencies (continued)**

(e) The Group is responsible for the completion of construction when the contractor fails to fulfill its responsibilities. In case the Group fails to fulfill its responsibility, it is in the process of a responsible-for-completion land trust project (133 cases other than the new residential and commercial apartment project in Mugeo-dong Nam-gu, Ulsan (excluding completed workplaces)) to compensate for damages incurred to the financial institutions, and for the period ended December 31, 2023, the total PF commitment amount of PF loan financial institutions is ₩ 3,284.2 billion on a temporary basis, ₩ 3,846.4 billion on a limit basis, and the total PF loans amounted to ₩ 5,567.6 billion.

The amount of claim for damages of the Group is determined after identifying whether it is a damage caused by the Group's failure to fulfill its responsibilities, and the scope of damages to be compensated by the Group may change depending on the results of lawsuits that are in progress as of December 31, 2023 or that will proceed after the end of the current period. As of December 31, 2022, the risk of the Group to bear the responsibility to complete the project is low, and the loss cannot be reliably measured, hence this was not reflected in the financial statements for the period ended December 31, 2022. Meanwhile, the process of each business sites will be continuously monitored.

Meanwhile, the construction company's responsibility for completion of a total of 56 land trust projects, including 9-1 Sihwa MTV Bandalseom, Ansan-si, Gyeonggi-do, which the consolidated entity is in progress as of the end of the current period, has not been fulfilled. The total PF commitment amount of PF loan financial institutions invested in the relevant business site at the end of the current period is ₩ 774.7 billion on a temporary basis and ₩ 831.5 billion on a limit basis, and the PF loan amount is ₩ 1,520.2 billion.

In addition, the completion deadline for a total of 8 land trust projects, including the Sanho-dong multiplex in Masan Hapcho-gu, Changwon-si, Gyeongsangnam-do, which the consolidated entity is in progress as of the end of the current period, has passed. The total PF commitment amount of PF loan financial institutions invested in the relevant business site at the end of the current period is ₩ 166.1 billion on a temporary basis and ₩ 149.6 billion on a limit basis, and the PF loan amount is ₩ 304 billion.

(f) An investigation by the Financial Supervisory Service regarding the sale of Equity Linked Trust (ELT) and an investigation by the Fair Trade Commission regarding unfair collaborative practices by four commercial banks are in progress, and the results cannot be predicted at this moment.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**47. Statement of cash flows**

(a) Cash and cash equivalents in the consolidated statements of cash flows as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash and due from banks at amortized cost	₩ 34,650,390	30,070,043
Adjustments:		
Due from financial institutions with a maturity over three months from date of acquisition	(1,322,274)	(1,956,179)
Restricted due from banks	(2,911,232)	(3,699,918)
	<u>(4,233,506)</u>	<u>(5,656,097)</u>
	₩ <u>30,416,884</u>	<u>24,413,946</u>

(b) Significant non-cash activities for the years ended December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Transfers from construction-in-progress to property and equipment	₩ 82,179	33,983
Transfers between property and equipment and investment property	16,678	9,554
Transfers between assets held for sale and property and equipment	2,442	101,757
Transfers between investment property and assets held for sale	6,057	83,664
Accounts payable for purchase of intangible assets, etc.	374,685	117,743
Transaction for right-of-use assets	299,672	293,590



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

47. Statement of cash flows (continued)

(c) Changes in assets and liabilities arising from financing activities for the years ended December 31, 2023 and 2022 are as follows:

<b>December 31, 2023</b>						
	<b>Net Derivative liabilities</b>	<b>Borrowings</b>	<b>Debt securities issued</b>	<b>Lease liabilities</b>	<b>Financial liabilities designated at FVTPL</b>	<b>Total</b>
Beginning balance	₩ 531,934	49,279,175	77,288,783	623,339	47,327	127,770,558
Changes from cash flows	79,563	8,153,087	3,865,582	(262,055)	209,969	12,046,146
Changes from non-cash flows						
Amortization of discount on borrowings and debentures	-	(61,561)	33,295	18,855	-	(9,411)
Changes in foreign currency	-	90,914	197,895	(4,331)	32	284,510
Other	(253,480)	(560,263)	176,170	238,106	(2,496)	(401,963)
Ending balance	₩ <u>358,017</u>	<u>56,901,352</u>	<u>81,561,725</u>	<u>613,914</u>	<u>254,832</u>	<u>139,689,840</u>
<b>December 31, 2022</b>						
	<b>Net Derivative liabilities</b>	<b>Borrowings</b>	<b>Debt securities issued</b>	<b>Lease liabilities</b>	<b>Financial liabilities designated at FVTPL</b>	<b>Total</b>
Beginning balance	₩ (81,407)	43,167,065	80,149,363	612,690	-	123,847,711
Changes from cash flows	71,629	6,145,271	(2,255,974)	(259,913)	49,993	3,751,006
Changes from non-cash flows						
Amortization of discount on borrowings and debentures	-	(94,209)	45,713	13,379	-	(35,117)
Changes in foreign currency	-	294,867	58,406	19,032	-	372,305
Other	541,712	(233,819)	(708,725)	237,049	(2,666)	(166,449)
Business combination	-	-	-	1,102	-	1,102
Ending balance	₩ <u>531,934</u>	<u>49,279,175</u>	<u>77,288,783</u>	<u>623,339</u>	<u>47,327</u>	<u>127,770,558</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**48. Related parties**

Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. In accordance with K-IFRS No. 1024, the Group defines the retirement benefit plans of the associates, key management and their families, the consolidation group and related parties as the scope of related parties. The amount of profit and loss, bond and debt balance between the Group and the related parties are disclosed. For details of the subsidiaries and associates, refer to 'Note 16'.

(a) Balances with the related parties as of December 31, 2023 and 2022 are as follows:

Related party	Account	December 31, 2023	December 31, 2022
<b>Investments in associates:</b>			
BNP Paribas Cardif Life Insurance	Other assets	₩ 32	38
"	Credit card loans	105	117
"	ACL	(1)	-
"	Deposits	2,984	18,745
"	Allowance for Undrawn Commitment	2	1
Partners 4th Growth Investment Fund (*1)	Deposits	-	742
Incorporated association Finance Saving Information Center	Deposits	7	2
Nomura-Rifa Private Real Estate Investment Trust No.19	Loans	11,529	11,880
"	Other assets	51	44
SH MAIN Professional Investment Type Private Mixed Asset Investment Trust No.3	Other assets	310	427
KOREA FINANCE SECURITY CO., LTD	Deposits	132	415
Hermes Private Investment Equity Fund (*1)	Deposits	-	218
Korea Credit Bureau	Deposits	640	721
Goduck Gangil1 PFV Co., Ltd	Loans	-	6,825
"	ACL	-	(20)
"	Deposits	11	3
SBC PFV Co., Ltd	Deposits	13,113	21,163
Sprott Global Renewable Private Equity Fund I (*1)	Deposits	-	100
Goduck Gangil10 PFV Co., Ltd	Loans	1,100	3,100
"	ACL	(5)	(9)
"	Deposits	7,568	26,880
Shinhan Global Healthcare Fund 2	Deposits	1	1
IMM Special Situation 1-2 PRIVATE EQUITY FUND (*1)	Deposits	-	151
Future-Creation Neoplux Venture Capital Fund	Account receivables	3,600	3,949
Neoplux Market-Frontier Secondary Fund	Account receivables	592	904
Gyeonggi-Neoplux Superman Fund	Account receivables	1,174	623
Shinhan-Neoplux Energy Newbiz Fund	Account receivables	1,883	978

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**48. Related parties (continued)**

(a) Balances with the related parties as of December 31, 2023 and 2022 are as follows (continued):

Related party	Account	December 31, 2023	December 31, 2022
<b>Investments in associates (continued):</b>			
SHINHAN-NEO Core Industrial Technology Fund	Account receivables	₩ 123	124
KTC-NP Growth Champ 2011-2 Private Equity Fund (*1)	Account receivables	-	2,675
Neoplux No.3 Private Equity Fund	Account receivables	5,866	3,190
NV Station Private Equity Fund (*1)	Deposits	-	21
Korea Digital Asset Custody	Deposits	34	153
SW-S Fund (*1)	Deposits	-	112
Shinhan Smilegate Global PEF I	Unearned revenue	7	9
WaveTechnology co.Ltd	Deposits	17	41
SHINHAN-NEO Market-Frontier 2nd Fund	Account receivables	1,596	513
iPIXEL Co.,Ltd.	Deposits	11	225
CJL No.1 Private Equity Fund	Deposits	265	603
NewWave 6th Fund	Account receivables	984	849
Nova New Technology Investment Fund No.1 (*1)	Deposits	-	215
DS Power Semicon Private Equity Fund (*1)	Deposits	-	100
Genesis No.1 Private Equity Fund (*1)	Deposits	-	19
DDI LVC Master Real Estate Investment Trust Co., Ltd.	Deposits	923	59
Newlake Growth Capital Partners2 PEF (*1)	Deposits	-	353
Logisvalley Shinhan REIT Co.,Ltd.	Loans	33,000	43,000
"	ACL	(36)	(28)
"	Account receivables	-	81
"	Accrued income	81	-
"	Deposits	1,134	1,421
Shinhan-Albatross tech investment Fund	Deposits	2,229	3,402
Shinhan Global Active REIT Co.Ltd	Deposits	206	393
Shinhan VC tomorrow venture fund 1	Account receivables	730	850
SH Sustainable Management ESG Short term Bond Security Feeder Investment Trust No.1 (*2)	Accrued income	-	1
SH Global Net Zero Solution Security Investment Trust	Accrued income	2	2
SEOKWANG T&I	Deposits	1	1
Shinhan Time 1st Investment fund	Deposits	151	238
DeepBlue No.1 Private Equity Fund (*1)	Deposits	-	400
Shinhan-Cognitive Start-up Fund L.P.	Unearned revenue	52	-
NH-J&-IBKC Label Technology Fund	Deposits	301	-
Shinhan-JW Mezzanin New Technology Fund 1st	Unearned revenue	7	-
Shinhan M&A-ESG Investment fund	Account receivables	285	-
Shinhan General Private Real Estate Investment Trust No.3	Accrued income	13	-
Capston General Private Real Estate Investment Trust No.26(Professional)	Deposits	1	-
SHINHAN Mid and SMALL-SIZED OFFICE VALUE-ADDED MO REIT Co., Ltd.	Accrued income	21	-
<b>Key management personnel and their immediate relatives:</b>	Loans	5,003	6,561
	Assets	68,038	86,674
	Liabilities	₩ 29,797	76,907

(\*1) Excluded from the associates due to disposal and liquidation for the year ended December 31, 2023.

(\*2) For the year ended December 31, 2023, it is incorporated into the consolidation target as the Group held control due to increased equity ratio.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**48. Related parties (continued)**

(b) Transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows:

Related party	Account	December 31, 2023	December 31, 2022
<b>Investments in associates</b>			
BNP Paribas Cardif Life Insurance	Fees and commission income	₩ 4,125	1,890
"	Provision for credit loss	(2)	-
"	Interest expense	(57)	(52)
"	General and administrative expenses	-	(1)
Shinhan Praxis K-Growth Global Private Equity Fund	Fees and commission income	-	42
Shinhan EZ General Insurance Co., Ltd. (*2)	Fees and commission income	-	2
"	Reversal for credit loss	-	5
"	Interest expense	-	(1)
Partners 4th Growth Investment Fund (*3)	Interest expense	-	(12)
Shinhan-Albatross tech investment Fund	Fees and commission income	115	146
	Interest expense	(4)	(7)
Shinhan-Midas Dong-A Secondary Fund	Fees and commission income	-	121
Shinhan-Nvestor Liquidity Solution Fund	Fees and commission income	173	181
Shinhan-PS Investment Fund No.1	Fees and commission income	25	15
Nomura-Rifa Private Real Estate Investment Trust No.19	Interest income	568	522
SH MAIN Professional Investment Type Private Mixed Asset Investment Trust No.3	Fees and commission income	1,262	1,550
KOREA FINANCE SECURITY CO., LTD	Fees and commission income	4	6
ShinHan – Soo Young Entrepreneur Investment Fund No.1	Fees and commission income	589	140
Shinhan-Rhinos 1 Fund (*1)	Fees and commission income	-	61
Kiwoom-Shinhan Innovation Fund I	Fees and commission income	140	118
One Shinhan Global Fund1	Fees and commission income	-	104
FuturePlay-Shinhan TechInnovation Fund 1	Fees and commission income	56	227
Korea Credit Bureau	Fees and commission income	14	13
Goduck Gangil1 PFV Co., Ltd	Interest income	143	377
"	Reversal for credit loss	20	31
SBC PFV Co., Ltd	Fees and commission income	-	808
"	Interest expense	(13)	(23)

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**48. Related parties (continued)**

(b) Transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows (continued):

Related party	Account	December 31, 2023	December 31, 2022
<b>Investments in associates (continued)</b>			
Goduck Gangil10 PFV Co., Ltd	Interest income	₩ 69	171
"	Interest expense	(647)	(738)
"	Reversal for credit loss	4	14
Korea Omega Project Fund I	Fees and commission income	166	180
Sparklabs-Shinhan Opportunity Fund 1	Fees and commission income	39	202
EDNCENTRAL Co.,Ltd.	Interest income	-	267
"	Fees and commission income	-	3,212
Kakao-Shinhan 1 <sup>st</sup> TNYT Fund	Fees and commission income	386	386
Future-Creation Neoplux Venture Capital Fund	Interest income	86	74
"	Fees and commission income	-	53
Neoplux Market-Frontier Secondary Fund	Fees and commission income	592	904
Gyeonggi-Neoplux Superman Fund	Fees and commission income	551	623
Shinhan-Neoplux Energy Newbiz Fund	Fees and commission income	906	978
NewWave 6 <sup>th</sup> Fund	Fees and commission income	984	1,014
SHINHAN-NEO Core Industrial Technology Fund	Fees and commission income	496	498
KTC-NP Growth Champ 2011-2 Private Equity Fund (*3)	Interest income	36	59
Neoplux No.3 Private Equity Fund	Fees and commission income	2,676	3,190
Shinhan Smilegate Global PEF I	Fees and commission income	-	49
SHINHAN-NEO Market-Frontier 2 <sup>nd</sup> Fund	Fees and commission income	1,596	2,050
SWK-Shinhan New Technology Investment Fund 1 <sup>st</sup>	Fees and commission income	61	76
Ulmus SHC innovation investment fund	Fees and commission income	91	94
iPIXEL Co.,Ltd.	Interest income	-	1
CJL No.1 Private Equity Fund	Interest expense	(10)	(7)
Reverent-Shinhan Vista Fund	Fees and commission income	80	40
Kiwoom-Shinhan Innovation Fund 2	Fees and commission income	268	279
ETRI Holdings-Shinhan 1 <sup>st</sup> Unicorn Fund	Fees and commission income	100	100
Shinhan-Time mezzanine blind Fund	Fees and commission income	226	107
Shinhan VC tomorrow venture fund 1	Fees and commission income	3,280	3,400
JS Shinhan Private Equity Fund	Fees and commission income	600	587
Stonebridge-Shinhan Unicorn Secondary Fund	Fees and commission income	444	591
Shinhan-Kunicorn first Fund	Fees and commission income	232	261
Shinhan-Quantum Startup Fund	Fees and commission income	153	125
Shinhan Simone Fund I	Fees and commission income	78	78
ShinhanFitrin 1st Technology Business Investment Association	Fees and commission income	85	59
DDI LVC Master Real Estate Investment Trust Co., Ltd.	Interest expense	(1)	(1)
Logisvalley Shinhan REIT Co.,Ltd.	Interest income	1,841	1,018
"	Fees and commission income	163	458
"	Interest expense	(2)	(1)
"	Provision for credit loss	(8)	(28)
Shinhan-Dev healthcare Fund I	Fees and commission income	77	66
Shinhan-Cognitive Start-up Fund L.P.	Fees and commission income	188	192
Global Commerce Fund	Fees and commission income	30	10

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**48. Related parties (continued)**

(b) Transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows (continued):

Related party	Account	December 31, 2023	December 31, 2022
<b>Investments in associates (continued)</b>			
Shinhan-HGI Social Enterprise Fund	Fees and commission income	₩ 63	27
Shinhan-WWG Energy Fund New Technology Venture Investment Fund	Fees and commission income	45	22
IGIS-Shinhan New Technology Fund 1	Fees and commission income	36	36
Shinhan-G.N.Tech Smart Innovation Fund	Fees and commission income	260	81
SH Sustainable Management ESG Short term Bond Security Feeder Investment Trust No.1(*4)	Fees and commission income	-	6
SH Global Net Zero Solution Security Investment Trust	Fees and commission income	75	82
SH 1.5years Maturity Investment Type Security Investment Trust No.2	Fees and commission income	16	-
Newlake Growth Capital Partners2 PEF (*3)	Interest expense	-	(1)
Shinhan Global Active REIT Co.Ltd	Fees and commission income	17	-
"	Interest expense	(2)	(1)
DeepBlue No.1 Private Equity Fund (*3)	Interest expense	-	(2)
DS SHINHAN Content Investment Fund 1	Fees and commission income	18	18
Shinhan Time 1st Investment fund	Fees and commission income	26	4
SHINHAN SGC ESG Fund No.1	Fees and commission income	115	5
Shinhan-Sneak Peek Bio&Healthcare Bounce Back Fund	Fees and commission income	125	4
Shinhan-isquare Venture PEF 1	Fees and commission income	100	3
Shinhan-Gene and New Normal First Mover Venture Investment Equity Fund 1st	Fees and commission income	42	-
DS-Shinhan-JBWoori New Media New Tehcnology Investment Fund No.1	Fees and commission income	216	-
NH-J&-IBKC Label Technology Fund	Interest expense	(12)	-
Bonanza-Shinhan GIB Innovative Semiconductor Investment Fund	Fees and commission income	55	-
2023 Shinhan-JB Woori-Daeshin Listed Companies New Technology Fund	Fees and commission income	113	-
Shinhan M&A-ESG Investment fund	Fees and commission income	726	-
Shinhan-JW Mezzanin New Technology Fund 1st	Fees and commission income	46	-
K REITS Infra Real estate	Fees and commission income	25	-
MAN Global Strategy Bond(H)	Fees and commission income	2	-
Shinhan Time Secondary Blind New Technology Investment Trust	Fees and commission income	71	-
Shinhan-openwater pre-IPO Investment Trust 1	Fees and commission income	36	-
Shinhan-CJ Technology Innovation Fund No. 1	Fees and commission income	88	-
Shinhan-Eco Venture Fund 2nd	Fees and commission income	49	-
Heungkuk-Shinhan the1st Visionary Technology Investment Trust no. 1	Fees and commission income	87	-
Hantoo Shinhan Lake K-beauty Technology Investment Trust	Fees and commission income	94	-
Shinhan HB Wellness 1st Investment Trust	Fees and commission income	35	-
Shinhan JN Wave Technology Investment Trust	Fees and commission income	2	-
Shinhan General Private Real Estate Investment Trust No.3	Fees and commission income	13	-
Shinhan-Timefolio Bio Accelerator Fund	Fees and commission income	163	-
Shinhan DS Secondary Investment Fund	Fees and commission income	139	-
Fortress-shinhan New Tech Fund No.1	Fees and commission income	27	-
Shinhan-Ulmus Sobujang hyeokshin Enterprise Investment Association No.7	Fees and commission income	18	-
SHINHAN Mid and SMALL-SIZED OFFICE VALUE-ADDED MO REIT Co., Ltd.	Fees and commission income	25	-
<b>Key management personnel and their immediate relatives</b>			
Interest income		242	205
		₩ 26,270	27,443

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**48. Related parties (continued)**

(b) Transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows (continued):

(\*1) Excluded from the associates due to disposal and liquidation for the year ended December 31, 2022

(\*2) It is incorporated into the consolidation target as the Group held control due to increased equity ratio and BNP Paribas Cardif General Insurance, Ltd. has changed its name to Shinhan EZ General Insurance Co., Ltd for the year ended December 31, 2022. The transaction amount for the year ended December 31, 2022 is the amount before being incorporated into the consolidation target.

(\*3) Excluded from the associates due to disposal and liquidation for the year ended December 31, 2023.

(\*4) It is incorporated into the consolidation target as the Group held control due to increased equity ratio for the year ended December 31, 2023.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**48. Related parties (continued)**

(c) Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>	<b>December 31, 2022</b>
Short-term employee benefits	₩	25,007	27,591
Severance benefits		809	817
Share-based payment transactions (*)		11,862	9,777
	₩	<u>37,678</u>	<u>38,185</u>

(\*) The expenses of share-based payment transactions are the remuneration expenses during the vesting period.

(d) The guarantees and purchase agreement provided between the related parties as of December 31, 2023 and 2022 are as follows:

<b>Guarantor</b>	<b>Guaranteed Parties</b>	<b>Amount of guarantees</b>		<b>Account</b>
		<b>December 31, 2023</b>	<b>December 31, 2022</b>	
Shinhan Bank	BNP Paribas Cardif Life Insurance	₩ 10,000	10,000	Unused loan limit
"	Key Management Personnel	3,241	2,143	Unused loan limit
Shinhan Card	BNP Paribas Cardif Life Insurance	895	883	Unused credit line
The Group	Structured entities	326,830	296,118	Purchase agreement
		₩ <u>340,966</u>	<u>309,144</u>	

(e) Details of collaterals provided by the related parties as of December 31, 2023 and 2022 are as follows:

<b>Provided to</b>	<b>Provided by</b>	<b>Pledged assets</b>	<b>Amount of assets pledged</b>	
			<b>December 31, 2023</b>	<b>December 31, 2022</b>
Shinhan Bank	BNP Paribas Cardif Life Insurance	Government bonds	₩ 2,400	12,400
	iPIXEL Co.,Ltd.	Electronic credit guarantee	-	190
	Logisvalley Shinhan REIT Co.,Ltd.	Collateral trust	39,600	51,600
	Key Management Personnel	Properties	4,417	8,073
	"	Deposits and etc.	1,127	1,306
	"	Guarantee	1,308	3,092
				<u>6,852</u>
			₩ <u>48,852</u>	<u>76,661</u>



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**48. Related parties (continued)**

(f) Details of significant loan transactions with related parties as of December 31, 2023 and 2022 are as follows:

Classification	Company	December 31, 2023				
		Beginning	Execution	Collection	Others (*)	Ending
Investments in associates	Nomura-Rifa Private Real Estate Investment Trust No.19	₩ 11,880	-	-	(351)	11,529
	Goduck Gangil1 PFV Co., Ltd.	6,825	-	(6,825)	-	-
	Goduck Gangil10 PFV Co., Ltd.	3,100	-	(2,000)	-	1,100
	Logisvalley Shinhan REIT Co.,Ltd.	43,000	33,000	(43,000)	-	33,000
Key Management Personnel		6,563	3,154	(4,712)	-	5,005
Total		₩ 71,368	36,154	(56,537)	(351)	50,634

(\*) The effect on changes in allowance for credit loss is included.

Classification	Company	December 31, 2022				
		Beginning	Execution	Collection	Others (*)	Ending
Investments in associates	Nomura-Rifa Private Real Estate Investment Trust No.19	₩ 11,880	-	-	-	11,880
	EDNCENTRAL Co.,Ltd.	19,739	-	(20,000)	261	-
	Goduck Gangil1 PFV Co., Ltd.	12,000	-	(5,175)	-	6,825
	Goduck Gangil10 PFV Co., Ltd.	7,600	-	(4,500)	-	3,100
Key Management Personnel	iPIXEL Co.,Ltd.	55	-	-	(55)	-
	Logisvalley Shinhan REIT Co.,Ltd.	-	43,000	-	-	43,000
		6,150	4,590	(4,177)	-	6,563
	Total	₩ 57,424	47,590	(33,852)	206	71,368

(\*) The effect on changes in allowance for credit loss is included.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 49. Interests in unconsolidated structured entities

(a) The nature and extent of interests in unconsolidated structured entities

The Group involved in assets-backed securitization, structured financing, beneficiary certificates (primarily investment funds) and other structured entities and characteristics of these structured entities are as follows:

	<u>Description</u>
Assets-backed securitization	<p>Securitization vehicles are established to buy assets from originators and issue asset-backed securities in order to facilitate the originators' funding activities and enhance their financial soundness. The Group is involved in the securitization vehicles by purchasing (or committing to purchase) the asset-backed securities issued and/or providing other forms of credit enhancement.</p> <p>The Group does not consolidate a securitization vehicle if (i) the Group is unable to make or approve decisions as to the modification of the terms and conditions of the securities issued by such vehicle or disposal of such vehicles' assets, (ii) (even if the Group is so able) if the Group does not have the exclusive or primary power to do so, or (iii) if the Group does not have exposure, or right, to a significant amount of variable returns from such entity due to the purchase (or commitment to purchase) of asset-backed securities so issued or subordinated obligations or by providing other forms of credit support.</p>
Structured financing	<p>Structured entities for project financing are established to raise funds and invest in a specific project such as M&amp;A (mergers and acquisitions), BTL (build-transfer-lease), shipping finance, etc. The Group is involved in the structured entities by originating loans, investing in equity, or providing credit enhancement.</p>
Investment fund	<p>Investment fund means an investment trust, a PEF (private equity fund) or a partnership which invests in a group of assets such as stocks or bonds by issuing a type of beneficiary certificates to raise funds from the general public, and distributes its income and capital gains to their investors. The Group manages assets by investing in shares of investment fund or playing a role of an operator or a GP (general partner) of investment fund, on behalf of other investors.</p>

The size of unconsolidated structured entities as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total assets:		
Asset-backed securitization	₩ 214,750,119	238,433,221
Structured financing	427,272,034	343,861,213
Investment fund	364,272,967	353,801,189
	<u>₩ 1,006,295,120</u>	<u>936,095,623</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**49. Interests in unconsolidated structured entities (continued)**

(b) Nature of risks

i) The carrying amounts of the assets and liabilities relating to its interests in unconsolidated structured entities as of December 31, 2023 and 2022 are as follows:

		<b>December 31, 2023</b>			
		<b>Assets-backed securitization</b>	<b>Structured financing</b>	<b>Investment fund</b>	<b>Total</b>
Assets under consolidated financial statements:					
Loans measured at fair value through profit or loss	₩	9,598	309,635	123,282	442,515
Loan at amortized cost		1,061,060	16,604,162	227,185	17,892,407
Securities at fair value through profit or loss		4,366,192	129,795	13,304,176	17,800,163
Derivate assets		674	-	-	674
Securities at fair value through other comprehensive income		4,041,459	183,517	3,315	4,228,291
Securities at amortized cost		4,806,904	-	65	4,806,969
Other assets		4,636	79,822	11,935	96,393
	₩	<u>14,290,523</u>	<u>17,306,931</u>	<u>13,669,958</u>	<u>45,267,412</u>
Liabilities under consolidated financial statements:					
Derivate liabilities	₩	9,939	315	-	10,254
Other liabilities		301	1,628	-	1,929
	₩	<u>10,240</u>	<u>1,943</u>	<u>-</u>	<u>12,183</u>
		<b>December 31, 2022</b>			
		<b>Assets-backed securitization</b>	<b>Structured financing</b>	<b>Investment fund</b>	<b>Total</b>
Assets under consolidated financial statements:					
Loans measured at fair value through profit or loss	₩	9,269	693,630	498	703,397
Loan at amortized cost		869,478	15,725,255	183,263	16,777,996
Securities at fair value through profit or loss		2,504,857	256,696	14,112,703	16,874,256
Derivate assets		4,432	-	-	4,432
Securities at fair value through other comprehensive income		4,183,987	179,714	-	4,363,701
Securities at amortized cost		4,182,846	-	-	4,182,846
Other assets		4,337	44,448	41,588	90,373
	₩	<u>11,759,206</u>	<u>16,899,743</u>	<u>14,338,052</u>	<u>42,997,001</u>
Liabilities under consolidated financial statements:					
Derivate liabilities	₩	24,902	91	-	24,993
Other liabilities		788	18,840	100	19,728
	₩	<u>25,690</u>	<u>18,931</u>	<u>100</u>	<u>44,721</u>

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 49. Interests in unconsolidated structured entities (continued)

(b) Nature of risks (continued)

ii) The maximum risk exposure of the Group relating to its interests in unconsolidated structured entities as of December 31, 2023 and 2022 are as follows:

December 31, 2023				
	Assets-backed securitization	Structured financing	Investment fund	Total
Assets held	₩ 14,290,523	17,306,931	13,669,958	45,267,412
ABS and ABCP				
purchase agreements	1,029,819	10,462	2,134,239	3,174,520
Loan commitments	353,790	913,252	-	1,267,042
Others	-	429,549	-	429,549
	₩ <u>15,674,132</u>	<u>18,660,194</u>	<u>15,804,197</u>	<u>50,138,523</u>
December 31, 2022				
	Assets-backed securitization	Structured financing	Investment fund	Total
Assets held	₩ 11,759,206	16,899,743	14,338,052	42,997,001
ABS and ABCP				
purchase agreements	1,014,702	104,773	2,271,063	3,390,538
Loan commitments	419,039	988,331	-	1,407,370
Guarantees	15,000	80,000	-	95,000
Others	-	103,039	-	103,039
	₩ <u>13,207,947</u>	<u>18,175,886</u>	<u>16,609,115</u>	<u>47,992,948</u>

### 50. Events after the reporting period

The controlling company decided to acquire and retire treasury stocks that worth ₩ 150 billion through a resolution of the Board of Directors on February 8, 2024, in order to enhance shareholder value.

### 51. LIBOR Interest rates

The effective interest rate, not the carrying amount, is adjusted when replacing the interest rate index of a financial instrument measured at amortized cost in relation to the reform of the interest rate index. It includes exceptions, such as allowing hedge accounting to continue uninterrupted even if an interest rate indicator replacement occurs in a hedging relationship. As of the end of the current term, the Group has completed most of its conversion and replacement plans in relation to the discontinuation of LIBOR interest rate calculation and aims to conclude the response plan in accordance with the response guidelines of the supervisory authorities.

# SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

### 52. Adoption of K-IFRS 1117 'Insurance Contracts'

The Group begins to apply K-IFRS 1117 'Insurance Contracts' on accounting periods beginning on 1 January 2023. The prior year's financial statements were retrospectively restated in accordance with the transition requirement of this Standard. This Standard replaces K-IFRS 1104 'Insurance Contracts'. K-IFRS 1117 provides new or revised requirements relating to recognition, measurement, presentation and disclosure principles of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The Standard significantly changed the insurer's accounting by requiring groups of insurance contracts to be measured at current estimates of future cash flows expected to occur in the performance of the contract and at risk adjustments and contractual service margins for separate non-financial risks.

The Group applied a retrospective application as described below in accordance with K-IFRS 1117 to insurance contracts, to the extent practicable, from the beginning date of the annual reporting period (the transition date) before its initial application date commences. The Group applied either the modified retrospective approach or the fair value approach to the insurance contracts impracticable to be applied with 1) below.

- 1) To identify, recognize and measure each group of insurance contracts issued as if this Standard had always applied;
  - 1-1) To identify, recognize and measure any assets for insurance acquisition cash flows as if this Standard had always applied (except that an entity is not required to apply the recoverability assessment before the transition date);
- 2) To derecognize any existing balances that would not exist had this Standard always applied; and
- 3) To recognize all net differences arising from the initial application of this Standard as an adjustment to the retained earnings (or, if appropriate, other components of equity) at the date of initial application, without adjusting goodwill recognized from the past business combinations.

In addition, the Group changed the classification and measurement of financial instruments related to the insurance business to manage the volatility of equity arising from the market value of insurance contract liabilities according to K-IFRS 1117. For the financial instruments, their classification and measurement changed in accordance with the transition requirement of K-IFRS 1117, the Group prepared the statement of financial position at the date of initial application of K-IFRS 1117 by adjusting the classification and measurement of financial assets removed between the transition date of K-IFRS 1117 and the initial application date in order to present comparative information as if K-IFRS 1109 had been applied to the financial instruments.

Separate account assets and liabilities from the statements of financial position and revenues or expenses in separate accounts from the statements of comprehensive income, which had been presented as one line item in accordance with the Enforcement Rules of the Insurance Business Act under K-IFRS 1104, are combined with the Group's general account and presented as related assets, liabilities, incomes, and expenses under K-IFRS 1117 with the elimination of intra-group transactions between the general account and the separate account.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**52. Adoption of K-IFRS 1117 'Insurance Contracts' (continued)**

(a) Significant effects in the financial statement at the transition date, January 1, 2022 under K-IFRS 1117 are as follows:

i) Significant effects in the financial position at the transition date, January 1, 2022 under K-IFRS 1117 are as follows:

	Amount (A) (*1)		Amount (B) (*2)	Increase (B-A)
<b>Assets:</b>		<b>Assets:</b>		
Cash and due from banks at amortized cost	₩ 28,453,404	Cash and due from banks at amortized cost	₩ 29,049,341	₩
Financial assets at fair value through profit or loss	62,403,759	Financial assets at fair value through profit or loss	68,161,348	
Securities at fair value through other comprehensive income	64,838,323	Securities at fair value through other comprehensive income	90,893,467	
Securities at amortized cost	49,930,076	Securities at amortized cost	26,164,942	
Loans at amortized cost	389,137,156	Loans at amortized cost	384,810,774	
Other assets (*3)	53,389,467	Other assets	42,784,650	
	₩ <u>648,152,185</u>		₩ <u>641,864,522</u>	<u>(6,287,663)</u>
<b>Liabilities:</b>		<b>Liabilities:</b>		
Deposits	₩ 364,896,675	Deposits	₩ 364,874,652	
Borrowing	43,167,065	Borrowing	43,167,065	
Debt securities issued	80,149,362	Debt securities issued	80,149,362	
Insurance contract liabilities	54,333,498	Insurance contract liabilities	53,774,915	
		Reinsurance contract liabilities	281,763	
		Investment contract liabilities	2,953,698	
Other liabilities (*3)	56,067,163	Other liabilities	46,447,117	
	<u>598,613,763</u>		<u>591,648,572</u>	<u>(6,965,191)</u>
<b>Equity</b>	₩ <u>49,538,422</u>	<b>Equity</b>	₩ <u>50,215,950</u>	<u>677,528</u>

(\*1) Prepared in accordance with K-IFRS 1109 'financial instruments', K-IFRS 1104 'Insurance Contracts', and Enforcement Rules of the Insurance Business Act. (Application of the overlay approach under K-IFRS 1104 to financial assets related to insurance contracts)

(\*2) Prepared in accordance with K-IFRS 1109 'financial instruments' and K-IFRS 1117 'Insurance Contracts' (changed business model is applied to financial assets related to insurance contracts under K-IFRS 1117)

(\*3) Other assets and other liabilities under K-IFRS 1104 include separate account assets amounted to ₩ 9,501,135 million and separate account liabilities amounted to ₩ 9,834,894 million, respectively.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

52. **Adoption of K-IFRS 1117 'Insurance Contracts' (continued)**

ii) Classification of financial assets (derivatives excluded) on January 1, 2022 as the transition date in accordance with K-IFRS 1117 is as follows:

		January 1, 2022				
Classification	Transition date (Jan. 1, 2022) under K-IFRS 1104	Separate account (*1)	Policy loan excluded (*2)	Classification due to new business model	Transition date (Jan. 1, 2022) under K-IFRS 1117	
Cash and due from banks at amortized cost	Financial assets at amortized cost	₩ 28,453,404	595,937	-	-	29,049,341
Due from banks at fair value through profit or loss	Financial assets at fair value through profit or loss	34,262	-	-	-	34,262
Securities at fair value through profit or loss	Financial assets at fair value through profit or loss	60,686,153	6,121,716	-	(364,127)	66,443,742
Loans at fair value through profit or loss	Financial assets at fair value through profit or loss	1,683,344	-	-	-	1,683,344
Securities at fair value through other comprehensive income	Financial assets at fair value through other comprehensive income	64,838,323	2,035,462	-	24,019,681	90,893,466
Securities at amortized cost	Financial assets at amortized cost	49,930,076	-	-	(23,765,134)	26,164,942
Loans at amortized cost	Financial assets at amortized cost	389,137,156	768,256	(5,094,638)	-	384,810,774

(\*1) Consisted of the total of separate account and intercompany transactions that are eliminated.

(\*2) Policy loans, which used to be recognized as separate assets under K-IFRS 1104 'Insurance Contracts' and Enforcement Rules of the Insurance Business Act., are measured as part of insurance contracts in accordance with K-IFRS 1117.

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

**52. Adoption of K-IFRS 1117 'Insurance Contracts' (continued)**

iii) Significant adjustments to assets, liabilities and equity under K-IFRS 1117 on January 1, 2022 as the transition date are as follows:

		January 1, 2022		
		Assets	Liabilities	Equity
Application of K-IFRS 1104 on January 1, 2022	₩	648,152,185	598,613,763	49,538,422
Elimination of carrying amount of K-IFRS 1104 items:				
Loans at amortized cost (policy loans)		(5,094,638)	-	(5,094,638)
Unamortized acquisition cost		(954,949)	-	(954,949)
Insurance contract liabilities		-	(61,187,386)	61,187,386
Intercompany transactions with separate account for the consolidation presentation		45,458	44,919	539
Others (*)		(161,677)	(124,117)	(37,560)
Application of K-IFRS 1117:				
Reclassification of financial assets		(109,579)	-	(109,579)
Recognition of insurance contract liabilities		-	53,774,915	(53,774,915)
Recognition of reinsurance contract liabilities		-	281,763	(281,763)
Tax effects from adjustments		(12,278)	244,715	(256,993)
Total of adjustments for transition date		(6,287,663)	(6,965,191)	677,528
Application of K-IFRS 1117 on January 1, 2022 (the transition date)	₩	641,864,522	591,648,572	50,215,950

(\*) Consisted of elimination of accounts receivable (payable) and others that are measured as part of insurance contracts under K-IFRS 1117.

iv) Significant adjustments to accumulated other comprehensive income (loss) and retained earnings as part of the statement of changes in equity under K-IFRS 1117 on January 1, 2022 as the transition date are as follows:

		January 1, 2022	
		Accumulated other comprehensive income (loss)	Retained earnings
Application of K-IFRS 1104 on January 1, 2022 (the transition date)	₩	(984,936)	30,541,300
Recognition of net difference from initial application of K-IFRS 1117		(42,601)	627,174
Elimination of financial assets at fair value through profit or loss (overlay approach)		(209,645)	209,645
Reclassification of financial instruments under K-IFRS 1117		(99,607)	(10,001)
Recognition of net insurance finance income from insurance contract assets (liabilities)		459,556	-
Tax effects from adjustments		(27,990)	(229,003)
Total of adjustments for transition date		79,713	597,815
Application of K-IFRS 1117 on January 1, 2022 (the transition date)	₩	(905,223)	31,139,115



SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(In millions of won)

52. Adoption of K-IFRS 1117 'Insurance Contracts' (continued)

(b) Significant effects in the primary financial statements such as the financial position as of December 31, 2022 and comprehensive income statement for the period ended December 31, 2022 under K-IFRS 1117 are as follows:

i) The statement of financial position as of December 31, 2022

	Amount under K-IFRS 1104	Adjustment for K-IFRS 1117	Amount under K-IFRS 1117
<b>Assets</b>			
Cash and due from banks at amortized cost	₩ 29,532,235	518,605	30,050,840
Financial assets at fair value through profit or loss	56,643,669	4,864,612	61,508,281
Securities at fair value through other comprehensive income	63,661,719	21,807,442	85,469,161
Securities at amortized cost	57,971,492	(24,600,294)	33,371,198
Loans at amortized cost	412,291,511	(4,392,539)	407,898,972
Reinsurance contract assets	-	88,772	88,772
Other assets	55,783,655	(9,737,649)	46,046,006
	<u>675,884,281</u>	<u>(11,451,051)</u>	<u>664,433,230</u>
<b>Liabilities</b>			
Deposits	383,010,745	(22,451)	382,988,294
Borrowings	49,279,175	-	49,279,175
Debt securities issued	77,288,783	-	77,288,783
Insurance contract liabilities	54,315,124	(8,410,351)	45,904,773
Reinsurance contract liabilities	-	62,803	62,803
Investment contract liabilities	-	2,133,586	2,133,586
Other liabilities	60,860,032	(7,507,774)	53,352,258
	<u>624,753,859</u>	<u>(13,744,187)</u>	<u>611,009,672</u>
<b>Equity</b>	<u>₩ 51,130,422</u>	<u>2,293,136</u>	<u>53,423,558</u>

ii) The statement of comprehensive income for the period ended December 31, 2022

	Amount under K-IFRS 1104	Adjustment for K-IFRS 1117	Amount under K-IFRS 1117
<b>Operating income</b>			
Net interest income	₩ 12,463,681	(1,866,828)	10,596,853
Net fees and commission income	2,525,566	(112,024)	2,413,542
Net insurance income (expense)	(827,233)	1,873,457	1,046,224
Net insurance finance income	-	807,964	807,964
Other operating expenses	(8,273,935)	(685,084)	(8,959,019)
	<u>5,888,079</u>	<u>17,485</u>	<u>5,905,564</u>
Equity method income	121,697	-	121,697
Other non-operating income, net	339,475	(110)	339,365
Profit before income taxes	6,349,251	17,375	6,366,626
Income tax expense	(1,617,088)	5,976	(1,611,112)
Profit for the period	4,732,163	23,351	4,755,514
Other comprehensive loss for the period, net of income tax	(2,598,032)	1,592,257	(1,005,775)
Total comprehensive income for the period	<u>₩ 2,134,131</u>	<u>1,615,608</u>	<u>3,749,739</u>

SHINHAN FINANCIAL GROUP CO., LTD. AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

December 31, 2023 and 2022

(In millions of won)

**52. Adoption of K-IFRS 1117 'Insurance Contracts' (continued)**

(b) Significant effects in the primary financial statements such as the financial position as of December 31, 2022 and comprehensive income statement for the period ended December 31, 2022 under K-IFRS 1117 are as follows

iii) The statement of cash flows for the period ended December 31, 2022

		<b>Amount under K-IFRS 1104</b>	<b>Adjustment for K-IFRS 1117</b>	<b>Amount under K-IFRS 1117</b>
Cash flows from operating activities	₩	7,592,560	(404,120)	7,188,440
Cash flows from investing activities		(11,031,456)	335,529	(10,695,927)
Cash flows from financing activities		3,394,715	-	3,394,715
Effect of exchange rate changes on cash and cash equivalents held		(57,837)	(1,118)	(58,955)
Cash and cash equivalents at the beginning of the period		24,103,443	482,230	24,585,673
Cash and cash equivalents at the end of the period	₩	24,001,425	412,521	24,413,946

## **Independent Auditors' Report on Internal Control over Financial Reporting for Consolidation Purposes**

Based on a report originally issued in Korean

The Board of Directors and Stockholders

Shinhan Financial Group Co., Ltd.

### *Opinion on Internal Control over Financial Reporting for Consolidation Purposes*

We have audited the internal control over financial reporting (“ICFR”) for consolidation purposes of Shinhan Financial Group Co., Ltd. and its subsidiaries (“the Group”) as of December 31, 2023 based on the criteria established in the Conceptual Framework for Designing and Operating ICFR (“ICFR Design and Operation Framework”) issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the “ICFR Committee”).

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting for consolidation purposes as of December 31, 2023, based on ICFR Design and Operation Framework.

We have also audited, in accordance with Korean Standards on Auditing (KSAs), the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of material accounting policies and other explanatory information, and our report dated March 4, 2024 expressed an unmodified opinion on those consolidated financial statements.

### *Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes*

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting for Consolidation Purposes section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting for consolidation purposes in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting for Consolidation Purposes*

The Group's management is responsible for designing, operating and maintaining effective internal control over financial reporting for consolidation purposes and for its assessment of the effectiveness of internal control over financial reporting for consolidation purposes, included in the accompanying 'ICFR Operating Status Report for Consolidation Purposes by CEO and IAM.'

Those charged with governance are responsible for overseeing the Group's internal control over financial reporting for consolidation purposes.



*Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting for Consolidation Purposes*

Our responsibility is to express an opinion on the Group's internal control over financial reporting for consolidation purposes based on our audit. We conducted our audit in accordance with KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting for consolidation purposes was maintained in all material respects.

Our audit of internal control over financial reporting for consolidation purposes included obtaining an understanding of internal control over financial reporting for consolidation purposes, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

*Definition and Limitations of Internal Control over Financial Reporting for Consolidation Purposes*

A company's internal control over financial reporting for consolidation purposes is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A company's internal control over financial reporting for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with K-IFRS, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting for consolidation purposes may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditors' report is Min-Seon Chae.

*KPMG Samjong Accounting Corp.*

KPMG Samjong Accounting Corp.

Seoul, Korea

March 4, 2024

This report is effective as of March 4, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the internal control over financial reporting for consolidation purposes. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

## ICFR Operating Status Report for Consolidation Purposes by CEO and IAM

To the Shareholders, Board of Directors, and Audit Committee of  
Shinhan Financial Group Co., Ltd.

We, as the Chief Executive Officer and the Internal Accounting Manager of Shinhan Financial Group Co., Ltd. ("the Company"), assessed operating status of the Company's Internal Control over Financial Reporting for Consolidation Purposes ("ICFR") for the year ending December 31, 2023.

Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause material misstatement in consolidated financial statements to ensure preparation and disclosure of reliable consolidated financial information.

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. And we conducted an evaluation of ICFR based on the 'ICFR Evaluation and Reporting Best Practice Guideline' established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2023, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient due care.

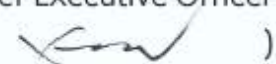
March 4, 2024

JIN, Ok Dong (



Chief Executive Officer

CHUN, Sang Yung (



)  
Internal Accounting Manager