

Exhibit 99.1 Independent Auditor's Report (Separate Financial Statements) of Shinhan Life as of December 31, 2023

SHINHAN LIFE INSURANCE CO., LTD.

Separate Financial Statements

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

(Based on a report originally issued in Korean)

To the Board of Directors and Shareholder
Shinhan Life Insurance Co., Ltd.

Opinion

We have audited the accompanying separate financial statements of Shinhan Life Insurance Co., Ltd. (the "Company"), which comprise the separate statement of financial position as of December 31, 2023, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising of material accounting policy information and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in 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.

Other Matter

The separate statement of financial position of the Company as of December 31, 2022 and January 1, 2022 and the related separate 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 separate 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 53. The comparative separate statements of financial position as of December 31, 2022 and January 1, 2022 and the related separate statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 has reflected such adjustments.

We have audited the adjustments reflected to the comparative separate financial statements as part of our audit of separate financial statements as of December 31, 2023 and for the period then ended. In our opinion, the adjustments to the accompanying separate 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 Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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 separate 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 separate 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used in the preparation of the separate financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation..

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 internal control that we identify during our audit.

KPMG Samjong Accounting Corp.

March 4, 2024
Seoul, Korea

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 separate 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 LIFE INSURANCE CO., LTD.
Separate Statements of Financial Position
As of December 31, 2023, 2022 and January 1, 2022

| <i>(In millions of won)</i> | Note | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|--|----------------|------------------------------|------------------------------|----------------------------|
| Assets | | | | |
| Cash and due from banks at amortized cost | 4,7,8,10,50,52 | ₩ 1,640,481 | 1,483,695 | 2,195,070 |
| Financial assets at fair value through profit or loss | 4,7,8,11,23,50 | 11,478,700 | 11,658,704 | 12,452,780 |
| Securities at fair value through other comprehensive income | 4,7,8,12,23,50 | 35,345,575 | 32,629,372 | 40,297,115 |
| Securities at amortized cost | 4,7,8,13,23 | 4,348,023 | 4,338,766 | 4,339,749 |
| Investments in subsidiaries and associates | 14 | 274,581 | 265,493 | 212,311 |
| Loans and receivables at amortized cost | 4,7,8,15,50 | 4,707,291 | 5,231,144 | 5,276,416 |
| Reinsurance contract assets | 25 | 62,815 | 59,017 | - |
| Right-of-use assets | 16,50 | 92,941 | 113,158 | 135,759 |
| Property and equipment | 17,50 | 76,122 | 81,416 | 93,723 |
| Intangible assets | 18,50 | 235,402 | 269,300 | 214,652 |
| Derivative assets | 4,7,8,21,50 | 116,378 | 92,074 | 6,857 |
| Current tax assets | 48,50 | 70,658 | 114,391 | 46,444 |
| Investment property | 20,23 | 14,397 | 14,610 | 14,822 |
| Net defined benefit assets | 31 | 34,257 | 44,888 | 32,751 |
| Other assets | 22 | 10,694 | 11,137 | 11,444 |
| Total assets | | ₩ <u>58,508,315</u> | <u>56,407,165</u> | <u>65,329,893</u> |

SHINHAN LIFE INSURANCE CO., LTD.

Separate Statements of Financial Position (Continued)

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

| <i>(In millions of won)</i> | Note | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|--|----------------|------------------------------|------------------------------|----------------------------|
| Liabilities | | | | |
| Insurance contract liabilities | 24 | ₩ 45,528,986 | 42,927,163 | 50,622,187 |
| Reinsurance contract liabilities | 25 | 93,120 | 62,770 | 281,763 |
| Policyholders' equity adjustments | 27 | (1,025) | (1,616) | 45,105 |
| Investment contract liabilities | 4,7,8,26,50 | 1,831,826 | 2,296,401 | 3,142,578 |
| Derivative liabilities | 4,7,8,21,50 | 239,940 | 320,578 | 143,286 |
| Borrowings | 4,7,8,28 | - | 10,000 | - |
| Debentures | 4,7,8,29 | 299,331 | 643,451 | 614,645 |
| Other financial liabilities | 4,7,8,30,35,50 | 238,028 | 304,988 | 311,253 |
| Lease liabilities | 4,7,8,16,50 | 91,566 | 109,060 | 127,406 |
| Provisions | 32 | 75,565 | 82,718 | 91,850 |
| Current tax payables | 48,50 | 55 | - | - |
| Deferred tax liabilities | 48 | 1,631,841 | 1,488,780 | 1,641,830 |
| Other liabilities | 33 | 32,533 | 28,863 | 24,833 |
| Total liabilities | | 50,061,766 | 48,273,156 | 57,046,736 |
| Equity | | | | |
| Capital stock | 34 | 578,274 | 578,274 | 578,274 |
| Hybrid bonds | 34 | 299,452 | 299,452 | 299,452 |
| Capital surplus | 34 | 820,023 | 820,023 | 2,233,525 |
| Capital adjustments | 34 | 1,461 | 1,464 | 1,458 |
| Accumulated other comprehensive income(loss) | 34 | 117,417 | 113,667 | 709,020 |
| Retained earnings | 34 | 6,629,922 | 6,321,129 | 4,461,428 |
| Total equity | | 8,446,549 | 8,134,009 | 8,283,157 |
| Total liabilities and equity | | ₩ 58,508,315 | 56,407,165 | 65,329,893 |

See accompanying notes to the separate financial statements.

SHINHAN LIFE INSURANCE CO., LTD.

Separate Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

| <i>(In millions of won)</i> | Note | 2023 | 2022 |
|--|-------------|------------------|------------------|
| Insurance revenue | 24,36 | ₩ 2,629,139 | 2,469,699 |
| Reinsurance revenue | 25,37 | 40,360 | 34,983 |
| Insurance service expenses | 24,36 | 1,810,115 | 1,713,261 |
| Reinsurance service expenses | 25,37 | 71,631 | 62,328 |
| Other operating expenses | | 124,129 | 91,924 |
| Insurance service result | | 663,624 | 637,169 |
| Insurance finance income and investment income: | | | |
| Insurance finance income from insurance contracts issued | 24,38 | 364,541 | 883,170 |
| Insurance finance income from reinsurance contracts held | 25,38 | 19,095 | 15,757 |
| Interest income | 41,50 | 1,538,432 | 1,532,315 |
| Gains on financial assets at fair value through profit or loss | 11,50 | 1,187,285 | 532,617 |
| Gains on disposal of securities at fair value through other comprehensive income | 12 | 54,256 | 72,818 |
| Gains on disposal of loans at amortized cost | | 48 | 27 |
| Reversal of credit loss allowance | 42,50 | 7,564 | 3,571 |
| Gains on foreign currency transaction | 43 | 172,736 | 315,184 |
| Gains on derivatives | 21,50 | 147,499 | 252,413 |
| Dividend income | 45 | 30,483 | 42,542 |
| Fees and commission income | 44,50 | 12,489 | 14,888 |
| Other investment income | 46 | 10,924 | 16,461 |
| | | 3,545,352 | 3,681,763 |
| Insurance finance expenses and investment expenses: | | | |
| Insurance finance expenses from insurance contracts issued | 24,38 | 2,500,731 | 1,653,462 |
| Insurance finance expenses from reinsurance contracts held | 25,38 | 19,959 | 16,936 |
| Interest expenses | 41,50 | 147,255 | 94,761 |
| Losses on financial assets at fair value through profit or loss | 11 | 353,758 | 1,319,165 |
| Losses on disposal of at fair value through other comprehensive income | 12 | 55,895 | 56,757 |
| Losses on disposal of loans at amortized cost | | 198 | 73 |
| Provision for credit loss allowance | 42,50 | 24,406 | 17,879 |
| Losses on foreign currency transaction | 43 | 41,437 | 134,706 |
| Losses on derivatives | 21,50 | 301,322 | 387,687 |
| Investment administrative expenses | 40,50 | 16,925 | 20,106 |
| Other investment expenses | 46 | 80,773 | 61,117 |
| | | 3,542,659 | 3,762,649 |
| Net finance result | | ₩ 2,693 | (80,886) |

SHINHAN LIFE INSURANCE CO., LTD.

Separate Statements of Comprehensive Income (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> |
|--|-------------|------------------|------------------|
| Operating profit | | ₩ 666,317 | 556,283 |
| Non-operating income and expenses | 47 | (23,943) | (21,921) |
| Profit before income taxes | | <u>642,374</u> | <u>534,362</u> |
| Income tax expense | 48 | 160,523 | 77,364 |
| Profit for the period | | <u>481,851</u> | <u>456,998</u> |
| Other comprehensive income (loss) for the period, net of income tax | | | |
| Items that may be subsequently reclassified to profit or loss: | | | |
| Gains (losses) on valuation of securities at fair value through other comprehensive income | | 2,087,218 | (5,241,685) |
| Gains (losses) on valuation of derivatives held for cash flow hedges | | 105,477 | (97,818) |
| Net finance income (expenses) from insurance contracts issued | | (2,162,910) | 4,704,252 |
| Net finance income (expenses) from reinsurance contracts held | | <u>(20,765)</u> | <u>34,045</u> |
| | | 9,020 | (601,206) |
| Items that will not be subsequently reclassified to profit or loss: | | | |
| Gains (losses) on valuation of securities at fair value through other comprehensive income | | 3,896 | (9,700) |
| Remeasurements of defined benefit liability | | <u>(9,166)</u> | <u>15,553</u> |
| | | <u>(5,270)</u> | <u>5,853</u> |
| Total other comprehensive income (loss), net of income tax | 12,21,34 | <u>3,750</u> | <u>(595,353)</u> |
| Total comprehensive income (loss) for the period | | ₩ <u>485,601</u> | <u>(138,355)</u> |
| Earnings per share: | | | |
| Basic earnings per share and diluted earnings per share in won | 51 | ₩ <u>4,073</u> | <u>3,858</u> |

See accompanying notes to the separate financial statements.

SHINHAN LIFE INSURANCE CO., LTD.
Separate Statements of Changes in Equity
For the years ended December 31, 2023 and 2022

(In millions of won)

| | | Equity attributable to equity holders of Shinhan Life Insurance Co., Ltd. | | | | | | |
|--|---|---|--------------|-----------------|---------------------|---|-------------------|-------------|
| | | Capital stock | Hybrid bonds | Capital surplus | Capital adjustments | Accumulated other comprehensive income (loss) | Retained earnings | Total |
| Balance at January 1, 2022 (Before) | ₩ | 578,274 | 299,452 | 2,233,525 | 1,458 | 51,926 | 1,996,016 | 5,160,651 |
| Changes in accounting policies | | - | - | - | - | 657,094 | 2,465,412 | 3,122,506 |
| Balance at January 1, 2022 (After) | | 578,274 | 299,452 | 2,233,525 | 1,458 | 709,020 | 4,461,428 | 8,283,157 |
| Total comprehensive income for the period: | | | | | | | | |
| Profit for the period | | - | - | - | - | - | 456,998 | 456,998 |
| Other comprehensive income, net of income tax: | | | | | | | | |
| Losses on valuation of securities at fair value through other comprehensive income | | - | - | - | - | (5,251,385) | - | (5,251,385) |
| Losses on valuation of derivatives held for cash flow hedges | | - | - | - | - | (97,818) | - | (97,818) |
| Net finance income from insurance contracts issued | | - | - | - | - | 4,704,252 | - | 4,704,252 |
| Net finance income from reinsurance contracts held | | - | - | - | - | 34,045 | - | 34,045 |
| Remeasurement of defined benefit plans | | - | - | - | - | 15,553 | - | 15,553 |
| Total other comprehensive income | | - | - | - | - | (595,353) | - | (595,353) |
| Total comprehensive income(loss) | | - | - | - | - | (595,353) | 456,998 | (138,355) |
| Other changes in equity | | | | | | | | |
| Share-based payment | | - | - | - | 6 | - | - | 6 |
| Dividend payment on hybrid bonds | | - | - | - | - | - | (10,799) | (10,799) |
| Decrease in capital surplus, increase in retained earnings | | - | - | (1,413,502) | - | - | 1,413,502 | - |
| Balance at December 31, 2022 | ₩ | 578,274 | 299,452 | 820,023 | 1,464 | 113,667 | 6,321,129 | 8,134,009 |

SHINHAN LIFE INSURANCE CO., LTD.

Separate Statements of Changes in Equity (Continued)

For the years ended December 31, 2023 and 2022

(In millions of won)

| | | Equity attributable to equity holders of Shinhan Life Insurance Co., Ltd. | | | | | | |
|---|---|---|--------------|-----------------|---------------------|---|-------------------|-------------|
| | | Capital stock | Hybrid bonds | Capital surplus | Capital adjustments | Accumulated other comprehensive income (loss) | Retained earnings | Total |
| Balance at January 1, 2023 | ₩ | 578,274 | 299,452 | 820,023 | 1,464 | 113,667 | 6,321,129 | 8,134,009 |
| Total comprehensive income for the period: | | | | | | | | |
| Profit for the period | | - | - | - | - | - | 481,851 | 481,851 |
| Other comprehensive income, net of income tax: | | | | | | | | |
| Gains on valuation of securities at fair value through other comprehensive income | | - | - | - | - | 2,091,114 | - | 2,091,114 |
| Gains on valuation of derivatives intended for cash flow hedges | | - | - | - | - | 105,477 | - | 105,477 |
| Net finance expenses from insurance contracts issued | | - | - | - | - | (2,162,910) | - | (2,162,910) |
| Net finance expenses from reinsurance contracts held | | - | - | - | - | (20,765) | - | (20,765) |
| Remeasurement of defined benefit plans | | - | - | - | - | (9,166) | - | (9,166) |
| Total other comprehensive income | | - | - | - | - | 3,750 | - | 3,750 |
| Total comprehensive income | | - | - | - | - | 3,750 | 481,851 | 485,601 |
| Other changes in equity | | | | | | | | |
| Dividends | | - | - | - | - | - | (162,257) | (162,257) |
| Share-based payment | | - | - | - | (3) | - | - | (3) |
| Dividend payment on hybrid bonds | | - | - | - | - | - | (10,801) | (10,801) |
| Balance at December 31, 2023 | ₩ | 578,274 | 299,452 | 820,023 | 1,461 | 117,417 | 6,629,922 | 8,446,549 |

See accompanying notes to the separate financial statements.

SHINHAN LIFE INSURANCE CO., LTD.

Separate Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(In millions of won)

| | 2023 | 2022 |
|---|------------------|--------------------|
| Cash flows from operating activities | | |
| Profit for the period | ₩ 481,851 | 456,998 |
| Adjustment for profit or loss (Note 52) | (274,615) | (574,708) |
| Changes in assets and liabilities (Note 52) | (702,715) | (2,278,427) |
| Income tax refund(paid) | 24,827 | (71,758) |
| Interest received | 1,027,457 | 1,164,919 |
| Interest paid | (33,496) | (31,103) |
| Dividends received | 40,321 | 47,180 |
| Net cash inflow(outflow) from operating activities | 563,630 | (1,286,899) |
| Cash flows from investing activities | | |
| Disposal of financial assets at fair value through profit or loss | 509,489 | 969,855 |
| Acquisition of financial assets at fair value through profit or loss | (783,328) | (1,008,703) |
| Disposal of securities at fair value through other comprehensive income | 3,744,617 | 3,861,846 |
| Acquisition of securities at fair value through other comprehensive income | (3,138,261) | (2,950,679) |
| Disposal of securities at amortized cost | - | 10,000 |
| Acquisition of investments in subsidiaries | (54,000) | (20,000) |
| Disposal of investments in associates | - | 2,456 |
| Acquisition of investments in associates | - | (35,981) |
| Cash inflows from hedging activities | 14,224 | 12,197 |
| Cash outflows from hedging activities | (67,030) | (138,834) |
| Disposal of property and equipment | 665 | 369 |
| Acquisition of property and equipment | (16,744) | (10,115) |
| Disposal of intangible assets | 665 | 682 |
| Acquisition of intangible assets | (34,967) | (123,083) |
| Decrease in receivables at amortized cost | 21,741 | 30,214 |
| Increase in receivables at amortized cost | (3,502) | (19,722) |
| Net cash inflow from investing activities | 193,569 | 580,502 |
| Cash flows from financing activities | | |
| Repayment of debt securities | (656,645) | - |
| Proceeds from issuance of debt securities | 299,246 | - |
| Decrease in borrowings | (34,100) | - |
| Increase in borrowings | 24,100 | 10,000 |
| Decrease in other financial liabilities | (1,501) | (289) |
| Increase in other financial liabilities | 896 | 193 |
| Decrease in lease liabilities | (30,351) | (34,360) |
| Dividends paid | (162,257) | - |
| Hybrid bond interests paid | (10,801) | (10,799) |
| Net cash outflow from financing activities | (571,413) | (35,255) |
| Net increase(decrease) in cash and cash equivalents | 185,786 | (741,652) |
| Changes in cash and cash equivalents due to foreign currency translation | 558 | 245 |
| Cash and cash equivalents at the beginning of year | 764,099 | 1,505,506 |
| Cash and cash equivalents at the end of year | ₩ 950,443 | 764,099 |

See accompanying notes to the separate financial statements.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

1. Reporting entity

Shinhan Life Insurance Co., Ltd., (the “Company”) was established in January, 1990, which is located at 358 Samil-daero, Jung-gu, Seoul and operates the life insurance business. Company operates through 197 domestic branches, and Shinhan Financial Group Co., Ltd. owns 100% of the Company's stock. Meanwhile, the Company has merged with Orange Life Insurance Co., Ltd. on July 1, 2021 in accordance with the resolution of the general shareholder's meeting on December 23, 2020, and has changed its name to Shinhan Life Insurance Co., Ltd.

2. Basis of preparation

(a) Statement of compliance

The accompanying separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“Korean IFRS”), as prescribed in *the Article 5(1)1 Act on External Audits of Corporations in the Republic of Korea*.

The separate financial statements are prepared in accordance with K-IFRS No. 1027 ‘*Separate Financial Statements*’ in which parent, an investor in associates or joint ventures accounts for investments based on directly equity investments, not on the investee’s reported performance and net assets.

(b) Date of authorization

The separate financial statements of the Company were authorized for issue by the Board of Directors on February 7, 2024, and the separate financial statements will be submitted for the final approval to the stockholder’s meeting on March 22, 2024.

(c) Basis of measurement

The separate financial statements have been prepared on the historical cost basis, except for the following material items in the 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
- 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
- assets and liabilities of issued insurance contracts and reinsurance contracts are measured at the fulfillment value.

(d) Functional and presentation currency

The separate financial statements of the Company are presented and reported in won, which is the Company’s functional currency and the currency of the primary economic environment in which the Company operates.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

2. Basis of preparation (continued)

(e) Use of estimates and judgements

The preparation of the separate financial statements in conformity with 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.

① Uncertainty in assumptions and estimates

Accounting estimates and assumptions that include significant risks that may incur significant adjustments to the carrying amount of assets and liabilities accounted for as of the end of the reporting period are as follows and are disclosed in Notes 9.

- Fair value of financial instruments
- Provision for credit loss and Allowance for unused credit commitments
- Impairment of non-financial assets
- Liabilities for defined benefit obligations
- Insurance contract liabilities and Reinsurance contract assets (liabilities)

② Fair value measurement

The accounting policies and disclosures of the Company require fair value measurement for a number of financial and non-financial assets and liabilities, and thus, the Company establishes the fair value assessment policies and procedures. These policies and procedures involve the operation of the valuation department, which is responsible for the review of all significant fair value measurements, including fair values, which are classified as level 3 in the fair value hierarchy, and the results are reported to the chief financial officer.

The valuation department regularly reviews significant inputs and adjustments that are not observable. If the fair value measurement uses third-party information, such as broker's price or valuation agency, the valuation department determines whether an assessment based on information obtained from third parties can conclude that the fair value hierarchy includes classifications by level and meets the requirements of the related Standard.

When measuring the fair value of an asset or a liability, the Company uses as much market observable inputs as possible. Fair value is classified within the fair value hierarchy based on inputs used in valuation techniques as follows:

- Level 1: Unadjusted quoted prices in active markets accessible to the same assets or liabilities at the measurement date
- Level 2: Observable inputs, directly or indirectly, on assets or liabilities other than Level 1 quoted prices
- Level 3: Unobservable inputs to assets or liabilities

If several inputs used to measure the fair value of an asset or liability are classified at different levels within the fair value hierarchy, the Company classifies all fair value measurements at the same level as the lowest level inputs in the fair value hierarchy, and a change in the fair value hierarchy is recognized at the end of the reporting period.

Detailed information on the assumptions used in fair value measurements is included in Note 7.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

2. Basis of preparation (continued)

(f) Standards and amendments adopted by the Company

The Company has newly applied the following accounting policies upon preparation of the annual separate financial statements from the financial year starting January 1, 2023.

i) Amendments to K-IFRS No. 1001 'Presentation of Financial Statements' – Disclosure of Accounting Policies

The amendments define significant accounting policy information and require disclosure of material accounting policy information. The Company expects that the amendments will not have a significant impact on the separate financial statements.

ii) Amendments to K-IFRS No. 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 the adjustable exercise price are classified as financial liabilities. The Company expects that the amendments will not have a significant impact on the separate financial statements.

iii) Amendments to K-IFRS No. 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 Company expects that the amendments will not have a significant impact on the separate financial statements.

iv) Amendments to K-IFRS No. 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 separate financial statements.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

2. Basis of preparation (continued)

(f) Standards and amendments adopted by the Company(continued)

v) K-IFRS 1117 'Insurance Contracts'

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

① Measurement of current fulfillment value of insurance contract liabilities

The Company identifies portfolios of insurance contracts consisting of contracts that are exposed to similar risks and are managed together, and then separates each portfolio into groups of insurance contracts based on the profitability of contracts within the portfolio. It then estimates all future cash flows expected to arise within the boundary of each insurance contract in the Company and discounts such estimates using current discount rates, reflecting the assumptions and risks at the reporting date, to measure the current fulfillment value. As a result, insurance contract liabilities for each group of insurance contracts as of the end of the reporting period are measured at the total of estimates of future cash flows (reflecting cash flows related to policy loans, options and guarantees; the time value of money; etc.), a risk adjustment and the contractual service margin. The contractual service margin represents the unearned profit the Company will recognize as it provides insurance contract services in the future. If the contractual service margin is negative, the Company does not recognize the contractual service margin, but rather classifies into a group of onerous contracts and recognizes a loss in profit or loss immediately. For contracts without direct participation features, the Company 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, a reinsurance contract refers to an insurance contract issued by a reinsurer to compensate another entity for claims arising from one or more insurance contracts issued by that other entity (underlying contracts). The Company uses consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of the future cash flows for the group(s) of underlying insurance contracts.

② Recognition of insurance revenue on an accrual basis

The Company recognizes insurance revenue reflecting services provided to policyholders in the period on an accrual basis.

The amount of insurance revenue recognized in the current period is comprised of the estimate at the beginning of the period of claims and other insurance service expenses expected to be incurred in the period, changes in the risk adjustment, and the contractual service margin recognized for services provided in that period, etc. The Company determines insurance revenue related to insurance acquisition cash flows by allocating the portion of the premiums that relate to recovering those cash flows to each reporting period in a systematic way.

Any investment components (the amounts that an insurance contract requires the entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs, such as surrender values or maturity refunds) is excluded from insurance revenue.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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2. Basis of preparation (continued)

(f) Standards and amendments adopted by the Company(continued)

v) K-IFRS 1117 'Insurance Contracts' (continued)

③ Presentation of insurance service result

The Company presents separately insurance service results comprising insurance revenue and insurance service expenses from insurance finance income or expenses comprising the time value of money, financial risk, and changes therein related to the group of insurance contracts. The Company chose the accounting policy to disaggregating insurance finance income or expenses for the period between profit or loss and other comprehensive income.

④ Accounting policy for transition and the transition effects

Under the transition requirements of K-IFRS 1117, each group of insurance contracts shall be identified, recognized, and measured as if K-IFRS 1117 had always applied (a full retrospective approach) unless it is impracticable, in which case either a modified retrospective approach or a fair value approach can be selected.

The effects of adopting K-IFRS 1117 on the Company's separate financial statements at the transition date and the date of initial application are presented in Note 53.

vi) Global Minimum Tax

Under the Global Minimum Tax legislation effective from 2024, the Company may be required to pay additional tax on the difference between the effective tax rate and the minimum tax rate of 15% for each jurisdiction in which its components operate. While the Company is deemed to be subject to the Global Minimum Tax legislation, there will be no impact on the corporate tax expenses for the period ended December 31, 2023, as Korea's legislation related to Global Minimum Tax will be effective from January 1, 2024.

The Company is applying the temporary exemption provision for deferred corporate tax under K-IFRS 1012, and therefore does not recognize deferred corporate tax assets and liabilities related to global minimum tax legislation, nor does it disclose information related to deferred corporate tax.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

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3. Material accounting policies

Except for the new standards and the amendment to the following standard, which are applied from January 1, 2023, the accounting policies applied by the Company in these separate financial statements are the same as those applied by the Company in its separate financial statements as of December 31, 2023 and 2022.

(a) Investments in subsidiaries

The accompanying separate financial statements have been prepared on a stand-alone basis in accordance with K-IFRS No. 1027 *Separate Financial Statements*. The Company's investments in subsidiaries are recorded at cost less impairment, if any, in accordance with K-IFRS No. 1027. The Company applied K-IFRS No. 1109 for beneficiary certificates using fair value method. Dividends received from its subsidiaries are recognized in profit or loss when the Company is entitled to receive the dividend.

(b) 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.

(c) Revenue recognition criteria

The Company recognizes revenue by applying the below five-step model for revenue recognition.

- ① Identification of contract
- ② Identification of performance obligation
- ③ Calculation of transaction price
- ④ Allocation of transaction price to performance obligation
- ⑤ Recognition of revenue when performance obligation is fulfilled

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

3. Material accounting policies (continued)

(c) Revenue recognition criteria (continued)

i) Interest income and expenses

Interest income is recognized using the effective interest method as time passes.

ii) Dividend income

Dividend income is recognized when the right to receive dividends is established.

(d) Cash and cash equivalents

The Company 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.

(e) Non-derivative financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. In addition, a regular way 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 trading, at initial recognition, the Company 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 FVOCI are classified as financial assets at FVTPL.

The Company 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 derecognition. the Company recognizes dividends in profit or loss when the Company'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 as gains or losses on financial assets at FVTPL. Impairment loss (reversal) on equity instruments at FVOCI is not recognized separately.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(e) Non-derivative financial assets (continued)

iii) Debt instruments

Subsequent measurement of debt instruments depends on the Company'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 Company's business model changes.

Ⓐ 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. Impairment losses, and gains or losses on derecognition of the financial assets at amortized cost are recognized in profit or loss. Interest income on the effective interest method is included in the 'Interest income' in the separate statement of comprehensive income.

Ⓑ 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, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Other than impairment losses, interest income amortized using effective interest method and foreign exchange differences, gains or losses of the financial assets at FVOCI are recognized as other comprehensive income in equity. On derecognition, 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 separate statement of comprehensive income. Foreign exchange differences and impairment losses are included in the 'Net foreign currency transaction gain' and 'Provision for credit loss allowance' in the separate statement of comprehensive income, respectively.

Ⓒ 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 on financial assets at fair value through profit or loss' in the separate 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 LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(f) Non-derivative financial liabilities

The Company categorizes financial liabilities into financial liabilities at fair value through profit or loss and other financial liabilities based on the substance of the contractual terms and the definition of financial liabilities.

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value, and changes therein are recognized in profit or loss.

ii) 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 borrowing, debentures, 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 Company derecognizes a financial liability from the separate statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(g) Derivative financial instruments

Derivatives are initially recognized at fair value. Subsequently, the valuation gains or losses resulting from the fair value changes of derivatives are recognized as described below.

i) Hedge accounting

The Company holds forward exchange contracts, interest rate swaps, currency swaps and other derivative contracts to manage interest rate risk and foreign exchange risk. The Company 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 Company 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

When a derivative is designated as a fair value hedge, an effective part of the change in the fair value of the derivative that meets requirement of fair value risk hedge accounting is recognized in profit and loss, and changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The Group discontinues fair value hedge accounting if the group does not designate the risk hedge relationship, or the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria.

② Cash flow hedge

When a derivative is designated as a cash flow hedge, an effective part of the change in the cash flow of the derivative that meets requirement of cash flow risk hedge accounting is recognized in profit and loss, and changes in the cash flow of a derivative hedging instrument designated as a cash flow hedge are recognized in profit or loss. The Group discontinues cash flow hedge accounting if the group does not designate the risk hedge relationship, or the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria. Once hedge accounting is discontinued, any cumulative gain or loss existing in equity at that time and is recognized over the period the forecast transaction occurs as profit or loss. However, when a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately recognized in the profit or loss.

③ Hedge of net investment

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. When the hedged part of a net investment is disposed of, the relevant amount in the accumulated other comprehensive income is transferred to profit or loss as part of the profit or loss on disposal in accordance with K-IFRS No.1021, 'The Effects of Changes in Foreign Exchange Rates'

ii) Other derivative instruments

All derivatives, except those designated as hedging instruments and that are effective in hedging, are measured at fair value and the gain or loss on valuation resulting from changes in fair value is recognized in profit or loss.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

3. Material accounting policies (continued)

(h) Expected credit losses on financial assets

The Company recognizes provision for credit loss allowance on the following assets:

- Financial assets measured at amortized cost
- Debt instruments measured at fair value through other comprehensive income

The Company measures provision for credit loss allowance at the amount equal to the expected credit loss for the entire period, except for the following financial assets that are measured as 12-month expected credit losses.

- Debt securities whose credit is determined to be low risk at the end of the reporting period
- Other debt securities that have not significantly increased their credit risk (i.e. the risk of defaulting the financial asset over its expected life) since the initial recognition

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating expected credit losses, the Company considers information that is available, reasonable, and supportable without excessive cost or effort. This includes qualitative and quantitative information and analysis based on the Company's experience and known credit ratings, including forward-looking information.

The Company assumes that the credit risk of financial assets will increase significantly if the overdue days exceed 30 days.

The Company considers that a default on a financial asset has occurred if:

- the debtor is not likely to fulfill his credit obligations to the Company unless the Company engages in an appeal.
- the delinquent days of financial assets exceed 90 days

The longest period to consider when measuring expected credit loss is the longest contract period in which the Company is exposed to credit risk.

i) Measurement of expected credit loss

Expected credit loss is a probability weighted estimate of credit loss. Credit loss is measured as the present value of all cash deficits (i.e., the difference between all contractual cash flows to be received under a contract and all contractual cash flows that is expected to be received).

Expected credit loss is discounted at the effective interest rate of the financial asset.

ii) Financial assets with credits impaired

At the end of each reporting period, the Company assesses whether the assets of financial assets measured at amortized cost and other comprehensive income and fair value of debt securities measured at fair value are impaired. If one or more events that adversely affect the estimated future cash flows of a financial asset have occurred, the financial asset is impaired.

iii) Presentation of provision for credit loss allowance in the statement of financial position

Provision for credit loss allowance on financial assets measured at amortized cost is deducted from the carrying amount of the asset. For debt instruments measured at fair value through other comprehensive income, the provision for credit loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(i) Impairment of non-financial assets

The carrying amount of the Company'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 Company estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Company estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. 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.

At the end of each reporting period, the Company reviews whether there are any indications that any impairment losses recognized in prior periods for assets other than goodwill are no longer present or have been reduced, and only reverses the estimates used to determine recoverable amount since the date of recognition of the immediate impairment loss. The carrying amount increased by the reversal of impairment losses shall not exceed the carrying amount before recognition of the impairment loss, less any amortization or accumulated depreciation recognized prior to the impairment.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

3. Material accounting policies (continued)

(j) Leases

i) Accounting treatment as the lessee

The Company leases various tangible assets, such as real estate and vehicles, and the terms of the leases are negotiated individually and include a variety of terms and conditions. There are no other restrictions imposed by the lease contracts, except that the lease assets cannot be provided as collaterals for borrowings.

At the commencement date of the lease, the Company recognizes a right-of-use asset and a lease liability. The payment of each lease is allocated to the repayment of the liability and finance costs. The Company 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 finance costs. Right-of-use assets are depreciated using a straight-line method from the inception of the lease over the lease term of the right-of-use assets.

If the implicit interest rate in the lease can be readily determined, the lease payments shall be discounted using that rate, and if that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Right-of-use assets are measured at the following items:

- The initial measurement of the lease liability.
- Lease payments made at or before the lease commencement date (net of any lease incentives received).
- Initial direct costs incurred by the lessee.
- An estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset site, or to restore the underlying asset itself, as incurred by the lessee, as required by the lease terms.

Lease payments associated with short-term leases or leases of low-value assets are recognized as an expense on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less, and low-value asset leases are leases with a carrying amount of the underlying asset of ₩ 6 million or less.

Additional considerations for the Company's accounting as a lessee include:

Extension options and termination options are generally included in multiple real estate lease contracts. When estimating the lease term, the Company considers all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Period covered by an extension option (or period covered by termination option) is included in lease term only if the lessee is reasonably certain to exercise (or not to exercise) the option. If the lessee and the lessor have the right to terminate without the consent of the other parties, the termination period shall be determined in consideration of the economic disadvantages incurred in terminating the contract. When significant events occur or there are significant changes in circumstances that have affected the lessee's control and the lease term before, the parties reassess whether they are quite certain to exercise the option of extension (or not).

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(j) Leases (continued)

ii) Accounting treatment as the lessor

The Company leases various types of assets such as vehicles and machinery under operating and finance lease contracts, with lease terms individually negotiated and comprising various contract terms. Methods employed by the Company to manage risks associated with all rights retained in the underlying assets include repurchase agreements and residual value guarantees.

① Finance Lease

For finance leases, the Company recognizes a finance lease receivable equal to the net investment in the lease. Any difference between the carrying amount of the leased asset at the commencement date and its fair value is recognized as a gain or loss on lease asset disposal in the current period. Furthermore, interest income is recognized using the effective interest rate method on the Company's net investment in finance leases receivable outstanding. Direct costs incurred in connection with finance leases are included in the initial recognition of finance lease receivables and are amortized over the lease term, reducing revenue recognized over the lease term.

② Operating Lease

For operating leases, lease income is recognized on a straight-line basis over the lease term. Direct costs incurred in the negotiation and contract stages of operating leases are recognized in addition to the carrying amount of the underlying asset. Additionally, depreciation of operating lease assets is accounted for similarly to depreciation of other similar assets owned by the Company.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(k) Property, plant, and equipment

Land is not depreciated. Other property and equipment are depreciated on a straight-line method which is the most appropriately reflect the expected consumption pattern of the future economic benefits inherent in the asset over the estimated useful lives, for the acquisition cost after subtracting the residual value. The estimated useful lives for the current and comparative periods are as follows:

The estimated useful life for the years ended December 31, 2023 and 2022 are as follows:

| Classification | Expected useful life |
|-----------------------|-----------------------------|
| Building | 50 years |
| Structure | 20 years |
| Rental property | 5 years or rental period |
| Vehicle | 5 years |
| Tools | 5 years |

(l) 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 is carried out on a straight-line basis over their estimated useful lives from the date they are available for use, with a residual value of zero. However, for certain intangible assets, where the period over which they are expected to be available for use is not reasonably determinable, the useful life of the intangible assets is considered indefinite, and therefore, not subject to amortization.

| Classification | Expected useful life |
|-----------------------|-----------------------------|
| Development cost | 5 years |
| Software | 5 years |
| License | 10 years |

SHINHAN LIFE INSURANCE CO., LTD.
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3. Material accounting policies (continued)

(m) Investment properties

Investment property is measured initially at its cost including transaction costs incurred in acquiring the asset. After recognition as an asset, investment property is carried at cost less accumulated depreciation and accumulated impairment losses.

Land held for investment is not depreciated. Investment property, except for land, is depreciated using straight-line method over their useful lives of 50 years.

(n) 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 Company during an accounting period, the Company 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 Company'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

① 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.

The defined benefit liability is calculated by an independent actuary every year. If the net amount calculated by deducting the fair value of the plan assets from the present value of the defined benefit obligation is an asset, the asset is recognized up to the limit of the present value of the economic benefits available in such a way as to receive a refund from the plan or to reduce future contributions to the plan.

SHINHAN LIFE INSURANCE CO., LTD.
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3. Material accounting policies (continued)

(o) Provisions

Provisions are recognized when the Company 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.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(p) Insurance contract

i) Definition and classification of insurance contracts

The Company 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 Unit of account

The Company identifies portfolios of insurance contract by integrating insurance contracts that are subjected to similar risks and managed together based on coverage, currency, and interest rate types. The Company divides a portfolio of insurance contracts issued into the following groups of insurance contracts based on similarity of profitability. However, for contracts issued to which the Company applies the premium allocation approach, the Company shall assume no contracts in the portfolio are onerous (or net gain for reinsurance) at initial recognition, unless facts and circumstances indicate 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 contract held:

- a group of contracts with net profit at initial recognition
- a group of contracts that at initial recognition have no significant possibility of net gain subsequently
- a group of the remaining contracts

The Company does not include contracts issued more than one year apart in the same group, and it does not reassess the composition of the group subsequently.

② Recognition of group of insurance contracts

The Company recognizes the 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 Company 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 non-proportional reinsurance where the ceding group of contracts is a onerous portfolio and the reinsurance contract is entered into either at the commencement of the coverage period of that onerous ceding group of insurance contracts or earlier, the Company recognizes the group of reinsurance contracts on the earlier of the commencement of the coverage period for the group of reinsurance contracts and the recognition date of the onerous ceding group of insurance contracts. In addition, in the case of proportional reinsurance, the Company 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.

SHINHAN LIFE INSURANCE CO., LTD.
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As of December 31, 2023 and 2022

3. Material accounting policies (continued)

(p) Insurance contract(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

On initial recognition, the Company measures a group of insurance contracts issued as the sum of the fulfillment cash flows comprising estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, and risk adjustments to non-financial risk and the contractual service margin, and subsequently, as the sum of the liability or asset of for remaining coverage comprising the fulfillment cash flows and the contractual service margin and liability or asset for incurred claims comprising the fulfillment cash flows. 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 components 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.

- The estimate of future cash flows

The Company 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 Company segregates the future cash flows of reinsurance contracts from those of the underlying insurance contracts and measures them separately, using assumptions consistent with the underlying direct insurance contracts issued but including the effects risk of failure of the debtor.

- Future cash flows within the contract boundary

The Company includes all future cash flows within the boundary of the group of insurance contracts issued when measuring the group. Cash flows within the contract boundary 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 group of reinsurance contracts) or to provide substantive services under the insurance contract (or receive substantive services from the reinsurer for group of reinsurance contracts). Cash flows within the contract boundary include premiums from policyholders, claims and benefits payable to policyholders (including payments linked to underlying items), insurance claim handling expenses, options and guarantees embedded in 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 obligation to provide insurance contract services (or the substantive right to receive insurance contract services for group of reinsurance contracts) terminates when there is actual ability to reassess the risk of specific policyholders or portfolios (or risks transferred to reinsurers for group of reinsurance contracts) and, as a result, to fully reflect such risks in pricing or settlement. Risks related to periods after the reassessment date are not considered when reevaluating the portfolio's pricing. The Company reassesses the boundary of the contract at the end of each reporting period to reflect changes in circumstances affecting substantive rights and obligations.

SHINHAN LIFE INSURANCE CO., LTD.
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3. Material accounting policies (continued)

(p) Insurance contract(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)

- Discretionary cash flows

The Company 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 Company considers any adjustment rate applied to the benchmark rate as discretionary when applying the crediting rate to payments to policyholders.

- Insurance acquisition cash flows

The Company allocates insurance acquisition cash flows directly attributable to the group of insurance contracts in a reasonable and systematic manner based on future group of insurance contracts that will be recognized as a result of renewals within the portfolio and the insurance contracts included in that portfolio. After allocation, insurance acquisition cash flows recognized as an asset is evaluated for recoverability at the end of each reporting period if there is evidence or indication of impairment, and any impairment losses are recognized in the income statement and adjust the carrying amount of an asset for insurance acquisition cash flows. The asset for insurance acquisition cash flows is removed when the related group of insurance contracts is initially recognized and included in the measurement of the fulfillment cash flows for that group of insurance contracts.

- Discount rate

The Company 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 Company 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 lead 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 Company 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 the currency of Korean Won, taking into account the characteristics of each currency.

- Risk adjustment for non-financial risk

The Company 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.

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3. Material accounting policies (continued)

(p) Insurance contract (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)

- Contractual service margin

At the time of initial recognition of a group of insurance contracts issued, the Company 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 recognize revenue or expenses from:

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

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.

- The changes in fulfilment cashflows and contractual service margins

The Company 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 service are adjusted in the contractual service margin, while change in fulfilment cash flows related the current and past service are recognized in profit or loss. The Company also adjusts the contractual service margins 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 components. However, changes in the time value of money and financial risk, changes in estimated cash flows for liabilities for incurred claim, and other experience adjustments related to current and past services are not adjusted in the contractual service margins.

The Company calculates the carrying amounts of the contractual service margins at the end of the reporting period by adjusting the following amounts to the carrying amounts at the start of the reporting period.

- i) the effect of any new contracts added to the group;
- ii) interest accreted on the carrying amount of the contractual service margins during the reporting period, measured at the discount rate determined at initial recognition;
- iii) the changes in fulfillment cash flows relating to future services except to the amounts of change in the fulfillment cash flows are allocated to the loss component or loss recovery component;
- iv) the effects of any currency exchange differences on the contractual service margin; and
- v) the amounts recognized as insurance revenue because of the transfer of insurance contract services in the period.

- Loss components and loss recovery components

The Company considers an insurance contract as onerous contract at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognized insurance acquisition cash flows and cash flows and any cash flows arising from the contract at that date of initial recognition in total are a net outflow. Additionally, the Company considers a group of insurance contracts becomes onerous on subsequent measurement if unfavorable changes relating to future services in fulfillment cash flows allocated to the group of insurance contracts exceed the carrying amount of the contractual service margins.

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3. Material accounting policies (continued)

(p) Insurance contract (continued)

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

The Company recognize a loss in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amounts of the liability for the group being equal to the fulfillment cash flows and contractual service margin of the group being zero. 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 portfolio and recognized as a loss in the current period. After recognizing the loss component, the Company systematically allocates changes relating to future services in fulfillment cash flows on subsequent measurement between the loss component and the others based on established criteria. However, favorable changes relating to future services in fulfillment cash flows on subsequent measurement 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.

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 Company 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 Liabilities for remaining coverage 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.

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3. Material accounting policies (continued)

(p) Insurance contract (continued)

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

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

The Company applies the variable fee approach to measure insurance liabilities (assets) for insurance contracts with direct participation features that meet the following conditions at inception: The Company provides investment-related services at the commencement of the insurance contract, and the insurance contract has direct participation features. The Company does not reassess the following conditions 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 Company expects to pay to policyholder an amount equal to a substantial share of the fair value returns on the underlying items
- iii) The Company 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 represents the amount deducted from the fair value of the underlying items, which is the portion not subject to fluctuations based 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 fluctuation in the cash flows not subject to variations based on the performance of the underlying items.

The Company measures the fulfillment cash flows under variable fee approach at the initial recognition date and at the end of the reporting period using the same general model. The carrying amounts of the contractual service margin at the end of the reporting period under variable fee approach is adjusted the following amounts to the carrying amounts at the start of the reporting period.

- i) the effect of any new contracts added to the group;
- ii) the change in the amounts of the Company's share of the fair value of underlying items excluding recognition and reversal of loss component;
- iii) the changes in fulfillment cash flows relating future services excluding recognition and reversal of loss components;
- iv) the effects of any currency exchange differences on the contractual service margins; and
- v) the amounts recognized as insurance revenue because of the transfer of insurance contract services in the period.

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3. Material accounting policies (continued)

(p) Insurance contract(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 Company measures the residual insurance liabilities (assets) at the initial recognition by deducting from the cash received as premiums (or reinsurance premiums paid in the case of reinsurance contracts), 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 premium 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 financing component.
- iv) Amount recognized in profit or loss for the reporting period due to providing insurance contract services.
- v) Investment component paid (received for reinsurance contracts held) or transferred to the liability for incurred claims..

The Company does not adjust the carrying amount of the Liabilities for remaining coverage at the initial recognition date if the coverage period of each contract within the group of insurance contracts 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 incurs losses, the Company performs impairment tests. If the cash flows for the fulfillment exceed the carrying amount of the Liabilities for remaining coverage, the difference is recognized as a loss in the current period and increases the liabilities for remaining coverage by the corresponding amount.

SHINHAN LIFE INSURANCE CO., LTD.
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3. Material accounting policies (continued)

(p) Insurance contract(continued)

iii) Recognition of insurance revenue and insurance service expenses

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

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

- i) Insurance service costs incurred during the period, measured at the amount estimated at the inception date (excluding transaction-related taxes collected on behalf of third parties, amounts allocated to loss components, insurance acquisition costs, amounts repayable to policyholders regardless of the occurrence of insurance events, and insurance contract loan execution amounts).
- ii) Changes in the risk adjustment for non-financial risk (excluding amounts allocated to loss components and changes related to future services).
- iii) Contractual service margin recognized in the current period as profit or loss, calculated based on the quantity of benefits payments and the expected duration of benefits for contracts within the group of insurance contracts, considering the frequency and severity of occurrence of benefits for the entire coverage units allocated to the current period.
- iv) Other amounts such as experience adjustments on premiums collected for current or past services.

Insurance revenue related to insurance acquisition cash flows is calculated by systematically allocating the portion of premiums associated with these cash flows over time, reflecting the recovery of these cash flows. The same amount is recognized as insurance service costs.

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. However, if the pattern of release of risk expected during the coverage period significantly differs from the passage of time, the expected premium income is allocated according to the pattern expected for the incurring of 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 elements).
- ii) Amortization of insurance acquisition cash flows (the same amount is recognized as insurance revenue and insurance service expenses).
- iii) Loss component recognized in the group of onerous contracts at initial recognition and the changes of loss component relating the future services.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(p) Insurance contract(continued)

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

- ④ The recognition of reinsurance revenue and reinsurance service expenses for groups of reinsurance contracts held.

The revenue and expenses arising from group of reinsurance contract held is recognized by adopting the method of recognizing insurance service expenses and insurance revenue of underlying insurance contract, with adjustments made to reflect the characteristics of reinsurance contracts (revenue being the amount recovered from reinsurers and expenses being the allocated portion of premiums paid to reinsurers).

iv) Modification and derecognition

The Company 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 treated as changes in estimated of fulfilment cash flows. There were no instances during the current and prior periods where the original contract was derecognised and the modified contract was recognized as a new contract. When an insurance contract is extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled), The Company derecognises the insurance contract, adjusts the estimated cash flows and contractual service margin related to the removed contract within the group of insurance contracts, and reflects the derecognised 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 Company 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 LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(p) Insurance contract(continued)

vi) Presentation

The Company separately presents the carrying amounts of insurance contract portfolio, which is an asset, the carrying amounts of the insurance contract portfolio, which is a liability, carrying amounts the reinsurance contract portfolio held, which is an asset, and the carrying amounts of reinsurance contract portfolio held, which is a liability, respectively, in the separate 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 Company includes the time value of money and the effects of financial risks, as well as their fluctuations, in insurance finance income (expenses). The Company 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 transition

Under K-IFRS 1117, insurer is required to identify, recognize, and measure group of insurance contracts (using the fully 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 group of insurance contracts with certain direct participation features, even if they meet the criteria for applying the retrospective approach, the fair value approach may be applied.

The Company has applied the modified retrospective approach to 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. For other group of insurance contracts and reinsurance contracts, the fair value approach has been adopted. Additionally, the Company adjusted the existing carrying amount based on historical cost to the current fulfilment value assessment.

The modified retrospective approach aims to achieve results very close to those of full retrospective application, utilizing reasonable and supportable information without undue 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.

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Notes to the Separate Financial Statements
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3. Material accounting policies (continued)

(q) Hybrid bonds

The Company 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 Company 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 as part of equity.

(r) Income tax

Shinhan Financial Group Co., Ltd., the parent company of the Company, reported and paid corporate taxes by considering the entire domestic subsidiary company, including the Company, as a single tax unit, and the separate tax burden amount was counted as the current corporate tax liability. The deferred tax liabilities and assets are recognized as temporary differences between the carrying amount of assets and liabilities and the tax value, and items directly attributable to the Company among the future tax burden to be paid for tax losses and tax credits that can be carried forward and deducted.

The carrying value of deferred tax assets is reviewed at the end of each reporting period. The carrying value 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.

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3. Material accounting policies (continued)

(s) The adoption of the Financial Supervisory Service's guidelines for the application of K-IFRS 1117.

The Financial Supervisory Service has issued the actuarial assumption guidelines for the application of K-IFRS 1117. The Company has incorporated these guidelines into the current financial statements, particularly regarding actuarial assumptions for non-cancellable and cancellable insurance contracts, recognition criteria for contractual service margin, and actuarial assumptions for medical insurance.

(t) New standards and amendments not yet adopted by the Company

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 Company.

i) K-IFRS 1001 'Presentation of Financial Statements' amended - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company expects that the amendments will not have a significant impact on the separate financial statements.

ii) K-IFRS 1007 'Statement of Cash Flows' and K-IFRS 1107 'Financial Instruments: Disclosure'

The Company has mandated disclosure of the impact of Supplier Finance Arrangements on the Company's liabilities, cash flows, and liquidity risks. This amendment will be effective for accounting periods beginning on or after January 1, 2024, with early adoption permitted. The Company anticipates that this amendment will not have a significant impact on its financial statements.

iii) The following revised standards are not expected to have a significant impact on the Company.

- Lease liabilities arising from sale and leaseback transactions (K-IFRS 1116 'Leases')
- Crypto assets disclosure (K-IFRS 1001 'Presentation of Financial Statements')

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4. Financial risk management

(a) Overview

The essence of the insurance business is to take over and manage risks. Insurance products, unlike other financial products, can be exposed to various risks during management activities because of its underlying nature of complex pricing elements and long contract periods. The Company has established and operated a risk management system to manage the nature of these complex insurance products and the various risks that may arise from uncertain external financial environments.

The Company manages various risks that may arise, and the main targets are credit risk, market risk, interest rate risk, operational risk and liquidity risk. These risks are recognized, measured, controlled, and reported in accordance with the risk management policies set by the Company.

i) Risk management principles

The Company's risk management is guided by the following core principles:

- Mutual harmonization of risk and profit
- Determines risk acceptance levels in accordance with business objectives and strategies;
- Management performance is measured and evaluated by reflecting risk;
- Diversify risks appropriately to prevent concentration of risks in specific sectors;
- Supervision and control of risk management shall be carried out independently from business activities; and
- Risk management uses formal procedures or methods, such as documents.

ii) Risk management organization

① Risk Management Committee

The Risk Management Committee, the highest risk-related decision making body, has established risk management policies such as risk recognition, measurement and control, and monitors its compliance.

② Risk Management Steering Committee

The Risk Management Steering Committee decides on matters affecting risks such as establishing measures according to the status of risk management by sector, establishing and adjusting basic policies on optimal management and procurement of assets and liabilities, entering new businesses or establishing and changing major policies. The committee reviews the resolutions of the Risk Management Committee.

③ Investment Steering Committee

The Investment Steering Committee is responsible for making credit and investment decisions, credit risk management and credit policy. The Risk Management Committee delegates details for risk management and efficient implementation of resolutions.

iii) Risk management procedures

The Company manages risk limits by type, such as market and credit risk, within the total risk limit determined by the Company's Risk Management Committee when establishing annual business plans, including annual financial plans, product portfolio plans, and RBC plans. In addition, the Company calculates and evaluates risks and the different types of risks on a monthly basis by comparing it with the risk tolerance limit then reports results to the management, as well as the risk management committee.

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4. Financial risk management (continued)

(b) Credit risk

i) overview

Credit risk is the risk of potential economic loss or the risk of a counterparty failing to meet its contractual obligations within terms of deposits, loans, securities etc., in which funds are provided in the form of loans or bond purchases, or a legal agreement of an underlying asset at a predetermined price to be exchanged at a specific future date, due to bankruptcy of a debtor, decrease in credit ratings, counterparty default etc. The Company aims to maintain the level of the risk and to minimize the realization of the risk by regulating a specific method of risk management for the risk of economic losses arising from a failure in meeting contractual obligations, such as bankruptcy of the debtor or counterparty default.

<Variables, assumptions, and techniques used to measure impairment>

① How to determine whether credit risk increases significantly after initial recognition

The Company assesses at the end of each reporting period whether the credit risk of a financial instrument has significantly increased since its initial recognition, and when assessing the significant increase in credit risk, the Company uses changes in the risk of a default occurring over the expected life of financial instrument, instead of using the changes in expected credit losses. To make this assessment, the risk of a default occurring on a financial instrument at the reporting date is compared with the risk of a default occurring on the financial instrument at the date of initial recognition and the Company considers information that is available, reasonable, and supportable without undue cost or effort as a reference to an indication of a significant increase in the credit risk after the initial recognition. This information includes data on defaults held by the Company and analysis by internal credit rating experts.

(i) Measurement of default risk

The Company assigns internal credit ratings to individual exposures based on observations found to have a reasonable correlation with default risks and judgments based on experience. Internal credit ratings are determined by considering both qualitative and quantitative factors that indicate the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

(ii) Measurement of term structure of probability of default

The internal credit rating is the main input for determining the default rate period structure. The Company is accumulating information on the pattern of exposure exposed to credit risk and the type of product and next week and the internal credit rating results, and some portfolios utilize information obtained from external credit rating agencies. The Company applies statistical techniques to estimate the default rate for the remaining maturity of an exposure from accumulated data and to predict changes in the estimated default rate over time.

(iii) Significant increase in credit risk

The Company utilizes indicators defined by portfolio to determine significant increases in credit risk, which generally consist of changes in the estimated default risk from changes in internal credit ratings, qualitative factors, and the number of days past due.

The Company considers that the credit risk of a financial asset has increased significantly after the initial recognition if the number of days overdue for a specific exposure exceeds 30 days. The Company calculates overdue days from the earliest date when the Company has not fully received the contractual payments to be received from the borrower and the grace period granted to the borrower is not considered.

SHINHAN LIFE INSURANCE CO., LTD.
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4. Financial risk management (continued)

(b) Credit risk (continued)

i) overview(continued)

<Variables, assumptions and techniques used to measure impairment (continued)>

① How to determine whether credit risk increases significantly after initial recognition (continued)

The Company periodically reviews the criteria for determining whether credit risk has increased significantly from the following points of view:

- 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, financial instruments shall not be to move too frequently between the 12-months expected credit losses measurement and the lifetime expected credit losses measurement.

② Modified financial assets

If the contractual cash flows on a financial asset have been renegotiated or modified but the financial asset was not derecognized, the Company 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 Company 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 Company 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 were 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 Company recognizes the 12-months expected credit losses for that exposure again.

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4. Financial risk management (continued)

(b) Credit risk (continued)

i) overview(continued)

<Variables, assumptions and techniques used to measure impairment (continued)>

③ Risk of default

The Company 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 Company judges that it is not possible to recover principal and interest without enforcing the collateral on a financial asset

The Company uses the following indicators when determining whether a borrower is in default:

- Qualitative factors (e.g. breach of contract terms),
- Quantitative factors (e.g. if the same borrower does not perform more than one payment obligations to the Company, the number of days past due per payment obligation. However, in the case of a specific portfolio, the Company uses the number of days past due for each financial instrument)
- Internal data and external data

The definition of default applied by the Company 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 incurred and the extent thereof may vary.

④ Measurement of expected credit loss

The main variables used to measure expected credit loss 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 Company 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 Company 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 Company 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 Company 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 value 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.

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Notes to the Separate Financial Statements
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4. Financial risk management (continued)

(b) Credit risk (continued)

i) overview(continued)

<Variables, assumptions and techniques used to measure impairment (continued)>

④ Measurement of expected credit loss(continued)

In measuring expected credit losses on financial assets, the Company 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 item
- Internal credit rating
- Type of collateral
- Loan-To-Value ratio (LTV)
- Borrower's industry
- Location of the borrower or collateral
- Days overdue

The criteria classifying groups is periodically reviewed to maintain homogeneity of the group and adjusted if necessary. The Company uses external benchmark information to supplement internal information for a particular portfolio that did not have sufficient internal data accumulated from the experience.

⑤ Reflection of forward-looking information

The Company reflects future forward-looking information presented by a group of internal experts based on various information when measuring expected credit losses. The Company utilizes economic forecasts disclosed by domestic and foreign research institutes, governments, and public institutions to predict forward-looking information.

The Company reflects the expected future macroeconomic circumstance in the measurement of expected losses from a neutral perspective. The expected losses from this perspective reflect the most likely circumstances and are based on the same assumptions that the Company is based on when establishing business plans and management capabilities.

The Company 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.

| Key macroeconomic variables | Correlation with credit risk |
|--|------------------------------|
| Private Consumption growth rate | Negative |
| Growth rate of construction investment | Negative |
| Government bond 3y yields | - |
| Unemployment rate | Positive |
| GDP growth rate | Negative |
| Facility investment growth rate | Negative |
| Consumer price index growth rate | Positive |
| Balance on current account | Negative |

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4. Financial risk management (continued)

(b) Credit risk (continued)

i) overview(continued)

<Variables, assumptions and techniques used to measure impairment (continued)>

⑤ Reflection of forward-looking information(continued)

The predicted correlations between the macroeconomic variables and the risk of default, used by the Company, are derived based on data from the past more than ten years.

The recent default rate is an important reference when estimating the default rate considering the future economic outlook.

⑥ Write-off of financial assets

The Company writes off a portion of or entire loan or debt security that is not expected to receive its principal and interest. In general, the Company 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 Company and is carried out with the approval of an external institution, if necessary. Apart from write-off, the Company may continue to exercise its right of collection under its own recovery policy even after the write-off of financial assets.

ii) Limits and Risk Management Principles

The Company's credit risk management principles are as follows.

- Establish and comply with soundness management indicators and allowable limits for credit loans.
- Manage through periodic credit screening.
- Comply with credit risk limits and investment limits.
- For asset management, organize and operate an appropriate portfolio and avoid biased investment.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

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(In millions of won)

4. Financial risk management (continued)

(b) Credit risk (continued)

iii) Maximum exposure to credit risk

The Company's maximum exposure to credit risk as of December 31, 2023 and 2022 are as follows:

| | | 2023 | | |
|---|---|-------------|--------------------------|------------|
| | | General(*1) | Performance Dividend(*2) | Total |
| Due from banks and loans at amortized cost (*3)(*4): | | | | |
| Banks | ₩ | 1,054,604 | 273,756 | 1,328,360 |
| Retail | | | | |
| - Residential mortgage | | 524,134 | - | 524,134 |
| - Others | | 263,896 | - | 263,896 |
| Government/Public sector/Central bank | | | | |
| | | 159,975 | 71,200 | 231,175 |
| Corporations | | | | |
| - Conglomerate | | 38,111 | 148,582 | 186,693 |
| - SMEs | | 233,657 | - | 233,657 |
| - Special financing | | 2,495,467 | - | 2,495,467 |
| | | 4,769,844 | 493,538 | 5,263,382 |
| Due from banks at fair value through profit or loss: | | | | |
| Banks | | 30,743 | - | 30,743 |
| | | 30,743 | - | 30,743 |
| Securities at fair value through profit or loss | | | | |
| | | 6,100,227 | 3,861,683 | 9,961,910 |
| Securities at fair value through other comprehensive income | | | | |
| | | 35,235,213 | - | 35,235,213 |
| Securities at amortized cost (*4) | | | | |
| | | 4,348,023 | - | 4,348,023 |
| Derivative assets | | | | |
| | | 115,507 | 871 | 116,378 |
| Receivables at amortized cost (*4) | | | | |
| | | 955,336 | 129,054 | 1,084,390 |
| Off-balance sheet accounts | | | | |
| Unused loan commitments | | 424,203 | - | 424,203 |
| Capital commitments | | 1,360,730 | - | 1,360,730 |
| | ₩ | 53,339,826 | 4,485,146 | 57,824,972 |

(*1) This is the total amount of general accounts and retirement pension principal guarantee products.

(*2) This is the total amount of variable life insurance and retirement pension performance dividend-type products.

(*3) The due from banks at amortized cost includes cash equivalents.

(*4) The maximum exposure amount to due from banks and loans at amortized cost, securities at amortized cost, and receivables at amortized cost is the net amount less credit loss allowance, etc.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

4. Financial risk management (continued)

(b) Credit risk (continued)

iii) Maximum exposure to credit risk(continued)

| | | 2022 | | |
|---|---|-------------|--------------------------|------------|
| | | General(*1) | Performance Dividend(*2) | Total |
| Due from banks and loans at amortized cost (*3)(*4): | | | | |
| Banks | ₩ | 825,378 | 397,085 | 1,222,463 |
| Retail | | | | |
| - Residential mortgage | | 621,327 | - | 621,327 |
| - Others | | 238,193 | - | 238,193 |
| Government/Public sector/Central bank | | | | |
| | | 159,914 | 53,800 | 213,714 |
| Corporations | | | | |
| - Conglomerate | | 114,378 | 97,141 | 211,519 |
| - SMEs | | 270,642 | - | 270,642 |
| - Special financing | | 2,924,818 | - | 2,924,818 |
| - Others | | 889 | - | 889 |
| | | 5,155,539 | 548,026 | 5,703,565 |
| Due from banks at fair value through profit or loss: | | | | |
| Banks | | 26,116 | - | 26,116 |
| | | 26,116 | - | 26,116 |
| Securities at fair value through profit or loss | | | | |
| | | 6,569,249 | 3,732,514 | 10,301,763 |
| Securities at fair value through other comprehensive income | | | | |
| | | 32,474,322 | - | 32,474,322 |
| Securities at amortized cost (*4) | | | | |
| | | 4,338,766 | - | 4,338,766 |
| Derivative assets | | | | |
| | | 91,937 | 137 | 92,074 |
| Receivables at amortized cost (*4) | | | | |
| | | 888,216 | 123,058 | 1,011,274 |
| Off-balance sheet accounts | | | | |
| Unused loan commitments | | | | |
| | | 656,238 | - | 656,238 |
| Capital commitments | | | | |
| | | 1,639,549 | - | 1,639,549 |
| | ₩ | 51,839,932 | 4,403,735 | 56,243,667 |

(*1) This is the total amount of general accounts and retirement pension principal guarantee products.

(*2) This is the total amount of variable life insurance and retirement pension performance dividend-type products.

(*3) The due from banks at amortized cost includes cash equivalents.

(*4) The maximum exposure amount to due from banks and loans at amortized cost, securities at amortized cost, and receivables at amortized cost is the net amount less credit loss allowance, etc.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

4. Financial risk management (continued)

(b) Credit risk (continued)

iv) Impairment information by credit risk of financial instruments

Details of impaired financial assets due to credit risk as of December 31, 2023 and 2022 are as follows:

| | | | | | 2023 | | | | |
|--|---|------------------------|-------------|-------------------------|----------|------------|------------|------------|---|
| | | 12-month expected loss | | Life-time expected loss | | Total | Allowances | Net | Mitigation of credit risk due to collateral |
| | | Grade 1(*1) | Grade 2(*1) | Grade 2(*1) | Impaired | | | | |
| Due from banks and loans at amortized cost (*2): | | | | | | | | | |
| Banks | ₩ | 1,327,906 | 691 | - | - | 1,328,597 | (237) | 1,328,360 | - |
| Retail | | | | | | | | | |
| - Residential mortgage | | 494,884 | 12,449 | 13,729 | 3,414 | 524,476 | (342) | 524,134 | 516,433 |
| - Others | | 232,913 | 30,050 | 10,868 | 10,835 | 284,666 | (20,770) | 263,896 | - |
| Government/Public sector/Central bank | | | | | | | | | |
| | | 231,250 | - | - | - | 231,250 | (75) | 231,175 | - |
| Corporations | | | | | | | | | |
| - Conglomerate | | 163,369 | 784 | 23,866 | - | 188,019 | (1,326) | 186,693 | - |
| - SMEs | | 214,115 | 19,840 | - | - | 233,955 | (298) | 233,657 | 19,808 |
| - Special financing | | 2,323,111 | - | 187,201 | - | 2,510,312 | (14,845) | 2,495,467 | 470,177 |
| - Others | | - | - | - | - | - | - | - | - |
| | | 4,987,548 | 63,814 | 235,664 | 14,249 | 5,301,275 | (37,893) | 5,263,382 | 1,006,418 |
| Securities at fair value through other comprehensive income (*3) | | | | | | | | | |
| | | 35,235,213 | - | - | - | 35,235,213 | - | 35,235,213 | - |
| Securities at amortized cost | | | | | | | | | |
| | | 4,348,231 | - | - | - | 4,348,231 | (208) | 4,348,023 | - |
| Receivables at amortized cost | | | | | | | | | |
| | | 1,077,119 | 313 | 2,176 | 39,955 | 1,119,563 | (35,173) | 1,084,390 | 1,933 |
| Ending balance | ₩ | 45,648,111 | 64,127 | 237,840 | 54,204 | 46,004,282 | (73,274) | 45,931,008 | 1,008,351 |

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

4. Financial risk management (continued)

(b) Credit risk (continued)

iv) Impairment information by credit risk of financial instruments(continued):

(*1) Credit quality of due from banks and loans was classified based on the internal credit rating as follows:

| Type of Borrower | Grade 1 | Grade 2 |
|--|--|---|
| Governments/public institutions/central bank | OECD sovereign credit rating of 6 or above | OECD sovereign credit rating of below 6 |
| Retail | Internal credit rating of 5 or above | Internal credit rating of below 5 |
| Corporations/banks | Internal credit rating of BBB+ or above | Internal credit rating of below BBB+ |

(*2) The due from banks at amortized cost includes cash equivalents.

(*3) Provision for credit loss allowance for securities at fair value through other comprehensive income amounted to ₩8,790 million.

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Notes to the Separate Financial Statements

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4. Financial risk management (continued)

(b) Credit risk (continued)

iv) Impairment information by credit risk of financial instruments(continued):

Details of impaired financial assets due to credit risk as of December 31, 2023 and 2022 are as follows (continued):

| | | 2022 | | | | | | | |
|--|---|------------------------|-------------|-------------------------|----------|------------|------------|------------|---|
| | | 12-month expected loss | | Life-time expected loss | | Total | Allowances | Net | Mitigation of credit risk due to collateral |
| | | Grade 1(*1) | Grade 2(*1) | Grade 2(*1) | Impaired | | | | |
| Due from banks and loans at amortized cost (*2): | | | | | | | | | |
| Banks | ₩ | 1,222,763 | 257 | - | - | 1,223,020 | (557) | 1,222,463 | - |
| Retail | | | | | | | | | |
| - Residential mortgage | | 534,856 | 34,923 | 50,888 | 1,690 | 622,357 | (1,030) | 621,327 | 609,081 |
| - Others | | 219,943 | 22,846 | 5,977 | 8,199 | 256,965 | (18,772) | 238,193 | - |
| Government/Public sector/Central bank | | 213,827 | - | - | - | 213,827 | (113) | 213,714 | - |
| Corporations | | | | | | | | | |
| - Conglomerate | | 190,775 | 3,538 | 18,758 | - | 213,071 | (1,552) | 211,519 | - |
| - SMEs | | 251,058 | 19,985 | - | - | 271,043 | (401) | 270,642 | 19,852 |
| - Special financing | | 2,890,470 | - | 39,986 | - | 2,930,456 | (5,638) | 2,924,818 | 706,923 |
| - Others | | 889 | - | - | - | 889 | - | 889 | 889 |
| | | 5,524,581 | 81,549 | 115,609 | 9,889 | 5,731,628 | (28,063) | 5,703,565 | 1,336,745 |
| Securities at fair value through other comprehensive income (*3) | | 32,474,322 | - | - | - | 32,474,322 | - | 32,474,322 | - |
| Securities at amortized cost | | 4,339,081 | - | - | - | 4,339,081 | (315) | 4,338,766 | - |
| Receivables at amortized cost | | 1,004,463 | 239 | 2,174 | 36,375 | 1,043,251 | (31,977) | 1,011,274 | 2,580 |
| Ending balance | ₩ | 43,342,447 | 81,788 | 117,783 | 46,264 | 43,588,282 | (60,355) | 43,527,927 | 1,339,325 |

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Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

4. Financial risk management (continued)

(b) Credit risk (continued)

iv) *Impairment information by credit risk of financial instruments(continued):*

(*1) Credit quality of due from banks and loans was classified based on the internal credit rating as follows:

| Type of Borrower | Grade 1 | Grade 2 |
|--|--|---|
| Governments/public institutions/central bank | OECD sovereign credit rating of 6 or above | OECD sovereign credit rating of below 6 |
| Retail | Internal credit rating of 5 or above | Internal credit rating of below 5 |
| Corporations/banks | Internal credit rating of BBB+ or above | Internal credit rating of below BBB+ |

(*2) The due from banks at amortized cost includes cash equivalents.

(*3) Provision for credit loss allowance for securities at fair value through other comprehensive income amounted to ₩13,604 million.

Impairment information related to credit risk of off-balance sheet accounts:

Impairment information related to credit risk of unused loan commitments and capital commitments as of December 31, 2023 and 2022 are as follows:

| | | 2023 | | 2022 | |
|----------------|---|---|--|---|--|
| | | Credit risk exposure for 12-month expected credit loss | Total expected credit losses for 12-month | Credit risk exposure for 12-month expected credit loss | |
| Grade 1 | ₩ | 1,731,995 | - | 2,295,787 | |
| Grade 2 | | - | 52,938 | - | |
| Total | ₩ | 1,731,995 | 52,938 | 2,295,787 | |

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Notes to the Separate Financial Statements
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4. Financial risk management (continued)

(b) Credit risk (continued)

v) Concentration by industry sector

An analysis of concentration by industry sector of financial instrument, net of allowance, as of December 31, 2023 and 2022 are as follows:

| | 2023 | | | | | | | | |
|---|-----------------------|--------------------|-------------------------|----------------------------|----------------------|---------------------------|------------|---------|------------|
| | Finance and insurance | Manu- facturing | Retail and wholesale | Real estate and service | Construction service | Hotel and food service | Others | Retail | Total |
| Due from banks and loans at amortized cost (*): | | | | | | | | | |
| Banks | ₩ 1,328,360 | - | - | - | - | - | - | - | 1,328,360 |
| Retail | | | | | | | | | |
| - Residential mortgage | - | - | - | - | - | - | - | 524,134 | 524,134 |
| - Others | - | - | - | - | - | - | - | 263,896 | 263,896 |
| Government/Public sector/Central bank Corporations | 159,938 | - | - | - | - | - | 71,237 | - | 231,175 |
| - Conglomerate | 152,139 | 31,549 | - | - | - | - | 3,005 | - | 186,693 |
| - SMEs | 9,320 | 47,153 | - | 159,807 | - | - | 17,377 | - | 233,657 |
| - Special financing | 86,218 | 167,216 | - | 1,448,574 | 162,200 | - | 631,259 | - | 2,495,467 |
| | 1,735,975 | 245,918 | - | 1,608,381 | 162,200 | - | 722,878 | 788,030 | 5,263,382 |
| Due from banks at fair value through profit or loss | | | | | | | | | |
| Securities at fair value through profit or loss | 30,743 | - | - | - | - | - | - | - | 30,743 |
| Securities at fair value through other comprehensive income | 660,251 | 52,405 | - | 29,924 | 17,841 | - | 9,201,489 | - | 9,961,910 |
| Securities at amortized cost | 6,561,001 | 1,035,818 | 230,715 | 1,046,629 | 1,239,793 | 10,882 | 25,110,375 | - | 35,235,213 |
| Off-balance sheet accounts | 160,062 | - | - | 119,663 | 62,971 | - | 4,005,327 | - | 4,348,023 |
| Unused loan commitments | - | - | - | 270,260 | 102,886 | - | 51,057 | - | 424,203 |
| Capital commitments | - | - | - | 3,516 | - | - | 1,357,214 | - | 1,360,730 |
| ₩ | 9,148,032 | 1,334,141 | 230,715 | 3,078,373 | 1,585,691 | 10,882 | 40,448,340 | 788,030 | 56,624,204 |

(*) Due from banks at amortized cost include cash equivalents.

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As of December 31, 2023 and 2022

(In millions of won)

4. Financial risk management (continued)

(b) Credit risk (continued)

v) Concentration by industry sector(continued)

An analysis of concentration by industry sector of financial instrument, net of allowance, as of December 31, 2023 and 2022 are as follows:

| | 2022 | | | | | | | | |
|---|-----------------------|--------------------|-------------------------|----------------------------|-------------------------|---------------------------|------------|---------|------------|
| | Finance and insurance | Manu- facturing | Retail and wholesale | Real estate and service | Construction service | Hotel and food service | Others | Retail | Total |
| Due from banks and loans at amortized cost (*): | | | | | | | | | |
| Banks | ₩ 1,222,463 | - | - | - | - | - | - | - | 1,222,463 |
| Retail | | | | | | | | | |
| - Residential mortgage | - | - | - | - | - | - | - | 621,328 | 621,327 |
| - Others | - | - | - | - | - | - | - | 238,192 | 238,193 |
| Government/Public sector/Central bank | 159,895 | - | - | - | - | - | 53,819 | - | 213,714 |
| Corporations | | | | | | | | | |
| - Conglomerate | 151,216 | 57,302 | - | - | - | - | 3,001 | - | 211,519 |
| - SMEs | 32,684 | 51,986 | - | 167,876 | - | - | 18,096 | - | 270,642 |
| - Special financing | 197,663 | 186,099 | - | 1,760,937 | 168,987 | - | 611,132 | - | 2,924,818 |
| - Others | - | - | - | - | - | 889 | - | - | 889 |
| | 1,763,921 | 295,387 | - | 1,928,813 | 168,987 | 889 | 686,048 | 859,520 | 5,703,565 |
| Due from banks at fair value through profit or loss | | | | | | | | | |
| Securities at fair value through profit or loss | 26,116 | - | - | - | - | - | - | - | 26,116 |
| Securities at fair value through other comprehensive income | 794,895 | 108,253 | - | 24,335 | 16,925 | - | 9,357,355 | - | 10,301,763 |
| Securities at amortized cost | 6,311,009 | 1,088,807 | 280,780 | 947,113 | 1,210,180 | 10,333 | 22,626,100 | - | 32,474,322 |
| Off-balance sheet accounts | 160,067 | - | - | 120,561 | 62,955 | - | 3,995,183 | - | 4,338,766 |
| Unused loan commitments | - | 37,000 | - | 460,255 | 94,377 | - | 64,606 | - | 656,238 |
| Capital commitments | - | - | - | - | - | - | 1,639,549 | - | 1,639,549 |
| ₩ | 9,056,008 | 1,529,447 | 280,780 | 3,481,077 | 1,553,424 | 11,222 | 38,368,841 | 859,520 | 55,140,319 |

(*) Due from banks at amortized cost include cash equivalents.

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(In millions of won)

4. Financial risk management (continued)

(b) Credit risk (continued)

vi) 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 | 2023 | | | | | |
|---|--------------|-----------|--------|--------|-----------|------------|
| | Korea | USA | UK | Japan | Others | Total |
| Due from banks and loans at amortized cost(*) | | | | | | |
| Banks | ₩ 1,126,868 | 67,540 | - | 100 | 133,852 | 1,328,360 |
| Retail | | | | | | |
| - Residential mortgage | 524,134 | - | - | - | - | 524,134 |
| - Others | 263,896 | - | - | - | - | 263,896 |
| Government/Public sector/Central bank | 231,175 | - | - | - | - | 231,175 |
| Corporations | | | | | | |
| - Conglomerate | 170,515 | 11,245 | 34 | 743 | 4,156 | 186,693 |
| - SMEs | 233,657 | - | - | - | - | 233,657 |
| - Special financing | 2,495,467 | - | - | - | - | 2,495,467 |
| | ₩ 5,045,712 | 78,785 | 34 | 843 | 138,008 | 5,263,382 |
| Due from banks at fair value through profit or loss | | | | | | |
| Securities at fair value through profit or loss | - | 30,743 | - | - | - | 30,743 |
| Securities at fair value through other comprehensive income | 8,532,405 | 1,176,544 | 29,591 | 23,352 | 200,018 | 9,961,910 |
| Securities at amortized cost | 32,737,419 | 1,198,289 | 39,827 | - | 1,259,678 | 35,235,213 |
| Off-balance sheet accounts | 4,348,023 | - | - | - | - | 4,348,023 |
| Unused loan commitments | 424,203 | - | - | - | - | 424,203 |
| Capital commitments | 1,221,047 | 112,310 | - | - | 27,373 | 1,360,730 |
| | ₩ 52,308,809 | 2,596,671 | 69,452 | 24,195 | 1,625,077 | 56,624,204 |

(*) Due from banks at amortized cost include cash equivalents.

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4. Financial risk management (continued)

(b) Credit risk (continued)

vi) 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 | 2022 | | | | | |
|---|---------------------|------------------|---------------|---------------|------------------|-------------------|
| | Korea | USA | UK | Japan | Others | Total |
| Due from banks and loans at amortized cost(*) | | | | | | |
| Banks | ₩ 1,018,825 | 70,179 | - | - | 133,459 | 1,222,463 |
| Retail | | | | | | |
| - Residential mortgage | 621,327 | - | - | - | - | 621,327 |
| - Others | 238,193 | - | - | - | - | 238,193 |
| Government/Public sector/Central bank | 213,714 | - | - | - | - | 213,714 |
| Corporations | | | | | | |
| - Conglomerate | 196,293 | 10,946 | 7 | 895 | 3,378 | 211,519 |
| - SMEs | 270,642 | - | - | - | - | 270,642 |
| - Special financing | 2,924,818 | - | - | - | - | 2,924,818 |
| - Others | 889 | - | - | - | - | 889 |
| | <u>5,484,701</u> | <u>81,125</u> | <u>7</u> | <u>895</u> | <u>136,837</u> | <u>5,703,565</u> |
| Due from banks at fair value through profit or loss | | | | | | |
| Securities at fair value through profit or loss | - | 26,116 | - | - | - | 26,116 |
| Securities at fair value through other comprehensive income | 9,311,623 | 803,532 | 30,394 | 20,635 | 135,579 | 10,301,763 |
| Securities at amortized cost | 30,328,435 | 1,114,813 | 35,647 | - | 995,427 | 32,474,322 |
| Off-balance sheet accounts | 4,338,766 | - | - | - | - | 4,338,766 |
| Unused loan commitments | 656,238 | - | - | - | - | 656,238 |
| Capital commitments | 1,086,161 | 528,271 | - | - | 25,117 | 1,639,549 |
| | <u>₩ 51,205,924</u> | <u>2,553,857</u> | <u>66,048</u> | <u>21,530</u> | <u>1,292,960</u> | <u>55,140,319</u> |

(*) Due from banks at amortized cost include cash equivalents.

4. Financial risk management (continued)

(c) Market risk

i) Overview

Market risk from trading positions is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk exposures include securities, derivative financial transactions, assets and liabilities denominated in foreign currencies, and assets and liabilities of variable insurance.

ii) Limit and Risk Management Principles

① Limit Management

The market risk limit is approved by the Risk Management Committee reflecting the management plan and risk management plan at the end of each year and monitors the compliance on a daily basis. If the market risk exceeds 95% of the limit setting, the department in charge of risk management should notify each department in charge, and each department should establish risk management measures such as position and limit reduction and hedging transactions and report it to the risk management department.

② Risk Management Principle

The risk management principles of market risk are as follows:

- i) It is managed through periodic forecasts of financial market variables such as interest rates, stock prices, and exchange rates.
- ii) It adheres to market risk limits and investment limits.
- iii) It operates stop-loss limits to control risks within a certain range, and decisions on setting or changing stop-loss criteria are made by resolution of the Risk Management Committee.
- iv) It constructs and manages a diversified portfolio and avoids concentrated investments.

③ Stress test

The stress test is divided into a periodic analysis given a scenario model and an irregular analysis of early risk detection indicators when they reach a critical point. The stress test is conducted at least once a year and reported to the Risk Management Committee and management within three months after the analysis point.

In the case of regular analysis, the Company analyses the impact on net income and solvency amount through scenarios based on past historical events, divided into stock price, interest rate and exchange rate.

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4. Financial risk management (continued)

(c) Market risk (continued)

iii) Market risk management

Market risk management focuses on the potential losses associated with the Company's trading positions due to fluctuations in interest rates, stock prices, exchange rates, and commodity prices, as well as variable insurance guarantee risks.

① Market risk measurement technique

Market risk VaR (Value At Risk) is measured using the Delta-Normal method based on the volatility of price, interest rate, and exchange rate-related assets over the preceding one year, aiming to estimate the maximum potential loss that could occur within the target period at the specified confidence level. The variable insurance guarantee risk amount is measured using shock scenario methodology.

② Risk management and risk reduction policy

The Company regulates various limits, including the VaR limit, to manage market risk. Market risk limits are assigned on a daily basis by VaR to check business compliance. Risk management departments regularly monitor whether the operation department complies with these limits and report them to the management and risk management committee.

③ Foreign exchange risk

Since the Company holds foreign currency assets, it is exposed to the risk of dollar and other foreign currency-related exchange rate volatilities. Foreign exchange risks occur in relation to future forecast transactions, recognized assets, etc., and the exposure to risks caused by currency volatilities is managed within the limits prescribed by the approved policy using currency forward and currency swap agreements.

The Company calculates the exposure by converting the foreign currency assets and contractual amounts held at the exchange rate at the end of the reporting period, and hedges foreign currency assets to avoid currency risks arising from foreign investment. Accordingly, through currency swaps or currency forward contracts when investing in foreign bonds, the Company offsets any gains or losses arising from foreign exchange rate fluctuations that may occur during future investments.

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4. Financial risk management (continued)

(c) Market risk (continued)

iv) Types of risk

iv-1) Trading position

The details of the VaR for the trading positions held by the Company as of December 31, 2023 and 2022 are as follows:

| | | 2023 | | | |
|------------------------|---|---------|---------|---------|-------------|
| | | Average | Maximum | Minimum | December 31 |
| Interest rate risk | ₩ | 1,009 | 5,430 | 105 | 105 |
| Stock price risk | | 4,663 | 6,141 | 3,602 | 4,589 |
| Foreign exchange risk | | 69,414 | 89,996 | 40,947 | 59,787 |
| Option volatility risk | | 955 | 1,693 | 420 | 1,233 |
| Total | ₩ | 76,041 | 103,260 | 45,074 | 65,714 |

(*) 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 Company calculated using the internal shock scenario method as of the end of the reporting period is ₩ 228,451 million as of December 31, 2023.

| | | 2022 | | | |
|------------------------|---|---------|---------|---------|-------------|
| | | Average | Maximum | Minimum | December 31 |
| Interest rate risk | ₩ | 2,341 | 5,181 | 1,102 | 1,418 |
| Stock price risk | | 1,415 | 2,452 | 311 | 332 |
| Foreign exchange risk | | 15,834 | 32,858 | 4,158 | 32,858 |
| Option volatility risk | | 179 | 494 | 11 | 494 |
| Total | ₩ | 19,769 | 40,985 | 5,582 | 35,102 |

(*) 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 Company calculated using the internal shock scenario method as of the end of the reporting period is ₩ 366,776 million as of December 31, 2022.

v) Composition of foreign currency assets and liabilities by currency

The Company has foreign currency assets, etc., and thus is exposed to the risk of fluctuations in exchange rates related to the dollar and other foreign currencies. Foreign exchange risk occurs in relation to expected future transactions and recognized assets, and the degree of exposure to risk due to exchange rate fluctuations is managed within the limits prescribed by the approved policy using currency guidance and currency swap contracts.

The Company calculates the exposure by converting the foreign currency assets and the contract amount held at the exchange rate at the end of the reporting period and performs exchange hedging on foreign currency assets to avoid foreign exchange risks arising from overseas investment. Accordingly, when investing in overseas bonds, etc., the gains and losses from exchange rate fluctuations that may occur during the future investment period are offset through currency swaps or currency forward contracts.

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(In millions of won)

4. Financial risk management (continued)

(c) Market risk (continued)

v) Composition of foreign currency assets and liabilities by currency (continued)

Foreign currency denominated assets and liabilities as of December 31, 2023 and 2022 are as follows:

(In millions of USD, EUR, AUD, SEK and won)

| | | 2023 | | | | | | | | | | |
|---|---|------------------|------------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|
| | | USD | | EUR | | AUD | | SEK | | Others(*1) | | Total |
| | | Foreign currency | KRW equivalent | Foreign currency | KRW equivalent | Foreign currency | KRW equivalent | Foreign currency | KRW equivalent | Foreign currency | KRW equivalent | |
| Assets: | | | | | | | | | | | | |
| Cash and due from banks at amortized cost | ₩ | 45 | 57,851 | 3 | 4,456 | 1 | 724 | - | - | 1 | 1,806 | 64,837 |
| Due from banks at FVTPL | | 24 | 30,743 | - | - | - | - | - | - | - | - | 30,743 |
| Securities at FVTPL | | 1,011 | 1,303,568 | 86 | 122,652 | 1 | 875 | - | - | 25 | 32,751 | 1,459,846 |
| Financial assets at FVOCI | | 1,379 | 1,777,560 | 324 | 462,812 | 570 | 502,035 | 3,849 | 496,481 | 31 | 39,827 | 3,278,715 |
| Receivables at amortized cost | | 113 | 146,039 | 5 | 7,201 | 10 | 8,449 | 68 | 8,828 | - | 490 | 171,007 |
| | ₩ | <u>2,572</u> | <u>3,315,761</u> | <u>418</u> | <u>597,121</u> | <u>582</u> | <u>512,083</u> | <u>3,917</u> | <u>505,308</u> | <u>58</u> | <u>74,872</u> | <u>5,005,146</u> |
| Liabilities: | | | | | | | | | | | | |
| Other financial liabilities | ₩ | - | 393 | - | - | - | - | - | - | - | - | 393 |
| | ₩ | <u>-</u> | <u>393</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>393</u> |
| On-balance, net exposure | ₩ | 2,572 | 3,315,368 | 418 | 597,121 | 582 | 512,083 | 3,917 | 505,308 | 58 | 74,872 | 5,004,753 |
| Off-balance derivative net exposure (*2) | | (2,158) | (2,782,275) | (440) | (628,137) | (632) | (556,240) | (4,480) | (577,884) | (32) | (41,265) | (4,585,801) |
| Net position | ₩ | 414 | 533,093 | (22) | (31,016) | (50) | (44,157) | (563) | (72,576) | 26 | 33,607 | 418,952 |

(*1) The foreign currency amount is denominated in USD.

(*2) Derivative contract amount

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4. Financial risk management (continued)

(c) Market risk (continued)

v) Composition of foreign currency assets and liabilities by currency (continued)

Foreign currency denominated assets and liabilities as of December 31, 2023 and 2022 are as follows: (continued)

(In millions of USD, EUR, AUD, SEK and won)

| | 2022 | | | | | | | | | |
|--|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | | EUR | | AUD | | SEK | | Others(*1) | |
| | Foreign currency | KRW equivalent | Foreign currency | KRW equivalent | Foreign currency | KRW equivalent | Foreign currency | KRW equivalent | Foreign currency | KRW equivalent |
| Assets: | | | | | | | | | | |
| Cash and due from banks at amortized cost | ₩ 58 | 73,499 | 2 | 3,145 | 1 | 917 | - | - | 1 | 1,815 |
| Due from banks at FVTPL | 21 | 26,116 | - | - | - | - | - | - | - | - |
| Securities at FVTPL | 890 | 1,127,964 | 86 | 116,816 | - | 275 | - | - | 35 | 44,864 |
| Financial assets at FVOCI | 1,275 | 1,615,301 | 263 | 354,883 | 204 | 175,477 | 3,612 | 437,622 | 28 | 35,647 |
| Receivables at amortized cost | 102 | 129,041 | 4 | 5,766 | 2 | 1,446 | 68 | 8,292 | 1 | 1,281 |
| | ₩ 2,346 | 2,971,921 | 355 | 480,610 | 207 | 178,115 | 3,680 | 445,914 | 65 | 83,607 |
| Liabilities: | | | | | | | | | | |
| Debentures | ₩ 350 | 443,555 | - | - | - | - | - | - | - | - |
| Other financial liabilities | 8 | 10,211 | - | - | - | - | - | - | 2 | 2,086 |
| | ₩ 358 | 453,766 | - | - | - | - | - | - | 2 | 2,086 |
| On-balance, net exposure | ₩ 1,988 | 2,518,155 | 355 | 480,610 | 207 | 178,115 | 3,680 | 445,914 | 63 | 81,521 |
| Off-balance derivative net exposure (*2) | (1,614) | (2,045,439) | (381) | (514,126) | (333) | (285,624) | (5,229) | (633,642) | (25) | (31,281) |
| Net position | ₩ 374 | 472,716 | (26) | (33,516) | (126) | (107,509) | (1,549) | (187,728) | 38 | 50,240 |

(*1) The foreign currency amount is denominated in USD

(*2) Derivative contract amount

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4. Financial risk management (continued)

(d) Interest rate risk

i) Overview

Interest rate risk is economic loss risk arising from future changes in market interest rates and differences in the maturity of assets and liabilities and refers to the negative effects of changes in the present value of future cash flows from assets and liabilities on the net asset value of insurance companies.

ii) Limit and risk management principles

① Limit management

The interest rate risk limit is approved by the Risk Management Committee, reflecting the management plan and risk management plan at the end of each year, and monitors compliance with the monthly limit. If the interest rate risk exceeds 95% of the limit, the department in charge of risk management must notify each department in charge, and each department must establish and report risk management measures such as changes in position and portfolio to the risk management department.

② Risk management principle

The risk management principles of interest rate risk are as follows:

- It is managed through periodic forecasts of interest rate market variables.
- It adheres to interest rate risk limits and investment limits.
- It measures and manages risks through duration gap analysis, net asset value simulations, and maximum loss estimates.

iii) Interest rate risk management in non-trading positions

The Company seeks to secure stable profits by managing the decrease in net asset value and fluctuations in profits in the financial sector, which will be caused by changes in interest rates.

① Interest Rate VaR (Value at Risk)

Interest rate VaR is the maximum amount of loss the Company can incur in a given period of time if adverse market price changes occur within a certain confidence interval by predicting future distribution of market prices, such as stock prices and exchange rates, and is expected to reduce the maximum net asset value over the next year due to changes in interest rates.

Interest rate VaR is a technique to assess and manage the amount of maximum losses probabilistically by identifying the fluctuation distribution of NPVs caused by a number of interest rate synergies, and is an economic loss risk caused by changes in future market rates and differences in the maturity of assets and liabilities. Interest-bearing assets exclude financial assets acquired for short-selling purposes, assets that receive only commissions without interest, and assets that are fixed under the asset soundness category, and interest-bearing liabilities are the sum of the premium and non-excess premium reserves.

For the year ended December 31, 2023, the VaR for the non-trading position held by the Company is ₩ 1,085,575 million, an increase of ₩ 698,586 million in comparison to December 31, 2022.

4. Financial risk management (continued)

(e) Liquidity risk

i) Overview

Liquidity risk refers to the risk that assets and liabilities are subject to mismatches or failure to respond to unexpected fund outflows. The liquidity risk is calculated using liquidity liabilities, such as the amount of three-month payment insurance, and liquidity assets under three months. Liquidity liabilities are calculated based on a probabilistic scenario in which payments and cash outflows (such as operating expenses) are calculated, and liquidity assets are calculated by future cash inflows (such as premium income) based on probabilistic scenario and consumer behavior models

ii) Limit and risk management principle

① Limit management

The liquidity risk limit is implemented with the approval of the Risk Management Committee by reflecting the management plan and risk management plan for the upcoming year at the end of each year, and compliance with the limit is monitored monthly. If the liquidity risk exceeds 95% of the limit, the department in charge of risk management shall notify each department, and departments informed shall establish risk management measures such as changes in position and portfolio and report them to the risk management department.

② The risk management principles of liquidity risk are as follows.

- Retain management strategies including liquidity risk management goals, management policies, and internal control systems
- Establish a framework for calculation and management of an actual liquidity gap that reflects actual maturity of assets and liabilities, changes in consumer behaviour (such as overdue days), external transactions, new handling and procurement amount
- Manage risks by conducting a liquidity forecast analysis on a regular basis, properly diversifying the procurement and operation of the fund, in order to avoid concentration at a certain point of time
- Observe liquidity risk limit
- Establish contingency plans in case of a liquidity crisis

The Company establishes a fund operation plan to defend against liquidity risk in the event of fund operation, taking into account the matching ratio with liquidity liabilities through the monthly analysis of the capital account balance. In addition, the Company prepares for a liquidity crisis by setting up a contingency plan and minimizing the losses caused by the mismatch in the financial dates of the asset liabilities by taking into account not only the expected funding needs per currency but also the unexpected funding needs.

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4. Financial risk management (continued)

(e) Liquidity risk (continued)

iii) Contractual maturities for financial instruments including cash flows of principal and interest and off-balance sheet accounts.

Contractual maturities for financial instruments including cash flows of principal and interest and off-balance sheet accounts as of December 31, 2023 and 2022 are as follows:

| | 2023 | | | | | | |
|---|----------------------|---------------|---------------|----------------------|--------------|----------------------|-------------|
| | Less than 1 month | 1~3 months | 3~6 months | 6 months ~ 1 year | 1~5 years | More than 5 years | Total |
| Non-derivative financial assets: | | | | | | | |
| Cash and due from banks at amortized cost | ₩ 514,893 | 167,990 | 3,451 | 7,593 | 196,137 | 957,942 | 1,848,006 |
| Due from banks at fair value through profit or loss | - | - | - | - | - | 30,743 | 30,743 |
| Securities at fair value through profit or loss | 9,049 | 6,400 | 46,597 | 59,743 | 1,529,058 | 9,797,110 | 11,447,957 |
| Financial assets at fair value through other comprehensive income | 46,397 | 103,732 | 158,575 | 299,663 | 6,357,495 | 28,379,712 | 35,345,574 |
| Securities at amortized cost | 493 | 40,007 | 15,793 | 58,328 | 1,383,954 | 4,260,061 | 5,758,636 |
| Loans at amortized cost | 98,787 | 249,514 | 187,160 | 407,305 | 1,515,132 | 2,020,972 | 4,478,870 |
| Receivables at amortized cost | 130,336 | 8,032 | 5,578 | 119,254 | 250,576 | 608,406 | 1,122,182 |
| | ₩ 799,955 | 575,675 | 417,154 | 951,886 | 11,232,352 | 46,054,946 | 60,031,968 |
| Non-derivative financial liabilities: | | | | | | | |
| Debentures | ₩ - | 3,900 | 3,900 | 7,800 | 354,600 | - | 370,200 |
| Other financial liabilities(*1) | 103,459 | 37,429 | 29,437 | 58,192 | 9,449 | 165 | 238,131 |
| Lease liabilities(*1) | 3,908 | 5,270 | 7,610 | 14,587 | 64,033 | 842 | 96,250 |
| Investment contract liabilities | 245,354 | 201,983 | 103,893 | 538,401 | 742,195 | - | 1,831,826 |
| | ₩ 352,721 | 248,582 | 144,840 | 618,980 | 1,170,277 | 1,007 | 2,536,407 |
| Derivatives: | | | | | | | |
| Cash inflows(*2) | ₩ 54,468 | 155,797 | 448,263 | 589,377 | 3,451,097 | 26,738 | 4,725,740 |
| Cash outflows(*2) | (54,924) | (241,529) | (634,303) | (612,844) | (5,024,652) | (27,952) | (6,596,204) |
| | ₩ (456) | (85,732) | (186,040) | (23,467) | (1,573,555) | (1,214) | (1,870,464) |
| Off-balance sheet accounts: | | | | | | | |
| Unused loan commitments | ₩ 424,203 | - | - | - | - | - | 424,203 |
| Capital commitments | 1,360,730 | - | - | - | - | - | 1,360,730 |
| | ₩ 1,784,933 | - | - | - | - | - | 1,784,933 |

(*1) It is classified according to the maturity of the contractual cash flows before the discount of lease liabilities and other financial liabilities.

(*2) Hedge derivatives are contractual amounts, including principal and interest, and trading derivatives are carrying amount.

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4. Financial risk management (continued)

(e) Liquidity risk (continued)

iii) Contractual maturities for financial instruments including cash flows of principal and interest and off-balance sheet accounts (continued).

Contractual maturities for financial instruments including cash flows of principal and interest and off-balance sheet accounts as of December 31, 2023 and 2022 are as follows: (continued)

| | | 2022 | | | | | | |
|---|---|----------------------|-----------------|----------------|----------------------|--------------------|----------------------|--------------------|
| | | Less than 1 month | 1~3 months | 3~6 months | 6 months ~ 1 year | 1~5 years | More than 5 years | Total |
| Non-derivative financial assets: | | | | | | | | |
| Cash and due from banks at amortized cost | ₩ | 789,689 | 59,554 | 3,451 | 7,593 | 114,472 | 737,917 | 1,712,676 |
| Due from banks at fair value through profit or loss | | - | - | - | - | - | 26,116 | 26,116 |
| Securities at fair value through profit or loss | | 1,052,155 | 11,164 | 10,559 | 101,964 | 1,665,241 | 8,791,505 | 11,632,588 |
| Financial assets at fair value through other comprehensive income | | 10,410,763 | 60,939 | 83,330 | 239,150 | 3,464,246 | 18,370,946 | 32,629,372 |
| Securities at amortized cost | | 19,622 | 7,600 | 2,363 | 29,585 | 1,226,124 | 3,769,969 | 5,055,263 |
| Loans at amortized cost | | 108,780 | 66,747 | 358,025 | 562,616 | 1,777,620 | 2,319,164 | 5,192,952 |
| Receivables at amortized cost | | 258,139 | 11,013 | 15,387 | 136,333 | 84,288 | 541,117 | 1,046,277 |
| | ₩ | <u>12,639,148</u> | <u>217,017</u> | <u>473,115</u> | <u>1,077,241</u> | <u>8,331,991</u> | <u>34,556,732</u> | <u>57,295,244</u> |
| Non-derivative financial liabilities: | | | | | | | | |
| Borrowings | ₩ | - | 10,090 | - | - | - | - | 10,090 |
| Debentures | | - | 2,015 | 213,326 | 454,866 | - | - | 670,207 |
| Other financial liabilities(*1) | | 179,797 | 43,877 | 6,955 | 65,871 | 5,878 | 2,651 | 305,029 |
| Lease liabilities(*1) | | 2,889 | 5,629 | 8,009 | 14,796 | 80,556 | 3,502 | 115,381 |
| Investment contract liabilities | | 58,181 | 94,127 | 196,784 | 1,632,548 | 314,761 | - | 2,296,401 |
| | ₩ | <u>240,867</u> | <u>155,738</u> | <u>425,074</u> | <u>2,168,081</u> | <u>401,195</u> | <u>6,153</u> | <u>3,397,108</u> |
| Derivatives: | | | | | | | | |
| Cash inflows(*2) | ₩ | 51,334 | 171,604 | 425,836 | 600,648 | 2,578,988 | - | 3,828,410 |
| Cash outflows(*2) | | (51,212) | (182,923) | (425,374) | (783,815) | (4,027,932) | - | (5,471,256) |
| | ₩ | <u>122</u> | <u>(11,319)</u> | <u>462</u> | <u>(183,167)</u> | <u>(1,448,944)</u> | <u>-</u> | <u>(1,642,846)</u> |
| Off-balance sheet accounts: | | | | | | | | |
| Unused loan commitments | ₩ | 656,238 | - | - | - | - | - | 656,238 |
| Capital commitments | | 1,639,549 | - | - | - | - | - | 1,639,549 |
| | ₩ | <u>2,295,787</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,295,787</u> |

(*1) It is classified according to the maturity of the contractual cash flows before the discount of lease liabilities and other financial liabilities.

(*2) Hedge derivatives are contractual amounts, including principal and interest, and trading derivatives are carrying amount

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5. Insurance Risk management

(a) Overview of the 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 are more similar insurance or they are more diversified, the less likely it is that abnormal effects from some contracts will occur. The Group 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 policyholders .

Insurance accidents in life insurance include not only the death of the policyholders (insured) but also survival, disability and hospitalization.

The Group basically classifies the The Group'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, The Group 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.

The Group 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.

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5. Insurance Risk (continued)

(a) Overview of the insurance risk(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, The Company 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 The Company 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 The Company shall be determined by considering The Company '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. The Company '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 The Company 's insurance liabilities.

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5. Insurance Risk (continued)

(b) Insurance risk management policy

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 Company'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.

The Company 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 The Company 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, The Company 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.

2) Insurance risk management organization and management method

The Company measures the statutory minimum level of capital based on the life insurance risk amount and manages it within the allowable range. For this purpose, The Company establishes basic principles of risk management and establishes and implements regulations and management systems to implement them. In addition, The Company 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

The Company 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.

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5. Insurance Risk (continued)

(b) Insurance risk management policy(continued)

② Interest rate risk management

The Company 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. The Company 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

The Company inspects and manages the amount of claims paid insurance and liquid assets periodically.

(c) 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.

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5. Insurance Risk (continued)

(d) 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. The Company'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 The Company's financial position fluctuates unfavorably due to the effect of interest rates on assets and liabilities. The Company 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 The Company's liabilities and discretionary participation features, are factors used to determine the level of risk associated with The Company's liquidity.

The purpose of The Company'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. The Company'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 The Company's financial position fluctuates unfavourably due to adverse price fluctuations such as stock prices and exchange rates. The Company 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.

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5. Insurance risk management (continued)

(e) Concentration of insurance risk

1) The concentration of insurance risks by region as of December 31, 2023 and December 31, 2022 are as follow:

| | | 2023 | | |
|----------|---|---------------------|-----------------------|------------|
| | | Insurance contracts | Reinsurance contracts | Total |
| Domestic | ₩ | 38,360,261 | 161,301 | 38,521,562 |
| | | 2022 | | |
| | | Insurance contracts | Reinsurance contracts | Total |
| Domestic | ₩ | 36,002,250 | 181,799 | 36,184,049 |

2) The amount of foreign currency insurance liabilities as of December 31, 2023 and December 31, 2022 are as follow:

| | | 2023 | | 2022 | |
|-----------------------|-----|-------------------------|----------------------|-------------------------|----------------------|
| | | Foreign currency amount | KRW converted amount | Foreign currency amount | KRW converted amount |
| Foreign Currency | USD | ₩ 192,052 | 247,632 | 211,551 | 268,099 |
| Insurance Liabilities | EUR | 124 | 177 | 105 | 141 |
| | | ₩ | 247,809 | | 268,240 |

(f) Sensitivity of Insurance Risks

The impact of changes in major assumptions on insurance contract liabilities (assets) as of December 31, 2023 and December 31, 2022 are as follow:

| | | 2023 | | |
|---------------------|--|--|---|--|
| | Scenario | Before reflecting the reinsurance effect | After reflecting the reinsurance effect | |
| Base amount | | ₩ 35,399,294 | 35,671,235 | |
| Sensitivity results | The mortality rate increased by 3.27% | 138,527 | 135,137 | |
| | The mortality rate decreased by 4.58% | 29,693 | 27,888 | |
| | The disability and illness (fixed benefit) risk rate increased by 3.4% | 599,816 | 563,325 | |
| | Surrender rate increased by 9.16% | 767,996 | 742,853 | |
| | The expense ratio increased by 2.62% and the inflation rate increased by 0.26 percentage points. | ₩ 162,860 | 162,860 | |
| | | | | |
| | | 2022 | | |
| | Scenario | Before reflecting the reinsurance effect | After reflecting the reinsurance effect | |
| Base amount | | ₩ 33,054,166 | 33,340,181 | |
| Sensitivity results | The mortality rate increased by 3.27% | 126,983 | 123,821 | |
| | The mortality rate decreased by 4.58% | 25,181 | 25,016 | |
| | The disability and illness (fixed benefit) risk rate increased by 3.4% | 581,288 | 552,636 | |
| | Surrender rate increased by 9.16% | 801,927 | 778,017 | |
| | The expense ratio increased by 2.62% and the inflation rate increased by 0.26 percentage points. | ₩ 155,945 | 155,945 | |
| | | | | |

SHINHAN LIFE INSURANCE CO., LTD.

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5. Insurance risk management (continued)

(g) The 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:

| | | 2023 | | 2022 | |
|-----------|---|---|---------------------------------------|---|---------------------------------------|
| | | Reinsurance Assets for Remaining Coverage | Reinsurance Assets for Incurred Claim | Reinsurance Assets for Remaining Coverage | Reinsurance Assets for Incurred Claim |
| AA+ ~ AA- | ₩ | 38,207 | 5,204 | 20,909 | 5,461 |

(h) 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

| | | 2023 | 2022 |
|--|---|------------|------------|
| Exposure to financial products measured at fair value (*1) | ₩ | 46,700,713 | 44,059,573 |
| Insurance contract exposure (*2) | | 36,758,783 | 34,440,095 |
| Net exposure (financial products - insurance contracts) | | 9,941,930 | 9,619,478 |

(*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

| | | | 2023 | | 2022 | |
|----------------|---------------------------|---|------------------------|----------------|------------------------|----------------|
| | | | Profit and loss effect | Capital effect | Profit and loss effect | Capital effect |
| 100bp Increase | Insurance contracts (*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) |
| 100bp Decrease | Insurance contracts (*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.

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5. Insurance risk management (continued)

(i) Liquidity risk arising from insurance contracts

The maturity amount of undiscounted remaining contractual cash flow 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.

| | | 2023 | | | | | | |
|---|---|---------------------|-------------|-------------|-------------|--------------|----------------------|---------------|
| | | Less than 1 year | 1~2 year | 2~3 year | 3~4 year | 4~5 years | More than 5 years | Total |
| Insurance Contracts | | | | | | | | |
| General insurance: | | | | | | | | |
| Cash inflows | ₩ | 5,120,022 | 4,408,374 | 3,892,580 | 3,500,316 | 3,073,794 | 51,775,416 | 71,770,502 |
| Cash outflows | | (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 inflows | ₩ | 582,036 | 485,566 | 412,870 | 350,176 | 297,209 | 3,160,998 | 5,288,855 |
| Cash outflows | | (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) |
| Reinsurance contract | | | | | | | | |
| Cash inflows | ₩ | 203,944 | 204,852 | 204,904 | 204,760 | 205,383 | 7,421,755 | 8,445,598 |
| Cash outflows | | (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 life insurance) | ₩ | (772,689) | (933,159) | (741,460) | (1,235,746) | (1,521,877) | (88,255,955) | (93,460,886) |
| Total (excluding variable life insurance) | ₩ | (411,443) | (582,177) | (390,281) | (874,598) | (1,177,123) | (81,320,817) | (84,756,439) |

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5. Insurance risk management (continued)

(i) Liquidity risk arising from insurance contracts(continued)

| | 2022 | | | | | | Total |
|---|---------------------|-------------|-------------|-------------|--------------|----------------------|---------------|
| | Less than 1 year | 1~2 year | 2~3 year | 3~4 year | 4~5 years | More than 5 years | |
| Insurance Contracts | | | | | | | |
| General insurance: | | | | | | | |
| Cash inflows | ₩ 5,141,410 | 4,407,978 | 3,801,169 | 3,366,573 | 3,020,929 | 43,604,298 | 63,342,357 |
| Cash outflows | (5,813,798) | (4,776,599) | (4,596,433) | (4,019,170) | (4,022,887) | (128,609,565) | (151,838,452) |
| | ₩ (672,388) | (368,621) | (795,264) | (652,597) | (1,001,958) | (85,005,267) | (88,496,095) |
| Variable insurance | | | | | | | |
| Cash inflows | ₩ 695,405 | 568,606 | 474,576 | 404,462 | 342,486 | 2,714,283 | 5,199,818 |
| Cash outflows | (955,446) | (865,504) | (787,418) | (739,126) | (679,610) | (10,192,545) | (14,219,649) |
| | ₩ (260,041) | (296,898) | (312,842) | (334,664) | (337,124) | (7,478,262) | (9,019,831) |
| | ₩ (932,429) | (665,519) | (1,108,106) | (987,261) | (1,339,082) | (92,483,529) | (97,515,926) |
| Reinsurance contract | | | | | | | |
| Cash inflows | ₩ 209,601 | 210,135 | 211,431 | 212,533 | 213,221 | 7,427,708 | 8,484,629 |
| Cash outflows | (230,689) | (230,889) | (231,351) | (232,019) | (231,403) | (7,769,737) | (8,926,088) |
| | ₩ (21,088) | (20,754) | (19,920) | (19,486) | (18,182) | (342,029) | (441,459) |
| Total (including variable life insurance) | ₩ (953,517) | (686,273) | (1,128,026) | (1,006,747) | (1,357,264) | (92,825,558) | (97,957,385) |
| Total (excluding variable life insurance) | ₩ (693,476) | (389,375) | (815,184) | (672,083) | (1,020,140) | (85,347,296) | (88,937,554) |

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.

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6. Capital Management

In order to manage the required capital for maintaining payment capacity, the Company measures the risk-based capital in a manner required by the supervisory authority, manages it internally, and discloses it externally.

The risk-based capital ratio is a measure of the extent to which the Company is able to fulfil its obligations to the policyholder even if the Company suffers unexpected losses or decreases in asset value. This is a ratio calculated by dividing by the standard amount of allowance for payment, which is a measure of the financial soundness or the capacity to pay claims.

The Company manages risk-based ratios based on separate financial statements, and supervisory authorities mandate that the ratios remain above 100%. If the ratio is not met, the following timely corrective action shall be taken according to the allowance ratio.

The Company receives approval from the Risk Management Committee every year for the risk-based capital ratio based on risk-based capital, and the minimum RBC requirement in 2023 is 150%.

| | <u>RBC</u> | <u>Improvement measures</u> |
|--------------------------------|--------------------------------|---|
| Recommend business improvement | More than 50% ~ less than 100% | Request for the increase in equity capital, restrict new business, etc. |
| Request business improvement | More than 0% ~ less than 50% | Request for replacement of executives, liquidate subsidiaries, etc. |
| Order business improvement | Less than 0% | Suspense executives' duties, suspense insurance business, etc. |

As of December 31, 2023, the Company complies with the risk-based capital ratio provided by the supervisory authority. In addition, based on the total risk limit approved by the board of directors, the Risk Management Committee monitors the compliance of the set limit every month and manages the risk appetite to be within 100%.

7. Fair value of financial instruments

The fair value of financial instruments traded in the active market is calculated based on the quoted price of the trading brokerage agency as of the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques or the results of the assessment by an independent external assessment agency. The Company utilizes various evaluation techniques and makes reasonable assumptions based on current market conditions at the end of the reporting period.

The Company classifies the fair value of financial instruments into three fair value levels:

- Level 1 : Measurement the prices disclosed in the active trading market at fair value.
- Level 2 : Measurement of fair value by valuation technique based on market-observed information
- Level 3: Measurement of fair value based on unobservable information in the market.

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7. Fair value of financial instruments (continued)

(a) Financial instruments measured at fair value

i) The details of fair value by valuation level of financial instruments measured at fair value in the separate statement of financial position as of December 31, 2023 and 2022 are as follows:

| | | 2023 | | | |
|---|---|------------|------------|-----------|------------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Due from banks at fair value through profit or loss | ₩ | - | 30,743 | - | 30,743 |
| Securities at fair value through profit or loss | | | | | |
| Debt securities | | 3,044,774 | 1,343,905 | 5,573,231 | 9,961,910 |
| Equity securities | | 1,485,047 | - | 1,000 | 1,486,047 |
| | | 4,529,821 | 1,343,905 | 5,574,231 | 11,447,957 |
| Securities at fair value through other comprehensive income | | | | | |
| Debt securities | | 20,850,434 | 14,384,779 | - | 35,235,213 |
| Equity securities | | - | - | 110,362 | 110,362 |
| | | 20,850,434 | 14,384,779 | 110,362 | 35,345,575 |
| Derivative assets | | | | | |
| Held for trading | | 870 | - | 4,626 | 5,496 |
| Hedging | | - | 110,882 | - | 110,882 |
| | | 870 | 110,882 | 4,626 | 116,378 |
| | ₩ | 25,381,125 | 15,870,309 | 5,689,219 | 46,940,653 |
| Financial liabilities: | | | | | |
| Derivative liabilities | | | | | |
| Held for trading | ₩ | 108 | - | - | 108 |
| Hedging | | - | 239,832 | - | 239,832 |
| | ₩ | 108 | 239,832 | - | 239,940 |
| | | 2022 | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Due from banks at fair value through profit or loss | ₩ | - | 26,116 | - | 26,116 |
| Securities at fair value through profit or loss | | | | | |
| Debt securities | | 2,934,237 | 2,047,616 | 5,319,910 | 10,301,763 |
| Equity securities | | 1,329,325 | - | 1,500 | 1,330,825 |
| | | 4,263,562 | 2,047,616 | 5,321,410 | 11,632,588 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Debt securities | | 18,448,248 | 14,026,074 | - | 32,474,322 |
| Equity securities | | - | - | 155,050 | 155,050 |
| | | 18,448,248 | 14,026,074 | 155,050 | 32,629,372 |
| Derivative assets | | | | | |
| Held for trading | | 137 | 3,066 | 1,573 | 4,776 |
| Hedging | | - | 87,298 | - | 87,298 |
| | | 137 | 90,364 | 1,573 | 92,074 |
| | ₩ | 22,711,947 | 16,190,170 | 5,478,033 | 44,380,150 |
| Financial liabilities: | | | | | |
| Derivative liabilities | | | | | |
| Held for trading | ₩ | 1,207 | 1,148 | - | 2,355 |
| Hedging | | - | 318,223 | - | 318,223 |
| | ₩ | 1,207 | 319,371 | - | 320,578 |

ii) There is no transfer between level 1 and level 2 of financial instruments measured at fair value for the years of December 31, 2023 and 2022.

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7. Fair value of financial instruments (continued)

(a) Financial instruments measured at fair value (continued)

iii) Valuation techniques and input variables for financial instruments classified as Level 2

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 | 2023 | 2022 | Significant unobservable inputs |
|---|----------------------------|-------------------|-------------------|---|
| Financial assets | | | | |
| Financial asset at fair value through profit or loss | | | | |
| Debt securities | NAV, DCF, Hul-White Credit | ₩ 1,374,648 | 2,073,732 | Discount rates, fair value of the underlying assets |
| Securities at fair value through other comprehensive income | | | | |
| Debt securities | DCF | 14,384,779 | 14,026,074 | Discount rates |
| Derivative assets | | | | |
| Currency forward | Implied forward rate, | 22,948 | 31,253 | Discount rate, foreign exchange rate |
| Currency swap | DCF | 38,417 | 53,565 | Discount rate, foreign exchange rate |
| Interest rate forward | | 49,517 | 5,546 | Discount rate |
| | ₩ | <u>15,870,309</u> | <u>16,190,170</u> | |
| Financial liabilities | | | | |
| Currency forward | Implied forward rate, | ₩ 37,450 | 43,851 | Discount rate, foreign exchange rate |
| Currency swap | DCF | 96,487 | 65,998 | Discount rate, foreign exchange rate |
| Interest rate forward | | 105,895 | 209,522 | Discount rate |
| | ₩ | <u>239,832</u> | <u>319,371</u> | |

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7. Fair value of financial instruments (continued)

(a) Financial instruments measured at fair value (continued)

iv) Details of financial instruments classified as fair value level 3

Financial instruments classified as fair value level 3 for the years of December 31, 2023 and 2022 are as follows:

| | | 2023 | | | |
|---|---|---|---|--|-----------|
| | | Financial assets at fair value through profit or loss | Securities at fair value through other comprehensive income | Net derivative assets held for trading | Total |
| Beginning balance | ₩ | 5,321,410 | 155,050 | 1,573 | 5,478,033 |
| Total gains or losses | | | | | |
| Amount recognized in profit or loss(*) | | 2,146 | - | 1,440 | 3,586 |
| Amount recognized in other comprehensive income | | - | 5,312 | - | 5,312 |
| Acquisition | | 745,710 | 50,000 | 4,865 | 800,575 |
| Settlement | | (495,035) | (100,000) | (3,252) | (598,287) |
| Ending balance | ₩ | 5,574,231 | 110,362 | 4,626 | 5,689,219 |

(*) Of the changes in financial instruments classified at fair value level 3 during the current period, gains or losses related to the amounts recognised in profit or loss and assets and liabilities held for the year ended December 31, 2023 are as follows:

| | Amount recognized at profit or loss | Amount recognized at profit or loss related to financial instruments held at the end of the reporting period |
|--|-------------------------------------|--|
| Gains or losses related to financial assets at fair value through profit or loss | ₩ 2,146 | (13,283) |
| Gains or losses related to derivatives | ₩ 1,440 | 415 |
| | ₩ 3,586 | (12,868) |

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7. Fair value of financial instruments (continued)

(a) Financial instruments measured at fair value (continued)

iv) Details of financial instruments classified as fair value level 3 (continued)

Financial instruments that are at fair value level 3 during the years of December 31, 2023 and 2022 are as follows (continued):

| | | 2022 | | | |
|--|---|--|--|---|------------------|
| | | Financial assets at fair value through profit or loss | Securities at fair value through other comprehensive income | Net derivative assets held for trading | Total |
| Beginning balance | ₩ | 5,279,579 | 6,306 | 47 | 5,285,932 |
| Total gains or losses | | | | | |
| Amount recognized in profit or loss(*) | | (16,718) | - | (1,141) | (17,859) |
| Amount recognized in other comprehensive income | | - | (13,180) | - | (13,180) |
| Acquisition | | 900,265 | 161,924 | 2,667 | 1,064,856 |
| Settlement | | (841,716) | - | - | (841,716) |
| Ending balance | ₩ | <u>5,321,410</u> | <u>155,050</u> | <u>1,573</u> | <u>5,478,033</u> |

(*) Of the changes in financial instruments classified at fair value level 3 during the current period, gains or losses related to the amounts recognised in profit or loss and assets and liabilities held for the year ended December 31, 2022 are as follows:

| | | Amount recognized at profit or loss | Amount recognized at profit or loss related to financial instruments held at the end of the reporting period |
|---|---|--|---|
| Gains or losses related to financial assets at fair value through profit or loss | ₩ | (16,718) | (55,192) |
| Gains or losses related to derivatives | | (1,141) | (900) |
| | ₩ | <u>(17,859)</u> | <u>(56,092)</u> |

SHINHAN LIFE INSURANCE CO., LTD.

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(In millions of won)

7. Fair value of financial instruments (continued)

(a) Financial instruments measured at fair value (continued)

v) The Company recognizes the movement between levels at the time of events or changes in the situation that result in the movement between levels. For the years ended December 31, 2023 and 2022, there is no change in valuation techniques used to measure the fair value of financial instruments classified as Level 3 fair value measurements. Also, for the years ended December 31, 2023 and 2022, there is no significant change in the business environment or economic environment that affects the fair value of financial assets and financial liabilities held by the Company.

vi) *Valuation techniques and unobservable input variables for financial instruments classified as Level 3*

| | | 2023 | | |
|---|---|--------------------|--|--|
| | Valuation technique | Carrying amount | Significant but unobservable inputs | Range |
| Financial assets at fair value through profit or loss | | | | |
| - Debt securities | DCF/Dividend discount model, Hull-White Credit, NAV, etc. | ₩ 5,573,231 | Discount rates, Volatility, correlation coefficient, liquidation value, the price of an underlying asset, etc. | Discount rates 2.44%~30.33% Volatility 15.86%~27.96% correlation coefficient 0.5 ~ 0.9 |
| - Equity securities | Cost model | 1,000 | - | |
| Securities at fair value through other comprehensive income | | | | |
| - Equity securities | DCF, Hull-White Credit, BDT, NAV, etc. | 110,362 | Volatility | 0.55% ~ 0.91% |
| Derivative assets | | | | |
| - Equity related | Monte-Carlo Simulation, Black-Scholes | 4,626 | Volatility | 17.03%~20.45% |
| | | ₩ <u>5,689,219</u> | | |

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Notes to the Separate Financial Statements
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7. Fair value of financial instruments (continued)

(a) Financial instruments measured at fair value (continued)

vi) Valuation techniques and unobservable input variables for financial instruments classified as Level 3 (continued)

| 2022 | | | | |
|---|---|--------------------|--|---|
| | Valuation technique | Carrying amount | Significant but unobservable inputs | Range |
| Financial assets at fair value through profit or loss | | | | |
| - Debt securities | DCF/Dividend discount model, Hull-White Credit, NAV, etc. | ₩ 5,319,910 | Discount rates, Volatility, correlation coefficient, liquidation value, the price of an underlying asset | Discount rates 2.92% ~ 27.79% Volatility 20.93% ~ 28.49% correlation coefficient 0.5 ~ 0.9 |
| - Equity securities | Cost model | 1,500 | - | |
| Securities at fair value through other comprehensive income | | | | |
| - Equity securities | DCF, Hull-White Credit, BDT, NAV, etc. | 155,050 | Discount rates, Volatility | Discount rate 15.21% Volatility 0.56% ~ 11.42% |
| Derivative assets | | | | |
| - Equity related | Monte-Carlo Simulation, Black-Scholes | 1,573 | Volatility | 18.27% ~ 25.22% |
| | | ₩ <u>5,478,033</u> | | |

SHINHAN LIFE INSURANCE CO., LTD.
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7. Fair value of financial instruments (continued)

(a) Financial instruments measured at fair value (continued)

vii) Sensitivity analysis by variation of unobserved variables

If other input variables remain constant for the fair value of a financial instrument measured at fair value, the effect of a significant but unobservable input variable fluctuating reasonably on the reporting date is as follows:

| | | 2023 | |
|--|---|-------------------------|---------------------------|
| | | Favorable change | Unfavorable change |
| Financial assets at fair value through profit or loss (*1) | ₩ | 18,237 | (17,399) |
| Securities at fair value through other comprehensive income (*1) | | 3,367 | (3,110) |
| Derivative assets (*2) | | 329 | (330) |
| | ₩ | <u>21,933</u> | <u>(20,839)</u> |

(*1) The change in fair value is calculated by increasing or decreasing the major unobservable input variables, liquidation value (-1% to 1%) and discount rate (-1% to 1%).

(*2) The change in fair value is calculated by increasing or decreasing the volatility (-1% to 1%), which is a major unobservable input variable.

| | | 2022 | |
|--|---|-------------------------|---------------------------|
| | | Favorable change | Unfavorable change |
| Financial assets at fair value through profit or loss (*1) | ₩ | 24,032 | (21,503) |
| Securities at fair value through other comprehensive income (*1) | | 6,681 | (9,621) |
| Derivative assets (*2) | | 39 | (116) |
| | ₩ | <u>30,752</u> | <u>(31,240)</u> |

(*1) The fair value volatility is calculated by increasing or decreasing the major unobservable input variables, liquidation value (-1% to 1%) and discount rate (-1% to 1%).

(*2) The fair value volatility is calculated by increasing or decreasing the volatility (-1% to 1%), which is a major unobservable input variable.

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7. Fair value of financial instruments (continued)

(b) Financial instruments at amortized cost

i) The fair value calculation method for major financial instruments measured at amortized cost is as follows:

| Classification | Fair value calculation method |
|------------------------------------|--|
| Cash and due from bank | The carrying amount and fair value of cash is the same, and the fair value of due from bank at amortized cost is valued at the present value of the expected cash inflows. |
| Loan | The fair value of the loan is the present value of the expected cash flows expected to be received discounted at a discount rate taking into account the borrower's credit risk. |
| Securities | The fair value of the securities at amortized cost is assessed as the present value of expected cash flows expected to be received. |
| Other financial assets/liabilities | Other financial assets/liabilities, are used as a proxy for fair value because it is difficult to calculate reliable expected cash flows. |
| Investment contract liabilities | The accumulated pension benefits of the retirement pension contract holders, as defined by the Insurance Business Act and Insurance Supervision Regulations, have been used as fair value proxies. |
| Borrowings/debentures | The fair value of borrowings/debentures is assessed by the present value of expected cash flows expected to be paid. |
| Lease liabilities | The fair value of lease liabilities not being reliably determinable based on expected cash flows, the carrying amount was used instead. |

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7. Fair value of financial instruments (continued)

(b) Financial instruments at amortized cost (continued)

ii) The carrying amount and fair value of financial instruments at amortized cost as of December 31, 2023 and 2022 are as follows:

| | | 2023 | |
|------------------------------------|---|-----------------|------------|
| | | Carrying amount | Fair value |
| Financial assets | | | |
| Cash and cash equivalents | ₩ | 950,443 | 950,443 |
| Due from banks at amortized cost | | 690,038 | 656,608 |
| Securities at amortized cost | | | |
| Government bonds | | 3,904,569 | 3,504,420 |
| Public Finance bonds | | 443,454 | 390,985 |
| | | 4,348,023 | 3,895,405 |
| Loan receivables at amortized cost | | | |
| Retail loans | | 788,030 | 793,856 |
| Corporate loans | | 2,834,871 | 2,641,416 |
| | | 3,622,901 | 3,435,272 |
| Receivables at amortized cost | | 1,084,390 | 1,084,390 |
| | ₩ | 10,695,795 | 10,022,118 |
| Financial liabilities | | | |
| Investment contract liability | ₩ | 1,831,826 | 1,831,826 |
| Borrowings | | - | - |
| Debentures | | | |
| Debentures in won | | 299,331 | 313,304 |
| Debentures in foreign currency | | - | - |
| | | 299,331 | 313,304 |
| Other financial liabilities | | 238,028 | 238,028 |
| Lease liabilities | | 91,566 | 91,566 |
| | ₩ | 2,460,751 | 2,474,724 |

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As of December 31, 2023 and 2022

(In millions of won)

7. Fair value of financial instruments (continued)

(b) Financial instruments at amortized cost (continued)

ii) The carrying amount and fair value of financial instruments at amortized cost as of December 31, 2023 and 2022 are as follows (continued):

| | | 2022 | |
|------------------------------------|---|-----------------|------------|
| | | Carrying amount | Fair value |
| Financial assets | | | |
| Cash and cash equivalents | ₩ | 764,099 | 764,099 |
| Due from banks at amortized cost | | 719,596 | 731,876 |
| Securities at amortized cost | | | |
| Government bonds | | 3,894,332 | 3,271,333 |
| Special purpose bonds | | 444,434 | 340,397 |
| | | 4,338,766 | 3,611,730 |
| Loan receivables at amortized cost | | | |
| Retail loans | | 859,520 | 856,471 |
| Corporate loans | | 3,360,350 | 3,057,830 |
| | | 4,219,870 | 3,914,301 |
| Receivables at amortized cost | | 1,011,274 | 1,011,274 |
| | ₩ | 11,053,605 | 10,033,280 |
| Financial liabilities | | | |
| Investment contract liability | ₩ | 2,296,401 | 2,296,401 |
| Borrowings | | 10,000 | 10,000 |
| Debentures | | | |
| Debentures in won | | 199,946 | 190,969 |
| Debentures in foreign currency | | 443,505 | 420,425 |
| | | 643,451 | 611,394 |
| Other financial liabilities | | 304,988 | 304,988 |
| Lease liabilities | | 109,060 | 109,060 |
| | ₩ | 3,363,900 | 3,331,843 |

SHINHAN LIFE INSURANCE CO., LTD.

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As of December 31, 2023 and 2022

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7. Fair value of financial instruments (continued)

(b) Financial instruments at amortized cost (continued)

iii) As of December 31, 2023 and 2022, the fair value of each financial instrument that is not disclosed at fair value in the separate financial statements is classified as follows:

| | | 2023 | | | |
|------------------------------|---|-----------|-----------|-----------|-----------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Due from banks at | | | | | |
| amortized cost | ₩ | - | 656,608 | - | 656,608 |
| Securities at amortized cost | | | | | |
| Government bonds | | 3,504,420 | - | - | 3,504,420 |
| Special purpose bonds | | - | 390,985 | - | 390,985 |
| | | 3,504,420 | 390,985 | - | 3,895,405 |
| Loans at amortized cost | | | | | |
| Retail loans | | - | - | 793,856 | 793,856 |
| Corporate loans | | - | - | 2,641,416 | 2,641,416 |
| | | - | - | 3,435,272 | 3,435,272 |
| | ₩ | 3,504,420 | 1,047,593 | 3,435,272 | 7,987,285 |
| Financial liabilities | | | | | |
| Debentures | | | | | |
| Debentures in won | ₩ | - | - | 313,304 | 313,304 |

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As of December 31, 2023 and 2022

(In millions of won)

7. Fair value of financial instruments (continued)

(b) Financial instruments at amortized cost (continued)

iii) As of December 31, 2023 and 2022, the fair value of each financial instrument that is not disclosed at fair value in the separate financial statements is classified as follows (continued):

| | | 2022 | | | |
|----------------------------------|---|------------------|------------------|------------------|------------------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Due from banks at amortized cost | ₩ | - | 731,876 | - | 731,876 |
| Securities at amortized cost | | | | | |
| Government bonds | | 3,271,333 | - | - | 3,271,333 |
| Public Finance bonds | | - | 340,397 | - | 340,397 |
| | | <u>3,271,333</u> | <u>340,397</u> | <u>-</u> | <u>3,611,730</u> |
| Loans at amortized cost | | | | | |
| Retail loans | | - | - | 856,471 | 856,471 |
| Corporate loans | | - | - | 3,057,830 | 3,057,830 |
| | | <u>-</u> | <u>-</u> | <u>3,914,301</u> | <u>3,914,301</u> |
| | ₩ | <u>3,271,333</u> | <u>1,072,273</u> | <u>3,914,301</u> | <u>8,257,907</u> |
| Financial liabilities | | | | | |
| Debentures | | | | | |
| Debentures in won | ₩ | - | - | 190,969 | 190,969 |
| Debentures in foreign currency | | - | - | 420,425 | 420,425 |
| | ₩ | <u>-</u> | <u>-</u> | <u>611,394</u> | <u>611,394</u> |

The Company does not disclose the fair value hierarchy in relation to items that disclose the carrying amount at fair value, considering the carrying amount as a reasonable approximation of the fair value.

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Notes to the Separate Financial Statements

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(In millions of won)

8. Classification by categories of financial instruments

(a) Carrying amount of financial instruments by category

i) As of December 31, 2023 and 2022, the carrying amount of each financial assets by classification are as follows:

| 2023 | | | | | |
|--|--|---|--|------------------------|------------|
| | Financial assets at fair value through profit or loss | Financial assets at fair value through other comprehensive income | Financial assets at amortized cost | Hedging derivatives | Total |
| <General> | | | | | |
| Cash and due from banks at amortized cost | ₩ - | - | 1,150,289 | - | 1,150,289 |
| Financial assets at fair value through profit or loss | 6,011,550 | - | - | - | 6,011,550 |
| Securities at fair value through other comprehensive income | - | 34,393,256 | - | - | 34,393,256 |
| Securities at amortized cost | - | - | 4,348,023 | - | 4,348,023 |
| Loans at amortized cost | - | - | 3,019,789 | - | 3,019,789 |
| Receivables at amortized cost | - | - | 946,792 | - | 946,792 |
| Derivative assets | 4,625 | - | - | 110,882 | 115,507 |
| | 6,016,175 | 34,393,256 | 9,464,893 | 110,882 | 49,985,206 |
| < Variable> | | | | | |
| Cash and due from banks at amortized cost | - | - | 421,470 | - | 421,470 |
| Financial assets at fair value through profit or loss | 5,334,167 | - | - | - | 5,334,167 |
| Loans at amortized cost | - | - | 71,200 | - | 71,200 |
| Receivables at amortized cost | - | - | 128,766 | - | 128,766 |
| Derivative assets | 871 | - | - | - | 871 |
| | 5,335,038 | - | 621,436 | - | 5,956,474 |
| < Retirement> | | | | | |
| Cash and due from banks at amortized cost | - | - | 68,722 | - | 68,722 |
| Financial assets at fair value through profit or loss | 132,983 | - | - | - | 132,983 |
| Securities at fair value through other comprehensive income | - | 952,319 | - | - | 952,319 |
| Loans at amortized cost | - | - | 531,912 | - | 531,912 |
| Receivables at amortized cost | - | - | 8,832 | - | 8,832 |
| | 132,983 | 952,319 | 609,466 | - | 1,694,768 |
| ₩ | 11,484,196 | 35,345,575 | 10,695,795 | 110,882 | 57,636,448 |

SHINHAN LIFE INSURANCE CO., LTD.

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8. Classification by categories of financial instruments (continued)

(a) Carrying amount of financial instruments by category(continued)

i) As of December 31, 2023 and 2022, the carrying amount of each financial assets by classification are as follows:
(continued):

| | | 2022 | | | | |
|--|---|--|---|--|------------------------|------------|
| | | Financial assets at fair value through profit or loss | Financial assets at fair value through other comprehensive income | Financial assets at amortized cost | Hedging derivatives | Total |
| <General> | | | | | | |
| Cash and due from banks at amortized cost | ₩ | - | - | 942,568 | - | 942,568 |
| Financial assets at fair value through profit or loss | | 6,475,054 | - | - | - | 6,475,054 |
| Securities at fair value through other comprehensive income | | - | 31,100,772 | - | - | 31,100,772 |
| Securities at amortized cost | | - | - | 4,338,766 | - | 4,338,766 |
| Loans at amortized cost | | - | - | 3,503,405 | - | 3,503,405 |
| Receivables at amortized cost | | - | - | 878,389 | - | 878,389 |
| Derivative assets | | 4,639 | - | - | 87,298 | 91,937 |
| | | 6,479,693 | 31,100,772 | 9,663,128 | 87,298 | 47,330,891 |
| < Variable> | | | | | | |
| Cash and due from banks at amortized cost | | - | - | 493,897 | - | 493,897 |
| Financial assets at fair value through profit or loss | | 5,053,114 | - | - | - | 5,053,114 |
| Loans at amortized cost | | - | - | 53,800 | - | 53,800 |
| Receivables at amortized cost | | - | - | 122,748 | - | 122,748 |
| Derivative assets | | 137 | - | - | - | 137 |
| | | 5,053,251 | - | 670,445 | - | 5,723,696 |
| < Retirement> | | | | | | |
| Cash and due from banks at amortized cost | | - | - | 47,230 | - | 47,230 |
| Financial assets at fair value through profit or loss | | 130,536 | - | - | - | 130,536 |
| Securities at fair value through other comprehensive income | | - | 1,528,600 | - | - | 1,528,600 |
| Loans at amortized cost | | - | - | 662,665 | - | 662,665 |
| Receivables at amortized cost | | - | - | 10,137 | - | 10,137 |
| | | 130,536 | 1,528,600 | 720,032 | - | 2,379,168 |
| ₩ | | 11,663,480 | 32,629,372 | 11,053,605 | 87,298 | 55,433,755 |

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8. Classification by categories of financial instruments (continued)

(a) Carrying amount of financial instruments by category(continued)

ii) As of December 31, 2023 and 2022, the carrying amount of each financial liabilities by classification category are as follows:

| 2023 | | | | |
|---------------------------------|---|---|------------------------|-----------|
| | Financial liabilities at fair value through profit or loss | Financial liabilities at amortized cost | Hedging derivatives | Total |
| <General> | | | | |
| Derivative liabilities | ₩ - | - | 234,827 | 234,827 |
| Debentures | - | 299,331 | - | 299,331 |
| Other financial liabilities | - | 221,970 | - | 221,970 |
| Lease liabilities | - | 91,566 | - | 91,566 |
| | - | 612,867 | 234,827 | 847,694 |
| < Variable> | | | | |
| Derivative liabilities | 108 | - | - | 108 |
| Other financial liabilities | - | 15,912 | - | 15,912 |
| | 108 | 15,912 | - | 16,020 |
| < Retirement> | | | | |
| Investment contract liabilities | - | 1,831,826 | - | 1,831,826 |
| Derivative liabilities | - | - | 5,005 | 5,005 |
| Other financial liabilities | - | 146 | - | 146 |
| | - | 1,831,972 | 5,005 | 1,836,977 |
| ₩ | 108 | 2,460,751 | 239,832 | 2,700,691 |
| 2022 | | | | |
| | Financial liabilities at fair value through profit or loss | Financial liabilities at amortized cost | Hedging derivatives | Total |
| <General> | | | | |
| Derivative liabilities | ₩ 1,148 | - | 314,272 | 315,420 |
| Debentures | - | 10,000 | - | 10,000 |
| Borrowings | - | 643,451 | - | 643,451 |
| Other financial liabilities | - | 278,146 | - | 278,146 |
| Lease liabilities | - | 109,060 | - | 109,060 |
| | 1,148 | 1,040,657 | 314,272 | 1,356,077 |
| < Variable> | | | | |
| Derivative liabilities | 1,207 | - | - | 1,207 |
| Other financial liabilities | - | 26,701 | - | 26,701 |
| | 1,207 | 26,701 | - | 27,908 |
| < Retirement> | | | | |
| Investment contract liabilities | - | 2,296,401 | - | 2,296,401 |
| Derivative liabilities | - | - | 3,951 | 3,951 |
| Other financial liabilities | - | 141 | - | 141 |
| | - | 2,296,542 | 3,951 | 2,300,493 |
| ₩ | 2,355 | 3,363,900 | 318,223 | 3,684,478 |

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8. Classification by categories of financial instruments (continued)

(b) Net profit or loss classification by classification of financial instruments

Net profit or loss by classification of financial instruments for the years ended December 31, 2023 and 2022 are as follows.

| | | 2023 | | | | | |
|---|---|---------------------------------------|--------------------|---------------------------|------------------------------|-----------------------------|-----------|
| | | Net Interest income or expenses | Dividend income | Other gains and losses | Gain or loss on valuation | Gain or loss on disposal | Total |
| <General> | | | | | | | |
| Cash and due from banks at amortized cost | ₩ | 47,206 | - | 1,209 | - | - | 48,415 |
| Financial assets at fair value through profit or loss | | 25,983 | - | 227,561 | (3,704) | 31,333 | 281,173 |
| Securities at fair value through other comprehensive income | | 1,031,771 | 6,586 | 114,476 | - | 42,246 | 1,195,079 |
| Securities at amortized cost | | 133,050 | - | 107 | - | - | 133,157 |
| Loans at amortized cost | | 141,235 | - | (12,980) | - | (149) | 128,106 |
| Other receivables at amortized cost | | 2,428 | - | (5,033) | - | - | (2,605) |
| Derivatives held for trading | | - | - | (6,462) | - | - | (6,462) |
| Derivatives held for hedging | | - | - | (119,557) | - | - | (119,557) |
| Borrowings | | (295) | - | - | - | - | (295) |
| Debentures | | (33,928) | - | (13,090) | - | - | (47,018) |
| Other financial liabilities | | (30) | - | - | - | - | (30) |
| Lease liabilities | | (2,722) | - | - | - | - | (2,722) |
| | | 1,344,698 | 6,586 | 186,231 | (3,704) | 73,430 | 1,607,241 |
| < Variable> | | | | | | | |
| Cash and due from banks at amortized cost | | 12,541 | - | 195 | - | - | 12,736 |
| Financial assets at fair value through profit or loss | | 84,056 | 23,536 | 30,500 | 456,900 | 111,444 | 706,436 |
| Loans at amortized cost | | 2,561 | - | - | - | - | 2,561 |
| Receivables at amortized cost | | 20 | - | 216 | - | - | 236 |
| Derivatives held for trading | | - | - | (26,907) | - | - | (26,907) |
| | | 99,178 | 23,536 | 4,004 | 456,900 | 111,444 | 695,062 |
| < Retirement> | | | | | | | |
| Cash and due from banks at amortized cost | | 1,093 | - | 31 | - | - | 1,124 |
| Financial assets at fair value through profit or loss | | 507 | 83 | 5,450 | 1,200 | 4,257 | 11,497 |
| Securities at fair value through other comprehensive income | | 36,211 | 278 | 1,989 | - | (43,884) | (5,406) |
| Loans at amortized cost | | 19,770 | - | (4,072) | - | - | 15,698 |
| Other receivables at amortized cost | | - | - | (7) | - | - | (7) |
| Derivatives held for trading | | - | - | (31) | - | - | (31) |
| Derivatives held for hedging | | - | - | (866) | - | - | (866) |
| Investment contract liabilities | | (110,280) | - | - | - | - | (110,280) |
| | | (52,699) | 361 | 2,494 | 1,200 | (39,627) | (88,271) |
| ₩ | | 1,391,177 | 30,483 | 192,729 | 454,396 | 145,247 | 2,214,032 |

Notes to the Separate Financial Statements

(In millions of won)

(b) Net profit or loss classification by classification of financial instruments(continued)

| | | 2022 | | | | | |
|---|---|------------------------|--------------------|---------------------------|------------------------------|-----------------------------|-----------|
| | | Net Interest income | Dividend income | Other gains and losses | Gain or loss on valuation | Gain or loss on disposal | Total |
| <General> | | | | | | | |
| Cash and due from banks at amortized cost | ₩ | 34,547 | - | 635 | - | - | 35,182 |
| Financial assets at fair value through profit or loss | | 25,599 | 687 | 302,737 | (118,765) | 17,972 | 228,230 |
| Securities at fair value through other comprehensive income | | 1,050,982 | 6,815 | 78,451 | - | 50,051 | 1,186,299 |
| Securities at amortized cost | | 132,293 | - | 67 | - | - | 132,360 |
| Loans at amortized cost | | 146,486 | - | (11,040) | - | (46) | 135,400 |
| Other receivables at amortized cost | | 3,306 | - | (2,126) | - | - | 1,180 |
| Derivatives held for trading | | - | - | 3,486 | - | - | 3,486 |
| Derivatives held for hedging | | - | - | (94,904) | - | - | (94,904) |
| Borrowings | | (16) | - | - | - | - | (16) |
| Debentures | | (31,264) | - | (28,630) | - | - | (59,894) |
| Other financial liabilities | | (25) | - | - | - | - | (25) |
| Lease liabilities | | (2,588) | - | - | - | - | (2,588) |
| | | 1,359,320 | 7,502 | 248,676 | (118,765) | 67,977 | 1,564,710 |
| < Variable> | | | | | | | |
| Cash and due from banks at amortized cost | | 8,188 | - | 108 | - | - | 8,296 |
| Financial assets at fair value through profit or loss | | 62,094 | 34,637 | 71,733 | (622,124) | (317,921) | (771,581) |
| Loans at amortized cost | | 1,204 | - | - | - | - | 1,204 |
| Other receivables at amortized cost | | 36 | - | 2,947 | - | - | 2,983 |
| Derivatives held for trading | | - | - | (40,670) | - | - | (40,670) |
| | | 71,522 | 34,637 | 34,118 | (622,124) | (317,921) | (799,768) |
| < Retirement> | | | | | | | |
| Cash and due from banks at amortized cost | | 1,009 | - | (13) | - | - | 996 |
| Financial assets at fair value through profit or loss | | 1,306 | 125 | 4,081 | (3,327) | 996 | 3,181 |
| Securities at fair value through other comprehensive income | | 44,730 | 278 | 3,665 | - | (33,989) | 14,684 |
| Loans at amortized cost | | 20,536 | - | 122 | - | - | 20,658 |
| Other receivables at amortized cost | | - | - | 54 | - | - | 54 |
| Derivatives held for hedging | | - | - | (3,187) | - | - | (3,187) |
| Investment contract liabilities | | (60,869) | - | - | - | - | (60,869) |
| | | 6,712 | 403 | 4,722 | (3,327) | (32,993) | (24,483) |
| | ₩ | 1,437,554 | 42,542 | 287,516 | (744,216) | (282,937) | 740,459 |

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8. Classification by categories of financial instruments (continued)

(c) Financial instrument offsetting

Details of financial instruments subject to collective offsetting agreements or similar agreements as of December 31, 2023 and 2022 are as follows:

| | | 2023 | | | | | |
|--|---|---|--|--|---|--------------------------------|---------------|
| | | Total recognized financial instruments | Total amount of recognized financial instruments offset | Net amount of financial instruments presented in the separate statements of financial position | Related amounts not offset by the separate statements of financial position | | Net amount |
| | | | | | Financial instruments | Cash collateral received | |
| Financial assets | | | | | | | |
| Derivative assets | ₩ | 115,507 | - | 115,507 | 112,869 | - | 2,638 |
| Purchase under repurchase agreement | | 71,200 | - | 71,200 | 71,200 | - | - |
| Foreign currency loan securities | | 579,354 | - | 579,354 | 577,732 | - | 1,622 |
| | ₩ | <u>766,061</u> | <u>-</u> | <u>766,061</u> | <u>761,801</u> | <u>-</u> | <u>4,260</u> |
| Financial liabilities | | | | | | | |
| Derivative liabilities | ₩ | 239,832 | - | 239,832 | 234,312 | - | 5,520 |
| | | 2022 | | | | | |
| | | Total recognized financial instruments | Total amount of recognized financial instruments offset | Net amount of financial instruments presented in the separate statements of financial position | Related amounts not offset by the separate statements of financial position | | Net amount |
| | | | | | Financial instruments | Cash collateral received | |
| Financial assets | | | | | | | |
| Derivative assets | ₩ | 91,937 | - | 91,937 | 77,857 | - | 14,080 |
| Purchase under repurchase agreement | | 53,800 | - | 53,800 | 53,800 | - | - |
| Foreign currency loan securities | | 453,820 | - | 453,820 | 453,820 | - | - |
| | ₩ | <u>599,557</u> | <u>-</u> | <u>599,557</u> | <u>585,477</u> | <u>-</u> | <u>14,080</u> |
| Financial liabilities | | | | | | | |
| Derivative liabilities | ₩ | 319,371 | - | 319,371 | 275,647 | - | 43,724 |
| Conditional buyback | | 10,000 | - | 10,000 | 10,000 | - | - |
| | ₩ | <u>329,371</u> | <u>-</u> | <u>329,371</u> | <u>285,647</u> | <u>-</u> | <u>43,724</u> |

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8. Classification by categories of financial instruments (continued)

(d) Transfers and servicing of financial assets

i) Financial instruments which do not meet the derecognition criteria

i-1) Repurchase agreement

The details of financial instruments which do not meet the derecognition criteria by selling the securities held by the Company on the condition that the securities held were repurchased at a fixed price among the repurchase agreements as of December 31, 2023 and 2022 are as follows:

| Classification | | 2023 | 2022 |
|--------------------|----------------------------------|------|--------|
| Transferred assets | Securities at amortized cost | ₩ - | 10,391 |
| Related liability | Disposal of repurchase agreement | - | 10,000 |

i-2) Securities Lending Transactions

If the Company lends securities owned by itself, the ownership of the securities is transferred, but the Company must return the securities at the end of the loan period, so the Company continues to recognize the entire securities as it holds most of the risks and rewards of the securities. The carrying amount of loaned securities as of December 31, 2023 and 2022 is as follows:

| Classification | | 2023 | 2022 |
|---|----------------------------------|---------------------|------------------|
| Financial assets at fair value through profit or loss | Government bonds | ₩ 19,915 | 78,195 |
| | Revenue securities | 40,900 | 29,850 |
| | Stocks | 39,143 | 28,547 |
| | | <u>99,958</u> | <u>136,592</u> |
| Securities at fair value through other comprehensive income | Government bonds | 6,746,593 | 6,431,136 |
| | Foreign currency loan securities | 579,354 | 453,820 |
| | | <u>7,325,947</u> | <u>6,884,956</u> |
| Securities at amortized cost | Government bonds | 2,894,972 | 2,423,389 |
| | | <u>₩ 10,320,877</u> | <u>9,444,937</u> |

ii) Financial instruments that meet the derecognition criteria but are continuously involved.

As of December 31, 2023 and 2022, there are no financial instruments which meet the derecognition criteria, but the Company is continuously involved.

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9. Material accounting estimates and judgments

In preparing the separate financial statements, the Company makes judgments about assumptions and assumptions about the future. These estimates and judgments are continually evaluated, taking into account other factors such as past experiences and future events that are reasonably predictable from the current situation. The accounting estimates calculated in this way may not match the actual results. The judgments on accounting estimates and assumptions that include significant risks that can materially change the carrying amount of assets and liabilities as of the reporting date are as follows:

(a) Fair value of financial instruments

The fair value of financial instruments (e.g., over-the-counter derivatives) that are not traded in an active trading market is determined using valuation techniques. As of the end of the reporting period, the Company makes judgments regarding the selection and assumptions of various valuation techniques based on major market conditions. When the valuation model is used to determine the fair value of various financial instruments that are not traded in the normal trading market, the Company uses a variety of methods from the general valuation model to the developed self-evaluation model, in which various input variables and assumptions are applied.

(b) Allowance for credit losses and provision for unused commitments

The Company assesses the impairment of the loan receivables and establishes provisions for bad debts and for unused commitment limits. The provision for such credit losses is determined by the assumptions and variables of the model used to estimate expected cash flows for each borrower to estimate the individual bad debt allowance and the collective bad debt allowance and unused commitment allowance.

(c) Impairment of non-financial assets

The Company evaluates the existence of signs of impairment for all non-financial assets at the end of each reporting period. However, for intangible assets with indefinite useful life, the impairment test is conducted every year by comparing the recoverable amount and the carrying amount regardless of signs suggesting impairment. Other non-financial assets are being tested for impairment when there is an indication that the carrying amount will not be recoverable. To calculate the value-in-use, the management chooses an appropriate discount rate to estimate the expected future cash flows from the asset or cash-generating unit and calculate the present value of the expected future cash flows.

(d) Defined benefit obligation

The present value of defined benefit obligations may vary depending on various factors determined by actuarial methods that use many assumptions. The assumptions used to determine the net cost (benefit) of the pension include the discount rate, and changes in these assumptions will affect the carrying amount of the defined benefit obligation.

The Company determines the appropriate discount rate at the end of each year. These discount rates represent the interest rates that should be used to determine the present value of estimated future cash outflows expected to occur when the defined benefit obligation is settled. The Company determines the appropriate discount rate by considering the interest rate of high-quality debentures that are denominated in the currency in which the pension will be paid and have maturity similar to that of the related defined benefit obligation.

Other major assumptions related to defined benefit obligations are based on some current market conditions.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

9. Material accounting estimates and judgments (continued)

(e) Insurance contract liabilities and reinsurance contract assets (liabilities)

The company calculates the present value of the future cash flows of the liabilities for remaining coverage and the liabilities for incurred claims 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 number of coverage units in the group of insurance contracts is determined by considering the quantity of benefit payments and the expected duration of benefits for contracts within the group, as well as the frequency and severity of benefit occurrences for all coverage units allocated to the current period.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

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(In millions of won)

10. 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:

| | | 2023 | 2022 |
|----------------------------------|---|------------------|------------------|
| Cash and cash equivalents | | | |
| Savings account | ₩ | 333,720 | 153,839 |
| Current account | | 59 | 115 |
| Others | | 616,664 | 610,145 |
| | ₩ | <u>950,443</u> | <u>764,099</u> |
| Due from banks at amortized cost | | | |
| Fixed deposit | ₩ | 390,000 | 430,000 |
| Installment savings | | 228,250 | 228,250 |
| Other deposits | | 72,211 | 62,108 |
| (Credit allowance) | | (423) | (762) |
| | | <u>690,038</u> | <u>719,596</u> |
| | ₩ | <u>1,640,481</u> | <u>1,483,695</u> |

(b) Restricted due from banks at amortized cost as of December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 | Restrictions on use |
|--|---|---------------|---------------|--|
| Deposits denominated in won | ₩ | 56,021 | 46,792 | Deposit for opening a current account, Forward transaction deposit, etc. |
| Deposits denominated in foreign currency | | 16,190 | 15,316 | |
| | ₩ | <u>72,211</u> | <u>62,108</u> | |

(*) The carrying amount of the provision for depreciation is the amount before deducting the allowance for credit losses.

(c) The changes in credit loss allowance for due from banks measured at amortized cost for the years ended December 31, 2023 and 2022 are as follows:

| | | Designated for measurement of 12-month expected credit loss | |
|---------------------------------------|---|--|-------------|
| | | 2023 | 2022 |
| Beginning balance of credit allowance | ₩ | 762 | 605 |
| Allowance | | (339) | 157 |
| Ending balance of credit allowance | ₩ | <u>423</u> | <u>762</u> |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

11. Financial assets at fair value through profit or loss

(a) Financial assets at fair value through profit or loss as of December 31, 2023 and 2022 are as follows:

| | | <u>2023</u> | <u>2022</u> |
|---|---|-------------------|-------------------|
| Deposits: | | | |
| Deposits in foreign currency | ₩ | 30,743 | 26,116 |
| Debt securities: | | | |
| Government bonds | ₩ | 1,416,833 | 1,656,660 |
| Special Bonds | | 173,700 | 198,122 |
| Financial Bonds | | 167,426 | 214,741 |
| Debentures | | 147,066 | 166,147 |
| Puttable stocks | | 44,344 | 34,658 |
| Puttable equity instrument | | 263,274 | 203,497 |
| Beneficiary certificates | | 5,915,918 | 6,414,988 |
| Other securities | | 241,102 | 183,928 |
| Puttable financial instrument in foreign currency | | 2,874 | 4,435 |
| Beneficiary certificates in foreign currency | | 1,300,358 | 887,749 |
| Other securities in foreign currency | | 289,015 | 336,838 |
| | | <u>9,961,910</u> | <u>10,301,763</u> |
| Equity securities: | | | |
| Stocks | ₩ | 1,485,405 | 1,269,928 |
| Stocks in foreign currency | | 642 | 60,897 |
| | | <u>1,486,047</u> | <u>1,330,825</u> |
| | | <u>11,447,957</u> | <u>11,632,588</u> |
| | ₩ | <u>11,478,700</u> | <u>11,658,704</u> |

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As of December 31, 2023 and 2022

(In millions of won)

11. Financial assets at fair value through profit or loss (continued)

(b) Financial assets at fair value through profit or loss

Gains and losses on financial assets at fair value through profit or loss for the years ended December 31, 2023, and 2022, are as follows:

| | 2023 | 2022 |
|---|------------------|------------------|
| Gain on financial assets measured at fair value through profit or loss: | | |
| Gain on valuation | ₩ 683,818 | 145,483 |
| Gain on disposal | 271,371 | 130,514 |
| Others | 232,096 | 256,620 |
| | <u>1,187,285</u> | <u>532,617</u> |
| Loss on financial assets measured at fair value through profit or loss: | | |
| Loss on valuation | 229,422 | 889,699 |
| Loss on disposal | 124,336 | 429,466 |
| | <u>353,758</u> | <u>1,319,165</u> |
| Net gain (loss) on financial assets at fair value through profit or loss | <u>₩ 833,527</u> | <u>(786,548)</u> |

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(In millions of won)

11. Financial assets at fair value through profit or loss (continued)

(c) The separate beneficiary certificates that have significant influence among the beneficiary certificates held by the Company as of December 2023 and 2022 are as follows.

| Investee | 2023 | | | | Carrying amount |
|---|----------|----------------|-----------|---|-----------------|
| | Location | Reporting date | Ownership | | |
| Mirae Asset Maps Global Infra Private Special Asset Trust 2 | Korea | December 31 | 95.89% | ₩ | 10,803 |
| Mirae Asset Maps US Frontier Private Real Estate Investment Trust 5-2 | Korea | December 31 | 99.55% | | 637 |
| Shinhan AIM Credit Fund 3 | Korea | December 31 | 99.90% | | 148,172 |
| Shinhan AIM Private fund of funds Trust 7-A | Korea | December 31 | 99.58% | | 14,555 |
| Shinhan AIM Private fund of funds Trust 6-B | Korea | December 31 | 99.80% | | 42,725 |
| Shinhan AIM Private fund of funds Trust 5 | Korea | December 31 | 99.88% | | 98,939 |
| KB Global Private Real Estate Debt Fund 23 | Korea | December 31 | 99.40% | | 65,562 |
| KB Global Private Real Estate Debt Fund 21 | Korea | December 31 | 99.53% | | 35,356 |
| Shinhan KKR Global Program REC Private Investment Trust | Korea | December 31 | 93.02% | | 86,431 |
| Shinhan KKR Global Program PEF Private Investment Trust | Korea | December 31 | 93.02% | | 34,207 |
| Shinhan KKR Global Program PDF Private Investment Trust | Korea | December 31 | 93.02% | | 95,926 |
| Shinhan LCP X Private Investment Trust No.4(H) | Korea | December 31 | 99.75% | | 19,831 |
| | | | | ₩ | 653,144 |
| Investee | 2022 | | | | Carrying amount |
| | Location | Reporting date | Ownership | | |
| Mirae Asset Maps Global Infra Private Special Asset Trust 2 | Korea | December 31 | 95.89% | ₩ | 11,036 |
| Mirae Asset Maps US Frontier Private Real Estate Investment Trust 5-2 | Korea | December 31 | 99.55% | | 6,767 |
| Shinhan AIM Credit Fund 3 | Korea | December 31 | 99.90% | | 141,349 |
| Shinhan AIM Private fund of funds Trust 7-A | Korea | December 31 | 99.58% | | 8,436 |
| Shinhan AIM Private fund of funds Trust 6-B | Korea | December 31 | 99.80% | | 28,922 |
| Shinhan AIM Private fund of funds Trust 5 | Korea | December 31 | 99.88% | | 93,266 |
| KB Global Private Real Estate Debt Fund 23 | Korea | December 31 | 99.40% | | 52,158 |
| KB Global Private Real Estate Debt Fund 21 | Korea | December 31 | 99.53% | | 25,056 |
| Shinhan KKR Global Program REC Private Investment Trust | - | - | - | | - |
| Shinhan KKR Global Program PEF Private Investment Trust | - | - | - | | - |
| Shinhan KKR Global Program PDF Private Investment Trust | - | - | - | | - |
| Shinhan LCP X Private Investment Trust No.4(H) | - | - | - | | - |
| | | | | ₩ | 366,990 |

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12. Financial assets at fair value through other comprehensive income

(a) Financial assets at fair value through other comprehensive income as of December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|-----------------------------------|---|------------|------------|
| Debt instruments: | | | |
| Government bonds | ₩ | 20,291,960 | 18,052,493 |
| Special purpose bonds | | 7,612,912 | 7,389,345 |
| Financial institution bonds | | 979,921 | 1,228,718 |
| Coporate bonds | | 3,071,706 | 3,184,836 |
| Foreign currency debt securities | | 2,964,347 | 2,391,714 |
| Foreign currency other securities | | 314,367 | 227,216 |
| | ₩ | 35,235,213 | 32,474,322 |
| Equity instruments (*): | | | |
| Stocks | ₩ | 2,932 | 5,404 |
| Other securities | | 107,430 | 149,646 |
| | | 110,362 | 155,050 |
| | ₩ | 35,345,575 | 32,629,372 |

(*) The Company elected to designate as equity securities measured at fair value through other comprehensive income for reasons such as retention as required by its policy.

(b) Changes in total carrying amount

The changes in total carrying amount of debt securities at fair value through other comprehensive income as of December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|-------------------------|---|----------------------------------|----------------------------------|
| | | 12-month Expected credit loss | 12-month Expected credit loss |
| Beginning balance (*1) | ₩ | 32,474,322 | 40,128,884 |
| Acquisition | | 3,082,700 | 2,950,679 |
| Disposal and redemption | | (3,596,702) | (4,027,259) |
| Others (*2) | | 3,274,893 | (6,577,982) |
| Ending balance (*1) | ₩ | 35,235,213 | 32,474,322 |

(*1) The total carrying amount for credit loss provisions is the amortized cost of the debt securities.

(*2) Included the effects of valuation, changes in foreign exchange rates, etc.

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12. Financial assets at fair value through other comprehensive income (continued)

(c) Changes in credit loss allowance

Changes in credit loss allowance for debt securities at fair value through other comprehensive income as of December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|-------------------------------------|---|--|--|
| | | 12-month Expected credit loss | 12-month Expected credit loss |
| Beginning balance (*) | ₩ | 13,604 | 15,853 |
| Provision for credit loss allowance | | (4,814) | (2,249) |
| Ending balance (*) | ₩ | <u>8,790</u> | <u>13,604</u> |

(*) The above provisions for credit loss are recognized in gains(losses) of securities at fair value through other comprehensive income and are not adjusted to the carrying amount of the asset in the separate statements of financial position.

(d) Policyholders' equity adjustment

The Company accounts for unrealized gains and losses on financial assets at fair value through other comprehensive income by accumulated other comprehensive income and by the policyholder's equity in accordance with the insurance industry supervision regulations. The details of accumulated other comprehensive income as of the end the year, 2023 and 2022, and gain and losses of financial assets at fair value through other comprehensive income appropriated to the policyholders' equity adjustment are as follows:

| | | 2023 | 2022 |
|--|---|--------------------|--------------------|
| Appropriated to the policyholders' equity adjustment | ₩ | (1,025) | (1,616) |
| Appropriated to the accumulated other comprehensive income | | (2,497,260) | (4,588,374) |
| Tax effect | | (895,756) | (1,654,312) |
| | ₩ | <u>(3,394,041)</u> | <u>(6,244,302)</u> |

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12. Financial assets at fair value through other comprehensive income (continued)

(e) For the year ended December 31 2023, the disposal of equity instruments designated at fair value through other comprehensive income (FVOCI) occurred due to the call exercise by the issuer of the hybrid bonds. At the time of disposal, accumulated unrealized gains or losses are as follows.

| | <u>Fair Value at Disposal Date</u> | <u>Accumulated Unrealized Gain/Loss at Disposal Date</u> |
|------------------|------------------------------------|--|
| Other securities | ₩ 100,000 | - |

(f) The dividend income recognized related to the fair value measurement of equity instruments in other comprehensive income in the current and prior periods is as follows.

| | <u>2023</u> | <u>2022</u> |
|---|----------------|--------------|
| Dividend income recognized from assets held at the end of the reporting period | | |
| Other Marketable Securities | ₩ 2,430 | 7,093 |
| Dividend income recognized from assets disposed of during the reporting period | | |
| Other Marketable Securities | 4,434 | - |
| | ₩ <u>6,864</u> | <u>7,093</u> |

(g) Recognized gains and losses on financial assets at fair value through other comprehensive income in the year, 2023 and 2022, are as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------|-------------|
| Gain on disposal of debt securities at fair value through other comprehensive income | ₩ 54,256 | 72,818 |
| Loss on disposal of debt securities at fair value through other comprehensive income | (55,895) | (56,757) |

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13. Securities at amortized cost

(a) Securities at amortized cost as of December 31, 2023 and 2022 are as follows:

| | | <u>2023</u> | <u>2022</u> |
|-------------------------|---|------------------|------------------|
| Government bonds | ₩ | 3,904,569 | 3,894,332 |
| Special purpose bonds | | 443,662 | 444,749 |
| (Credit loss allowance) | | (208) | (315) |
| | ₩ | <u>4,348,023</u> | <u>4,338,766</u> |

(b) The changes in total carrying amount of securities at amortized cost as of December 31, 2023 and 2022 are as follows:

| | | <u>12-month Expected credit loss</u> | |
|-------------------|---|--------------------------------------|------------------|
| | | <u>2023</u> | <u>2022</u> |
| Beginning balance | ₩ | 4,339,081 | 4,340,131 |
| Redemption (*1) | | - | (10,000) |
| Others (*2) | | 9,150 | 8,950 |
| Ending balance | ₩ | <u>4,348,231</u> | <u>4,339,081</u> |

(*1) There has been no net loss recognized for redemption of securities at amortized cost for the years ended December 31, 2023 and 2022.

(*2) Amounts occurred due to effective interest amortization.

(c) Changes in credit loss allowance

Changes in credit loss allowance for securities at amortized cost are as follows:

| | | <u>12-month Expected credit loss</u> | |
|------------------------------------|---|--------------------------------------|-------------|
| | | <u>2023</u> | <u>2022</u> |
| Beginning balance | ₩ | 315 | 381 |
| Reversal for credit loss allowance | | (107) | (66) |
| Ending balance | ₩ | <u>208</u> | <u>315</u> |

SHINHAN LIFE INSURANCE CO., LTD.

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(In millions of won)

14. Investments in associates

(a) Investments in subsidiaries and associates as of December 31, 2023 and 2022 are as follows:

| Investees | Country | Reporting date | Ownership (%) | | Carrying value | | |
|--|---------|----------------|---------------|--------|----------------|---------|--|
| | | | 2023 | 2022 | 2023 | 2022 | |
| Subsidiaries | | | | | | | |
| Shinhan Financial Plus Co., Ltd. | Korea | December 31 | 100.00 | 100.00 | ₩ 109,000 | 95,000 | |
| Shinhan Life Insurance Vietnam Co., Ltd. | Vietnam | December 31 | 100.00 | 100.00 | 114,144 | 114,144 | |
| Shinhan LifeCare Co., Ltd.(*3) | Korea | December 31 | 100.00 | 100.00 | 50,437 | 20,000 | |
| Associates | | | | | | | |
| iPIXEL Co., Ltd.(*1) | Korea | December 31 | 11.54 | 11.54 | - | 368 | |
| IMM Long-term Solution Private Equity Fund(*2) | Korea | December 31 | - | 29.75 | - | 34,981 | |
| Find JD Fund No.1 | Korea | December 31 | 27.03 | 27.03 | 1,000 | 1,000 | |
| | | | | | ₩ 274,581 | 265,493 | |

(*1) Despite the Company's ownership being less than 20%, the Company applies the equity method accounting as it participates in policy-making processes and therefore can exercise significant influence on the investee.

(*2) The Company does not have the ability to make investment policy decisions to benefit from its economic activities as an participant.

(*3) Shinhan CubeOn Co., Ltd. has changed its name to Shinhan LifeCare Co., Ltd. during the current period.

Beneficiary certificates, which are subsidiaries, are classified as financial assets at fair value through profit or loss in accordance with K-IFRS 1109 and are separately presented in the notes '11. Fair value measurement financial assets'.

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(In millions of won)

14. Investments in associates (continued)

(b) Changes in the investments in subsidiaries and associates during the years of 2023 and 2022 are as follows:

| Investees(*3) | 2023 | | | | |
|--|-------------------|---------------|------------------|-----------------|----------------|
| | Beginning balance | Acquisition | Reclassification | Impairment (*1) | Ending balance |
| Shinhan Financial Plus Co., Ltd | ₩ 95,000 | 14,000 | - | - | 109,000 |
| Shinhan Life Insurance Vietnam Co., Ltd. | 114,144 | - | - | - | 114,144 |
| Shinhan LifeCare Co., Ltd.(*1) | 20,000 | 40,000 | - | (9,563) | 50,437 |
| iPIXEL Co., Ltd.(*2) | 368 | - | - | (368) | - |
| IMM Long-term Solution Private Equity Fund | 34,981 | - | (34,981) | - | - |
| Find JD Fund No.1 | 1,000 | - | - | - | 1,000 |
| ₩ | <u>265,493</u> | <u>54,000</u> | <u>(34,981)</u> | <u>(9,931)</u> | <u>274,581</u> |

(*1) The Company recognized impairment due to the sustained decline in net asset value after acquisition.

(*2) Equity method loss was continuously recorded since the acquisition, and an impairment loss was recognized as it fell below its cost.

(*3) The Company accounts for investments in subsidiaries and associates at acquisition cost.

| Investees(*2) | 2022 | | | | |
|--|-------------------|---------------|----------------|-----------------|----------------|
| | Beginning balance | Acquisition | Disposal | Impairment (*1) | Ending balance |
| Shinhan Financial Plus Co., Ltd | ₩ 75,000 | 20,000 | - | - | 95,000 |
| Shinhan Life Insurance Vietnam Co., Ltd. | 114,144 | - | - | - | 114,144 |
| Shinhan LifeCare Co., Ltd. | 20,000 | - | - | - | 20,000 |
| Shinhan EZ General Insurance, Ltd. | 2,113 | - | (2,113) | - | - |
| iPIXEL Co., Ltd.(*1) | 1,054 | - | - | (686) | 368 |
| IMM Long-term Solution Private Equity Fund | - | 34,981 | - | - | 34,981 |
| Find JD Fund No.1 | - | 1,000 | - | - | 1,000 |
| ₩ | <u>212,311</u> | <u>55,981</u> | <u>(2,113)</u> | <u>(686)</u> | <u>265,493</u> |

(*1) Equity method loss was continuously recorded since the acquisition, and an impairment loss was recognized as it fell below its cost.

(*2) The Company accounts for investments in subsidiaries and associates at acquisition cost.

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15. Loans and receivables at amortized cost

(a) Loans and receivables at amortized cost as of December 31, 2023 and 2022 are as follows:

i) Loans at amortized cost

| | 2023 | 2022 |
|---------------------------------------|--------------------|------------------|
| Mortgage loan | 1,009,680 | 1,339,876 |
| Credit loan | ₩ 2,135,903 | 2,352,490 |
| Loan secured by third party guarantee | 393,782 | 398,252 |
| Other loan | 121,200 | 153,800 |
| Deferred loan loss (gain) | (194) | 2,753 |
| (Credit loan allowance) | (37,470) | (27,301) |
| | ₩ <u>3,622,901</u> | <u>4,219,870</u> |

ii) Receivables at amortized cost

| | 2023 | 2022 |
|----------------------------|--------------------|------------------|
| Receivables, etc. | 128,706 | 138,946 |
| Deposits | ₩ 50,565 | 68,804 |
| Accrued income | 942,910 | 838,527 |
| (Discounted present value) | (2,618) | (3,026) |
| (Credit loan allowance) | (35,173) | (31,977) |
| | ₩ <u>1,084,390</u> | <u>1,011,274</u> |

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Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

15. Loans and receivables at amortized cost (continued)

(b) Changes in total carrying value

Changes in the carrying value of loans at amortized cost and receivables at amortized cost for the years ended December 31, 2023 and 2022 are as follows:

i) Loans at amortized cost

| | | December 31, 2023 | | | | | |
|------------------------------------|---|-------------------------------|-------------------------------|--------------------------|-------------------------------|-------------------------------|--------------------------|
| | | Retail loans | | | Corporate loans | | |
| | | 12-month expected credit loss | Lifetime expected credit loss | Impaired financial asset | 12-month expected credit loss | Lifetime expected credit loss | Impaired financial asset |
| | | | | | | | Total |
| Beginning balance | ₩ | 812,568 | 56,866 | 9,889 | 3,309,105 | 58,743 | - |
| Transfer to (from) | | | | | | | |
| 12-month expected credit loss | | 40,564 | (40,531) | (33) | 39,616 | (39,616) | - |
| Transfer to (from) | | | | | | | |
| lifetime expected credit loss | | (20,075) | 20,222 | (147) | (167,266) | 167,266 | - |
| Transfer to (from) | | | | | | | |
| impaired financial asset | | (11,561) | (1,763) | 13,324 | - | - | - |
| Origination, collection and others | | (51,200) | (10,197) | (1,579) | (541,295) | 24,675 | (579,596) |
| Charge off(*) | | - | - | (6,629) | - | - | (6,629) |
| Disposal | | - | - | (576) | - | - | (576) |
| Ending balance | ₩ | 770,296 | 24,597 | 14,249 | 2,640,160 | 211,068 | 3,660,370 |

(*) The uncollected amount (principal amount) of the loans at amortized cost, which has been charged off but is still being recovered as of December 31, 2023 is ₩ 29,974 million.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

15. Loans and receivables at amortized cost (continued)

(b) Changes in total carrying value (continued)

Changes in the carrying value of loans at amortized cost and receivables at amortized cost for the years ended December 31, 2023 and 2022 are as follows (continued):

i) Loans at amortized cost (continued)

| | | December 31, 2022 | | | | | | Total |
|------------------------------------|---|-------------------------------|-------------------------------|--------------------------|-------------------------------|-------------------------------|--------------------------|-----------|
| | | Retail loans | | | Corporate loans | | | |
| | | 12-month expected credit loss | Lifetime expected credit loss | Impaired financial asset | 12-month expected credit loss | Lifetime expected credit loss | Impaired financial asset | |
| Beginning balance | ₩ | 858,011 | 48,912 | 9,712 | 3,367,568 | 19,403 | - | 4,303,606 |
| Transfer to (from) | | | | | | | | |
| 12-month expected credit loss | | 24,058 | (24,014) | (44) | - | - | - | - |
| Transfer to (from) | | | | | | | | |
| lifetime expected credit loss | | (38,843) | 39,105 | (262) | (67,886) | 67,886 | - | - |
| Transfer to (from) | | | | | | | | |
| impaired financial asset | | (5,615) | (1,225) | 6,840 | - | - | - | - |
| Origination, collection and others | | (25,043) | (5,912) | (982) | 9,423 | (28,546) | - | (51,060) |
| Charge off(*) | | - | - | (5,317) | - | - | - | (5,317) |
| Disposal | | - | - | (58) | - | - | - | (58) |
| Ending balance | ₩ | 812,568 | 56,866 | 9,889 | 3,309,105 | 58,743 | - | 4,247,171 |

(*) The uncollected amount (principal amount) of the loans at amortized cost, which has been charged off but is still being recovered as of December 31, 2022 is ₩ 35,708 million.

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(In millions of won)

15. Loans and receivables at amortized cost (continued)

(b) Changes in total carrying value (continued)

Changes in the carrying value of loans at amortized cost and receivables at amortized cost for the years ended December 31, 2023 and 2022 are as follows (continued):

ii) Receivables at amortized cost

| | | 2023 | | | |
|--|---|-------------------------------------|--------------------------------------|-----------------------------|-----------|
| | | 12 month expected credit loss | Life-time expected credit loss | Impaired financial asset | Total |
| Beginning balance(*) | ₩ | 2,489,157 | 2,174 | 36,375 | 2,527,706 |
| Transfer (from) to 12 month expected credit losses | | 285 | (285) | - | - |
| Transfer (from) to lifetime expected credit losses | | (617) | 619 | (2) | - |
| Transfer (from) to credit- impaired financial assets | | (6,072) | (9) | 6,081 | - |
| Origination, collection and others | | 235,581 | (323) | (560) | 234,698 |
| Charge off | | - | - | (1,939) | (1,939) |
| Ending balance(*) | ₩ | 2,718,334 | 2,176 | 39,955 | 2,760,465 |

(*) Includes cash equivalents, the total amount of carrying value of due from banks at amortized cost.

| | | 2022 | | | |
|--|---|-------------------------------------|--------------------------------------|-----------------------------|-----------|
| | | 12 month expected credit loss | Life-time expected credit loss | Impaired financial asset | Total |
| Beginning balance(*) | ₩ | 3,183,177 | 1,455 | 33,854 | 3,218,486 |
| Transfer (from) to 12 month expected credit losses | | 31 | (30) | (1) | - |
| Transfer (from) to lifetime expected credit losses | | (415) | 420 | (5) | - |
| Transfer (from) to credit- impaired financial assets | | (8,119) | (5) | 8,124 | - |
| Origination, collection and others | | (685,517) | 334 | (1,571) | (686,754) |
| Charge off | | - | - | (4,026) | (4,026) |
| Ending balance(*) | ₩ | 2,489,157 | 2,174 | 36,375 | 2,527,706 |

(*) Includes cash equivalents, the total amount of carrying value of due from banks at amortized cost.

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Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

15. Loans and receivables at amortized cost (continued)

(c) Changes in provision for credit loss

Changes in provision for credit loss of loans at amortized cost and receivables at amortized cost for the years ended December 31, 2023 and 2022 are as follows:

i) Loans at amortized cost

| | | 2023 | | | | | | |
|-------------------------------|---|-------------------------------|-------------------------------|--------------------------|-------------------------------|-------------------------------|--------------------------|---------|
| | | Retail loans | | | Corporate loans | | | |
| | | 12-month expected credit loss | Lifetime expected credit loss | Impaired financial asset | 12-month expected credit loss | Lifetime expected credit loss | Impaired financial asset | Total |
| Beginning balance | ₩ | 9,648 | 2,812 | 7,341 | 5,756 | 1,744 | - | 27,301 |
| Transfer to (from) | | | | | | | - | - |
| 12-month expected credit loss | | 1,239 | (1,211) | (28) | 553 | (553) | | |
| Transfer to (from) | | | | | | | - | - |
| lifetime expected credit loss | | (468) | 488 | (20) | (487) | 487 | | |
| Transfer to (from) | | | | | | | - | - |
| impaired financial asset | | (444) | (271) | 715 | - | - | | |
| Provision (allowance) | | (1,893) | 1,366 | 6,873 | (16) | 8,875 | - | 15,205 |
| Collection | | - | - | 1,767 | - | - | - | 1,767 |
| Charge off | | - | - | (6,629) | - | - | - | (6,629) |
| Disposal | | - | - | (173) | - | - | - | (173) |
| Others(*) | | - | - | (1) | - | - | - | (1) |
| Ending balance | ₩ | 8,082 | 3,184 | 9,845 | 5,806 | 10,553 | - | 37,470 |

(*) Amounts due to debt-to-equity conversion.

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15. Loans and receivables at amortized cost (continued)

(c) Changes in provision for credit loss (continued)

Changes in provision for credit loss of loans at amortized cost and receivables at amortized cost for the years ended December 31, 2023 and 2022 are as follows (continued):

i) Loans at amortized cost (continued)

| | | 2022 | | | | | | Total |
|-------------------------------|---|-------------------------------|-------------------------------|--------------------------|-------------------------------|-------------------------------|--------------------------|---------|
| | | Retail loans | | | Corporate loans | | | |
| | | 12-month expected credit loss | Lifetime expected credit loss | Impaired financial asset | 12-month expected credit loss | Lifetime expected credit loss | Impaired financial asset | |
| Beginning balance | ₩ | 3,811 | 1,200 | 7,271 | 6,284 | 1,052 | - | 19,618 |
| Transfer to (from) | | | | | | | | |
| 12-month expected credit loss | | 449 | (425) | (24) | - | - | - | - |
| Transfer to (from) | | | | | | | | |
| lifetime expected credit loss | | (111) | 126 | (15) | (4,089) | 4,089 | - | - |
| Transfer to (from) | | | | | | | | |
| impaired financial asset | | (104) | (95) | 199 | - | - | - | - |
| Provision (allowance) | | 5,603 | 2,006 | 3,258 | 3,561 | (3,397) | - | 11,031 |
| Collection | | - | - | 2,051 | - | - | - | 2,051 |
| Charge off | | - | - | (5,317) | - | - | - | (5,317) |
| Disposal | | - | - | (81) | - | - | - | (81) |
| Others(*) | | - | - | (1) | - | - | - | (1) |
| Ending balance | ₩ | 9,648 | 2,812 | 7,341 | 5,756 | 1,744 | - | 27,301 |

(*) Amounts due to debt-to-equity conversion.

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15. Loans and receivables at amortized cost (continued)

(c) Changes in provision for credit loss (continued)

Changes in provision for credit loss of loans at amortized cost and receivables at amortized cost for the years ended December 31, 2023 and 2022 are as follows (continued):

ii) Receivables at amortized cost

| | | 2023 | | | |
|--|---|-------------------------------------|--------------------------------------|-----------------------------|---------|
| | | 12 month expected credit loss | Life-time expected credit loss | Impaired financial asset | Total |
| Beginning balance(*) | ₩ | 1,523 | 68 | 31,148 | 32,739 |
| Transfer (from) to 12 month expected credit losses | | 7 | (7) | - | - |
| Transfer (from) to lifetime expected credit losses | | (3) | 5 | (2) | - |
| Transfer (from) to credit- impaired financial assets | | (66) | (1) | 67 | - |
| Provision for credit loss | | (595) | 17 | 5,289 | 4,711 |
| Collection | | - | - | 85 | 85 |
| Charge off | | - | - | (1,939) | (1,939) |
| Ending balance(*) | ₩ | 866 | 82 | 34,648 | 35,596 |

(*) Includes credit loss allowance for due from banks at amortized cost.

| | | 2022 | | | |
|--|---|-------------------------------------|--------------------------------------|-----------------------------|---------|
| | | 12 month expected credit loss | Life-time expected credit loss | Impaired financial asset | Total |
| Beginning balance(*) | ₩ | 1,327 | 39 | 29,620 | 30,986 |
| Transfer (from) to 12 month expected credit losses | | 2 | (1) | (1) | - |
| Transfer (from) to lifetime expected credit losses | | (22) | 25 | (3) | - |
| Transfer (from) to credit- impaired financial assets | | - | (1) | 1 | - |
| Provision for credit loss | | 216 | 6 | 5,483 | 5,705 |
| Collection | | - | - | 74 | 74 |
| Charge off | | - | - | (4,026) | (4,026) |
| Ending balance(*) | ₩ | 1,523 | 68 | 31,148 | 32,739 |

(*) Includes credit loss allowance for due from banks at amortized cost.

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(In millions of won)

15. Loans and receivables at amortized cost (continued)

(d) Changes in deferred loan origination costs for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|-------------------|---|-------------|-------------|
| Beginning balance | ₩ | 2,753 | 1,694 |
| Loan origination | | (2,256) | (5,682) |
| Amortization | | (691) | 6,741 |
| Ending balance | ₩ | (194) | 2,753 |

16. Lease

(a) Details of the right-of-use assets as of December 31, 2023 and 2022 are as follows:

| | | 2023 | | |
|-------------|---|-------------------------|---------------------------------|------------------------|
| | | Acquisition cost | Accumulated depreciation | Carrying amount |
| Real estate | ₩ | 181,526 | (89,361) | 92,165 |
| Vehicle | | 1,135 | (359) | 776 |
| | ₩ | 182,661 | (89,720) | 92,941 |

| | | 2022 | | |
|-------------|---|-------------------------|---------------------------------|------------------------|
| | | Acquisition cost | Accumulated depreciation | Carrying amount |
| Real estate | ₩ | 181,528 | (68,973) | 112,555 |
| Vehicle | | 1,354 | (751) | 603 |
| | ₩ | 182,882 | (69,724) | 113,158 |

(b) Changes in the right-of-use assets for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | | |
|-------------------|---|--------------------|----------------|--------------|
| | | Real estate | Vehicle | Total |
| Beginning balance | ₩ | 112,555 | 603 | 113,158 |
| Acquisition | | 14,290 | 857 | 15,147 |
| Disposal | | (3,286) | (281) | (3,567) |
| Depreciation | | (31,035) | (403) | (31,438) |
| Substitution | | (359) | - | (359) |
| Ending balance | ₩ | 92,165 | 776 | 92,941 |

| | | 2022 | | |
|-------------------|---|--------------------|----------------|--------------|
| | | Real estate | Vehicle | Total |
| Beginning balance | ₩ | 134,910 | 849 | 135,759 |
| Acquisition | | 21,380 | 395 | 21,775 |
| Disposal | | (5,424) | (197) | (5,621) |
| Depreciation | | (37,070) | (444) | (37,514) |
| Substitution | | (1,241) | - | (1,241) |
| Ending balance | ₩ | 112,555 | 603 | 113,158 |

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16. Lease (continued)

(c) The amount recognized in profit or loss for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|---|---|--------|--------|
| Depreciation of right-of-use assets | ₩ | 31,438 | 37,514 |
| Interest expenses of lease liability | | 2,722 | 2,588 |
| Expenses related to low-value lease assets | | 513 | 687 |
| | | 34,673 | 40,789 |
| Revenues from sublease of right-of-use assets | | (320) | (193) |
| | ₩ | 34,353 | 40,596 |

(d) Total cash outflows from leases for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|--|---|--------|--------|
| Cash outflow of lease liability | ₩ | 30,351 | 34,360 |
| Cash outflow of low-value lease assets | | 513 | 687 |
| | ₩ | 30,864 | 35,047 |

(e) The estimated timing of outflow of lease liabilities as of the year ended December 31, 2023 and 2022 are as follows:

| | | 2023 | | |
|------------------------|---|-------------|---------|--------|
| Classification(*) | | Real estate | Vehicle | Total |
| Not later than 1 month | ₩ | 3,817 | 90 | 3,907 |
| 1 ~ 3 months | | 5,221 | 49 | 5,270 |
| 3 ~ 6 months | | 7,538 | 72 | 7,610 |
| 6 ~ 12 months | | 14,446 | 141 | 14,587 |
| 1 ~ 5 years | | 63,541 | 492 | 64,033 |
| Later than 5 years | | 843 | - | 843 |
| | ₩ | 95,406 | 844 | 96,250 |

(*) It is classified according to the maturity section of the contracted cash flow before the discount of lease liabilities.

| | | 2022 | | |
|------------------------|---|-------------|---------|---------|
| Classification(*) | | Real estate | Vehicle | Total |
| Not later than 1 month | ₩ | 2,856 | 33 | 2,889 |
| 1 ~ 3 months | | 5,567 | 62 | 5,629 |
| 3 ~ 6 months | | 7,936 | 73 | 8,009 |
| 6 ~ 12 months | | 14,679 | 117 | 14,796 |
| 1 ~ 5 years | | 80,203 | 353 | 80,556 |
| Later than 5 years | | 3,502 | - | 3,502 |
| | ₩ | 114,743 | 638 | 115,381 |

(*) It is classified according to the maturity section of the contracted cash flow before the discount of lease liabilities.

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17. Property and equipment

(a) Details of property and equipment as of December 31, 2023 and 2022 are as follows:

| 2023 | | | | |
|--------------------|-------------------------|---------------------------------|-------------------------------|-----------------------|
| | Acquisition cost | Accumulated depreciation | Accumulated impairment | Carrying value |
| Land | ₩ 12,877 | - | - | 12,877 |
| Buildings | 36,898 | (8,810) | (8,389) | 19,699 |
| Structure | 3,894 | (2,541) | (614) | 739 |
| Rental property(*) | 40,821 | (25,696) | - | 15,125 |
| Equipment(*) | 114,984 | (87,391) | - | 27,593 |
| Other assets | 89 | - | - | 89 |
| | ₩ 209,563 | (124,438) | (9,003) | 76,122 |

(*) The accumulated depreciation of the rental property and equipment includes the amount related to government subsidies.

| 2022 | | | | |
|---------------------|-------------------------|---------------------------------|-------------------------------|------------------------|
| | Acquisition cost | Accumulated depreciation | Accumulated Impairment | Carrying amount |
| Land | ₩ 12,877 | - | - | 12,877 |
| Buildings | 36,828 | (8,256) | (7,088) | 21,484 |
| Structure | 3,894 | (2,405) | (506) | 983 |
| Rental property (*) | 39,685 | (25,830) | - | 13,855 |
| Equipment (*) | 113,172 | (81,095) | - | 32,077 |
| Other assets | 140 | - | - | 140 |
| | ₩ 206,596 | (117,586) | (7,594) | 81,416 |

(*) The accumulated depreciation of the rental property and equipment includes the amount related to government subsidies.

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17. Property and equipment (continued)

(b) Changes in property and equipment for the years ended December 31, 2023 and 2022 are as follows:

| 2023 | | | | | | | |
|--------------------|------------------------------|--------------------|-----------------|------------------------------|----------------------------|---------------------------|---------------------------|
| | <u>Beginning balance</u> | <u>Acquisition</u> | <u>Disposal</u> | <u>Other changes (*)</u> | <u>Impairment loss</u> | <u>Deprecia- tion</u> | <u>Ending balance</u> |
| Land | ₩ 12,877 | - | - | - | - | - | 12,877 |
| Buildings | 21,484 | 70 | - | - | (1,301) | (554) | 19,699 |
| Structure | 983 | - | - | - | (109) | (135) | 739 |
| Rental property | 13,855 | 8,791 | (1,742) | - | - | (5,779) | 15,125 |
| Equipment | 32,077 | 6,824 | (431) | 781 | - | (11,658) | 27,593 |
| Other assets | 140 | 730 | - | (781) | - | - | 89 |
| | <u>₩ 81,416</u> | <u>16,415</u> | <u>(2,173)</u> | <u>-</u> | <u>(1,410)</u> | <u>(18,126)</u> | <u>76,122</u> |

(*) Assets under construction have been replaced to equipment.

| 2022 | | | | | | | |
|--------------------|------------------------------|--------------------|-----------------|------------------------------|---------------------|-----------------------|--|
| | <u>Beginning balance</u> | <u>Acquisition</u> | <u>Disposal</u> | <u>Other changes (*)</u> | <u>Depreciation</u> | <u>Ending balance</u> | |
| Land | ₩ 12,877 | - | - | - | - | 12,877 | |
| Buildings | 21,962 | 74 | - | - | (552) | 21,484 | |
| Structure | 1,118 | - | - | - | (135) | 983 | |
| Rental property | 17,836 | 1,600 | (473) | - | (5,108) | 13,855 | |
| Equipment | 37,784 | 4,644 | (350) | 2,984 | (12,985) | 32,077 | |
| Other assets | 2,146 | 965 | (61) | (2,910) | - | 140 | |
| | <u>₩ 93,723</u> | <u>7,283</u> | <u>(884)</u> | <u>74</u> | <u>(18,780)</u> | <u>81,416</u> | |

(*) Assets under construction have been replaced to equipment.

(c) As of December 31, 2023, there are no property and equipment provided as collateral.

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18. Intangible assets

(a) Details of intangible assets as of December 31, 2023 and 2022 are as follows:

| | | 2023 | | | | 2022 | | | |
|---------------------|---|------------------|--------------------------|-----------------------------|------------------|-------------------|--------------------------|-----------------------------|------------------|
| | | Acquisition cost | Accumulated amortization | Accumulated impairment loss | Carry-ing amount | Acquisition costs | Accumulated amortization | Accumulated impairment loss | Carry-ing amount |
| Development cost(*) | ₩ | 463,371 | (282,677) | (1,001) | 179,693 | 448,612 | (226,006) | - | 222,606 |
| Software(*) | | 125,620 | (95,723) | - | 29,897 | 120,050 | (84,644) | - | 35,406 |
| Membership | | 9,086 | - | (729) | 8,357 | 6,602 | - | (627) | 5,975 |
| Others | | 17,507 | (52) | - | 17,455 | 5,313 | - | - | 5,313 |
| | ₩ | <u>615,584</u> | <u>(378,452)</u> | <u>(1,730)</u> | <u>235,402</u> | <u>580,577</u> | <u>(310,650)</u> | <u>(627)</u> | <u>269,300</u> |

(*) Acquisition cost and accumulated amortization of development cost and software include government subsidies.

(b) Changes in intangible assets for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | | | | | | |
|------------------|---|-------------------|---------------|----------------|-------------------|-----------------|-----------------|----------------|
| | | Beginning balance | Acquisition | Disposal | Other changes (*) | Impairment loss | Amortization | Ending balance |
| Development cost | ₩ | 222,606 | 5,057 | (1,887) | 12,946 | (1,001) | (58,028) | 179,693 |
| Software | | 35,406 | 4,643 | (12) | 1,199 | - | (11,339) | 29,897 |
| Membership | | 5,975 | 3,133 | (638) | - | (113) | - | 8,357 |
| Others | | 5,313 | 26,288 | - | (14,145) | - | (1) | 17,455 |
| | ₩ | <u>269,300</u> | <u>39,121</u> | <u>(2,537)</u> | <u>-</u> | <u>(1,114)</u> | <u>(69,368)</u> | <u>235,402</u> |

(*) Amount of replacement of intangible assets under development as development cost, software, and property and equipment.

| | | 2022 | | | | | | |
|------------------|---|-------------------|----------------|----------------|-------------------|-----------------|-----------------|----------------|
| | | Beginning balance | Acquisition | Disposal | Other changes (*) | Impairment loss | Amortization | Ending balance |
| Development cost | ₩ | 52,425 | 5,088 | (108) | 209,982 | - | (44,781) | 222,606 |
| Software | | 22,193 | 2,167 | (126) | 21,579 | - | (10,407) | 35,406 |
| Membership | | 6,588 | - | (600) | - | (13) | - | 5,975 |
| Others | | 133,446 | 104,220 | (717) | (231,635) | - | (1) | 5,313 |
| | ₩ | <u>214,652</u> | <u>111,475</u> | <u>(1,551)</u> | <u>(74)</u> | <u>(13)</u> | <u>(55,189)</u> | <u>269,300</u> |

(*) Amount of replacement of intangible assets under development as development cost, software, and property and equipment.

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19. Insured assets

Details of insurance subscriptions for cash, securities and property and equipment of the Company as of the December 31, 2023 are as follows:

| Insurance type | Insured assets | Insurance company | Amount covered | |
|--|---|---|----------------|---------|
| | | | 2023 | 2022 |
| Comprehensive insurance for financial institutions | Electronic financial transaction | Meritz Fire & Marine Insurance Co., Ltd. etc. ₩ | 500 | 500 |
| Comprehensive property insurance | Comprehensive property risk | Samsung Fire & Marine Insurance Co., Ltd. etc. | 106,450 | 126,933 |
| Executive Liability Insurance | Mechanical risk, general liability risk | Meritz Fire & Marine Insurance Co., Ltd. | 50,000 | 50,000 |
| Other insurance 1 | Directors and officers | Meritz Fire & Marine Insurance Co., Ltd., etc. | 5,000 | 5,000 |
| Other insurance 2 | Personal information leakage | MG Non-life Insurance Co., Ltd. | 540 | 480 |
| Other insurance 3 | Cash, securities | Samsung Fire & Marine Insurance Co., Ltd. | 90 | - |
| | Elevator accident | ₩ | 162,580 | 182,913 |

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20. Investment properties

(a) Details of investment properties as of December 31, 2023 and 2022 are as follows:

| | | 2023 | | | 2022 | | |
|-----------|---|------------------|--------------------------|---------------|------------------|--------------------------|-----------------|
| | | Acquisition cost | Accumulated depreciation | Book value | Acquisition cost | Accumulated depreciation | Carrying amount |
| Land | ₩ | 6,032 | - | 6,032 | 6,032 | - | 6,032 |
| Buildings | | 10,649 | (2,284) | 8,365 | 10,649 | (2,071) | 8,578 |
| | ₩ | <u>16,681</u> | <u>(2,284)</u> | <u>14,397</u> | <u>16,681</u> | <u>(2,071)</u> | <u>14,610</u> |

(b) Changes in investment properties for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | | |
|-----------|---|-------------------|--------------|----------------|
| | | Beginning balance | Depreciation | Ending balance |
| Land | ₩ | 6,032 | - | 6,032 |
| Buildings | | 8,578 | (212) | 8,365 |
| | ₩ | <u>14,610</u> | <u>(212)</u> | <u>14,397</u> |

| | | 2022 | | |
|-----------|---|-------------------|--------------|----------------|
| | | Beginning balance | Depreciation | Ending balance |
| Land | ₩ | 6,032 | - | 6,032 |
| Buildings | | 8,790 | (212) | 8,578 |
| | ₩ | <u>14,822</u> | <u>(212)</u> | <u>14,610</u> |

(c) Income and expenses on investment property for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|--|---|------|-------|
| Rental income | ₩ | 758 | 1,152 |
| Direct operating expenses for investment properties that generated rental income | | 212 | 212 |

(d) Fair value measurement

The fair value of investment property as of December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|-----------|---|---------------|---------------|
| Land | ₩ | 16,320 | 7,386 |
| Buildings | | 16,320 | 10,286 |
| | ₩ | <u>32,640</u> | <u>17,672</u> |

The fair value of an investment property is determined by the value measured by an independent assessment agency that has recently assessed a similar property in the area of the investment property being assessed, which is classified as Level 3 fair value based on inputs used in the valuation technique.

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21. Derivatives

(a) Notional amount of derivatives instruments as of December 31, 2023 and 2022 are as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|-------------------------|
| Currency related derivatives: | | |
| Exchange traded: | | |
| Currency futures | ₩ 768,905 | 606,042 |
| Over the counter: | | |
| Currency forward | - | 65,553 |
| Equity related derivatives: | | |
| Exchange traded: | | |
| Equity futures | 269,160 | 874,321 |
| Over the counter: | | |
| Equity options | 384,417 | 337,543 |
| Interest rate related derivatives: | | |
| Exchange traded: | | |
| Interest rate futures | 99,325 | 140,198 |
| Other derivatives: | | |
| Exchange traded: | | |
| Commodity futures | 5,780 | 6,397 |
| | <u>1,527,587</u> | <u>2,030,054</u> |
| Hedges: | | |
| Fair value hedges: | | |
| Currency forward | 314,757 | 106,908 |
| Cash flow hedges: | | |
| Currency forward | 1,497,561 | 1,105,080 |
| Currency swaps | 2,816,192 | 2,527,226 |
| Interest rate forward | 1,681,185 | 1,574,675 |
| | <u>6,309,695</u> | <u>5,313,889</u> |
| ₩ | <u><u>7,837,282</u></u> | <u><u>7,343,943</u></u> |

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21. Derivatives (continued)

(b) Fair value

The fair values of derivatives held as of December 31, 2023 and 2022 are as follows:

| | 2023 | | 2022 | |
|--------------------------------------|---------|-------------|--------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Currency related derivatives: | | | | |
| Exchange traded: | | | | |
| Currency futures | ₩ 30 | - | 2 | - |
| Over the counter: | | | | |
| Currency forward | - | - | 3,066 | 1,148 |
| Equity related derivatives: | | | | |
| Exchange traded: | | | | |
| Stock futures | 763 | 39 | 16 | 1,132 |
| Over the counter: | | | | |
| Stock options | 4,625 | - | 1,573 | - |
| Equity related derivatives: | | | | |
| Exchange traded: | | | | |
| Commodity futures | 78 | 69 | 119 | 75 |
| | 5,496 | 108 | 4,776 | 2,355 |
| Hedges: | | | | |
| Fair value hedges: | | | | |
| Currency forward | 2,186 | 764 | 2,020 | 126 |
| Cash flow hedges: | | | | |
| Currency forward | 20,762 | 36,686 | 26,167 | 42,577 |
| Currency swaps | 38,417 | 96,487 | 53,565 | 65,998 |
| Interest rate forward | 49,517 | 105,895 | 5,546 | 209,522 |
| | 110,882 | 239,832 | 87,298 | 318,223 |
| ₩ | 116,378 | 239,940 | 92,074 | 320,578 |

(c) Gains or losses related to derivatives for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|------------------------------------|-----------|---------|
| Gain related to derivatives | | |
| Gain on trading | ₩ 121,323 | 163,521 |
| Gain on valuation | 26,176 | 88,892 |
| | 147,499 | 252,413 |
| Loss related to derivatives | | |
| Loss on trading | 201,878 | 295,939 |
| Loss on valuation | 99,444 | 91,748 |
| ₩ | 301,322 | 387,687 |

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As of December 31, 2023 and 2022

(In millions of won)

21. Derivatives (continued)

(d) Gains and losses on valuation of derivatives

Details of valuation gains and losses of derivatives for the years ended December 31, 2023 and 2022 are as follows:

| | | 2022 | | |
|--------------------------------------|---|----------------|----------------|--------------------------|
| | | Profit or loss | | Accumulated other |
| | | Valuation gain | Valuation loss | comprehensive income (*) |
| Currency related derivatives: | | | | |
| Exchange traded: | | | | |
| Currency futures | ₩ | 30 | - | - |
| Equity related derivatives: | | | | |
| Exchange traded: | | | | |
| Equity futures | | 763 | 39 | - |
| Over the counter: | | | | |
| Equity options | | 1,295 | 879 | - |
| Other derivatives: | | | | |
| Exchange traded: | | | | |
| Commodity futures | | 77 | 69 | - |
| | ₩ | 2,165 | 987 | - |
| Hedges: | | | | |
| Fair value hedges: | | | | |
| Currency forward | | 2,186 | 1,151 | - |
| Cash flow hedges: | | | | |
| Currency forward | | 14,818 | 15,648 | 3,098 |
| Currency swaps | | 6,858 | 79,377 | 7,019 |
| Interest rate forward | | 149 | 2,281 | 148,331 |
| | | 24,011 | 98,457 | 158,448 |
| | ₩ | 26,176 | 99,444 | 158,448 |

(*) The accumulated other comprehensive income resulting from the application of cash flow hedge accounting is the amount before deducting the tax effect.

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21. Derivatives (continued)

(d) Gains and losses on valuation of derivatives (continued)

Details of valuation gains and losses of derivatives for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| | | 2022 | | |
|--------------------------------------|---|----------------|----------------|--------------------------|
| | | Profit or loss | | Accumulated other |
| | | Valuation gain | Valuation loss | comprehensive income (*) |
| Currency related derivatives: | | | | |
| Over the counter: | | | | |
| Currency forward | ₩ | 2,636 | 1,148 | - |
| Equity related derivatives: | | | | |
| Over the counter: | | | | |
| Equity options | | 44 | 943 | - |
| | | 2,680 | 2,091 | - |
| Hedges: | | | | |
| Fair value hedges: | | | | |
| Currency forward | | 1,801 | 126 | - |
| Cash flow hedges: | | | | |
| Currency forward | | 23,481 | 38,295 | 16,212 |
| Currency swaps | | 60,486 | 45,003 | 51,804 |
| Interest rate forward | | 444 | 6,233 | (191,161) |
| | | 86,212 | 89,657 | (123,145) |
| | ₩ | 88,892 | 91,748 | (123,145) |

(*) The accumulated other comprehensive income resulting from the application of cash flow hedge accounting is the amount before deducting the tax effect.

SHINHAN LIFE INSURANCE CO., LTD.

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21. Derivatives (continued)

(e) Gains or losses related to hedge

i) The amounts recognized in profit or loss due to the ineffectiveness of the hedge in fair value hedges for the years ended December 31, 2023 and 2022 are as follows:

| | | December 31, 2023 | | |
|--------------------------------------|---|--|--|---|
| | | Fair value hedge designated gains or losses (hedge item) | Fair value hedge designated gains or losses (hedging instrument) | Ineffective portion of hedge recognized at profit or loss (*) |
| Fair value hedge | | | | |
| Foreign currency translation risk | ₩ | 1,566 | (1,977) | (411) |

(*) An ineffective portion of hedge is the difference of hedging gains or losses between the hedging instrument and the hedged item.

| | | December 31, 2022 | | |
|--------------------------------------|---|--|--|---|
| | | Fair value hedge designated gains or losses (hedge item) | Fair value hedge designated gains or losses (hedging instrument) | Ineffective portion of hedge recognized at profit or loss (*) |
| Fair value hedge | | | | |
| Foreign currency translation risk | ₩ | 23,639 | (22,389) | 1,250 |
| Stock volatility risk | | (8,306) | 8,175 | (131) |
| | ₩ | 15,333 | (14,214) | 1,119 |

(*) An ineffective portion of hedge is the difference of hedging gains or losses between the hedging instrument and the hedged item.

ii) The amounts and the accounts affecting profit or loss and other comprehensive income due to the ineffectiveness of the hedge in cash flow hedges for the years ended December 31, 2023 and 2022 are as follows:

| | | December 31, 2023 | | |
|--------------------------------------|---|---|--|---|
| | | Hedge gains or losses for the reporting period recognized at other comprehensive income (*1) | Ineffective portion of hedge recognized at profit or loss (*2) | Amount reclassified from cash flow hedge reserves to profit or loss |
| Cash flow hedge | | | | |
| Interest rate risk | ₩ | 148,331 | (2,132) | - |
| Foreign currency translation risk | | 10,117 | (5,466) | (112,246) |
| Discontinuation of Hedging (*3) | | (14,659) | - | 14,659 |
| | ₩ | 143,789 | (7,598) | (97,587) |

(*1) Amount before deduction of income tax effect as other comprehensive income in the statement of comprehensive income.

(*2) Ineffective portion of hedge: difference of hedging gains or losses between the hedging instrument and the hedged item.

(*3) A derivative contract to avoid the risk of cash flow changes in debt securities due to changes in interest rates, which has expired as of December 31, 2023.

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21. Derivatives (continued)

(e) Gains or losses related to hedge (continued)

ii) The amounts and the accounts affecting profit or loss and other comprehensive income due to the ineffectiveness of the hedge in cash flow hedges for the years ended December 31, 2023 and 2022 are as follows (continued):

| | | December 31, 2022 | | |
|-----------------------------------|---|--|--|---|
| | | Hedge gains or losses for the reporting period recognized at other comprehensive income (*1) | Ineffective portion of hedge recognized at profit or loss (*2) | Amount reclassified from cash flow hedge reserves to profit or loss |
| Cash flow hedge | | | | |
| Interest rate risk | ₩ | (191,161) | (5,788) | - |
| Foreign currency translation risk | | 68,016 | (10,846) | (68,971) |
| Discontinuation of Hedging (*3) | | (9,270) | - | 9,270 |
| | ₩ | (132,415) | (16,634) | (59,701) |

(*1) Amount before deduction of income tax effect as other comprehensive income in the statement of comprehensive income.

(*2) Ineffective portion of hedge: difference of hedging gains or losses between the hedging instrument and the hedged item

(*3) A derivative contract to avoid the risk of cash flow changes in debt securities due to changes in interest rates, which has expired as of December 31, 2023.

(f) Effects of hedge accounting on statement of financial position, statement of comprehensive income, and statement of changes in equity

i) Hedging purpose and strategy

The Company trades derivative instruments to avoid exchange risk and interest rate risk and share price fluctuation risk arising from the assets of the Company. The Company applies fair value hedge accounting using currency forward, currency swap, and stock futures to avoid fair value changes due to exchange rate and stock price changes of foreign currency beneficiary certificates and bonds. The Company also applies cash flow hedge accounting using currency forward, currency swap and interest rate forward to avoid cash flow volatility caused by exchange rate and interest rate changes of foreign currency bonds and structured deposits, as well as bonds in won.

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21. Derivatives (continued)

(f) Effects of hedge accounting on statement of financial position, statement of comprehensive income, and statement of changes in equity (continued)

ii) Average hedge ratio

The nominal amount of the hedging instrument and the average hedge ratio for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | | | | | | |
|---|---|---------------------|--------------|--------------|--------------|--------------|----------------------|-----------|
| | | Less than 1 year | 1~2 years | 2~3 years | 3~4 years | 4~5 years | More than 5 years | Total |
| Interest rate risk | | | | | | | | |
| - Nominal amount of hedging instrument | ₩ | 202,945 | 18,144 | 815,507 | 361,589 | 283,000 | - | 1,681,185 |
| - Average price | | 2.27% | 2.38% | 2.53% | 3.42% | 3.66% | - | |
| - Average hedge ratio | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | - | 100.0% |
| Foreign currency risk(*) | | | | | | | | |
| - Nominal amount of hedging instrument | ₩ | 1,223,220 | 876,204 | 655,262 | 766,337 | 1,080,163 | 27,324 | 4,628,510 |
| - Average hedge ratio: | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

(*) The average exchange rate of the hedging instrument is 1,231.12 USD/KRW, 1,381.85 EUR/KRW, 1,484.00 GBP/KRW, 858.03 AUD/KRW, 126.81 SEK/KRW.

| | | 2022 | | | | | | |
|--|---|---------------------|--------------|--------------|--------------|--------------|----------------------|-----------|
| | | Less than 1 year | 1~2 years | 2~3 years | 3~4 years | 4~5 years | More than 5 years | Total |
| Interest rate risk | | | | | | | | |
| - Nominal amount of hedging instrument | ₩ | 176,490 | 202,945 | 18,144 | 815,507 | 361,589 | - | 1,574,675 |
| - Average price | | 4.03% | 2.28% | 2.38% | 2.53% | 3.42% | - | |
| - Average hedge ratio | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | - | 100.0% |
| Foreign currency risk(*) | | | | | | | | |
| - Nominal amount of hedging instrument | ₩ | 1,192,721 | 762,612 | 622,762 | 388,741 | 772,378 | - | 3,739,214 |
| - Average hedge ratio: | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | - | 100.0% |

(*) The average exchange rate of the hedging instrument is 1,201.46 USD/KRW, 1,340.75 EUR/KRW, 1,484.00 GBP/KRW, 827.83 AUD/KRW, 126.42 SEK/KRW.

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21. Derivatives (continued)

(f) Effects of hedge accounting on statement of financial position, statement of comprehensive income, and statement of changes in equity (continued)

iii) The impact of hedging instrument on statement of financial position, statement of comprehensive income, statement of changes in equity designated as of December 31, 2023 and 2022.

| 2023 | | | | | |
|------------------|-----------------------|----------------|----------------|-----------|--------------------------------------|
| Classification | | Nominal amount | Carrying value | | Fair value changes during the period |
| | | | Asset | Liability | |
| Fair value hedge | Currency forward | ₩ 314,756 | 2,186 | 764 | 1,035 |
| | Interest rate forward | 1,681,185 | 49,517 | 105,895 | 144,167 |
| Cash flow hedge | Currency swap | 2,816,192 | 38,417 | 96,487 | (63,424) |
| | Currency forward | ₩ 1,497,561 | 20,762 | 36,686 | 3,880 |

| 2023 | | | | | |
|------------------|-----------------------|----------------|----------------|-----------|--------------------------------------|
| Classification | | Nominal amount | Carrying value | | Fair value changes during the period |
| | | | Asset | Liability | |
| Fair value hedge | Currency forward | ₩ 106,908 | 2,020 | 126 | 1,675 |
| | Interest rate forward | 1,574,675 | 5,546 | 209,522 | (196,949) |
| Cash flow hedge | Currency swap | 2,527,226 | 53,565 | 65,998 | 65,909 |
| | Currency forward | ₩ 1,105,080 | 26,167 | 42,577 | 519 |

iv) The impact of hedged item on statement of financial position, statement of comprehensive income, statement of changes in equity designated as of December 31, 2023 and 2022.

| 2023 | | | | | | | |
|------------------|--|----------------|-----------|--|-----------|------------------------------|--------------------------|
| Classification | | Carrying value | | Accumulated adjustments for fair value hedge | | FV changes during the period | Cash flow hedge reserves |
| | | Asset | Liability | Asset | Liability | | |
| Fair value hedge | Foreign exchange risk: Securities in foreign currencies | ₩ 337,182 | - | - | - | 1,445 | - |
| | Interest rate risk: bonds in won and in foreign currencies | 641,750 | - | - | - | - | 9,401 |
| Cash flow hedge | Foreign exchange risk: bonds and loans in foreign currencies | ₩ 3,367,726 | - | - | - | 67,884 | 50,627 |

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21. Derivatives (continued)

(f) Effects of hedge accounting on statement of financial position, statement of comprehensive income, and statement of changes in equity (continued)

iv) The impact of hedged item on statement of financial position, statement of comprehensive income, statement of changes in equity designated as of December 31, 2023 and 2022 (continued).

| | | 2022 | | | | | |
|------------------|--|----------------|-----------|--|-----------|------------------------------|--------------------------|
| Classification | | Carrying value | | Accumulated adjustments for fair value hedge | | FV changes during the period | Cash flow hedge reserves |
| | | Asset | Liability | Asset | Liability | | |
| Fair value hedge | Foreign exchange risk: Securities in foreign currencies | ₩ 102,113 | - | - | - | (1,111) | - |
| Cash flow hedge | Interest rate risk: bonds in won and in foreign currencies | 475,027 | - | - | - | - | (124,271) |
| | Foreign exchange risk: bonds and loans in foreign currencies | ₩ 2,821,186 | - | - | - | (11,515) | 40,510 |

(g) As of December 31, 2023, due from banks restricted on the use of derivative trading is ₩ 72,150 million (₩62,099 as of December 31, 2022). Of these, there is ₩ 31,309 million restricted on use, deposited at Shinhan Securities Co., Ltd., a related party as of December 31, 2023.

(h) For the year ended December 31, 2023, financial assets of ₩500,445million (₩429,046 million as of December 31, 2022) are provided as collateral to financial institutions such as Samsung Futures Co., Ltd. for derivatives transactions. Of these, the collateral amount provided to the related party, Shinhan Securities Co., Ltd. and Shinhan bank Co., Ltd. is ₩47,724 and ₩7,203 million, respectively.

22. Other assets

Other assets as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|-----------------|----------|--------|
| Prepaid expense | ₩ 9,887 | 11,116 |
| Prepayments | 792 | - |
| Others | 15 | 21 |
| | ₩ 10,694 | 11,137 |

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23. Secured Assets

The assets provided as collateral as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 | Reason for provision of collateral |
|---|------------------|----------------|---|
| Securities at fair value through profit or loss | ₩ 132,226 | 87,032 | Variable annuity funds substitute securities |
| Securities at fair value through other comprehensive income | 294,262 | 674,011 | Derivatives, overdraft |
| Securities at amortized cost | 82,252 | 107,942 | Derivatives, overdraft, compensation joint fund |
| Investment property | - | 624 | Settlement of mortgage loan |
| | <u>₩ 508,740</u> | <u>869,609</u> | |

24. Insurance contract liabilities

(a) The carrying amount of insurance contract liabilities as of December 31, 2023 and 2022, is as follows:

| | 2023 | 2022 |
|--------------------|---------------------|-------------------|
| Life | ₩ 14,357,124 | 11,901,873 |
| Health | 5,194,258 | 4,826,768 |
| Pension savings | 20,752,206 | 21,310,846 |
| Variable insurance | 5,225,398 | 4,887,676 |
| Total | <u>₩ 45,528,986</u> | <u>42,927,163</u> |

SHINHAN LIFE INSURANCE CO., LTD.

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(In millions of won)

24. Insurance contract liabilities(continued)

(b) As of December 31, 2023, and December 31, 2022, and the beginning of 2022, the Company applied the following assumptions for estimating future cash flows for the contracts held, along with the basis for their determination.

| Classification | Assumptions | | | Measurement basis |
|--|---------------|---------------|---------------|---|
| | Dec 31, 2023 | Dec 31, 2022 | Jan 1, 2022 | |
| Surrender ratio | 0%~73.78% | 0%~78% | 0%~78% | <p>The ratio of surrender contract amount to the maintained contract amount, calculated based on recent 5-year experience statistics, by premium payment type, product group, interest rate category, channel, and duration.</p> <p>- Other than general mortality: the ratio of accident insurance premiums to on-level risk insurance premiums by risk security and elapsed period based on the last five years' experience statistics</p> <p>- General mortality: the ratio of actual mortality to expected mortality rate by risk security and elapsed period based on the last five years' experience statistics</p> |
| Loss ratio | 17% ~ 756% | 9% ~ 771% | 11% ~ 833% | |
| Expense ratio | - | - | - | <p>The company utilizes a business plan (budget) incorporating future expense policies based on statistical data from the past year or more. This plan is used to calculate unit costs such as lapse rates, agent commissions, new/retained contract counts, new/continuing premiums, reserve funds, etc.</p> <p>Financial Supervisory Service disclosure standard interest rate term structure.</p> |
| Discount rate | 3.75% ~ 4.80% | 4.38% ~ 5.17% | 1.55% ~ 4.95% | |
| The confidence level for the risk adjustment regarding non-financial risks | 75% | 75% | 75% | <p>The risk adjustment is calculated as the portion exceeding the probability-weighted average of the present value of future cash flows at the 75%, assuming that the probability distribution of the present value of future cash flows follows a normal distribution at each reporting date.</p> |

SHINHAN LIFE INSURANCE CO., LTD.

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(In millions of won)

24. Insurance contract liabilities (continued)

(c) Reconciliation from the opening to the closing balances of the liability for remaining coverage and the liability for incurred claims is as follows – Contracts other than those to which the premium allocation approach has been applied:

| | | 2023 | | | |
|---|---|----------------------------------|----------------|-----------------|-------------|
| | | Liability for remaining coverage | | Liability for | |
| | | Excluding loss | Loss component | incurred claims | Total |
| | | component | | | |
| Opening balance: | | | | | |
| Insurance contract liabilities | ₩ | 40,714,354 | 402,680 | 1,809,940 | 42,926,974 |
| Insurance revenue: | | | | | |
| Contracts under the modified retrospective approach | | (554,687) | - | - | (554,687) |
| Contracts under the fair value approach | | (1,672,506) | - | - | (1,672,506) |
| Other contracts | | (401,540) | - | - | (401,540) |
| | | (2,628,733) | - | - | (2,628,733) |
| Insurance service expenses: | | | | | |
| Incurred claims and other insurance service expenses | | - | - | 1,542,097 | 1,542,097 |
| Adjustments to liabilities for incurred claims | | - | - | 11,529 | 11,529 |
| Losses and reversals of losses on onerous contracts | | - | 41,393 | - | 41,393 |
| Amortization of insurance acquisition cash flows | | 256,378 | - | - | 256,378 |
| Experience adjustments to insurance acquisition cash flows that are not related to future service | | (25,768) | - | - | (25,768) |
| Others | | 143 | (16,549) | - | (16,406) |
| | | 230,753 | 24,844 | 1,553,626 | 1,809,223 |
| Investment components and premium refunds | | (5,281,435) | - | 5,281,435 | - |
| Insurance finance income or expenses recognized in: | | | | | |
| Profit or loss | | 2,070,718 | 2,611 | 62,857 | 2,136,186 |
| Other comprehensive income | | 2,942,875 | 3,439 | 1,172 | 2,947,486 |
| | | 5,013,593 | 6,050 | 64,029 | 5,083,672 |
| Cash flows: | | | | | |
| Premiums received | | 6,196,635 | - | - | 6,196,635 |
| Insurance acquisition cash flows | | (977,431) | - | - | (977,431) |
| Claims and other insurance service expenses paid | | (452) | - | (1,525,997) | (1,526,449) |
| Investment components received (paid) and premium refunds | | - | - | (5,355,137) | (5,355,137) |
| | | 5,218,752 | - | (6,881,134) | (1,662,382) |
| Other changes | | 5 | (5) | - | - |
| Closing balance: | | | | | |
| Insurance contract liabilities | ₩ | 43,267,289 | 433,569 | 1,827,896 | 45,528,754 |

SHINHAN LIFE INSURANCE CO., LTD.

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As of December 31, 2023 and 2022

(In millions of won)

24. Insurance contract liabilities (continued)

(c) Reconciliation from the opening to the closing balances of the liability for remaining coverage and the liability for incurred claims is as follows – Contracts other than those to which the premium allocation approach has been applied:(continued)

| | | 2022 | | | |
|---|---|----------------------------------|----------------|-----------------|-------------|
| | | Liability for remaining coverage | | Liability for | |
| | | Excluding loss | Loss component | incurred claims | Total |
| | | component | | | |
| Opening balance: | | | | | |
| Insurance contract liabilities | ₩ | 48,414,390 | 346,204 | 1,861,002 | 50,621,596 |
| Insurance revenue: | | | | | |
| Contracts under the modified retrospective approach | | (646,221) | - | - | (646,221) |
| Contracts under the fair value approach | | (1,690,331) | - | - | (1,690,331) |
| Other contracts | | (132,798) | - | - | (132,798) |
| | | (2,469,350) | - | - | (2,469,350) |
| Insurance service expenses: | | | | | |
| Incurred claims and other insurance service expenses | | - | - | 1,483,063 | 1,483,063 |
| Adjustments to liabilities for incurred claims | | - | - | (37,056) | (37,056) |
| Losses and reversals of losses on onerous contracts | | - | 77,951 | - | 77,951 |
| Amortization of insurance acquisition cash flows | | 206,846 | - | - | 206,846 |
| Experience adjustments to insurance acquisition cash flows that are not related to future service | | (4,359) | - | - | (4,359) |
| Others | | 843 | (14,929) | - | (14,086) |
| | | 203,330 | 63,022 | 1,446,007 | 1,712,359 |
| Investment components and premium refunds | | (5,790,725) | - | 5,790,725 | - |
| Insurance finance income or expenses recognized in: | | | | | |
| Profit or loss | | 712,675 | (768) | 58,382 | 770,289 |
| Other comprehensive income | | (6,389,969) | (5,704) | (4,093) | (6,399,766) |
| | | (5,677,294) | (6,472) | 54,289 | (5,629,477) |
| Cash flows: | | | | | |
| Premiums received | | 6,875,624 | - | - | 6,875,624 |
| Insurance acquisition cash flows | | (841,326) | - | - | (841,326) |
| Claims and other insurance service expenses paid | | (369) | - | (1,468,413) | (1,468,782) |
| Investment components received (paid) and premium refunds | | - | - | (5,873,670) | (5,873,670) |
| | | 6,033,929 | - | (7,342,083) | (1,308,154) |
| Other changes | | 74 | (74) | - | - |
| Closing balance: | | | | | |
| Insurance contract liabilities | ₩ | 40,714,354 | 402,680 | 1,809,940 | 42,926,974 |

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24. Insurance contract liabilities (continued)

(d) Reconciliation from the opening to the closing balances of the liability for remaining coverage and the liability for incurred claims is as follows – Contracts measured under the premium allocation approach:

| 2023 | | | | |
|--|----------------------------------|---|--|-------|
| | Liability for remaining coverage | Liability for incurred claims | | Total |
| | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | |
| Opening balance: | | | | |
| Insurance contract liabilities | ₩ 33 | 146 | 10 | 189 |
| Insurance revenue | (406) | - | - | (406) |
| Insurance service expenses: | | | | |
| Incurred claims and other insurance service expenses | 33 | 842 | 4 | 879 |
| Adjustments to liabilities for incurred claims | - | (3) | (7) | (10) |
| Losses and reversals of losses on onerous contracts | 23 | - | - | 23 |
| | 56 | 839 | (3) | 892 |
| Investment components and premium refunds | (9) | 9 | - | - |
| Insurance finance income or expenses recognized in: | | | | |
| Profit or loss | - | 4 | - | 4 |
| Other comprehensive income | - | 2 | - | 2 |
| | - | 6 | - | 6 |
| Cash flows: | | | | |
| Premiums received | 457 | - | - | 457 |
| Insurance acquisition cash flows | (33) | - | - | (33) |
| Claims and other insurance service expenses paid | - | (864) | - | (864) |
| Investment components received (paid) and premium refunds | - | (9) | - | (9) |
| | 424 | (873) | - | (449) |
| Closing balance: | | | | |
| Insurance contract liabilities | ₩ 98 | 127 | 7 | 232 |

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24. Insurance contract liabilities (continued)

(d) Reconciliation from the opening to the closing balances of the liability for remaining coverage and the liability for incurred claims is as follows – Contracts measured under the premium allocation approach:(continued)

| | | 2022 | | |
|--|----------------------------------|---|--|-------|
| | | Liability for incurred claims | | |
| | Liability for remaining coverage | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Total |
| Opening balance: | | | | |
| Insurance contract liabilities | ₩ 219 | 348 | 23 | 590 |
| Insurance revenue | (349) | - | - | (349) |
| Insurance service expenses: | | | | |
| Incurred claims and other insurance service expenses | 791 | 438 | 5 | 1,234 |
| Adjustments to liabilities for incurred claims | - | (136) | (18) | (154) |
| Losses and reversals of losses on onerous contracts | (178) | - | - | (178) |
| | 613 | 302 | (13) | 902 |
| Investment components and premium refunds | (2) | 2 | - | - |
| Insurance finance income or expenses recognized in: | | | | |
| Profit or loss | - | 3 | - | 3 |
| Other comprehensive income | - | (1) | - | (1) |
| | - | 2 | - | 2 |
| Cash flows: | | | | |
| Premiums received | 343 | - | - | 343 |
| Insurance acquisition cash flows | (791) | - | - | (791) |
| Claims and other insurance service expenses paid | - | (506) | - | (506) |
| Investment components received (paid) and premium refunds | - | (2) | - | (2) |
| | (448) | (508) | - | (956) |
| Closing balance: | | | | |
| Insurance contract liabilities | ₩ 33 | 146 | 10 | 189 |

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(In millions of won)

24. Insurance contract liabilities (continued)

(e) Reconciliation from the opening to the closing balances of insurance contract liability analyzed by components is as follows – Contracts other than those to which the premium allocation approach has been applied:

| | | 2023 | | | | | |
|--|---|--|---|-------------------------------------|-----------------|-----------|-------------|
| | | Contractual service margin (CSM) | | | | | |
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contracts under modified retrospective approach | Contracts under fair value approach | Other contracts | Subtotal | Total |
| Opening balance: | | | | | | | |
| Insurance contract liabilities | ₩ 34,850,352 | 1,151,709 | 2,344,826 | 3,885,156 | 694,931 | 6,924,913 | 42,926,974 |
| Changes that relate to future service: | | | | | | | |
| Changes in estimates that adjust the CSM | 285,110 | (84,264) | (298,984) | 274,674 | (176,536) | (200,846) | - |
| Changes in estimates that do not adjust the CSM | 30,079 | (4,204) | - | - | - | - | 25,875 |
| Contracts initially recognized in the period | (991,532) | 105,273 | - | - | 901,777 | 901,777 | 15,518 |
| | (676,343) | 16,805 | (298,984) | 274,674 | 725,241 | 700,931 | 41,393 |
| Changes that relate to current service: | | | | | | | |
| CSM recognized for services provided | - | - | (206,316) | (331,639) | (158,870) | (696,825) | (696,825) |
| Change in risk adjustment | - | (101,283) | - | - | - | - | (101,283) |
| Experience adjustments | (74,324) | - | - | - | - | - | (74,324) |
| | (74,324) | (101,283) | (206,316) | (331,639) | (158,870) | (696,825) | (872,432) |
| Changes that relate to past service: | | | | | | | |
| Adjustments to liabilities for incurred claims | 21,944 | (10,415) | - | - | - | - | 11,529 |
| Insurance finance income or expenses recognized in: | | | | | | | |
| Profit or loss | 1,853,897 | 42,583 | 66,968 | 125,139 | 47,599 | 239,706 | 2,136,186 |
| Other comprehensive income | 2,895,351 | 52,135 | - | - | - | - | 2,947,486 |
| | 4,749,248 | 94,718 | 66,968 | 125,139 | 47,599 | 239,706 | 5,083,672 |
| Cash flows: | | | | | | | |
| Premiums received | 6,196,635 | - | - | - | - | - | 6,196,635 |
| Insurance acquisition cash flows | (977,431) | - | - | - | - | - | (977,431) |
| Claims and other insurance service expenses paid | (1,526,449) | - | - | - | - | - | (1,526,449) |
| Investment components received (paid) and premium refunds | (5,355,137) | - | - | - | - | - | (5,355,137) |
| | (1,662,382) | - | - | - | - | - | (1,662,382) |
| Closing balance: | | | | | | | |
| Insurance contract liabilities | ₩ 37,208,495 | 1,151,534 | 1,906,494 | 3,953,330 | 1,308,901 | 7,168,725 | 45,528,754 |

SHINHAN LIFE INSURANCE CO., LTD.

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(In millions of won)

24. Insurance contract liabilities (continued)

(e) Reconciliation from the opening to the closing balances of insurance contract liability analyzed by components is as follows – Contracts other than those to which the premium allocation approach has been applied: (continued)

| | | 2022 | | | | | |
|--|---|--|---|-------------------------------------|-----------------|-----------|-------------|
| | | Contractual service margin (CSM) | | | | | |
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contracts under modified retrospective approach | Contracts under fair value approach | Other contracts | Subtotal | Total |
| Opening balance: | | | | | | | |
| Insurance contract liabilities | ₩ 42,860,165 | 1,273,127 | 2,734,701 | 3,753,603 | - | 6,488,304 | 50,621,596 |
| Changes that relate to future service: | | | | | | | |
| Changes in estimates that adjust the CSM | (128,163) | 7,281 | (222,064) | 367,676 | (24,730) | 120,882 | - |
| Changes in estimates that do not adjust the CSM | 10,144 | (808) | - | - | - | - | 9,336 |
| Contracts initially recognized in the period | (792,097) | 106,962 | - | - | 753,751 | 753,751 | 68,616 |
| | (910,116) | 113,435 | (222,064) | 367,676 | 729,021 | 874,633 | 77,952 |
| Changes that relate to current service: | | | | | | | |
| CSM recognized for services provided | - | - | (254,262) | (361,097) | (50,830) | (666,189) | (666,189) |
| Change in risk adjustment | - | (109,296) | - | - | - | - | (109,296) |
| Experience adjustments | (22,402) | - | - | - | - | - | (22,402) |
| | (22,402) | (109,296) | (254,262) | (361,097) | (50,830) | (666,189) | (797,887) |
| Changes that relate to past service: | | | | | | | |
| Adjustments to liabilities for incurred claims | (27,065) | (9,991) | - | - | - | - | (37,056) |
| Insurance finance income or expenses recognized in: | | | | | | | |
| Profit or loss | 504,923 | 37,201 | 86,451 | 124,974 | 16,740 | 228,165 | 770,289 |
| Other comprehensive income | (6,246,999) | (152,767) | - | - | - | - | (6,399,766) |
| | (5,742,076) | (115,566) | 86,451 | 124,974 | 16,740 | 228,165 | (5,629,477) |
| Cash flows: | | | | | | | |
| Premiums received | 6,875,624 | - | - | - | - | - | 6,875,624 |
| Insurance acquisition cash flows | (841,326) | - | - | - | - | - | (841,326) |
| Claims and other insurance service expenses paid | (1,468,782) | - | - | - | - | - | (1,468,782) |
| Investment components received (paid) and premium refunds | (5,873,670) | - | - | - | - | - | (5,873,670) |
| | (1,308,154) | - | - | - | - | - | (1,308,154) |
| Closing balance: | | | | | | | |
| Insurance contract liabilities | ₩ 34,850,352 | 1,151,709 | 2,344,826 | 3,885,156 | 694,931 | 6,924,913 | 42,926,974 |

SHINHAN LIFE INSURANCE CO., LTD.

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(In millions of won)

24. Insurance contract liabilities (continued)

(f) An analysis of insurance contract initially recognized during the periods ended December 31, 2023 and 2022 is as follows – Contracts other than those to which the premium allocation approach has been applied:

| | | 2023 | | | | |
|--|---|--|------------------------------|---|-------------------------------------|----------------------------|
| | | Present value estimate of future cash outflows | | Present value estimate of future cash inflows | Risk adjustment non-financial risks | Contractual service margin |
| | | Other than Insurance | Insurance | | | |
| | | acquisition cash flow amount | acquisition cash flow amount | | | |
| | | | | | | Total |
| Insurance contract initially recognized | | | | | | |
| Other than onerous group of contracts | ₩ | 2,789,323 | 975,692 | (4,765,475) | 98,683 | 901,777 |
| Onerous group of contracts | | 153,296 | 63,306 | (207,674) | 6,590 | - |
| | ₩ | 2,942,619 | 1,038,998 | (4,973,149) | 105,273 | 901,777 |
| | | | | | | 15,518 |
| | | | | | | 15,518 |
| | | 2022 | | | | |
| | | Present value estimate of future cash outflows | | Present value estimate of future cash inflows | Risk adjustment non-financial risks | Contractual service margin |
| | | Other than Insurance | Insurance | | | |
| | | acquisition cash flow amount | acquisition cash flow amount | | | |
| | | | | | | Total |
| Insurance contract initially recognized | | | | | | |
| Other than onerous group of contracts | ₩ | 2,314,596 | 783,758 | (3,948,951) | 96,846 | 753,751 |
| Onerous group of contracts | | 705,278 | 120,272 | (767,050) | 10,116 | - |
| | ₩ | 3,019,874 | 904,030 | (4,716,001) | 106,962 | 753,751 |
| | | | | | | 68,616 |
| | | | | | | 68,616 |

SHINHAN LIFE INSURANCE CO., LTD.

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(In millions of won)

24. Insurance contract liabilities (continued)

(g) An analysis of the expected recognition of the contract service margin remaining as of December 31, 2023 and 2022 in profit or loss is as follows – Contracts other than those to which the premium allocation approach has been applied:

| | | 2023 | | | | |
|--------------------------------|---|---------------------|--------------|--------------|---------------|-----------------------|
| | | Less than 1 year | 1~2 years | 2~5 years | 5~10 years | More than 10 years |
| Insurance contract liabilities | ₩ | 669,071 | 576,516 | 1,378,934 | 1,586,009 | 2,958,195 |
| | | Total | | | | |
| | | 7,168,725 | | | | |

| | | 2022 | | | | |
|--------------------------------|---|---------------------|--------------|--------------|---------------|-----------------------|
| | | Less than 1 year | 1~2 years | 2~5 years | 5~10 years | More than 10 years |
| Insurance contract liabilities | ₩ | 617,152 | 541,075 | 1,307,097 | 1,523,732 | 2,935,857 |
| | | Total | | | | |
| | | 6,924,913 | | | | |

(h) As of December 31, 2023 and as of December 31, 2022, the composition and fair value amounts of the underlying items of insurance contracts with direct participation features are as follows.

| | 2023 | 2022 |
|---|-------------|-----------|
| Cash and due from banks at amortized cost | ₩ 322,933 | 381,923 |
| Financial assets at fair value through profit or loss | 3,934,491 | 3,831,526 |
| Loans and receivables at amortized cost | 66,790 | 44,319 |
| Derivatives | 674 | (961) |
| Others | 81,468 | 79,950 |
| | ₩ 4,406,356 | 4,336,757 |

(*) The book value of financial assets (liabilities) for variable life insurance was ₩ 5,940,453 million as of December 31, 2023, and ₩ 5,695,788 million as of December 31, 2022, respectively.

SHINHAN LIFE INSURANCE CO., LTD.

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25. Reinsurance contract assets (liabilities)

(a) The carrying amount of reinsurance contract assets (liabilities) as of December 31, 2023, and 2022 is as follows:

| | | 2023 | | | |
|---|---|----------|----------|----------|----------|
| | | Life | Health | Combined | Total |
| Reinsurance contract assets | ₩ | - | - | 62,815 | 62,815 |
| Reinsurance contract liabilities | | (27,045) | (66,075) | - | (93,120) |
| Net reinsurance contract assets (liabilities) | ₩ | (27,045) | (66,075) | 62,815 | (30,305) |

| | | 2022 | | | |
|---|---|----------|----------|----------|----------|
| | | Life | Health | Combined | Total |
| Reinsurance contract assets | ₩ | - | - | 59,017 | 59,017 |
| Reinsurance contract liabilities | | (24,661) | (38,109) | - | (62,770) |
| Net reinsurance contract assets (liabilities) | ₩ | (24,661) | (38,109) | 59,017 | (3,753) |

SHINHAN LIFE INSURANCE CO., LTD.

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25. Reinsurance contract assets (liabilities)(continued)

(b) Reconciliation from the opening to the closing balances of the net assets (liabilities) for remaining coverage components and the assets for incurred claims recoverable is as follows – Reinsurance contracts other than those to which the premium allocation approach has been applied:

| | | 2023 | | |
|--|---|---|----------------------------|-----------|
| | | Remaining coverage component | | Total |
| | | Excluding loss recovery component | Loss recovery component | |
| | | | | |
| Opening balance: | | | | |
| Reinsurance contract assets | ₩ | 8,452 | 5,237 | 45,328 |
| Reinsurance contract liabilities | | (106,247) | 22,662 | 20,815 |
| Net assets (liabilities) | | (97,795) | 27,899 | 66,143 |
| Reinsurance revenue: | | | | |
| Recoveries on incurred claims and other incurred reinsurance service expenses | | - | - | 72,625 |
| Changes in expected recoveries on past claims | | - | - | (32,150) |
| Recognition and reversal of loss recovery component | | - | 1,383 | - |
| Others | | - | (1,498) | - |
| | | - | (115) | 40,475 |
| Reinsurance service expenses: | | | | |
| Reinsurance contracts under the fair value approach | | (52,637) | - | - |
| Other reinsurance contracts | | (18,994) | - | - |
| | | (71,631) | - | - |
| Investment components and reinsurance premium refunds | | (152,684) | - | 152,684 |
| Reinsurance finance income and expenses recognized in: | | | | |
| Profit or loss | | (2,157) | 29 | 1,264 |
| Other comprehensive income | | (28,776) | 384 | 117 |
| | | (30,933) | 413 | 1,381 |
| Cash flows: | | | | |
| Reinsurance premiums paid | | 229,288 | - | - |
| Recoveries from reinsurance | | - | - | (43,378) |
| Investment components received and reinsurance premium refunds | | - | - | (152,052) |
| | | 229,288 | - | (195,430) |
| Closing: | | | | |
| Reinsurance contract assets | | 19,436 | 5,055 | 38,324 |
| Reinsurance contract liabilities | | (143,191) | 23,142 | 26,929 |
| Net assets (liabilities) | ₩ | (123,755) | 28,197 | 65,253 |

SHINHAN LIFE INSURANCE CO., LTD.

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(In millions of won)

25. Reinsurance contract assets (liabilities)(continued)

(b) Reconciliation from the opening to the closing balances of the net asset (liability) for remaining coverage and the assets for incurred claims recoverable is as follows – Reinsurance contracts other than those to which the premium allocation approach has been applied: (continued)

| 2022 | | | | |
|---|-----------------------------------|-------------------------|---------------------------|-----------|
| | Remaining coverage component | | Incurred claims component | Total |
| | Excluding loss recovery component | Loss recovery component | | |
| Opening balance: | | | | |
| Reinsurance contract liabilities | ₩ (372,952) | 31,825 | 59,364 | (281,763) |
| Net assets (liabilities) | (372,952) | 31,825 | 59,364 | (281,763) |
| Reinsurance revenue: | | | | |
| Recoveries on incurred claims and other incurred reinsurance service expenses | - | - | 66,383 | 66,383 |
| Changes in expected recoveries on past claims | - | - | (25,677) | (25,677) |
| Recognition and reversal of loss recovery component | - | (2,686) | - | (2,686) |
| Others | - | (3,037) | - | (3,037) |
| | - | (5,723) | 40,706 | 34,983 |
| Reinsurance service expenses: | | | | |
| Reinsurance contracts under the fair value approach | (53,430) | - | - | (53,430) |
| Other reinsurance contracts | (8,898) | - | - | (8,898) |
| | (62,328) | - | - | (62,328) |
| Investment components and reinsurance premium refunds | (146,377) | - | 146,377 | - |
| Reinsurance finance income and expenses recognized in: | | | | |
| Profit or loss | (1,851) | 72 | 600 | (1,179) |
| Other comprehensive income | 45,085 | 1,725 | (490) | 46,320 |
| | 43,234 | 1,797 | 110 | 45,141 |
| Cash flows: | | | | |
| Reinsurance premiums paid | 440,628 | - | - | 440,628 |
| Recoveries from reinsurance | - | - | (35,130) | (35,130) |
| Investment components received and reinsurance premium refunds | - | - | (145,284) | (145,284) |
| | 440,628 | - | (180,414) | 260,214 |
| Closing: | | | | |
| Reinsurance contract assets | 8,452 | 5,237 | 45,328 | 59,017 |
| Reinsurance contract liabilities | (106,247) | 22,662 | 20,815 | (62,770) |
| Net assets (liabilities) | ₩ (97,795) | 27,899 | 66,143 | (3,753) |

(c) There have been no reinsurance contract assets (liabilities) to which the premium allocation approach has been applied for the years ended December 31, 2023 and 2022.

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25. Reinsurance contract assets (liabilities)(continued)

(d) Reconciliation from the opening to the closing balances of reinsurance contract asset (liability) analyzed by components is as follows – Reinsurance contracts other than those to which the premium allocation approach has been applied:

| | 2023 | | | | | |
|--|---|--|-------------------------------------|-----------------|----------|-----------|
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contractual service margin (CSM) | | | Total |
| | | | Contracts under fair value approach | Other contracts | Subtotal | |
| Opening balance: | | | | | | |
| Reinsurance contract assets | ₩ (52,365) | 16,522 | 47,210 | 47,650 | 94,860 | 59,017 |
| Reinsurance contract liabilities | (168,825) | 22,870 | 68,110 | 15,075 | 83,185 | (62,770) |
| Net assets (liabilities) | (221,190) | 39,392 | 115,320 | 62,725 | 178,045 | (3,753) |
| Changes that relate to future service: | | | | | | |
| Changes in estimates that adjust the CSM | 43,044 | 4,615 | (71,098) | 24,653 | (46,445) | 1,214 |
| Contracts initially recognized in the period | (9,696) | 1,213 | - | 8,653 | 8,653 | 170 |
| | 33,348 | 5,828 | (71,098) | 33,306 | (37,792) | 1,384 |
| Changes that relate to current service: | | | | | | |
| CSM recognized for services received | - | - | (8,120) | (7,244) | (15,364) | (15,364) |
| Change in risk adjustment | - | (2,482) | - | - | - | (2,482) |
| Experience adjustments | 17,341 | - | - | - | - | 17,341 |
| | 17,341 | (2,482) | (8,120) | (7,244) | (15,364) | (505) |
| Changes that relate to past service: | | | | | | |
| Adjustments to incurred claims component | (31,111) | (1,039) | - | - | - | (32,150) |
| Reinsurance finance income or expenses recognized in: | | | | | | |
| Profit or loss | (8,683) | 1,712 | 3,188 | 2,919 | 6,107 | (864) |
| Other comprehensive income | (31,970) | 3,695 | - | - | - | (28,275) |
| | (40,653) | 5,407 | 3,188 | 2,919 | 6,107 | (29,139) |
| Cash flows: | | | | | | |
| Reinsurance premiums paid | 229,288 | - | - | - | - | 229,288 |
| Recoveries from reinsurance | (43,378) | - | - | - | - | (43,378) |
| Investment components received and reinsurance premium refunds | (152,052) | - | - | - | - | (152,052) |
| | 33,858 | - | - | - | - | 33,858 |
| Closing: | | | | | | |
| Reinsurance contract assets | (26,683) | 18,538 | 15,224 | 55,736 | 70,960 | 62,815 |
| Reinsurance contract liabilities | (181,724) | 28,568 | 24,066 | 35,970 | 60,036 | (93,120) |
| Net assets (liabilities) | ₩ (208,407) | 47,106 | 39,290 | 91,706 | 130,996 | (30,305) |

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25. Reinsurance contract assets (liabilities)(continued)

(d) Reconciliation from the opening to the closing balances of reinsurance contract asset (liabilities) analyzed by components is as follows – Reinsurance contracts other than those to which the premium allocation approach has been applied:(continued)

| | 2022 | | | | | |
|--|---|--|-------------------------------------|-----------------|----------|-----------|
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contractual service margin (CSM) | | | Total |
| | | | Contracts under fair value approach | Other contracts | Subtotal | |
| Opening balance: | | | | | | |
| Reinsurance contract liabilities | ₩ (421,703) | 42,241 | 97,699 | - | 97,699 | (281,763) |
| Net assets (liabilities) | (421,703) | 42,241 | 97,699 | - | 97,699 | (281,763) |
| Changes that relate to future service: | | | | | | |
| Changes in estimates that adjust the CSM | (34,422) | 3,218 | 26,001 | 469 | 26,470 | (4,734) |
| Contracts initially recognized in the period | (68,578) | 6,142 | - | 64,486 | 64,486 | 2,050 |
| | (103,000) | 9,360 | 26,001 | 64,955 | 90,956 | (2,684) |
| Changes that relate to current service: | | | | | | |
| CSM recognized for services received | - | - | (11,589) | (4,433) | (16,022) | (16,022) |
| Change in risk adjustment | - | (2,445) | - | - | - | (2,445) |
| Experience adjustments | 19,484 | - | - | - | - | 19,484 |
| | 19,484 | (2,445) | (11,589) | (4,433) | (16,022) | 1,017 |
| Changes that relate to past service: | | | | | | |
| Adjustments to incurred claims component | (24,999) | (679) | - | - | - | (25,678) |
| Reinsurance finance income or expenses recognized in: | | | | | | |
| Profit or loss | (8,124) | 1,533 | 3,209 | 2,203 | 5,412 | (1,179) |
| Other comprehensive income | 56,938 | (10,618) | - | - | - | 46,320 |
| | 48,814 | (9,085) | 3,209 | 2,203 | 5,412 | 45,141 |
| Cash flows: | | | | | | |
| Reinsurance premiums paid | 440,628 | - | - | - | - | 440,628 |
| Recoveries from reinsurance | (35,130) | - | - | - | - | (35,130) |
| Investment components received and reinsurance premium refunds | (145,284) | - | - | - | - | (145,284) |
| | 260,214 | - | - | - | - | 260,214 |
| Closing: | | | | | | |
| Reinsurance contract assets | (52,365) | 16,522 | 47,210 | 47,650 | 94,860 | 59,017 |
| Reinsurance contract liabilities | (168,825) | 22,870 | 68,110 | 15,075 | 83,185 | (62,770) |
| Net assets (liabilities) | ₩ (221,190) | 39,392 | 115,320 | 62,725 | 178,045 | (3,753) |

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25. Reinsurance contract assets (liabilities)(continued)

(e) An analysis of reinsurance contract initially recognized for the years ended December 31, 2023 and 2022, is as follows – Reinsurance contracts other than those to which the premium allocation approach has been applied:

| | | 2023 | | | | | |
|---|---|---|--|---|-------------------------------------|----------------------------|---------|
| | | Present value estimate of future cash outflows | | | | | |
| | | Other than Insurance acquisition cash flow amount | Insurance acquisition cash flow amount | Present value estimate of future cash inflows | Risk adjustment non-financial risks | Contractual service margin | Total |
| Reinsurance contract initially recognized | | | | | | | |
| Other than net gain group of contract | ₩ | 70,076 | - | (60,019) | (1,063) | (9,036) | (42) |
| Net gain group of contract | | 6,322 | - | (6,683) | (150) | 383 | (128) |
| | ₩ | 76,398 | - | (66,702) | (1,213) | (8,653) | (170) |
| | | 2023 | | | | | |
| | | Present value estimate of future cash outflows | | | | | |
| | | Other than Insurance acquisition cash flow amount | Insurance acquisition cash flow amount | Present value estimate of future cash inflows | Risk adjustment non-financial risks | Contractual service margin | Total |
| Reinsurance contract initially recognized | | | | | | | |
| Other than net gain group of contract | ₩ | 443,000 | - | (371,957) | (5,557) | (65,860) | (374) |
| Net gain group of contract | | 24,043 | - | (26,508) | (585) | 1,374 | (1,676) |
| | ₩ | 467,043 | - | (398,465) | (6,142) | (64,486) | (2,050) |

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25. Reinsurance contract assets (liabilities)(continued)

(f) An analysis of the expected recognition of the contractual service margin remaining as of December 31, 2023 and 2022 in profit or loss is as follows – Reinsurance contracts other than those to which the premium allocation approach has been applied:

| | | 2023 | | | | |
|----------------------------------|---|---------------------|--------------|--------------|---------------|-----------------------|
| | | Less than 1 year | 1~2 years | 2~5 years | 5~10 years | More than 10 years |
| Reinsurance contract assets | ₩ | (5,256) | (4,777) | (12,166) | (15,305) | (33,456) |
| Reinsurance contract liabilities | | (5,627) | (4,895) | (11,408) | (12,182) | (25,924) |
| | ₩ | (10,883) | (9,672) | (23,574) | (27,487) | (59,380) |
| | | 2022 | | | | |
| | | Less than 1 year | 1~2 years | 2~5 years | 5~10 years | More than 10 years |
| Reinsurance contract assets | ₩ | (7,364) | (6,682) | (16,987) | (21,143) | (42,684) |
| Reinsurance contract liabilities | | (7,487) | (6,495) | (15,387) | (17,968) | (35,848) |
| | ₩ | (14,851) | (13,177) | (32,374) | (39,111) | (78,532) |

26. Investment contract liabilities

Investment contract liabilities as of December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|---|---|-----------|-----------|
| Financial liabilities at amortized cost (*) | ₩ | 1,831,826 | 2,296,401 |

(*) The amount is policyholders' reserve for retirement pension contracts.

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27. Policyholders' equity adjustments

It requires estimating the related cash flows from dividends and measuring liabilities using discount rates that reflect assumptions and risks for participating insurance contracts, as per K-IFRS 1117.

In response to concerns regarding the discrepancy between past accounting practices under K-IFRS 1104 and the accurate representation of obligations to participating policyholders, our company has adopted the methodology prescribed in Article 4-1(2) of the Insurance Supervisory Regulations to calculate liabilities associated with potential future obligations arising from unrealized gains on assets as of the reporting period end.

Policyholders' equity adjustments are calculated in accordance with the Regulations on Supervision of Insurance Business. Details of policyholders' equity adjustments as of December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|---|---|---------|---------|
| Valuation gains (losses) on securities at fair value through other comprehensive income | ₩ | (1,025) | (1,616) |

28. Borrowings

Borrowings as of December 31, 2023 and 2022 are as follows:

| Type of borrowing | Lender | Currency | Date of borrowing | Maturity date | Interest rate | As of 2023 | As of 2022 |
|-------------------|-------------------------------|----------|-------------------|---------------|---------------|------------|------------|
| RP agreement | Korea Securities Finance Corp | KRW | 2022.12.16 | 2023.03.17 | 3.61% | - | 10,000 |

29. Debentures

Debentures as of December 31, 2023 and 2022 are as follows:

| Classification(*3) | 2023 | | | | | | |
|--|----------|------------|-----------------|--------------------------|----------|------------|-----------------|
| | Currency | Issue date | Redemption date | Contracted interest rate | Maturity | Face value | Book Value (*2) |
| Subordinated bonds (no guarantee) (*1) | KRW | 2023.06.09 | 2033.06.09 | 5.20% | 10 years | ₩ 300,000 | 299,331 |

(*1) The maturity of unsecured subordinated bonds is 10 years from the date of issuance, and each unsecured subordinated bonds can be repaid on the 5th year from the date of issuance or every interest payment date thereafter.

(*2) The difference from the face amount was recorded as the present value discount.

(*3) The unsecured foreign currency subordinated bonds issued on November 30, 2018, were redeemed prematurely on November 29, 2023.

| Classification(*3) | 2022 | | | | | | |
|--|----------|------------|-----------------|--------------------------|----------|------------|-----------------|
| | Currency | Issue date | Redemption date | Contracted interest rate | Maturity | Face value | Book Value (*2) |
| Subordinated bonds (no guarantee) (*1) | KRW | 2018.06.12 | 2028.06.12 | 4.03% | 10 years | ₩ 200,000 | 199,946 |
| Subordinated bonds (no guarantee) (*1) | USD | 2018.11.30 | 2028.11.30 | 5.10% | 10 years | 443,555 | 443,505 |
| | | | | | | ₩ 643,555 | 643,451 |

(*1) The maturity of unsecured subordinated bonds is 10 years from the date of issuance, and each unsecured subordinated bonds can be repaid on the 5th year from the date of issuance or every interest payment date thereafter.

(*2) The difference from the face amount was recorded as the present value discount.

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30. Other financial liabilities

Other financial liabilities as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|------------------|------------------|----------------|
| Account payables | ₩ 22,302 | 29,042 |
| Accrued expense | 215,159 | 274,768 |
| Rental deposit | 567 | 1,178 |
| | ₩ <u>238,028</u> | <u>304,988</u> |

31. Employee benefits

(a) Defined benefit obligations and plan assets

The Company operates a defined benefit plan based on the employee's pension compensation benefits and service provision period, and trusts the plan assets to Shinhan Bank Co., Ltd.

Defined benefit obligations and plan assets as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|--|-------------------|-----------------|
| Present value of defined benefit obligations | ₩ 121,852 | 121,399 |
| Fair value of plan assets | (156,109) | (166,287) |
| Net defined benefit liabilities (Assets) | ₩ <u>(34,257)</u> | <u>(44,888)</u> |

(b) Changes in the present value of defined benefit obligation for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|------------------|----------------|
| Beginning balance | ₩ 121,399 | 144,165 |
| Current service cost | 7,784 | 10,025 |
| Interest expense | 6,127 | 4,925 |
| Remeasurement loss (gain): | 10,715 | (25,987) |
| Demographic assumptions | - | (492) |
| Financial assumptions | 9,539 | (28,746) |
| Experience adjustment | 1,176 | 3,251 |
| Past service cost | 92 | 8,330 |
| Settlement | (160) | - |
| Salaries | (21,545) | (19,102) |
| Severance payment transferred to associates | (2,560) | (957) |
| Ending balance | ₩ <u>121,852</u> | <u>121,399</u> |

(c) Plan assets

Changes in the plan assets for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|-----------------------|------------------|----------------|
| Beginning balance | ₩ 166,287 | 176,916 |
| Expected return | 9,079 | 6,993 |
| Remeasurement factors | (1,725) | (4,404) |
| Contributions | 3,000 | 6,000 |
| Benefits Paid | (20,532) | (19,218) |
| Ending balance | ₩ <u>156,109</u> | <u>166,287</u> |

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31. Employee benefits (continued)

(d) The gains and losses related to the defined benefit plan

The gains and losses related to the defined benefit plan for the years ended December 31, 2023 and 2022 are as follows.

| Classification (*1) | | 2023 (*2) | 2022 |
|--------------------------------|---|-----------|---------|
| Current service cost | ₩ | 7,784 | 10,025 |
| Interest expense | | 6,127 | 4,925 |
| Past service cost | | 92 | 8,330 |
| Settlement gain | | (160) | - |
| Expected return on plan assets | | (9,079) | (6,993) |
| | ₩ | 4,764 | 16,287 |

(*1) Above gain and loss related to the defined benefit plan are included in operating expenses and investment management expenses. Also, for the year ended December 31, 2023, the gains and losses of ₩ 167 million (₩ 853 million for the year ended December 31, 2022) from defined benefit plan has been replaced to property and equipment, and intangible assets.

(*2) The Company disbursed employee severance pay in the amounts of ₩ 36,538 million as of December 31, 2023, and ₩ 7,671 million as of December 31, 2022, respectively.

(e) The gains and losses related to the defined contribution plan for the years ended December 31, 2023 and 2022 are as follows.

| | | 2023 | 2022 |
|------------------------------------|---|-------|-------|
| Operating expenses | ₩ | 4,525 | 4,505 |
| Investment administration expenses | | 309 | 299 |
| Total(*) | ₩ | 4,834 | 4,804 |

(*) For the year ended December 31, 2023, among gains and losses related to the defined contribution plan, ₩105 million (₩666 million for the year ended December 31, 2022) has been replaced as property and equipment and intangible assets.

(f) Details of plan assets by type

The composition of plan assets as of December 31, 2023 and 2022 are as follows:

| | 2023 | | 2022 | |
|--------------------|---------|-----------|---------|----------|
| | Ratio | Amount | Ratio | Amount |
| Time deposits | 57.01% | ₩ 89,005 | 50.21% | ₩ 83,496 |
| Retirement pension | 40.56% | 63,316 | 45.71% | 76,014 |
| Others | 2.43% | 3,788 | 4.08% | 6,777 |
| | 100.00% | ₩ 156,109 | 100.00% | 166,287 |

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31. Employee benefits (continued)

(g) Actuarial assumptions as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 | Description |
|-----------------------------|-----------------------|-----------------------|---------------------------|
| Discount rate | 5.20% | 5.89% | AA0 corporate bond yields |
| Future salary increase rate | 3.65% + increase rate | 3.55% + increase rate | Average for 5 years |
| Retirement rate | 2% ~3% | 2% ~3% | Average for 3 years |
| Weighted average maturity | 11.2 years | 10.4 years | |

(h) 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:

| | 2023 | | 2022 | |
|--|-----------------|-----------------|-----------------|-----------------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1%p movement) ₩ | (12,108) | 14,043 | (10,622) | 12,272 |
| Future salary increase rate (1%p movement) | 14,133 | (12,394) | 12,451 | (10,950) |

(i) Defined contribution plan for the year ended December 31, 2024 is expected to be ₩ 8,000 million.

32. Provisions

(a) Details of provisions

Details of changes in provisions for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|-----------------------------------|---|---------------|---------------|
| Restoration liabilities | ₩ | 16,103 | 16,657 |
| Unused limits | | 1,854 | 7 |
| Other long-term employee benefits | | 13,361 | 13,270 |
| Litigation liabilities | | 862 | 809 |
| Others(*) | | 43,385 | 51,975 |
| | ₩ | <u>75,565</u> | <u>82,718</u> |

(*) The amount expected to be paid in the future for the insurance refund of the insurance contract whose extinctive prescription has been completed is estimated and recorded as a liability for completion of extinctive prescription.

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32. Provisions (continued)

(b) Changes in provisions

Increase and decrease of provision for the years ended December 31, 2023 and 2022 are as follows:

| Classification | Restoration liabilities | | Unused limits | | Other long-term employee benefits | | Litigation liabilities | | Other provisions | |
|--------------------|-------------------------|----------|-------------------|------|-----------------------------------|---------|------------------------|------|------------------|----------|
| | 2023 | 2022 | 2023 (*2),(*3) | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Beginning balance | ₩ 16,657 | 24,874 | 7 | 93 | 13,270 | 12,819 | 809 | - | 51,975 | 54,038 |
| Allowance(Reverse) | 276 | 10,006 | 1,847 | (86) | 724 | 1,915 | 53 | 809 | 27,144 | 22,019 |
| Amount used | (1,042) | (18,561) | - | - | (1,276) | (1,872) | - | - | (35,734) | (24,082) |
| Others(*1) | 212 | 338 | - | - | 643 | 408 | - | - | - | - |
| Ending balance | ₩ 16,103 | 16,657 | 1,854 | 7 | 13,361 | 13,270 | 862 | 809 | 43,385 | 51,975 |

(*1) The effects of changes in estimates, such as the amount and discount rate over time of restoration provisions and other long-term employee benefit provisions valued at present value.

(*2) The significant fluctuation in credit risk has resulted in allowance of ₩ 1,202 million for the year ended December 31, 2023, which is included in the expected credit loss for the entire period.

(*3) The revised requirements for the credit translation rate, as per the Insurance Business Supervision Enforcement Rules, have been applied.

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32. Provisions (continued)

(c) Assumptions of other long-term employee benefits

The main assumptions used to calculate the reward for long-term employees according to the Company's long-term service as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 | Description |
|-----------------------------|-----------------------|-----------------------|---------------------------|
| Discount rate | 4.70% | 5.64% | AA0 corporate bond yields |
| Future salary increase rate | 3.65% + increase rate | 3.55% + increase rate | Average for 5 years |
| Retirement rate | 2% ~3% | 2% ~3% | Average for 3 years |

(d) Expected period of provision outflows

| | | 2023 | | | | |
|---------------------------------------|---|------------------|------------------|-----------|-----------|-------------------|
| | | Expected outflow | Less than 1 year | 1~3 years | 3~5 years | More than 5 years |
| Contingent liability(*1) | ₩ | 16,879 | 1,865 | 936 | 13,818 | 260 |
| Unused limits | | 1,854 | 507 | 1,322 | 1 | 24 |
| Other long-term employee benefits(*2) | | 18,416 | 1,374 | 2,808 | 3,284 | 10,950 |
| Litigation liabilities | | 862 | - | 862 | - | - |
| Other liabilities | | 43,385 | 29,909 | 5,604 | 2,380 | 5,492 |

(*1) It is the expected amount to be incurred at the time of the outflow of estimated restoration expense, which is before discounting as current value.

(*2) The expected outflow of provision for other long-term employee benefits is an undiscounted amount to its current value.

33. Other liabilities

Other liabilities as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|-----------------|----------|--------|
| Unearned income | ₩ 578 | 1,066 |
| Deposits | 26,709 | 25,675 |
| Accrued VAT | 36 | 53 |
| Others | 5,210 | 2,069 |
| | ₩ 32,533 | 28,863 |

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34. Equity

(a) Equity as of December 31, 2023 and 2022 are as follows:

| | <u>2023</u> | <u>2022</u> |
|--|--------------------|------------------|
| Share capital: | | |
| Ordinary shares capital | ₩ 578,274 | 578,274 |
| Hybrid bonds: | | |
| Hybrid bonds | 299,452 | 299,452 |
| Capital surplus: | | |
| Capital premium | 819,351 | 819,351 |
| Other capital surplus | 672 | 672 |
| | <u>820,023</u> | <u>820,023</u> |
| Capital adjustment: | | |
| Stock option | 1,461 | 1,464 |
| Accumulated other comprehensive income, net of tax: | | |
| Losses on valuation of securities at fair value through other comprehensive income | (2,497,260) | (4,588,374) |
| Net loss from cash flow hedges | 45,462 | (60,015) |
| Net finance income from insurance contracts issued | 2,572,059 | 4,734,969 |
| Net finance income from reinsurance contracts held | 13,280 | 34,045 |
| Remeasurements of defined benefit liability | (16,124) | (6,958) |
| | <u>117,417</u> | <u>113,667</u> |
| Retained earnings: | | |
| Legal reserve | 63,626 | 47,400 |
| Regulatory reserve for loan losses | 64,346 | 65,861 |
| Unappropriated retained earnings | 6,501,950 | 6,207,868 |
| | <u>6,629,922</u> | <u>6,321,129</u> |
| | ₩ <u>8,446,549</u> | <u>8,134,009</u> |

(b) Capital stock

Capital stock of the Company as of December 31, 2023 and 2022 are as follows:

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Number of authorized shares | 400,000,000 | 400,000,000 |
| Par value per share in won | ₩ 5,000 | 5,000 |
| Number of issued common stocks outstanding | 115,654,859 | 15,654,859 |

(c) Hybrid bonds

| <u>Classification</u> | <u>Issue date</u> | <u>Maturity date</u> | <u>Interest rate</u> | | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-------------------|----------------------|----------------------|---|----------------|----------------|
| Hybrid bonds non-interest bearing | 2020-08-11 | 2050-08-11 | 3.60% | ₩ | 300,000 | 300,000 |
| Issue cost | | | | | (756) | (756) |
| Deferred tax effects | | | | | 208 | 208 |
| Total | | | | ₩ | <u>299,452</u> | <u>299,452</u> |

The above hybrid bonds can be repaid early by the Company from five years after issuance, and the interest rate will be adjusted only once five years after the issuance date. On the other hand, the Company has the right to choose whether to extend maturity of the hybrid bond with the same covenant, upon maturity date.

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34. Equity (continued)

(d) Accumulated other comprehensive income

Changes in accumulated other comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

| 2023 | | | | | | | |
|---|---|---|--|--|---|---|-----------|
| | Items that may be subsequently reclassified to profit or loss | | | | Items that will not be subsequently reclassified to profit or loss | | |
| | Valuation gains (losses) on securities at fair value through other comprehensive income | Valuation gains (losses) on derivative for cash flow hedges | Net finance income from insurance contracts issued | Net finance income from reinsurance contracts held | Valuation gains (losses) on securities at fair value through other comprehensive income | Remeasurements of defined benefit liability | Total |
| Beginning balance | ₩ (4,578,272) | (60,015) | 4,734,969 | 34,045 | (10,102) | (6,958) | 113,667 |
| Change due to fair value | 2,795,772 | - | (2,947,489) | (28,276) | 1,113 | - | (178,880) |
| Change due to disposal | 49,176 | - | - | - | 4,199 | - | 53,375 |
| Policyholders' equity adjustment (*) | (591) | - | - | - | - | - | (591) |
| Remeasurements of the defined benefit liability | - | - | - | - | - | (12,441) | (12,441) |
| Effects of hedge | - | 143,789 | - | - | - | - | 143,789 |
| Tax effects | (757,139) | (38,312) | 784,579 | 7,511 | (1,416) | 3,275 | (1,502) |
| Ending balance | ₩ (2,491,054) | 45,462 | 2,572,059 | 13,280 | (6,206) | (16,124) | 117,417 |

(*) The Company separately accounts for unrealized gains or losses of securities at fair value through other comprehensive income into other comprehensive income and policyholders' reserves in accordance with the Regulation of Insurance Industry Supervisory.

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34. Equity (continued)

(d) Accumulated other comprehensive income (continued)

Changes in accumulated other comprehensive income for the years ended December 31, 2023 and 2022 are as follows (continued):

| 2022 | | | | | | | |
|---|---|---|--|--|---|---|-----------|
| | Items that may be subsequently reclassified to profit or loss | | | | Items that will not be subsequently reclassified to profit or loss | | |
| | Valuation gains (losses) on securities at fair value through other comprehensive income | Valuation gains (losses) on derivative for cash flow hedges | Net finance income from insurance contracts issued | Net finance income from reinsurance contracts held | Valuation gains (losses) on securities at fair value through other comprehensive income | Remeasurements of defined benefit liability | Total |
| Beginning balance | ₩ 663,413 | 37,803 | 30,717 | - | (402) | (22,511) | 709,020 |
| Change due to fair value | (7,005,228) | - | 6,399,767 | 46,320 | (13,180) | - | (572,321) |
| Change due to disposal | (185,497) | - | - | - | - | - | (185,497) |
| Policyholders' equity adjustment (*) | 46,731 | - | - | - | (10) | - | 46,721 |
| Remeasurements of the defined benefit liability | - | - | - | - | - | 21,583 | 21,583 |
| Effects of hedge | - | (132,415) | - | - | - | - | (132,415) |
| Tax effects | 1,902,309 | 34,597 | (1,695,515) | (12,275) | 3,490 | (6,030) | 226,576 |
| Ending balance | ₩ (4,578,272) | (60,015) | 4,734,969 | 34,045 | (10,102) | (6,958) | 113,667 |

(*) The Company separately accounts for unrealized gains or losses of securities at fair value through other comprehensive income into other comprehensive income and policyholders' reserves in accordance with the Regulation of Insurance Industry Supervisory.

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34. Equity (continued)

(e) Retained earnings

i) Legal reserve

According to the provisions of the Commercial Law, at least 10% of the profit dividend is accumulated as a legal reserve at each settlement period until 50% of the capital is reached, and the legal reserve cannot be allocated in cash and can only be used for the maintenance of carrying forward losses and capital transfer by resolution at the general meeting of shareholder.

ii) Statement of appropriation of retained earnings

| | | 2023 | 2022(*1) |
|---|---|---|--|
| | | Expected date of appropriation: 2024-03-22 | Confirmed date of appropriation: 2023-03-22 |
| I. RETAINED EARNINGS BEFORE APPROPRIATIONS: | ₩ | 6,501,950 | 3,755,927 |
| 1. Unappropriated retained earnings carried over from prior year | | 3,578,959 | 1,882,753 |
| 2. Net income (loss) | | 481,851 | 470,471 |
| 3. Hybrid bond interests | | (10,801) | (10,799) |
| 4. Reserve for capital surplus(*2) | | - | 1,413,502 |
| 5. Impact of accounting policy changes (*3) | | 2,451,941 | - |
| II. TRANSFERS FROM VOLUNTARY RESERVES: | | 57,349 | 1,515 |
| 1. Regulatory Reserve | | 57,349 | 1,515 |
| III. APPROPRIATIONS: | | (3,985,364) | (178,483) |
| 1. Legal Reserve | | (16,534) | (16,226) |
| 2. Guarantee Reserve | | (354,282) | - |
| 3. Surrender reserve | | (3,449,210) | - |
| 4. Dividends | | (165,338) | (162,257) |
| IV. UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR | ₩ | 2,573,935 | 3,578,959 |

(*1) This is the statement of profit distribution prepared in accordance with K-IFRS 1104, and the approved amount from the regular shareholder's meeting of the 34th (As of December 31, 2022) fiscal year.

(*2) As a result of the shareholder's general meeting in December 2023, it was reclassified from capital surplus to retained earnings.

(*3) This represents the impact of changes in accounting policies following the application of K-IFRS 1109 and 1117.

(f) Dividends

Dividends of common stock for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|-------------------------------------|-------------|-------------|
| Number of issued shares outstanding | 115,654,859 | 115,654,859 |
| Par value per share in won | ₩ 5,000 | 5,000 |
| Dividend rate per share | 1,430 | 1,403 |
| Dividend per share in won | 165,338 | 162,257 |
| Dividend yield (%) | 28.59% | 28.06% |

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34. Equity (continued)

(g) Voluntary reserve

i) Regulatory reserve for loan losses

In accordance with the Regulations on Supervision of Insurance Business, when the allowance for credit losses in accordance with Korean IFRS falls short of the allowance for credit losses in accordance with the supervisory regulations, the Company is required to reserve the difference between the two as the regulatory reserve for loan losses in retained earnings. The regulatory reserve for loan losses is calculated by the difference between the total amount of credit loss provisions under Korean IFRS and the total amount of credit loss provisions under the supervisory regulations for each category of corporate loans, household loans, and real estate project financing loans. The regulatory reserve for loan losses is limited to the amount of retained earnings less reserves accumulated in accordance with the Insurance Business Act and other laws and regulations.

i -1) Regulatory reserve for loan losses as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| Beginning balance | ₩ 64,346 | 65,861 |
| Expected reversal of regulatory reserve for loan losses (*) | (57,349) | (1,515) |
| Ending balance | ₩ 6,997 | 64,346 |

(*) Adjustments due to the application of Korean IFRS 1117 was reflected in the expected reversal of regulatory reserves as of December 31, 2023.

i-2) Reversal of regulatory reserve for loan losses and adjusted income after reflecting the regulatory reserve for loan losses for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| Profit for the period | ₩ 481,851 | 456,998 |
| Reversal of regulatory reserve for loan losses (*1) | 57,349 | 1,515 |
| Adjusted income after the regulatory reserve for loan losses (*2) | ₩ 539,200 | 458,513 |
| Adjusted income per share after the reserve for loan losses in won (*3) | ₩ 4,569 | 3,871 |

(*1) Reversal of regulatory reserve for loan losses for the year ended December 31, 2023 includes adjustments due to the application of Korean IFRS 1117.

(*2) The adjusted profit after reflecting the provision for credit losses is not a figure determined by the accounting standards. It is derived assuming the inclusion of the reversal of the provision for credit losses (reversal/transfer), considering the effects of policyholder share allocations and deferred tax impacts, into the net profit for the period.

(*3) Dividends on hybrid bonds are excluded.

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34. Equity (continued)

(g) Voluntary reserve (continued)

ii) reserve for surrender value

In accordance with the Regulations on Supervision of Insurance Business, when the insurance liabilities measured in accordance with the Korean IFRS falls short of the surrender value required by the supervisory regulations, the Company is required to reserve the difference between the two as the reserve for surrender value. The reserve for surrender value is calculated by subtracting the liability for remaining coverage of insurance contracts under the Korean IFRS from the surrender value at the entity level for the effective contracts calculated according to the supervisory regulations.

Reserve for surrender value as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|--------------------------------------|-------------|-------------|
| Beginning balance | ₩ - | - |
| Expected reserve for surrender value | 3,449,210 | - |
| Ending balance | ₩ 3,449,210 | - |

iii) Guarantee reserve

In accordance with the Regulations on Supervision of Insurance Business, the Company is required to set aside a guarantee reserve at the reporting date in order to guarantee insurance proceeds and other payments not to less than a specified level. The guarantee reserve shall be accumulated after appropriation of reserve for surrender value and shall not be exceed the amount of retained earnings less reserve for surrender value.

Guarantee reserve as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|--|-------------|-------------|
| Beginning balance | ₩ - | - |
| Expected reserve for guarantee reserve | 354,282 | - |
| Ending balance | ₩ 354,282 | - |

Voluntary reserves are accumulated from the time unappropriated deficits are settled when there are unappropriated deficits. If the voluntary reserve accumulated in previous periods exceeds the regulatory reserve for loan losses and guarantee reserve required to be accumulated as of the reporting date, the excess amount can be reversed.

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35. Share-based payment

(a) Stock options as of December 31, 2023 are as follows:

| Classification(*) | 2020 | 2021 | 2022 | 2023 |
|---|---|--------------|--------------|--------------|
| Type | Cash-settled share-based payment | | | |
| Service period | 4 years from the commencement date of the year to which the grant date belongs | | | |
| Performance conditions | Linked to relative stock price (20.0%) and linked to 4 years management index (80.0%) | | | |
| Estimated vested amount based on settlement date | 44,584shares | 68,639shares | 72,120shares | 66,475shares |

(*) Based on the performance-related stock compensation, the standard stock price (the arithmetic average of the weighted average stock price for the past two months, the past one month, and the past one week from the day before the reference date) after the year of the grant year is paid in cash. The fair value of the stock price is evaluated at the closing price of each settlement.

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(In millions of won)

35. Share-based payment (continued)

(b) Share-based payment expenses

Stock compensation costs calculated for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|--|-------------|-------------|
| Compensation costs recorded for the year | ₩ 3,707 | 2,328 |

(c) Accrued expenses and intrinsic value

Accrued expenses and intrinsic value as of December 31, 2023 and 2022 are as follows:

| | 2023 | |
|---------------------------------------|-------------------------|-----------------------------|
| | Accrued expenses | Intrinsic value (*1) |
| Performance-linked stock options (*2) | ₩ 10,102 | 10,102 |

(*1) The intrinsic value for 2020 was calculated based on the stock price as of January 1, 2024 (₩ 38,156) and the rest was calculated based on the closing price as of December 31, 2023 (₩ 40,150).

(*2) The amount to be paid to Shinhan Finance Group in accordance with the repayment agreement was calculated based on the closing price as of December 31, 2023 and was recognized as a liability by deducting it directly from capital. Of this, the expense directly deducted from the equity and recognized as a liability is ₩ 14 million.

| | 2022 | |
|---------------------------------------|-------------------------|-----------------------------|
| | Accrued expenses | Intrinsic value (*1) |
| Performance-linked stock options (*2) | ₩ 8,354 | 8,354 |

(*1) The intrinsic value for 2019 was calculated based on the stock price as of January 1, 2023 (₩ 36,951) and the rest was calculated based on the closing price as of December 31, 2023 (₩ 35,200).

(*2) The amount to be paid to Shinhan Finance Group in accordance with the repayment agreement was calculated based on the closing price as of December 31, 2022 and was recognized as a liability by deducting it directly from capital. Of this, the expense directly deducted from the equity and recognized as a liability is ₩ 1,982 million.

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36. Insurance revenue and insurance service expenses

Insurance revenue and insurance service expenses for the periods ended December 31, 2023 and 2022 are as follows:

| | | 2023 | | | |
|---|---|---------------------------------------|------------------------|---------------------------------|-----------|
| | | Modified retrospective approach | Fair value approach | Other insurance contracts | Total |
| Insurance Revenue | | | | | |
| Contracts not measured under the premium allocation approach: | | | | | |
| Expected incurred claims and others insurance service expenses | ₩ | 205,311 | 1,277,408 | 90,712 | 1,573,431 |
| Change in risk adjustment | | 28,644 | 62,489 | 24,791 | 115,924 |
| Contractual service margin recognized for services provided | | 206,316 | 331,639 | 158,870 | 696,825 |
| Recovery of insurance acquisition cash flows | | 127,210 | 1,093 | 128,075 | 256,378 |
| Others (*) | | (12,794) | (123) | (908) | (13,825) |
| Contracts not measured under the premium allocation approach | | 554,687 | 1,672,506 | 401,540 | 2,628,733 |
| Contracts measured under the premium allocation approach | | - | - | 406 | 406 |
| Total insurance revenue | ₩ | 554,687 | 1,672,506 | 401,946 | 2,629,139 |
| Insurance service expenses | | | | | |
| Contracts not measured under the premium allocation approach: | | | | | |
| Incurred claims and other insurance service expenses | ₩ | 211,593 | 1,226,729 | 103,775 | 1,542,097 |
| Changes in fulfilment cash flows relating to the liability for incurred claims | | (5,174) | 14,944 | 1,759 | 11,529 |
| Losses on onerous contracts and reversal of such losses | | 3,141 | 7,017 | 31,235 | 41,393 |
| Amortization of insurance acquisition cash flows | | 127,210 | 1,093 | 128,075 | 256,378 |
| Experience adjustments to insurance acquisition cash flows that are not related to future service | | 376 | 2,855 | (28,999) | (25,768) |
| Others (*) | | (12,794) | (123) | (3,489) | (16,406) |
| Contracts not measured under the premium allocation approach | | 324,352 | 1,252,515 | 232,356 | 1,809,223 |
| Contracts measured under the premium allocation approach | | - | - | 892 | 892 |
| Total insurance service expenses | ₩ | 324,352 | 1,252,515 | 233,248 | 1,810,115 |

(*) Others include allocation of loss components, etc.

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Notes to the Separate Financial Statements

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36. Insurance revenue and insurance service expenses(continued)

Insurance revenue and insurance service expenses for the periods ended December 31, 2023 and 2022 are as follows:(continued)

| | | 2022 | | |
|---|---|---------------------------------------|------------------------|---------------------------------|
| | | Modified retrospective approach | Fair value approach | Other insurance contracts |
| | | | | Total |
| Insurance Revenue | | | | |
| Contracts not measured under the premium allocation approach: | | | | |
| Expected incurred claims and other insurance service expenses | ₩ | 202,910 | 1,260,037 | 28,088 |
| Change in risk adjustment | | 39,834 | 68,260 | 12,115 |
| Contractual service margin recognized for services provided | | 254,262 | 361,097 | 50,830 |
| Recovery of insurance acquisition cash flows | | 161,493 | 954 | 44,399 |
| Others (*) | | (12,278) | (17) | (2,634) |
| Contracts not measured under the premium allocation approach | | 646,221 | 1,690,331 | 132,798 |
| Contracts measured under the premium allocation approach | | - | - | 349 |
| Total insurance revenue | ₩ | 646,221 | 1,690,331 | 133,147 |
| Insurance service expenses | | | | |
| Contracts not measured under the premium allocation approach: | | | | |
| Incurred claims and other insurance service expenses | ₩ | 214,199 | 1,222,927 | 45,937 |
| Changes in fulfilment cash flows relating to the liability for incurred claims | | (376) | (36,824) | 144 |
| Losses on onerous contracts and reversal of such losses | | 2,336 | 8,892 | 66,723 |
| Amortization of insurance acquisition cash flows | | 161,493 | 954 | 44,399 |
| Experience adjustments to insurance acquisition cash flows that are not related to future service | | 8,668 | 4,568 | (17,595) |
| Others (*) | | (12,279) | (17) | (1,790) |
| Contracts not measured under the premium allocation approach | | 374,041 | 1,200,500 | 137,818 |
| Contracts measured under the premium allocation approach | | - | - | 902 |
| Total insurance service expenses | ₩ | 374,041 | 1,200,500 | 138,720 |

(*) Others include allocation of loss components, etc.

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37. Income or expenses from reinsurance contracts held

Income or expenses from reinsurance contracts held for the periods ended December 31, 2023 and 2022 are as follows:

| | | 2023 | |
|--|---|---|-----------------------------------|
| | | Contracts under the fair value approach | Other reinsurance contracts |
| | | | Total |
| Contracts not measured under the premium allocation approach: | | | |
| Recovery of incurred claims and other insurance service expenses | ₩ | 67,051 | 5,574 |
| Changes in fulfilment cash flows relating to the liability for incurred claims | | (29,952) | (2,198) |
| Recognition (reversals) of a loss-recovery component | | (718) | 2,101 |
| Others (*) | | (1,303) | (195) |
| Total reinsurance revenue | ₩ | 35,078 | 5,282 |

Contracts not measured under the premium allocation approach:

| | | | |
|---|---|---------------|---------------|
| Expected claims and other reinsurance service expenses | ₩ | 41,537 | 7,296 |
| Changes in risk adjustment | | 3,227 | 622 |
| Contractual service margin recognized for services received | | 8,120 | 7,244 |
| Experience adjustments for reinsurance premiums and investment components not related to future service | | 1,056 | 4,002 |
| Others (*) | | (1,303) | (170) |
| Total of reinsurance service expense | ₩ | 52,637 | 18,994 |

(*) Others include allocation of loss recovery components, etc.

| | | 2022 | |
|--|---|---|-----------------------------------|
| | | Contracts under the fair value approach | Other reinsurance contracts |
| | | | Total |
| Contracts not measured under the premium allocation approach: | | | |
| Recovery of incurred claims and other insurance service expenses | ₩ | 62,436 | 3,947 |
| Changes in fulfilment cash flows relating to the liability for incurred claims | | (26,236) | 559 |
| Recognition (reversals) of a loss-recovery component | | (4,788) | 2,102 |
| Others (*) | | (3,015) | (22) |
| Total reinsurance revenue | ₩ | 28,397 | 6,586 |

Contracts not measured under the premium allocation approach:

| | | | |
|---|---|---------------|--------------|
| Expected claims and other reinsurance service expenses | ₩ | 39,102 | 1,949 |
| Changes in risk adjustment | | 3,242 | 270 |
| Contractual service margin recognized for services received | | 11,589 | 4,433 |
| Experience adjustments for reinsurance premiums and investment components not related to future service | | 2,519 | 2,261 |
| Others (*) | | (3,022) | (15) |
| Total of reinsurance service expense | ₩ | 53,430 | 8,898 |

(*) Others include allocation of loss recovery components, etc.

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38. Insurance finance income (expenses)

(a) The correlation between insurance finance income or expenses and investment income or expenses for the periods ended December 31, 2023 and 2022 are as follows:

| | 2023 | | | |
|--|------------------------|--------------------|--------------------------|-------------|
| | General life insurance | Variable insurance | Retirement Insurance(*3) | Total |
| Investment income (expenses) | | | | |
| Interest income (expenses) | ₩ 1,344,698 | 99,178 | (52,699) | 1,391,177 |
| Gain (loss) on valuation and transaction of financial instruments | 262,543 | 595,884 | (35,572) | 822,855 |
| Other investment income (expenses) | (70,453) | (1,224) | (2,608) | (74,285) |
| Investment income (expenses) recognized in other comprehensive income(*1) | 2,861,213 | - | 132,835 | 2,994,048 |
| | 4,398,001 | 693,838 | 41,956 | 5,133,795 |
| Finance income (expenses) from insurance contracts issued | | | | |
| Interest income (expenses) | (1,477,844) | (652,833) | - | (2,130,677) |
| Effect of changes in interest rates and other financial assumptions | (2,958,444) | 11,845 | - | (2,946,599) |
| Foreign exchange income (expenses) | (6,402) | - | - | (6,402) |
| | (4,442,690) | (640,988) | - | (5,083,678) |
| finance income (expenses) recognized in profit or loss | (1,483,357) | (652,833) | - | (2,136,190) |
| finance income (expenses) recognized in other comprehensive income (*1) | (2,959,333) | 11,845 | - | (2,947,488) |
| Finance income (expenses) from reinsurance contracts held | | | | |
| Interest income (expenses) | (864) | - | - | (864) |
| Effect of changes in interest rates and other financial assumptions recognized in other comprehensive income | (28,275) | - | - | (28,275) |
| | (29,139) | - | - | (29,139) |
| finance income (expenses) recognized in profit or loss | (864) | - | - | (864) |
| finance income (expenses) recognized in other comprehensive income (*1) | (28,275) | - | - | (28,275) |
| Total finance income (expenses) recognized in profit or loss(*2) | 52,567 | 41,005 | (90,879) | 2,693 |
| Total finance income (expenses) recognized in other comprehensive income(*2) | (126,395) | 11,845 | 132,835 | 18,285 |
| Total | ₩ (73,828) | 52,850 | 41,956 | 20,978 |

(*1) The financial income recognized in other comprehensive income is the amount before deduction of the tax effect.

(*2) Finance income or expenses is the subtotal amount of investment income or expenses, insurance finance income or expenses and reinsurance finance income or expenses.

(*3) Retirement is a pension product classified as an investment contract liability.

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38. Insurance finance income (expenses)(continued)

(a) The correlation between insurance finance income or expenses and investment income or expenses for the periods ended December 31, 2023 and 2022 are as follows:(continued)

| | 2022 | | | |
|--|------------------------|--------------------|--------------------------|-------------|
| | General life insurance | Variable insurance | Retirement Insurance(*3) | Total |
| Investment income (expenses) | | | | |
| Interest income (expenses) | ₩ 1,359,320 | 71,522 | 6,712 | 1,437,554 |
| Gain (loss) on valuation and transaction of financial instruments | 205,390 | (871,290) | (31,195) | (697,095) |
| Other investment income (expenses) | (47,153) | 645 | (3,366) | (49,874) |
| Investment income (expenses) recognized in other comprehensive income(*1) | (7,182,725) | - | (153,594) | (7,336,319) |
| | (5,665,168) | (799,123) | (181,443) | (6,645,734) |
| Finance income (expenses) from insurance contracts issued | | | | |
| Interest income (expenses) | (1,474,914) | 727,422 | - | (747,492) |
| Effect of changes in interest rates and other financial assumptions | 6,333,383 | 65,750 | - | 6,399,133 |
| Foreign exchange income (expenses) | (22,166) | - | - | (22,166) |
| | 4,836,303 | 793,172 | - | 5,629,475 |
| finance income (expenses) recognized in profit or loss | (1,497,714) | 727,422 | - | (770,292) |
| finance income (expenses) recognized in other comprehensive income (*1) | 6,334,017 | 65,750 | - | 6,399,767 |
| Finance income (expenses) from reinsurance contracts held | | | | |
| Interest income (expenses) | (1,179) | - | - | (1,179) |
| Effect of changes in interest rates and other financial assumptions recognized in other comprehensive income | 46,320 | - | - | 46,320 |
| | 45,141 | - | - | 45,141 |
| finance income (expenses) recognized in profit or loss | (1,179) | - | - | (1,179) |
| finance income (expenses) recognized in other comprehensive income (*1) | 46,320 | - | - | 46,320 |
| Total finance income (expenses) recognized in profit or loss(*2) | 18,664 | (71,701) | (27,849) | (80,886) |
| Total finance income (expenses) recognized in other comprehensive income(*2) | (802,388) | 65,750 | (153,594) | (890,232) |
| Total | ₩ (783,724) | (5,951) | (181,443) | (971,118) |

(*1) The financial income recognized in other comprehensive income is the amount before deduction of the tax effect.

(*2) Finance income or expenses is the subtotal amount of investment income or expenses, insurance finance income or expenses and reinsurance finance income or expenses.

(*3) Retirement is a pension product classified as an investment contract liability.

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38. Insurance finance income (expenses)(continued)

(b) Financial gains and losses recognized in profit or loss for the current and previous years are divided into those related to changes in the fair value of the underlying assets of insurance contracts with direct participation characteristics and others as follows.

| | 2023 | | | 2022 | | |
|--|----------------------|-------------|-------------|----------------------|-------------|-----------|
| | FV change related | Others | Total | FV change related | Others | Total |
| Investment income (expenses) | ₩ 525,608 | 1,614,139 | 2,139,747 | (609,520) | 1,300,105 | 690,585 |
| Finance income (expenses) from insurance contracts issued | (525,608) | (1,610,582) | (2,136,190) | 609,520 | (1,379,812) | (770,292) |
| Finance income (expenses) from reinsurance contracts held | - | (864) | (864) | - | (1,179) | (1,179) |
| | ₩ - | 2,693 | 2,693 | - | (80,886) | (80,886) |

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39. Operating expenses

Operating expenses by nature for the years ended December 31, 2023 and 2022 are as follows:

| 2023 | | | | | | |
|--------------------------|-----------------------------|-------------------------|------------------------|-------------------------------------|-------------------------------|-----------|
| | Claim adjustment expense | Acquisition cost (*) | Maintenance expense | Investment management expense | Other operating expense | Total |
| Salaries | ₩ 5,292 | 54,409 | 48,030 | 5,764 | 13,610 | 127,105 |
| Bonus | 1,379 | 14,737 | 14,479 | 1,596 | 3,551 | 35,742 |
| Retirement benefits | 402 | 3,715 | 3,286 | 428 | 36,682 | 44,513 |
| Employee benefits | 1,735 | 17,475 | 15,170 | 2,135 | 14,503 | 51,018 |
| Amortization | 351 | 24,993 | 21,143 | 481 | 1,676 | 48,644 |
| Utilities | 220 | 14,399 | 8,237 | 284 | 557 | 23,697 |
| Commission | 110 | 21,367 | 24,606 | 31,148 | 7,089 | 84,320 |
| Taxes and dues | - | - | 69,680 | 306 | 105 | 70,091 |
| IT expenses | 577 | 13 | 16,912 | 1,304 | 3,329 | 22,135 |
| Proportional commission | - | 677,930 | - | - | 13,649 | 691,579 |
| Sales promotion expenses | - | 100,567 | - | - | 3,685 | 104,252 |
| Training expenses | - | 78 | - | - | 5,791 | 5,869 |
| Others | 10,480 | 47,781 | 27,926 | 202 | 19,902 | 106,291 |
| ₩ | 20,546 | 977,464 | 249,469 | 43,648 | 124,129 | 1,415,256 |

(*) Acquisition costs are reflected as insurance acquisition cash flows.

| 2022 | | | | | | |
|--------------------------|-----------------------------|-------------------------|------------------------|-------------------------------------|-------------------------------|-----------|
| | Claim adjustment expense | Acquisition cost (*) | Maintenance expense | Investment management expense | Other operating expense | Total |
| Salaries | ₩ 4,492 | 60,672 | 42,686 | 5,102 | 11,872 | 124,824 |
| Bonus | 1,433 | 22,498 | 16,137 | 1,791 | 4,541 | 46,400 |
| Retirement benefits | 759 | 9,339 | 6,278 | 678 | 9,656 | 26,710 |
| Employee benefits | 1,694 | 23,566 | 17,622 | 1,321 | 16,337 | 60,540 |
| Amortization | 373 | 29,945 | 22,706 | 649 | 1,687 | 55,360 |
| Utilities | 228 | 16,496 | 9,086 | 383 | 535 | 26,728 |
| Commission | 82 | 12,492 | 21,491 | 27,751 | 6,986 | 68,802 |
| Taxes and dues | - | - | 72,725 | 345 | 81 | 73,151 |
| IT expenses | 492 | 256 | 15,515 | 1,294 | 3,375 | 20,932 |
| Proportional commission | - | 540,846 | - | - | 8,847 | 549,693 |
| Sales promotion expenses | - | 53,766 | - | - | 5,080 | 58,846 |
| Training expenses | - | 200 | - | 1 | 4,692 | 4,893 |
| Others | 8,768 | 72,050 | 26,239 | 272 | 18,235 | 125,564 |
| ₩ | 18,321 | 842,126 | 250,485 | 39,587 | 91,924 | 1,242,443 |

(*) Acquisition costs are reflected as insurance acquisition cash flows.

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40. Investment administrative expenses

The investment administrative expenses for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|------------------------|---|---------------|---------------|
| Salaries | ₩ | 3,448 | 4,798 |
| Bonus | | 934 | 1,971 |
| Retirement benefits | | 1,350 | 534 |
| Employment benefits | | 1,557 | 3,641 |
| Communication expenses | | 101 | 18 |
| Fees | | 6,398 | 6,041 |
| Taxes and dues | | 359 | 377 |
| Others | | 2,778 | 2,726 |
| | ₩ | <u>16,925</u> | <u>20,106</u> |

41. Net interest income

(a) Details of interest income for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|-------------------------------------|---|------------------|------------------|
| Interest income: | | | |
| Cash and deposits at amortized cost | ₩ | 60,841 | 43,744 |
| Deposits at FVTPL | | - | 1,329 |
| Securities at FVTPL | | 110,545 | 87,669 |
| Financial assets at FVOCI | | 1,067,982 | 1,095,712 |
| Securities at amortized cost | | 133,050 | 132,293 |
| Loans at amortized cost | | 163,566 | 168,226 |
| Others | | 2,448 | 3,342 |
| | ₩ | <u>1,538,432</u> | <u>1,532,315</u> |

(b) Details of interest expenses for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|-------------------------------|---|----------------|---------------|
| Interest expense: | | | |
| Interest on borrowings | ₩ | 295 | 16 |
| Bond issued | | 33,928 | 31,264 |
| Interest on lease liabilities | | 2,722 | 2,588 |
| Others | | 110,310 | 60,893 |
| | ₩ | <u>147,255</u> | <u>94,761</u> |

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42. (Reversal of) Provision for credit loss allowance

Details of provision for credit loss allowance (reversal) for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|------------|----------------------------------|-----------|---------|
| | Securities at FVOCI | ₩ (4,814) | (2,249) |
| Provisions | Securities at amortized costs | (107) | (66) |
| (Reversal) | Loans at amortized costs | 15,205 | 11,030 |
| | Receivables at amortized cost(*) | 4,711 | 5,705 |
| | Undrawn loan commitment | 1,846 | (112) |
| | | ₩ 16,841 | 14,308 |

(*) It includes reversal of credit loss allowances for due from banks at amortized cost.

43. Gain and losses on foreign exchange transactions

Details of foreign exchange transaction income for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|---|---|---------|---------|
| Gain on foreign exchange transactions: | | | |
| Foreign transactions | ₩ | 31,251 | 111,055 |
| Translations | | 141,485 | 204,129 |
| | | 172,736 | 315,184 |
| Loss on foreign exchange transactions: | | | |
| Foreign transactions | | 32,539 | 42,143 |
| Translations | | 8,898 | 92,563 |
| | | 41,437 | 134,706 |
| | ₩ | 131,299 | 180,478 |

44. Fees and commission income

Details of fees and commission income for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|-----------------------------------|---|--------|--------|
| Credit related fees | ₩ | 1,127 | 3,835 |
| Loan commissions | | 7,174 | 5,860 |
| Retirement pension management fee | | 4,004 | 5,149 |
| Other fees and commissions in won | | 184 | 44 |
| | ₩ | 12,489 | 14,888 |

45. Dividend income

Dividend income for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|---------------------------|---|--------|--------|
| Financial assets at FVTPL | ₩ | 23,619 | 35,449 |
| Securities at FVOCI | | 6,864 | 7,093 |
| | ₩ | 30,483 | 42,542 |

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46. Other investment income and expenses

(a) Details of other investment income for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---------------|-------------|-------------|
| Rental income | ₩ 1,560 | 2,235 |
| Others (*) | 9,364 | 14,226 |
| | ₩ 10,924 | 16,461 |

(*) It includes gain from the disposal of loans at amortized cost.

(b) Details of other investment expenses for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|--|-------------|-------------|
| Amortization expense on intangible assets | ₩ 69,369 | 55,189 |
| Depreciation expenses on investment properties | 212 | 212 |
| Others (*) | 11,192 | 5,716 |
| | ₩ 80,773 | 61,117 |

(*) It includes loss from the disposal of loans at amortized cost.

47. Non-operating income or expenses

| | 2023 | 2022 |
|---|-------------|-------------|
| Non-operating income: | | |
| Gain on disposal of associates' investment asset | ₩ - | 343 |
| Gain on cancellation of right-of-use asset | 782 | 103 |
| Gain on disposal of property and equipment | 41 | 176 |
| Miscellaneous gains | 1,213 | 1,925 |
| | 2,036 | 2,547 |
| Non-operating expenses | | |
| Loss on valuation of associates' investment asset | 9,931 | 686 |
| Loss on cancellation of right-of-use asset | 403 | 416 |
| Loss on disposal of property and equipment | 1,550 | 690 |
| Impairment of property and equipment | 1,409 | - |
| Impairment of intangible assets | 1,115 | 13 |
| Donations | 5,553 | 6,372 |
| Miscellaneous loss | 6,018 | 16,291 |
| | 25,979 | 24,468 |
| | ₩ (23,943) | (21,921) |

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48. Income tax expense

(a) Income tax expense for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|------------------|---------------|
| Current income tax expenses | ₩ 27,072 | 18,632 |
| Adjustment for prior periods | (8,111) | (14,821) |
| Temporary differences | 143,060 | (153,049) |
| Income tax recognized in other comprehensive income | (1,498) | 226,602 |
| Income tax expenses | ₩ <u>160,523</u> | <u>77,364</u> |
| Effective tax rate | % | 24.99 |
| | | 14.48 |

(b) The adjustments between net income before tax and income tax for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|------------------|---------------|
| Profit before income taxes | ₩ 642,374 | 534,362 |
| Income taxes at statutory tax rates | 169,587 | 146,950 |
| Adjustments: | | |
| Non-taxable income | (6,199) | (5,459) |
| Non-deductible expense | 2,243 | 690 |
| Differences in tax rates | (4,086) | (2,652) |
| Separate tax effect | 2,164 | 3,032 |
| Changes in deferred tax due to change in tax rate | (4,650) | (55,303) |
| Other (*) | 1,464 | (9,894) |
| Income tax expense | ₩ <u>160,523</u> | <u>77,364</u> |
| Effective tax rate | % | 24.99 |
| | | 14.48 |

(*) For the year ended December 31, 2022, the Company is conducting an administrative lawsuit against one case (the claim amount of ₩ 8,979 million), which has tax uncertainty, but it is highly likely to win, hence, it was reflected as corporate tax assets and corporate tax expenses.

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(In millions of won)

48. 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:

| Classification | 2023 | | | | |
|---|-------------------|----------------|----------------------------|-------------|----------------|
| | Beginning Balance | Profit or loss | Other comprehensive income | Adjustments | Ending Balance |
| Deposits in foreign currency ₩ | (197) | (6) | - | - | (203) |
| Financial assets at fair value through profit or loss | 19,674 | (27,987) | - | - | (8,313) |
| Financial assets at fair value through other comprehensive income | 690,068 | 235,699 | (758,555) | - | 167,212 |
| Securities at amortized costs | (647,732) | 639,280 | - | - | (8,452) |
| Investments in associates | 182 | 2,621 | - | - | 2,803 |
| Derivative instruments | 63,810 | 9,745 | (38,312) | - | 35,243 |
| Accrued income | (123,744) | (16,005) | - | - | (139,749) |
| Evaluation cost of initial investment fund | (92) | 92 | - | - | - |
| Deemed dividend | 5,404 | 3,131 | - | - | 8,535 |
| Dividend receivables | 120 | - | - | - | 120 |
| Other liabilities | (122) | 848 | - | - | 726 |
| Provisions | 1,630 | (1,340) | - | - | 290 |
| Dividend cost recovery | 23,426 | (605) | - | - | 22,821 |
| Taxation of partnership | 5,280 | (4,167) | - | - | 1,113 |
| Guaranteed reserve | 79,523 | (79,523) | - | - | - |
| Policyholder dividend reserve | 1,550 | (1,550) | - | - | - |
| Reserve for loss from participating insurance | 306 | (306) | - | - | - |
| Reserve for outstanding claims for maturity contracts | 12,158 | (713) | - | - | 11,445 |
| Deferred acquisition costs | (665) | 665 | - | - | - |
| Property and equipment, intangible assets | 10,537 | (1,520) | - | - | 9,017 |
| Other accrued expense | 25,521 | 1,105 | - | - | 26,626 |
| Gain or loss on deferred loan | (730) | 781 | - | - | 51 |
| Share-based payment | 2,213 | 450 | - | 4 | 2,667 |
| Retirement benefit obligation | (9,643) | (2,675) | 3,275 | - | (9,043) |
| Business use cars (depreciation adjustment) | 26 | 4 | - | - | 30 |

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48. 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):

| Classification | | 2023 | | | | Ending Balance |
|--|---|-------------------|----------------|----------------------------|-------------|----------------|
| | | Beginning Balance | Profit or loss | Other comprehensive income | Adjustments | |
| Subordinated foreign currency bonds | ₩ | 13,495 | (13,495) | - | - | - |
| Outstanding interests | | (24) | 24 | - | - | - |
| Accrued interests (deposit) | | 5 | (5) | - | - | - |
| Right-of-use assets | | (1,086) | 723 | - | - | (363) |
| Unpaid allowance | | 12 | - | - | - | 12 |
| Government subsidies | | 9 | (8) | - | - | 1 |
| Loan | | 1,726 | (7) | - | - | 1,719 |
| Deficit carried forward | | 10,523 | (40) | - | - | 10,483 |
| Hybrid bonds | | 200 | (1) | - | - | 199 |
| Legal provision | | - | 214 | - | - | 214 |
| Policy reserve adjustment | | - | (271) | - | - | (271) |
| IFRS 17 discount rate fluctuation impact | | - | (1,719,508) | 792,089 | - | (927,419) |
| Surrender value reserve | | - | (839,355) | - | - | (839,355) |
| IFRS17 transition effect | | (1,672,143) | 1,672,143 | - | - | - |
| | ₩ | (1,488,780) | (141,562) | (1,503) | 4 | (1,631,841) |

(*1) The corporate tax rate has changed due to the revision of the tax law at the end of 2024, hence tax rate of 26.4% is applied for deferred tax assets (liabilities) expected to be realized after 2023.

(*2) The Company is applying the temporary exemption provision for deferred corporate tax under K-IFRS 1012, and therefore does not recognize deferred corporate tax assets and liabilities related to global minimum tax legislation, nor does it disclose information related to deferred corporate tax.

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48. 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):

| Classification | 2022 | | | | |
|---|-------------------|----------------|----------------------------|-------------|----------------|
| | Beginning Balance | Profit or loss | Other comprehensive income | Adjustments | Ending Balance |
| Deposits in foreign currency ₩ | (45) | (152) | - | - | (197) |
| Financial assets at fair value through profit or loss | (61,202) | 80,876 | - | - | 19,674 |
| Financial assets at fair value through other comprehensive income | 69,162 | (1,284,893) | 1,905,799 | - | 690,068 |
| Securities at amortized costs | (574,559) | (73,173) | - | - | (647,732) |
| Investments in associates | 1,293 | (1,111) | - | - | 182 |
| Derivative instruments | 38,622 | (9,409) | 34,597 | - | 63,810 |
| Accrued income | (135,711) | 11,967 | - | - | (123,744) |
| Evaluation cost of initial investment fund | 244 | (336) | - | - | (92) |
| Deemed dividend | 4,505 | 899 | - | - | 5,404 |
| Dividend receivables | 124 | (4) | - | - | 120 |
| Other liabilities | (451) | 329 | - | - | (122) |
| Provisions | 5,284 | (3,654) | - | - | 1,630 |
| Dividend cost recovery | 20,497 | 2,929 | - | - | 23,426 |
| Taxation of partnership | 1,662 | 3,618 | - | - | 5,280 |
| Guaranteed reserve | 85,267 | (5,744) | - | - | 79,523 |
| Policyholder dividend reserve | 1,609 | (59) | - | - | 1,550 |
| Reserve for loss from participating insurance | 262 | 44 | - | - | 306 |
| Reserve for outstanding claims for maturity contracts | 9,622 | 2,536 | - | - | 12,158 |
| Deferred acquisition costs | (829) | 164 | - | - | (665) |
| Property and equipment, intangible assets | 16,702 | (6,165) | - | - | 10,537 |
| Other accrued expense | 32,903 | (7,382) | - | - | 25,521 |
| Gain or loss on deferred loan | (466) | (264) | - | - | (730) |
| Share-based payment | 2,064 | 124 | - | 25 | 2,213 |
| Retirement benefit obligation | 4,893 | (8,506) | (6,030) | - | (9,643) |
| Business use cars (depreciation adjustment) | 27 | (1) | - | - | 26 |

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48. 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)

| Classification | | 2022 | | | | Ending Balance(*) |
|-------------------------------------|---|----------------------|----------------|-------------------------------|-------------|----------------------|
| | | Beginning Balance | Profit or loss | Other comprehensive income | Adjustments | |
| Subordinated foreign currency bonds | ₩ | 6,131 | 7,364 | - | - | 13,495 |
| Outstanding interests | | (12) | (12) | - | - | (24) |
| Accrued interests (deposit) | | (1) | 6 | - | - | 5 |
| Right-of-use assets | | (2,297) | 1,211 | - | - | (1,086) |
| Unpaid allowance | | 12 | - | - | - | 12 |
| Government subsidies | | 17 | (8) | - | - | 9 |
| Loan | | 1,791 | (65) | - | - | 1,726 |
| Deficit carried forward | | 15,241 | (4,718) | - | - | 10,523 |
| Hybrid bonds | | 208 | (8) | - | - | 200 |
| IFRS17 transition effect | | (1,184,399) | 1,220,045 | (1,707,789) | - | (1,672,143) |
| | ₩ | (1,641,830) | (73,552) | 226,577 | 25 | (1,488,780) |

(*) The corporate tax rate has changed due to the revision of the tax law at the end of 2022, hence tax rate of 26.5% is applied for deferred tax assets (liabilities) expected to be realized after 2022.

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48. Income tax expense (continued)

(d) Deferred income tax related to items recognized in profit or loss as of December 31, 2023 and 2022 are as follows:

| | January 1, 2023 | | Changes | | December 31, 2023 | |
|---|-----------------|-----------------|--------------|----------------|-------------------|-----------------|
| | Amount | Tax effect | Amount | Tax effect | Amount | Tax effect |
| Financial assets measured at FVOCI ₩ | (6,242,686) | 1,654,312 | 2,849,669 | (758,556) | (3,393,017) | 895,756 |
| Insurance contract and Reinsurance contract financial income and expenses | 6,488,455 | (1,719,440) | (2,975,765) | 792,090 | 3,512,690 | (927,350) |
| Remeasurement of the defined benefit liability | (9,466) | 2,509 | (12,441) | 3,275 | (21,907) | 5,784 |
| Stock options | 1,992 | (528) | (7) | 4 | 1,985 | (524) |
| Gains(losses) on valuation of derivative for cash flow hedge | (83,761) | 23,746 | 143,789 | (38,312) | 60,028 | (14,566) |
| Hybrid bonds | (755) | 208 | - | - | (755) | 208 |
| ₩ | <u>153,779</u> | <u>(39,193)</u> | <u>5,245</u> | <u>(1,499)</u> | <u>159,024</u> | <u>(40,692)</u> |

| | January 1, 2022 | | Changes | | December 31, 2022 | |
|---|-----------------|------------------|------------------|----------------|-------------------|-----------------|
| | Amount | Tax effect | Amount | Tax effect | Amount | Tax effect |
| Financial assets measured at FVOCI ₩ | 914,497 | (251,487) | (7,157,184) | 1,905,799 | (6,242,687) | 1,654,312 |
| Insurance contract and Reinsurance contract financial income and expenses | 42,368 | (11,651) | 6,446,087 | (1,707,789) | 6,488,455 | (1,719,440) |
| Remeasurement of the defined benefit liability | (31,049) | 8,539 | 21,583 | (6,030) | (9,466) | 2,509 |
| Stock options | 2,012 | (553) | (20) | 25 | 1,992 | (528) |
| Gains(losses) on valuation of derivative for cash flow hedge | 48,654 | (10,851) | (132,415) | 34,597 | (83,761) | 23,746 |
| Hybrid bonds | (755) | 208 | - | - | (755) | 208 |
| ₩ | <u>975,727</u> | <u>(265,795)</u> | <u>(821,949)</u> | <u>226,602</u> | <u>153,778</u> | <u>(39,193)</u> |

(e) Deferred tax assets and liabilities

Deferred tax assets and liabilities as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|-------------------------------|--------|---------|
| Deferred tax assets | | |
| Income tax receivables ₩ | 70,658 | 114,391 |
| Deferred tax liability | | |
| Deferred tax liabilities | (55) | - |

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48. Income tax expense (continued)

(f) Income taxes based on gross amount

Deferred income tax assets and deferred income tax liabilities and current income tax assets and current income tax liabilities as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|--------------------------|-------------|-------------|
| Deferred tax assets | ₩ 301,327 | 967,398 |
| Deferred tax liabilities | (1,933,168) | (2,456,178) |
| Current tax assets | 70,658 | 114,391 |
| Current tax liabilities | (55) | - |

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49. Commitments and contingencies

(a) Insurance agreement

As of December 31, 2023, the total number and amount of contracts held by the Company under various insurance contracts with customers is 6,616,712 contracts and ₩186,622,846 million respectively (6,840,971 contracts and ₩191,007,387 respectively as of December 31, 2022).

(b) Reinsurance agreements

As of December 31, 2023, the Company has entered a re-insurance contract with Korean Reinsurance Company, Reinsurance Group of America Incorporated ("RGA"), Gen Re, Munich Re, Hannover Re, SCOR, PartnerRe and COVEA on cancer insurance contracts, cerebrovascular and heart disease (DP), fatal diseases (CI), death and dementia collateral. For life insurance contracts, the Company has entered a coreinsurance with Korean Reinsurance Co., Ltd. which proportionally reinsures insurance risks and interest rate risks. In accordance with these agreements, the Company is paying reinsurance premiums to the above reinsurance companies.

(c) Pending litigations

For the year ended December 31, 2023, the Company has 87 pending litigations (Total claim amount of ₩5,010 million). Among these, provisions related to the litigation is accounted for ₩862 million, and the Company has accounted for ₩3,594 million as liabilities for incurred claims related to insurance claims. As of December 31, 2023, the result of litigation is unpredictable.

(d) Bank overdraft agreement

As of December 31, 2023, the Company has overdraft agreements with Shinhan Bank Co., Ltd. The limit on bank overdraft is ₩100,000 million (₩400,000 million as of December 31, 2022).

(e) Unused credit provided and capital commitments

As of December 31, 2023, the Company's unused credit provided and capital commitment amounted to ₩424,203 and ₩1,360,730 million, respectively (₩656,238 and ₩1,639,549 million, respectively as of December 31, 2022).

(f) Other commitments

As of December 31, 2023 and 2022, the details of payment guarantee are as follows.

| <u>Guarantee provider</u> | <u>2023</u> | <u>2022</u> | <u>Type of guarantee</u> |
|-------------------------------------|-------------|-------------|--------------------------|
| Seoul Guarantee Insurance Co., Ltd. | ₩ 2,348 | 2,432 | Guarantee deposit, etc. |

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

50. Related parties

(a) The related parties as of December 31, 2023 and 2022 are as follows:

| | |
|--------------------------------------|--|
| The parent company | Shinhan Financial Group Co., Ltd. |
| Subsidiaries | Shinhan Financial Plus Co., Ltd. Shinhan Life Insurance Vietnam Co., Ltd. Shinhan LifeCare Co., Ltd. Miraeasset Maps Global Infra Private Special Asset Trust 2 Mirae Asset Maps US Frontier Private Real Estate Investment Trust 5-2 Shinhan AIM Credit Fund 3 Shinhan AIM Private fund of funds Trust 7-A Shinhan AIM Private fund of funds Trust 6-B Shinhan AIM Private fund of funds Trust 5 KB Global Private Real Estate Debt Fund 23 KB Global Private Real Estate Debt Fund 21 Shinhan KKR Global Program REC Private Investment Trust(*2) Shinhan KKR Global Program PEF Private Investment Trust(*2) Shinhan KKR Global Program PDF Private Investment Trust(*2) Shinhan LCP X Private Investment Trust No.4(H)(*2) |
| Entities under common control | Shinhan Bank Co., Ltd. Shinhan Securities Co., Ltd. Shinhan Card Co., Ltd. Jeju Bank Shinhan DS Shinhan Asset Management Co., Ltd. Shinhan Capital Co., Ltd. Shinhan Savings Bank Shinhan Fund Partners SHC Management Co., Ltd. Shinhan REITs Management Co., Ltd. Shinhan AI Co., Ltd. Shinhan Asset Trust Co., Ltd. Shinhan Venture Investment Co., Ltd. Shinhan EZ General Insurance, Ltd. SHBNPP Green Energy Private Special Asset Investment Trust SHBNPP Hangbok Ultari BTL Private Special Asset Investment Trust SHBNPP YoungNam LNG Thermal Power Plant Private Special Asset Investment Trust |

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

50. Related parties (continued)

(a) The related parties as of December 31, 2023 and 2022 are as follows (continued):

Entities under common control

SHBNPP Green Energy Professional Investment Type Private
Special Asset Investment Trust No.2
SHBNPP Good morning BTL Professional Investment Type
Private Special Asset Investment Trust No.1
SHBNPP Global Professional Investment Type Private Real
Estate Investment Trust No.4
SHBNPP Global Professional Investment Type Private Real
Estate Investment Trust No.5
SHBNPP US Nevada Photovoltaic Private Special Asset
Investment Trust
Shinhan AIM Social Enterprise Investment Fund I
Shinhan AIM Infrastructure Professional Investment Type
Private Investment Trust 1
One Shinhan Futures Fund 1
SH BNPP Startup Venture Specialized Investment Private
Equity Trust No.2
SHBNPP Global Professional Investment Type Private
Investment Trust No.12
Shinhan AIM Private Real Estate Investment Trust No.15
Shinhan AIM FoF Fund 4
Shinhan AIM Social Enterprise Investment Fund II
SHBNPP Europe Corporate Loan Professional Investment Type
Private Investment Trust No.4
Shinhan AIM Private Real Estate Investment Trust No.13
Shinhan AIM FoF Fund 6-A
SHBNPP Italy VENETA Infrastructure Loan Professional
Investment Type Private Investment Trust
SH BNPP Startup Venture Specialized Investment Private
Equity Trust No.3
One Shinhan Futures Fund 2
SH BNPP Startup Venture Alpha Specialized Investment
Private Equity Mixed Asset Trust No.1
SHBNPP Green New Deal Energy Professional Investment
Type Private Special Asset Investment Trust No.1
Shinhan AIM Investment Finance Specialized Investment Trust
No. 1
Shinhan AIM Social Enterprise Investment Fund III
SH Startup Venture Specialized Investment Private Equity
Trust No.4
SH Green New Deal Energy Special Asset Private Investment
Trust No.3
Shinhan AIM Private Real Estate Investment Trust No.22-A

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

50. Related parties (continued)

(a) The related parties as of December 31, 2023 and 2022 are as follows (continued):

Entities under common control

One Shinhan Connect New Technology Investment Fund 1
Shinhan Global Green Energy Partnership Private Investment Trust No.1
SHBNPP Startup Venture Alpha Specialized Private Equity Fund 2nd
One Shinhan Futures Fund 3
SH Startup Venture Private Equity Trust No.5
Shinhan Greenway Corporate Investment FUND NO.1
One Shinhan Connect New Technology Investment Fund 2
Shinhan global flagship venture fund 1
SH BGT Private Special Asset Investment Trust No.2
IMM Long-term Solution Private Equity Fund(*1)
Shinhan AIM Credit 4-B_Clover2(*2)
SH Sustainable Management ESG Short Term Bond Security Feeder Investment Trust No.1[Bond](*2)
SH Venture Private Investment Trust No.6(*2)
Shinhan One Flagship Real Estate Development Fund 1(*2)
Shinhan hyper connect venture fund I (*2)
Shinhan hyper future's venture fund 1(*2)
SH Special Situation Private Real Estate Feeder Investment Trust No.1(*2)
Shinhan CIS III Private Investment Trust No.1(*2)

Associates

iPIXEL Co., Ltd.
Findvalue JD Fund No.1

Associates of entities under common control

Seocho Information Command Complex Development Project PFV1
Seocho Information Command Complex Development Project PFV2
Midas Asset Global CRE Debt Private Fund No.6
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37
LB Scotland Amazon Fulfillment Center Fund 29
SHINHAN-NEO Core Industrial Technology Fund
SHINHAN-NEO Market-Frontier 2nd Fund
SHBNPP Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3
SHBNPP Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2
Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24
Macquarie Korea Opportunities Fund (MKOF)

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022

50. Related parties (continued)

(a) The related parties as of December 31, 2023 and 2022 are as follows (continued):

Associates of entities under common control(continued)

SHBNPP Sangju YC Expressway Professional Investment Type
Private Special Asset Investment Trust
Shinhan AIM Private Real Estate Investment Trust No.1
Shinhan AIM Private Real Estate Investment Trust No.2
SHBNPP Japan Photovoltaic Private Special Asset Investment
Trust No.2 [Loan-Derivative]
PCC Amberstone Private Equity Fund I
KIAMCO POWERLOAN TRUST 4TH
SHBNPP Green New Deal Energy Professional Investment
Type Private Special Asset Investment Trust No.2
Shinhan JigaeNamsan Road Private Special Asset Investment
Trust
Shinhan Mid and Small-Sized Office Value-Added Parent
REIT Co., Ltd. (*2)
IGIS Real Estate General Private Feefer Investment Company
No.517-1(*2)
Shinhan AIM Private Fund of Fund 9-B(*2)

Others

Shinhan Life Shining Foundation

(*1) it was classified as an associate as of December 31, 2022.

(*2) it was newly included as a related party, as of December 31, 2023.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(b) Significant balances with the related parties as of December 31, 2023 and 2022 are as follows:

| Related party | Account | 2023 | 2022 |
|--------------------------------------|---|-----------|---------|
| The parent company | | | |
| Shinhan Financial Group Co., Ltd. | Securities at fair value through other comprehensive income | ₩ 29,130 | 26,698 |
| | Accrued income | 167 | 167 |
| | Provisions for credit losses | (14) | (20) |
| | Current tax assets | 70,659 | 115,449 |
| | Current tax liability | 55 | - |
| | Accrued expenses | 10,102 | 8,354 |
| Subsidiaries | | | |
| Shinhan Financial Plus Co., Ltd. | Right-of-use asset | 98 | 1,699 |
| | Leasehold deposits | 37 | - |
| | Rental deposit | 159 | 188 |
| | Lease liability | 96 | 1,644 |
| | Account payables | - | 153 |
| | Accrued expenses | 1,949 | 705 |
| Entities under common control | | | |
| Shinhan Bank Co., Ltd. | Cash and due from banks at amortized cost | 106,532 | 8,599 |
| | Financial assets at fair value through profit or loss (*1) | 33,385 | 2,494 |
| | Rental deposits | 5,505 | 11,128 |
| | Right-of-use assets | 3,872 | 4,742 |
| | Derivative assets | 21,030 | 31,221 |
| | Accrued income | 144 | 149 |
| | Derivative liabilities | 22,287 | 18,030 |
| | Lease liabilities | 4,169 | 4,789 |
| | Accrued expenses | 42 | 1,178 |
| | Investment contract liabilities (*2) | 209,253 | 121,213 |
| Shinhan Securities Co., Ltd. | Cash and due from banks at amortized cost | 38,612 | 15,709 |
| | Accrued income | 67 | 113 |
| | Derivative assets | 11,746 | 2,440 |
| | Accounts receivable | 8,057 | 4,996 |
| | Derivative liabilities | 17,277 | 36,082 |
| | Account payables | 3,095 | 2,240 |
| Shinhan Card Co., Ltd. | Securities at fair value through other comprehensive income | 29,766 | 28,712 |
| | Accounts receivable | 36 | 30 |
| | Accrued income | 133 | 128 |
| | Provisions for credit losses | (19) | (4) |
| | Accrued expenses | 2,840 | 3,408 |
| | Investment contract liabilities(*2) | 36,056 | 33,236 |
| Jeju Bank | Cash and due from banks at amortized cost | 53 | 6 |
| | Investment contract liabilities(*2) | 13,832 | 8,366 |
| | Accrued expenses | 3 | 56 |
| Shinhan DS | Accrued expenses | 986 | 301 |
| Shinhan Asset Management Co., Ltd. | Financial assets at fair value through profit or loss(*1) | 8,435 | 8,344 |
| | Accrued expenses | 1,011 | 1,051 |
| Shinhan AI Co., Ltd. | Prepayments | - | 27 |
| Shinhan Fund Partners | Accrued expenses | 171 | 172 |
| Total assets | | ₩ 367,431 | 262,827 |
| Total liabilities | | ₩ 323,383 | 241,166 |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(b) Significant balances with the related parties as of December 31, 2023 and 2022 are as follows (continued):

(*1) It is a financial instrument related to a separate structured entity of related parties.

(*2) It is reserve for policyholders of retirement benefits.

(c) Significant transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows:

| Related Party | Account | 2023 | 2022 |
|--|--|--------|--------|
| The parent company | | | |
| Shinhan Financial Group Co., Ltd. | Interest income | ₩ 868 | 868 |
| | Provisions for (Reversal of) credit losses | (6) | (20) |
| | Commission expense, etc. | 4,737 | 5,360 |
| Subsidiaries | | | |
| Shinhan Financial Plus Co., Ltd | Interest income | 2 | - |
| | Other income | 626 | 750 |
| | Insurance expenses | 20,159 | 10,649 |
| | Interest expense | 7 | 50 |
| | Other expenses | 67 | 843 |
| | Commission expense, etc. | 11,087 | - |
| | Fee and commission income | 269 | 1,746 |
| Shinhan Life Insurance Vietnam Co., Ltd. | | | |
| Miracasset Maps Global Infra Private Special Asset Trust 2 | Income related to financial assets measures at FVTPL | 1,516 | 12,289 |
| Shinhan AIM Private fund of funds Trust 5 | Income related to financial assets measures at FVTPL | 2,547 | 1,330 |
| Shinhan AIM Private fund of funds Trust 6-B | Income related to financial assets measures at FVTPL | 1,392 | 145 |
| Shinhan AIM Credit Fund 3 | Income related to financial assets measures at FVTPL | 6,076 | 6,119 |
| KB Global Private Real Estate Debt Fund 23 | Income related to financial assets measures at FVTPL | 4,995 | - |
| KB Global Private Real Estate Debt Fund 21 | Income related to financial assets measures at FVTPL | 1,370 | 87 |
| Entities under common control | | | |
| Shinhan Bank Co., Ltd. | Interest income(*1) | 3,268 | 1,102 |
| | Income related to financial assets measures at FVTPL(*2) | 113 | 20 |
| | Fee and commission income | 576 | 569 |
| | Valuation gain of derivatives | 8,878 | 27,617 |
| | Transaction gain of derivatives | 2,979 | 2,950 |
| | Insurance expenses | 1,648 | 7,573 |
| | Interest expense | 26 | 120 |
| | Valuation loss of derivatives | 23,929 | 16,280 |
| | Transaction loss of derivatives | 10,888 | 32,925 |
| | Commission expenses, etc. | 5,349 | 5,163 |
| Shinhan Securities Co., Ltd. | Interest income | 325 | 112 |
| | Fee and commission income | 275 | 475 |
| | Valuation gain of derivatives | 613 | 82 |
| | Transaction gain of derivatives | 731 | - |
| | Insurance expenses | - | 1 |
| | Provisions for (Reversal of) credit losses | - | (5) |
| | Investment administration expenses | 1,811 | 1,694 |
| | Valuation loss of derivatives | 826 | 1,827 |
| | Transaction loss of derivatives | 155 | 24 |
| | Commission expenses, etc. | 105 | 139 |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(c) Significant transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| Related Party | Account | 2023 | 2022 |
|---|--|--------|--------|
| Entities under common control | | | |
| Shinhan Card Co., Ltd. | Interest income | ₩ 759 | 759 |
| | Fee and commission expense | 172 | 43 |
| | Insurance expenses | 11,202 | 9,379 |
| | Provisions for (Reversal of) credit losses | 15 | (4) |
| | Commission expenses, etc. | 6,989 | 7,481 |
| Jeju Bank | Insurance expenses | 239 | 581 |
| | Commission expense, etc. | 13 | 14 |
| Shinhan DS | Other income | - | 1 |
| | Commission expense, etc. | 18,306 | 16,389 |
| Shinhan Asset Management Co., Ltd. | Interest income | 1 | - |
| | Investment administration expenses | 5,291 | 3,998 |
| Shinhan Savings Bank | Fee and commission income | 15 | 8 |
| Shinhan Fund Partners | Investment administration expenses | 764 | 732 |
| Shinhan AI Co., Ltd. | Investment administration expenses | 37 | 1,244 |
| SHBNPP Green Energy Private Special Asset Investment Trust | Income related to financial assets measures at FVTPL | 1,034 | 1,037 |
| SHBNPP Hangbok Ultari BTL Private Special Asset Investment Trust | Income related to financial assets measures at FVTPL | 1,447 | 1,119 |
| SHBNPP YoungNam LNG Thermal Power Plant Private Special Asset Investment Trust | Income related to financial assets measures at FVTPL | 1,064 | 892 |
| SHBNPP Green Energy Professional Investment Type Private Special Asset Investment Trust No.2 | Income related to financial assets measures at FVTPL | 696 | 769 |
| SHBNPP Good morning BTL Professional Investment Type Private Special Asset Investment Trust No.1 | Income related to financial assets measures at FVTPL | 192 | 116 |
| SHBNPP Global Professional Investment Type Private Real Estate Investment Trust No.4 | Income related to financial assets measures at FVTPL | 1,454 | 1,702 |
| SHBNPP Global Professional Investment Type Private Real Estate Investment Trust No.5 | Income related to financial assets measures at FVTPL | 2,000 | 2,190 |
| SHBNPP US Nevada Photovoltaic Private Special Asset Investment Trust | Income related to financial assets measures at FVTPL | 2,351 | 2,726 |
| SHBNPP Future Energy Professional Investment Type Private Special Asset Investment Trust No.1(*3) | Income related to financial assets measures at FVTPL | - | 198 |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(c) Significant transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| Related Party | Account | 2023 | 2022 |
|---|--|-------|-------|
| Shinhan AIM Investment Finance Specialized Investment Trust No. 1 | Income related to financial assets measures at FVTPL | ₩ - | 47 |
| SHBNPP Global Professional Investment Type Private Investment Trust No.12 | Income related to financial assets measures at FVTPL | 725 | 1,300 |
| SHBNPP Europe Corporate Loan Professional Investment Type Private Investment Trust No.4 | Income related to financial assets measures at FVTPL | 3,574 | 1,844 |
| Shinhan AIM FoF Fund 6-A | Income related to financial assets measures at FVTPL | 805 | 308 |
| SHBNPP Italy VENETA Infrastructure Loan Professional Investment Type Private Investment Trust | Income related to financial assets measures at FVTPL | 1,716 | 1,051 |
| SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.1 | Income related to financial assets measures at FVTPL | 788 | 835 |
| Shinhan AIM Investment Finance Specialized Investment Trust No. 1 | Income related to financial assets measures at FVTPL | 279 | 190 |
| SH Green New Deal Energy Special Asset Private Investment Trust No.3 | Income related to financial assets measures at FVTPL | 1,018 | 475 |
| Shinhan AIM Private Real Estate Investment Trust No.22-A | Income related to financial assets measures at FVTPL | 2,501 | 1,810 |
| Shinhan Global Green Energy Partnership Private Investment Trust No.1 | Income related to financial assets measures at FVTPL | 178 | 166 |
| Shinhan AIM Infrastructure Professional Investment Type Private Investment Trust 1 | Income related to financial assets measures at FVTPL | 902 | 2,200 |
| Shinhan AIM Private Real Estate Investment Trust No.15 | Income related to financial assets measures at FVTPL | - | 438 |
| Shinhan AIM FoF Fund 4 | Income related to financial assets measures at FVTPL | 205 | 359 |
| Shinhan AIM Credit 4-B_Clover2 | Income related to financial assets measures at FVTPL | 4,794 | - |
| SH Sustainable Management ESG Short Term Bond Security Feeder Investment Trust No.1[Bond] | Income related to financial assets measures at FVTPL | 83 | - |
| IMM Long-term Solution Private Equity Fund | Income related to financial assets measures at FVTPL | 1,115 | - |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(c) Significant transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| Related Party | Account | | 2023 | 2022 |
|---|--|---|---------|---------|
| Midas Asset Global CRE Debt Private Fund No.6 | Income related to financial assets measures at FVTPL | ₩ | 2,955 | 1,876 |
| Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37 | Income related to financial assets measures at FVTPL | | 2,203 | 1,925 |
| LB Scotland Amazon Fulfillment Center Fund 29 | Income related to financial assets measures at FVTPL | | 1,175 | 723 |
| SHBNPP Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3 | Income related to financial assets measures at FVTPL | | 271 | 188 |
| SHBNPP Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2 | Income related to financial assets measures at FVTPL | | 202 | 101 |
| Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24 | Income related to financial assets measures at FVTPL | | 792 | 785 |
| Shinhan AIM Private Real Estate Investment Trust No.1 | Income related to financial assets measures at FVTPL | | 1,086 | 2,176 |
| SHBNPP Japan Photovoltaic Private Special Asset Investment Trust No.2 | Income related to financial assets measures at FVTPL | | 134 | 303 |
| Shinhan BNPP Global Infrastructure Private Investment Trust (*3) | Income related to financial assets measures at FVTPL | | - | 183 |
| PCC Amberstone Private Equity Fund I | Income related to financial assets measures at FVTPL | | 877 | 803 |
| KIAMCO POWERLOAN TRUST 4TH | Income related to financial assets measures at FVTPL | | 1,537 | 1,537 |
| SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2 | Income related to financial assets measures at FVTPL | | 960 | 987 |
| Shinhan JigaeNamsan Road Private Special Asset Investment Trust | Income related to financial assets measures at FVTPL | | 314 | 139 |
| Shinhan Mid and Small-Sized Office Value Added Parent REIT Co., Ltd. | Income related to financial assets measures at FVTPL | | 84 | - |
| Shinhan AIM Private Fund of Fund 9-B | Income related to financial assets measures at FVTPL | | 312 | - |
| Others | | | | |
| Shinhan Life Shining Foundation | Rental income | | 55 | 53 |
| | Donations | | 2,555 | 2,353 |
| Total income | | ₩ | 80,244 | 90,623 |
| Total expense | | ₩ | 126,199 | 124,790 |

(*1) It includes gains or losses from derivatives from hedging instruments.

(*2) It is investment gains and losses from separate structured entities of the related party.

(*3) It has been removed from the related party during the year ended December 31, 2022, the amount refers to the transactions before its removal.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(d) Major financial transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | | | | |
|--|---|--------------------|------------|--------------------|------------|---------------|
| | | Borrowing of funds | | Investment in cash | | Dividend paid |
| | | Borrowing | Redemption | Investment | Collection | |
| The parent company | | | | | | |
| Shinhan Financial Group Co., Ltd. | ₩ | - | - | - | - | 162,257 |
| Subsidiary | | | | | | |
| Shinhan Financial Plus Co., Ltd | ₩ | - | - | 14,000 | - | - |
| Shinhan LifeCare Co., Ltd. | | - | - | 40,000 | - | - |
| Shinhan AIM Private fund of funds Trust 7-A | | - | - | 5,896 | - | - |
| Shinhan AIM Private fund of funds Trust 6-B | | | | 13,376 | 593 | |
| Shinhan AIM Private fund of funds Trust 5 | | - | - | - | 2,844 | - |
| KB Global Private Real Estate Debt Fund 23 | | - | - | 11,224 | - | - |
| KB Global Private Real Estate Debt Fund 21 | | - | - | 10,163 | - | - |
| Shinhan KKR Global Program REC Private Investment Trust | | - | - | 85,978 | - | - |
| Shinhan KKR Global Program PEF Private Investment Trust | | - | - | 36,605 | - | - |
| Shinhan KKR Global Program PDF Private Investment Trust | | - | - | 96,050 | - | - |
| Shinhan LCP X Private Investment Trust No.4(H) | | - | - | 16,342 | - | - |
| | ₩ | - | - | 329,634 | 3,437 | - |
| Entities under common control | | | | | | |
| Shinhan Bank Co., Ltd. (*1)(*2) | ₩ | - | 780 | 30,891 | - | - |
| SHBNPP Green Energy Private Special Asset Investment Trust | | - | - | - | 1,630 | - |
| SHBNPP Hangbok Ultari BTL Private Special Asset Investment Trust | | - | - | - | 1,656 | - |
| SHBNPP YoungNam LNG Thermal Power Plant Private Special Asset Investment Trust | | - | - | - | 7,188 | - |
| SHBNPP Green Energy Professional Investment Type Private Special Asset Investment Trust No.2 | | - | - | - | 1,638 | - |
| SHBNPP Good morning BTL Professional Investment Type Private Special Asset Investment Trust No.1 | | - | - | - | 324 | - |
| SHBNPP Global Professional Investment Type Private Real Estate Investment Trust No.4 | | - | - | 1,332 | 13,367 | - |
| SHBNPP Global Professional Investment Type Private Real Estate Investment Trust No.5 | | - | - | - | 799 | - |
| SHBNPP US Nevada Photovoltaic Private Special Asset Investment Trust | | - | - | 2,018 | - | - |
| Shinhan AIM Social Enterprise Investment Fund I | | - | - | 12 | - | - |
| Shinhan AIM Infrastructure Professional Investment Type Private Investment Trust 1 | | - | - | 1,908 | - | - |
| One Shinhan Futures Fund 1 | | - | - | - | 184 | - |
| SH BNPP Startup Venture Specialized Investment Private Equity Trust No.2 | | - | - | 1,000 | 914 | - |
| SHBNPP Global Professional Investment Type Private Investment Trust No.12 | | - | - | 1,284 | - | - |
| Shinhan AIM Private Real Estate Investment Trust No.15 | | - | - | 2,031 | 349 | - |
| Shinhan AIM FoF Fund 4 | | - | - | 7,810 | - | - |
| Shinhan AIM Social Enterprise Investment Fund II | | - | - | 29 | - | - |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(d) Major financial transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| | | 2023 | | | | |
|---|---|--------------------|------------|--------------------|------------|---------------|
| | | Borrowing of funds | | Investment in cash | | Dividend paid |
| | | Borrowing | Redemption | Investment | Collection | |
| Entities under common control | | | | | | |
| SHBNPP Europe Corporate Loan Professional Investment Type Private Investment Trust No.4 | ₩ | - | - | 2,979 | 651 | - |
| Shinhan AIM Private Real Estate Investment Trust No.13 | | - | - | - | 36,541 | - |
| Shinhan AIM FoF Fund 6-A | | - | - | 7,574 | 938 | - |
| SHBNPP Italy VENETA Infrastructure Loan Professional Investment Type Private Investment Trust | | - | - | 2,026 | 516 | - |
| SH BNPP Startup Venture Specialized Investment Private Equity Trust No.3 | | - | - | 1,000 | - | - |
| One Shinhan Futures Fund 2 | | - | - | - | 100 | - |
| SH BNPP Startup Venture Alpha Specialized Investment Private Equity Mixed Asset Trust No.1 | | - | - | 150 | - | - |
| SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.1 | | - | - | - | 1,224 | - |
| Shinhan AIM Social Enterprise Investment Fund III | | - | - | 750 | - | - |
| SH Startup Venture Specialized Investment Private Equity Trust No.4 | | - | - | 4,000 | - | - |
| SH Green New Deal Energy Special Asset Private Investment Trust No.3 | | - | - | 14,339 | 9 | - |
| Shinhan AIM Private Real Estate Investment Trust No.22-A | | - | - | 5,585 | 109 | - |
| One Shinhan Connect New Technology Investment Fund 1 | | - | - | - | 104 | - |
| Shinhan Global Green Energy Partnership Private Investment Trust No.1 | | - | - | 980 | - | - |
| SHBNPP Startup Venture Alpha Specialized Private Equity Fund 2nd | | - | - | 600 | - | - |
| One Shinhan Futures Fund 3 | | - | - | - | 102 | - |
| SH Startup Venture Private Equity Trust No.5 | | - | - | 6,000 | - | - |
| Shinhan Greenway Corporate Investment FUND NO.1 | | - | - | 5,000 | - | - |
| One Shinhan Connect New Technology Investment Fund 2 | | - | - | - | 2,452 | - |
| Shinhan global flagship venture fund 1 | | - | - | 5,200 | - | - |
| SH BGT Private Special Asset Investment Trust No.2 | | - | - | 8,140 | - | - |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(d) Major financial transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| | | 2023 | | | | |
|---|---|--------------------|------------|--------------------|------------|---------------|
| | | Borrowing of funds | | Investment in cash | | Dividend paid |
| | | Borrowing | Redemption | Investment | Collection | |
| Entities under common control | | | | | | |
| Shinhan AIM Credit 4-B_Clover2 | ₩ | - | - | 5,047 | - | - |
| SH Sustainable Management ESG Short Term Bond Security Feeder Investment Trust No.1[Bond] | | - | - | 83 | - | - |
| SH Venture Private Investment Trust No.6 | | - | - | 4,000 | - | - |
| Shinhan One Flagship Real Estate Development Fund I | | - | - | 6,255 | - | - |
| Shinhan hyper connect venture fund I | | - | - | 6,080 | - | - |
| Shinhan hyper future's venture fund I | | - | - | 106 | - | - |
| SH Special Situation Private Real Estate Feeder Investment Trust No.1 | | - | - | 2,140 | - | - |
| Shinhan CIS III Private Investment Trust No.1 | | - | - | 17,807 | - | - |
| | ₩ | - | 780 | 154,156 | 70,795 | - |
| Associates of entities under common control | | | | | | |
| Seocho Information Command Complex Development Project PFV2 | ₩ | - | - | 675 | - | - |
| Midas Asset Global CRE Debt Private Fund No.6 | | - | - | - | 1,471 | - |
| Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37 | | - | - | 1,747 | - | - |
| SHINHAN-NEO Market-Frontier 2nd Fund | | - | - | 450 | - | - |
| SHBNPP Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3 | | - | - | - | 5,209 | - |
| SHBNPP Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2 | | - | - | - | 601 | - |
| Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24 | | - | - | - | 2,958 | - |
| SHBNPP Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust | | - | - | 1 | - | - |
| Shinhan AIM Private Real Estate Investment Trust No.1 | | - | - | 7,672 | - | - |
| SHBNPP Japan Photovoltaic Private Special Asset Investment Trust No.2 [Loan-Derivative] | | - | - | - | 1,319 | - |
| PCC Amberstone Private Equity Fund I | | - | - | - | 512 | - |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

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(In millions of won)

50. Related parties (continued)

(d) Major financial transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| | 2023 | | | | |
|---|--------------------|------------|--------------------|------------|---------------|
| | Borrowing of funds | | Investment in cash | | Dividend paid |
| | Borrowing | Redemption | Investment | Collection | |
| Associates of entities under common control | | | | | |
| SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2 | - | - | - | 1,588 | - |
| Shinhan JigaeNamsan Road Private Special Asset Investment Trust | - | - | 321 | - | - |
| Shina Mid and Small-Sized office Value Added Parent REIT Co., Ltd. | - | - | 4,984 | - | - |
| IGIS Real Estate General Private Feefer Investment Company No.517-1 | - | - | 22,600 | - | - |
| Shinhan AIM Private Fund of Fund 9-B | - | - | 4,981 | 155 | - |
| ₩ | - | - | 43,431 | 13,813 | - |
| ₩ | - | 780 | 527,221 | 88,045 | 162,257 |

(*1) The interest expense recognized under the lease contract signed with Shinhan Bank Co., Ltd., a related party is ₩26 million for the year ended December 31, 2023.

(*2) It includes the detailed transactions related to consolidated structured entities of the related parties.

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Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(d) Major financial transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| | | 2022 | | | | |
|--|---|--------------------|------------|--------------------|------------|---------------|
| | | Borrowing of funds | | Investment in cash | | Dividend paid |
| | | Borrowing | Redemption | Investment | Collection | |
| Subsidiaries | | | | | | |
| Shinhan Financial Plus Co., Ltd | ₩ | - | - | 20,000 | - | - |
| Mirae Asset Maps Global Infra Private Special Asset Trust 2 | | - | - | 1,864 | 20,320 | - |
| Mirae Asset Maps US Frontier Private Real Estate Investment Trust 5-2 | | | - | 528 | - | - |
| Shinhan AIM Private fund of funds Trust 5 | | - | - | 43,539 | 112 | - |
| Shinhan AIM Private fund of funds Trust 6-B | | - | - | 24,551 | 241 | - |
| Shinhan AIM Private fund of funds Trust 7-A | | - | - | 1,266 | - | - |
| KB Global Private Real Estate Debt Fund 23 | | - | - | 52,357 | 1,133 | - |
| KB Global Private Real Estate Debt Fund 21 | | - | - | 24,326 | 176 | - |
| | | - | - | 168,431 | 21,982 | - |
| Entities under common control | | | | | | |
| Shinhan Bank Co., Ltd. (*1)(*2) | | - | 749 | 771 | 2 | - |
| Shinhan Securities Co., Ltd. | | - | 2 | - | - | - |
| SHBNPP Green Energy Private Special Asset Investment Trust | | - | - | - | 1,435 | - |
| SHBNPP Hangbok Ultari BTL Private Special Asset Investment Trust | | - | - | - | 1,732 | - |
| SHBNPP YoungNam LNG Thermal Power Plant Private Special Asset Investment Trust | | - | - | - | 190 | - |
| SHBNPP Green Energy Professional Investment Type Private Special Asset Investment Trust No.2 | | - | - | - | 1,569 | - |
| SHBNPP Good morning BTL Professional Investment Type Private Special Asset Investment Trust No.1 | | - | - | - | 403 | - |
| SHBNPP Global Professional Investment Type Private Real Estate Investment Trust No.4 | | - | - | 5,784 | - | - |
| SHBNPP Global Professional Investment Type Private Real Estate Investment Trust No.5 | | - | - | 6,009 | - | - |
| SHBNPP US Nevada Photovoltaic Private Special Asset Investment Trust | | - | - | 4,783 | - | - |
| SHBNPP Future Energy Professional Investment Type Private Special Asset Investment Trust No.1 (*3) | | - | - | - | 5,471 | - |
| Shinhan AIM Social Enterprise Investment Fund I | | - | - | - | 169 | - |
| Shinhan AIM Infrastructure Professional Investment Type Private Investment Trust 1 | | - | - | 756 | 7,199 | - |
| One Shinhan Futures Fund 1 | | - | - | - | 238 | - |
| SH BNPP Startup Venture Specialized Investment Private Equity Trust No.2 | | - | - | 1,000 | 986 | - |
| SHBNPP Global Professional Investment Type Private Investment Trust No.12 | | - | - | - | 720 | - |
| Shinhan AIM Private Real Estate Investment Trust No.15 | | - | - | 4,442 | - | - |
| Shinhan AIM FoF Fund 4 | | - | - | 1,339 | - | - |
| Shinhan AIM Social Enterprise Investment Fund II | | - | - | 122 | - | - |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(d) Major financial transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| | | 2022 | | | | |
|---|---|--------------------|------------|--------------------|------------|---------------|
| | | Borrowing of funds | | Investment in cash | | Dividend paid |
| | | Borrowing | Redemption | Investment | Collection | |
| Entities under common control | | | | | | |
| SHBNPP Europe Corporate Loan Professional Investment Type Private Investment Trust No.4 | ₩ | - | - | 3,827 | - | - |
| Shinhan AIM Private Real Estate Investment Trust No.13 | | - | - | 5,032 | - | - |
| Shinhan AIM FoF Fund 6-A | | - | - | 17,890 | - | - |
| SHBNPP Italy VENETA Infrastructure Loan Professional Investment Type Private Investment Trust | | - | - | 320 | 23 | - |
| SH BNPP Startup Venture Specialized Investment Private Equity Trust No.3 | | - | - | 3,000 | - | - |
| SH BNPP Startup Venture Alpha Specialized Investment Private Equity Mixed Asset Trust No.1 | | - | - | 150 | - | - |
| SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.1 | | - | - | - | 1,180 | - |
| Shinhan AIM Investment Finance Specialized Investment Trust No. 1 | | - | - | 5,396 | 104 | - |
| Shinhan AIM Social Enterprise Investment Fund III | | - | - | 1,065 | - | - |
| SH Startup Venture Specialized Investment Private Equity Trust No.4 | | - | - | 6,000 | - | - |
| SH Green New Deal Energy Special Asset Private Investment Trust No.3 | | - | - | 8,234 | 45 | - |
| Shinhan AIM Private Real Estate Investment Trust No.22-A | | - | - | 3,461 | 436 | - |
| One Shinhan Connect New Technology Investment Fund 1 | | - | - | 5,550 | 6,082 | - |
| Shinhan Global Green Energy Partnership Private Investment Trust No.1 | | - | - | 6,019 | 230 | - |
| SHBNPP Startup Venture Alpha Specialized Private Equity Fund 2nd | | - | - | 450 | - | - |
| One Shinhan Futures Fund 3 | | - | - | 198 | - | - |
| Shinhan Global Bond EMP Private Equity Investment Trust | | - | - | 3,000 | 2,732 | - |
| SH Startup Venture Private Equity Trust No.5 | | - | - | 6,000 | - | - |
| Shinhan Greenway Corporate Investment FUND NO.1 | | - | - | 2,920 | - | - |
| One Shinhan Connect New Technology Investment Fund 2 | | - | - | 6,000 | - | - |
| Shinhan global flagship venture fund 1 | | - | - | 5,200 | - | - |
| SH BGT Private Special Asset Investment Trust No.2 | | - | - | 4,513 | - | - |
| | | - | 751 | 119,231 | 30,946 | - |
| Associates | | | | | | |
| Findvalue JD Fund No.1 | | - | - | 1,000 | - | - |
| IMM Long-term Solution Private Equity Fund | | - | - | 34,981 | - | - |
| | | - | - | 35,981 | - | - |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(d) Major financial transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:
(continued)

| | | 2022 | | | | |
|---|---|--------------------|------------|--------------------|------------|---------------|
| | | Borrowing of funds | | Investment in cash | | Dividend paid |
| | | Borrowing | Redemption | Investment | Collection | |
| Associates of entities under common control | | | | | | |
| Midas Asset Global CRE Debt Private Fund No.6 | ₩ | - | - | 4,889 | - | - |
| Vestas Qualified Investors Private Real Estate Fund Investment Trust No.37 | | - | - | 1,911 | - | - |
| LB Scotland Amazon Fulfillment Center Fund 29 | | - | - | - | 745 | - |
| SHINHAN-NEO Core Industrial Technology Fund | | - | - | 480 | - | - |
| SHINHAN-NEO Market-Frontier 2nd Fund | | - | - | 900 | - | - |
| SHBNPP Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.3 | | - | - | - | 86 | - |
| SHBNPP Senior Loan Professional Investment Type Private Mixed Asset Investment Trust No.2 | | - | - | - | 1,467 | - |
| Deutsche Global Professional Investment Type Private Real Estate Investment Trust No. 24 | | - | - | 426 | 4,145 | - |
| SHBNPP Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust | | - | - | 1 | - | - |
| Shinhan AIM Private Real Estate Investment Trust No.2 | | - | - | 3,346 | - | - |
| SHBNPP Japan Photovoltaic Private Special Asset Investment Trust No.2 [Loan-Derivative] | | - | - | - | 2,215 | - |
| SHBNPP Global Infrastructure Private Special Asset Investment Trust (*3) | | - | - | - | 60 | - |
| PCC Amberstone Private Equity Fund I | | - | - | - | 647 | - |
| SHBNPP Green New Deal Energy Professional Investment Type Private Special Asset Investment Trust No.2 | | - | - | - | 1,579 | - |
| Shinhan JigaeNamsan Road Private Special Asset Investment Trust | | - | - | 56 | 66 | - |
| Shinhan AIM Private Fund of Fund 9-B | | - | - | 10,842 | - | - |
| | | - | - | 22,851 | 11,010 | - |
| ₩ | | - | 751 | 346,494 | 63,938 | |

(*1) The interest expense recognized under the lease contract signed with Shinhan Bank Co., Ltd., a related party is ₩120 million for the year

ended December 31, 2023.

(*2) It includes the detailed transactions related to consolidated structured entities of the related parties.

(*3) It has been removed from the related party during the year ended December 31, 2022, the amount refers to the transactions before its removal.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(e) The amount of unused capital commitments with related parties as of December 31, 2023 and 2022 is as follows.

| Related Party | 2023 | 2022 |
|--|----------------|----------------|
| Subsidiaries | | |
| Mirae Asset Maps Global Infra Private Special Asset Trust 2 | ₩ 19,439 | 5,715 |
| Shinhan AIM Private fund of funds Trust 7-A | 12,975 | 17,546 |
| Shinhan AIM Private fund of funds Trust 6-B | 24,121 | 34,945 |
| Shinhan AIM Private fund of funds Trust 5 | 27,373 | 25,117 |
| KB Global Private Real Estate Debt Fund 23 | 2,164 | 12,899 |
| KB Global Private Real Estate Debt Fund 21 | 31,579 | 37,240 |
| Shinhan KKR Global Program REC Private Investment Trust | 44,665 | - |
| Shinhan KKR Global Program PEF Private Investment Trust | 72,722 | - |
| Shinhan KKR Global Program PDF Private Investment Trust | 185,674 | - |
| Shinhan LCP X Private Investment Trust No.4(H) | 36,103 | - |
| | <u>456,815</u> | <u>133,462</u> |
| Entities under common control | | |
| Shinhan Bank Co., Ltd. (*) | 6,339 | 1,427 |
| SH BNPP Startup Venture Specialized Investment Private Equity Trust No.2 | - | 1,000 |
| Shinhan AIM Private Real Estate Investment Trust No.15 | 380 | 2,167 |
| Shinhan AIM FoF Fund 4 | 3,096 | 9,371 |
| Shinhan AIM Social Enterprise Investment Fund II | - | 60 |
| SHBNPP Europe Corporate Loan Professional Investment Type Private Investment Trust No.4 | 6,785 | 8,513 |
| Shinhan AIM FoF Fund 6-A | 32,076 | 38,929 |
| SH BNPP Startup Venture Specialized Investment Private Equity Trust No.3 | 1,000 | 2,000 |
| SH BNPP Startup Venture Alpha Specialized Investment Private Equity Mixed Asset Trust No.1 | - | 150 |
| Shinhan AIM Investment Finance Specialized Investment Trust No. 1 | - | 534 |
| Shinhan AIM Social Enterprise Investment Fund III | 294 | 1,044 |
| SH Startup Venture Specialized Investment Private Equity Trust No.4 | 4,000 | 8,000 |
| SH Green New Deal Energy Special Asset Private Investment Trust No.3 | 10,769 | 25,108 |
| Shinhan AIM Private Real Estate Investment Trust No.22-A | 27,066 | 30,320 |
| One Shinhan Connect New Technology Investment Fund 1 | - | 3,450 |
| Shinhan Global Green Energy Partnership Private Investment Trust No.1 | 8,768 | 8,538 |
| SHBNPP Startup Venture Alpha Specialized Private Equity Fund 2nd | - | 150 |
| One Shinhan Futures Fund 3 | - | 792 |
| SH Startup Venture Private Equity Trust No.5 | 8,000 | 14,000 |
| Shinhan Greenway Corporate Investment FUND NO.1 | 2,080 | 5,880 |
| One Shinhan Connect New Technology Investment Fund 2 | - | 34,000 |
| Shinhan global flagship venture fund 1 | 15,600 | 20,800 |
| SH BGT Private Special Asset Investment Trust No.2 | 13,628 | 21,351 |
| SH Venture Private Investment Trust No.6 | 16,000 | - |
| Shinhan One Flagship Real Estate Development Fund 1 | 13,745 | - |
| Shinhan hyper connect venture fund I | 29,920 | - |
| Shinhan hyper future's venture fund 1 | 775 | - |
| SH Special Situation Private Real Estate Feeder Investment Trust No.1 | 7,860 | - |
| Shinhan CIS III Private Investment Trust No.1 | 22,796 | - |
| IMM Long-term Solution Private Equity Fund | 1,019 | 1,019 |
| | <u>231,996</u> | <u>238,603</u> |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(e) The amount of unsettled capital commitments with related parties as of December 31, 2023 and 2022 is as follows:
(continued)

| Related Party | 2023 | 2022 |
|--|------------------|----------------|
| Associates of entities under common control | | |
| SHINHAN-NEO Market-Frontier 2nd Fund | ₩ 450 | 900 |
| SHBNPP Sangju YC Expressway Professional Investment Type Private Special Asset Investment Trust | 3,880 | 3,882 |
| Shinhan JigaeNamsan Road Private Special Asset Investment Trust | 182 | 501 |
| SHINHAN Mid and SMALL-SIZED OFFICE VALUE-ADDED MO REIT Co., Ltd. | 3,516 | - |
| IGIS Real Estate General Private Feefer Investment Company No.517-1 | 4,400 | - |
| Shinhan AIM Private Fund of Fund 9-B | 11,091 | 14,749 |
| | <u>23,519</u> | <u>20,032</u> |
| | ₩ <u>712,330</u> | <u>392,097</u> |

(*) It is an unused capital commitment related to consolidated structured entities of the related party.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(f) The amount of unsettled capital commitments of derivatives with related parties as of December 31, 2023 and 2022 is as follows:

| Related Party | Type of Derivatives | | 2023 | 2022 |
|--------------------------------------|-----------------------|---|-----------|-----------|
| Entities under common control | | | | |
| Shinhan Bank Co., Ltd. | Currency swap | ₩ | 716,394 | 701,873 |
| | Currency forward | | 612,332 | 330,322 |
| Shinhan Securities Co., Ltd. | Equity options | | 109,138 | 75,436 |
| | Interest rate forward | | 354,395 | 319,393 |
| | | ₩ | 1,792,259 | 1,427,024 |

(g) Details of bond transactions with key management for the years ended December 31, 2023 and 2022 are as follows:

| Related Party | 2023 | | 2022 | | |
|-------------------------------|------|---------|---------|---------|---------|
| | Buy | Sell | Buy | Sell | |
| Entities under common control | | | | | |
| Shinhan Securities Co., Ltd. | ₩ | 759,745 | 305,425 | 397,107 | 384,165 |

(h) Details of acquisitions and disposal of assets with key management for the years ended December 31, 2023 and 2022 are as follows:

| Related Party | Account | 2023 | | 2022 | | |
|----------------------------------|-------------------------|-------------|----------|-------------|----------|-----|
| | | Acquisition | Disposal | Acquisition | Disposal | |
| Subsidiary | | | | | | |
| Shinhan Financial Plus Co., Ltd. | Equipment | ₩ | - | 297 | - | 231 |
| | Software | | - | - | - | 42 |
| | Rental property | | - | 269 | - | - |
| | Right-of-use assets | | 147 | - | - | - |
| Shinhan LifeCare Co., Ltd. | Rental property | ₩ | 198 | - | - | - |
| | Other intangible assets | | - | - | - | 717 |
| | | ₩ | 345 | 566 | - | 990 |
| | | | | | | |
| | | | | | | |
| Entities under common control | | | | | | |
| Shinhan Bank Co., Ltd. | Right-of-use assets | | 1,790 | 1,291 | 394 | 3 |
| Shinhan Securities Co., Ltd. | Right-of-use assets | | - | - | 57 | 78 |
| Shinhan DS | Equipment | | 94 | - | 531 | - |
| | Development costs | | 1,708 | - | 234 | - |
| | Software | | 91 | - | 1,681 | - |
| | Other intangible assets | | - | - | 362 | - |
| | | ₩ | 3,683 | 1,291 | 3,259 | 81 |
| | ₩ | 4,028 | 1,857 | 3,259 | 1,071 | |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

50. Related parties (continued)

(i) Details of collateral transactions with related parties

i) The collateral provided by the Company to related parties as of December 31, 2023 and 2022 is as follows:

| Provided by | Collateral asset | | 2023(*) | 2022 |
|------------------------------|--|---|---------|---------|
| Shinhan Bank Co., Ltd. | Government bonds | ₩ | 7,203 | 405,799 |
| Shinhan Securities Co., Ltd. | Government bonds, equities, and beneficiary certificates | | | |
| | | | 47,724 | 73,417 |
| | | ₩ | 54,927 | 479,216 |

(*) Collateral value is equivalent to the carrying amount of the collateral asset.

ii) The collateral provided by the related party to Company as of December 31, 2023 and 2022 is as follows:

| Collateral lender | Collateral asset | | 2023 | 2022 |
|------------------------|------------------|---|--------|--------|
| Shinhan Bank Co., Ltd. | Securities | ₩ | 10,008 | 10,055 |
| Shinhan Card Co., Ltd. | Deposits | | 10 | - |
| | | ₩ | 10,018 | 10,055 |

(j) Details of transactions with key management for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|------------------------------|---|-------|-------|
| Short-term employee benefits | ₩ | 1,134 | 893 |
| Share-based payment | | 706 | 509 |
| Post-employment benefits | | 37 | 37 |
| | ₩ | 1,877 | 1,439 |

(k) As of December 31, 2023, the amount of credit card allowance commitment provided to Shinhan Card Co., Ltd., a related party, is ₩7,500 million.

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(In millions of won)

51. Earnings per share

Earnings per share for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|--|---|--------------------|--------------------|
| Profit for the period | ₩ | 481,851 | 456,998 |
| Less: hybrid bond interests | | 10,801 | 10,799 |
| Net profit available for common stock | ₩ | 471,050 | 446,199 |
| Weighted average number of common shares outstanding | | 115,654,859 shares | 115,654,859 shares |
| Basic earnings per share in won (*) | ₩ | 4,073 | 3,858 |

(*) Because the Company does not have a potential diluted common stock and the stock options do not dilute, the diluted earnings per share in the current term and the prior term is consistent with the basic earnings per share.

SHINHAN LIFE INSURANCE CO., LTD.
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(In millions of won)

52. Statements of cash flows

(a) The changes in assets and liabilities from operating activities as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|--------------------|------------------|
| Interest income | ₩ (1,538,432) | (1,532,315) |
| Interest expense | 147,255 | 94,761 |
| Dividend income | (30,483) | (42,542) |
| Income taxes | 160,523 | 77,364 |
| Insurance revenue | (2,629,139) | (2,469,700) |
| Reinsurance revenue | (40,360) | (34,983) |
| Insurance finance income from insurance contracts issued | (364,541) | (883,170) |
| Insurance finance income from reinsurance contracts held | (19,095) | (15,757) |
| Insurance service expenses | 1,753,853 | 1,647,042 |
| Reinsurance service expenses | 71,631 | 62,328 |
| Insurance finance expenses from insurance contracts issued | 2,500,731 | 1,653,462 |
| Insurance finance expenses from reinsurance contracts held | 19,959 | 16,936 |
| Gains on financial assets at fair value through profit or loss | (824,536) | (196,046) |
| Losses on financial assets at fair value through profit or loss | 353,758 | 938,026 |
| Gains on disposal of securities at fair value through other comprehensive income | (54,256) | (72,818) |
| Losses on disposal of securities at fair value through other comprehensive income | 55,895 | 56,757 |
| Provisions for (Reversal of) credit losses | 16,842 | 14,308 |
| Gain on derivative transactions | (5,846) | (14,663) |
| Loss on derivative transactions | 51,822 | 109,310 |
| Gain on valuation of derivatives | (26,176) | (88,892) |
| Loss on valuation of derivatives | 99,444 | 91,748 |
| Gain on foreign currency translation | (141,485) | (204,129) |
| Loss on foreign currency translation | 8,898 | 92,563 |
| Gain on foreign currency transaction | (2,275) | (4,022) |
| Loss on foreign currency transaction | 13,090 | - |
| Amortization of right-of-use assets | 31,437 | 37,514 |
| Depreciation | 18,337 | 18,992 |
| Amortization of intangible assets | 69,369 | 55,189 |
| Employee costs | 8,395 | 17,763 |
| Rental income | (30) | (25) |
| Losses on provisions | 4,694 | (1,763) |
| Non-operating income | (825) | (685) |
| Non-operating expense | 16,931 | 2,739 |
| | ₩ <u>(274,615)</u> | <u>(574,708)</u> |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

52. Statements of cash flows(continued)

(b) Changes in assets and liabilities from operating activities for the year ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Due from banks at amortized cost | ₩ 30,050 | (30,055) |
| Financial assets at fair value through profit or loss | 1,006,404 | 164,736 |
| Loans at amortized cost | 581,073 | 59,825 |
| Other Financial assets | 7,501 | (48,860) |
| Other assets | 442 | 306 |
| Net defined benefit liabilities | (6,574) | (6,842) |
| Insurance contract liabilities | (1,606,568) | (1,242,892) |
| Reinsurance contract liabilities | (33,858) | (260,215) |
| Investment contract liabilities | (574,854) | (907,047) |
| Provisions | (14,079) | (8,255) |
| Derivative liabilities | (22,031) | (11,206) |
| Other financial liabilities | (73,885) | 8,060 |
| Other liabilities | 3,664 | 4,018 |
| | ₩ <u>(702,715)</u> | <u>(2,278,427)</u> |

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

52. Statements of cash flows(continued)

(c) Cash and cash equivalents reported in the accompanying separate statements of cash flows as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|--|-------------|-------------|
| Cash and due from banks at amortized cost | ₩ 1,640,481 | 1,483,695 |
| Adjustments: | | |
| Available deposits whose expiration date exceeds 3 months from the acquisition date | (617,938) | (657,580) |
| Restricted deposit | (72,100) | (62,016) |
| | (690,038) | (719,596) |
| | ₩ 950,443 | 764,099 |

(d) The Company has prepared statements of cash flows using indirect method, and the significant non-cash activities for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| Changes in gains(losses) on valuation of securities at fair value through other comprehensive income | ₩ 2,855,074 | 7,201,656 |
| Write-off of loans at amortized costs | 6,630 | 5,317 |
| Changes in policyholders' equity adjustment | 591 | 46,721 |
| Recognition of right-of-use asset and lease liability | 13,002 | 18,734 |
| Reclassification of payables to property, plant and equipment and intangible assets | 5,080 | 1,806 |
| Additional reserves of contingent liability | 295 | 997 |
| Interests payable for hybrid bonds | 1,497 | 1,497 |

(e) Changes in liabilities resulting from financing activities for the years ended December 31, 2023 and 2022 are as follows:

| | | 2023(*1) | |
|-----------------------|---|-----------------------|----------------------------|
| | | Debentures(*2) | Lease liability(*2) |
| Beginning balance | ₩ | 653,451 | 109,060 |
| Changes in cash flows | | (367,399) | (30,351) |
| Amortization | | 189 | 2,722 |
| Others | | 13,090 | 10,135 |
| Ending balance | ₩ | 299,331 | 91,566 |

(*1) Changes of other financial liabilities are not included.

(*2) Changes of borrowings are included.

| | | 2022(*1) | |
|-----------------------|---|-----------------------|----------------------------|
| | | Debentures(*2) | Lease liability(*2) |
| Beginning balance | ₩ | 614,644 | 127,406 |
| Changes in cash flows | | 10,000 | (34,360) |
| Amortization | | 176 | 2,588 |
| Others | | 28,631 | 13,426 |
| Ending balance | ₩ | 653,451 | 109,060 |

(*1) Changes of other financial liabilities are not included.

(*2) Changes of borrowings are included.

SHINHAN LIFE INSURANCE CO., LTD.

Notes to the Separate Financial Statements

As of December 31, 2023 and 2022

(In millions of won)

53. Effects of changes in accounting policies

As stated in Note 3, the Company has initially applied Korean IFRS 1117 'Insurance Contracts' for the accounting periods beginning on January 1, 2023. This Standard replaces Korean IFRS 1104 'Insurance Contracts'. The Company has restated comparative information for 2022 applying the transitional provisions in Korean IFRS 1117. Korean IFRS 1117 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin. The details of the new requirements of Korean IFRS 1117 are disclosed in Note 3.

On the other hand, the Company adopted Korean IFRS 1109 'Financial Instruments' from January 1, 2018 and classified financial instruments into debt instruments at amortized cost, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, or financial assets at fair value through profit or loss, according to business model for managing the financial assets. For financial assets related to insurance contracts, the Company had applied the overlay approach in accordance with Korean IFRS 1104. The Company changed classifications and measurement of financial assets related to insurance business for the purpose of managing capital volatility according to fair value measurement of insurance liabilities given that Korean IFRS 1109 permits, at the date of initial application of Korean IFRS 1117, reassessment of business model of eligible financial assets and redesignation of financial assets as measured at fair value through profit or loss and equity instruments at fair value through other comprehensive income if an entity that had applied Korean IFRS 1109 to annual reporting periods before the initial application of Korean IFRS 1117. Accordingly, for a financial asset derecognized between the transition date and date of initial application of Korean IFRS 1117, the Company has applied the classification overlay to prepare the statement of financial position at the transition date for the purpose of presenting comparative information as if classification and measurement requirements of Korean IFRS 1109 had been applied to those financial assets of which classification and measurement were changed through reassessment of their business model.

Under Korean IFRS 1104, assets and liabilities of separate account were presented in gross amounts in the statement of financial position and income and expenses of principal and interest guaranteed type separate account were presented in gross amounts in the statement of comprehensive income in accordance with the Enforcement Rules of the Regulations on Supervision of Insurance Business. However, under Korean IFRS 1117, assets, liabilities, income and expenses of separate account are presented together with those of general account and any transactions between general account and separate account have been eliminated.

53. Effects of changes in accounting policies(continued)

The effects of initial application of Korean IFRS 1117 on the separate statement of financial position are as follows.

(a) The separate statement of financial position under Korean IFRS 1117 as of January 1, 2022, the transition date, is as follows:

| | Amount (A) (*1) | | Amount (B) (*2) | Change (B-A) |
|--|--------------------|---|--------------------|-----------------|
| Assets: | | Assets: | | |
| Cash and due from banks at amortized cost | ₩ 1,577,110 | Cash and due from banks at amortized cost | ₩ 2,195,070 | |
| Financial assets at fair value through profit or loss | 6,654,213 | Financial assets at fair value through profit or loss | 12,452,780 | |
| Securities at fair value through other comprehensive income | 14,282,949 | Securities at fair value through other comprehensive income | 40,297,115 | |
| Securities at amortized cost | 26,806,395 | Securities at amortized cost | 4,339,749 | |
| Loans and receivables at amortized cost | 9,591,343 | Loans and receivables at amortized cost | 5,276,416 | |
| Reinsurance contract assets | 47,050 | Reinsurance contract assets | - | |
| Other assets (*3) | 11,496,646 | Other assets | 768,763 | |
| | ₩ 70,455,706 | | ₩ 65,329,893 | ₩ (5,125,813) |
| Liabilities: | | Liabilities: | | |
| Insurance contract liabilities | ₩ 53,378,791 | Insurance contract liabilities | ₩ 50,622,187 | |
| | | Reinsurance contract liabilities | 281,763 | |
| | | Investment contract liabilities | 3,142,578 | |
| Other liabilities (*3) | 11,916,264 | Other liabilities | 3,000,208 | |
| | ₩ 65,295,055 | | ₩ 57,046,736 | ₩ (8,248,319) |
| Equity | ₩ 5,160,651 | Equity | ₩ 8,283,157 | ₩ 3,122,506 |

(*1) Prepared in accordance with Korean IFRS1109 'Financial Instruments', Korean IFRS 1104 'Insurance Contracts', and Enforcement Rules of the Regulations on Supervision of Insurance Business. Under Korean IFRS 1104, the overlay approach had been applied to financial assets related to insurance contracts.

(*2) Prepared in accordance with Korean IFRS1109 'Financial Instruments' and Korean IFRS 1117 'Insurance Contracts.' Under Korean IFRS 1107, financial assets related to insurance contracts have been redesignated.

(*3) Other assets and other liabilities under Korean IFRS 1104 included separate account assets of ₩9,690,015 million and separate account liabilities of ₩10,023,775 million, respectively.

53. Effects of changes in accounting policies(continued)

(b) Classification of financial assets (excluding derivatives) applying Korean IFRS 1117 as of January 1, 2022, the transition date, is as follows:

| | <u>Classification categories</u> | <u>Original carrying amount under Korean IFRS 1104</u> | <u>Separate account</u> | <u>Elimination of policy loans</u> | <u>Redesignation of financial assets</u> | <u>New carrying amount under Korean IFRS 1117</u> |
|---|---|--|-------------------------|------------------------------------|--|---|
| Cash and due from banks at amortized cost | Financial assets at amortized cost | ₩ 1,577,110 | 617,960 | - | - | 2,195,070 |
| Due from banks at fair value through profit or loss | Financial assets at fair value through profit or loss | 34,261 | - | - | - | 34,261 |
| Securities at fair value through profit or loss | Financial assets at fair value through profit or loss | 6,619,951 | 6,121,716 | - | (323,149) | 12,418,518 |
| Securities at fair value through other comprehensive income | Financial assets at fair value through other comprehensive income | 14,282,949 | 2,035,463 | - | 23,978,703 | 40,297,115 |
| Securities at amortized cost | Financial assets at amortized cost | 26,806,395 | - | - | (22,466,646) | 4,339,749 |
| Loans at amortized cost | Financial assets at amortized cost | 8,610,367 | 768,256 | (5,094,638) | - | 4,283,985 |
| Receivables at amortized cost | Financial assets at amortized cost | 980,977 | 11,482 | - | (28) | 992,431 |

53. Effects of changes in accounting policies(continued)

(c) Adjustments to assets, liabilities, and equity made on January 1, 2022, the transition date, for the application of Korean IFRS 1117 are as follows:

| | | Assets | Liabilities | Equity |
|--|---|--------------------|---------------------|---------------------|
| Original carrying amount under Korean IFRS 1104 | ₩ | 70,455,706 | 65,295,055 | 5,160,651 |
| Elimination of items related to Korean IFRS 1104: | | | | |
| Policy loans | | (5,094,638) | - | (5,094,638) |
| Unamortized acquisition costs | | (1,037,780) | - | (1,037,780) |
| Reinsurance contract assets | | (47,050) | - | (47,050) |
| Insurance contract liabilities | | - | (60,232,679) | 60,232,679 |
| Others (*) | | (114,546) | (124,065) | 9,519 |
| | | <u>(6,294,014)</u> | <u>(60,356,744)</u> | <u>54,062,730</u> |
| Recognition of items to apply Korean IFRS 1117: | | | | |
| Underlying insurance contract liabilities | | - | 50,622,187 | (50,622,187) |
| Reinsurance contract liabilities | | - | 281,763 | (281,763) |
| Redesignation of financial assets | | 1,188,880 | - | 1,188,880 |
| | | <u>1,188,880</u> | <u>50,903,950</u> | <u>(49,715,070)</u> |
| Others | | | | |
| Policyholders' equity adjustments | | - | 40,755 | (40,755) |
| Elimination of intercompany transactions with separate account for the consolidation presentation | | (11,998) | (11,998) | - |
| | | <u>(11,998)</u> | <u>28,757</u> | <u>(40,755)</u> |
| Tax effects from adjustments | | <u>(8,681)</u> | <u>1,175,718</u> | <u>(1,184,399)</u> |
| New carrying amount under Korean IFRS 1117 | ₩ | <u>65,329,893</u> | <u>57,046,736</u> | <u>8,283,157</u> |

(*) Consisted of elimination of insurance receivable (payable) and others that are measured as part of insurance contracts under K-IFRS 1117.

(d) Effects of the application of Korean IFRS 1117 on accumulated other comprehensive income and retained earnings as of January 1, 2022, the transition date, are as follows:

| | | Retained earnings | Accumulated other comprehensive income |
|--|---|--------------------------|---|
| Original carrying amount under Korean IFRS 1104 | ₩ | 1,996,016 | 51,926 |
| Elimination of assets (liabilities) under Korean IFRS 1104 | | 54,062,730 | - |
| Elimination of gain or losses on financial assets at fair value through profit or loss (Overlay approach) | | 294,111 | (294,111) |
| Recognition of insurance contract liabilities under Korean IFRS 1117 | | (50,946,318) | - |
| Redesignation of financial assets under Korean IFRS 1117 | | (9,954) | 1,198,834 |
| Recognition of net insurance finance income from insurance contract issued | | - | 42,368 |
| Others (*) | | - | (40,756) |
| Tax effects from adjustments | | (935,157) | (249,241) |
| | | <u>2,465,412</u> | <u>657,094</u> |
| New carrying amount under Korean IFRS 1117 | ₩ | <u>4,461,428</u> | <u>709,020</u> |

(*) It is the amount of policyholders' equity adjustments.

53. Effects of changes in accounting policies(continued)

(e) The separate statement of financial position under Korean IFRS 1117 as of December 31, 2022 is as follows

| | Amount (A) (*1) | | Amount (B) (*2) | Change (B-A) |
|--|--------------------|---|--------------------|-----------------|
| Assets: | | Assets: | | |
| Cash and due from banks at amortized cost | ₩ 942,568 | Cash and due from banks at amortized cost | ₩ 1,483,695 | |
| Financial assets at fair value through profit or loss | 6,713,923 | Financial assets at fair value through profit or loss | 11,658,704 | |
| Securities at fair value through other comprehensive income | 10,902,099 | Securities at fair value through other comprehensive income | 32,629,372 | |
| Securities at amortized cost | 27,744,212 | Securities at amortized cost | 4,338,766 | |
| Loans and receivables at amortized cost | 9,684,275 | Loans and receivables at amortized cost | 5,231,144 | |
| Reinsurance contract assets | 295,621 | Reinsurance contract assets | 59,017 | |
| Other assets (*3) | 10,377,920 | Other assets | 1,006,467 | |
| | ₩ 66,660,618 | | ₩ 56,407,165 | ₩ (10,253,453) |
| Liabilities: | | Liabilities: | | |
| Insurance contract liabilities | ₩ 53,368,390 | Insurance contract liabilities | ₩ 42,927,163 | |
| | | Reinsurance contract liabilities | 62,770 | |
| | | Investment contract liabilities | 2,296,401 | |
| Other liabilities (*3) | 9,796,051 | Other liabilities | 2,986,822 | |
| | ₩ 63,164,441 | | ₩ 48,273,156 | ₩ (14,891,285) |
| Equity | ₩ 3,496,177 | Equity | ₩ 8,134,009 | ₩ 4,637,832 |

(*1) Prepared in accordance with Korean IFRS1109 'Financial Instruments', Korean IFRS 1104 'Insurance Contracts', and Enforcement Rules of the Regulations on Supervision of Insurance Business. Under Korean IFRS 1104, the overlay approach had been applied to financial assets related to insurance contracts.

(*2) Prepared in accordance with Korean IFRS1109 'Financial Instruments' and Korean IFRS 1117 'Insurance Contracts.' Under Korean IFRS 1117, financial assets related to insurance contracts have been redesignated.

(*3) Other assets and other liabilities under Korean IFRS 1104 included separate account assets of ₩8,248,962 million and separate account liabilities of ₩8,167,178 million, respectively.

53. Effects of changes in accounting policies(continued)

(f) The separate statement of comprehensive income for the period ended December 31, 2022 is as follows:

| | Amount under Korean IFRSs 1109 and 1104 – overlay approach (A) | | Amount under Korean IFRSs 1109 and 1117 (B) | Change (B-A) |
|--|--|--|---|-----------------|
| Operating income | ₩ 9,208,373 | Insurance service result | ₩ 637,169 | |
| Operating expense | (8,587,604) | Net finance result | (80,886) | |
| Operating profit | 620,769 | Operating profit | 556,283 | ₩ (64,486) |
| Non-operating expense | (21,810) | Non-operating expenses | (21,921) | |
| Profit before income taxes | 598,959 | Profit before income taxes | 534,362 | (64,597) |
| Income tax expense | (128,488) | Income tax expense | (77,364) | |
| Profit for the period | 470,471 | Profit for the period | 456,998 | (13,473) |
| Other comprehensive loss for the period, net of income tax | (2,124,152) | Other comprehensive loss for the period, net of income tax | (595,353) | 1,528,799 |
| Total comprehensive loss for the period | ₩ (1,653,681) | Total comprehensive loss for the period | ₩ (138,355) | ₩ 1,515,326 |

(g) The separate statement of cash flows for the period December 31, 2022 is as follows:

| | Amount under Korean IFRSs 1104 and 1109 (A) | Amount under Korean IFRSs 1117 and 1109 (B) | Change (B-A) |
|---|---|---|-----------------|
| Cash flows from operating activities | ₩ (893,458) | (1,286,899) | (393,441) |
| Cash flows from investing activities | 255,652 | 580,502 | 324,850 |
| Cash flows from financing activities | (35,255) | (35,255) | - |
| Net decrease in cash and cash equivalents | (673,061) | (741,652) | (68,591) |
| Changes in cash and cash equivalents due to foreign currency translation | 1,362 | 245 | (1,117) |
| Cash and cash equivalents at the beginning of the period | 1,023,277 | 1,505,506 | 482,229 |
| Cash and cash equivalents at the end of the period | ₩ 351,578 | 764,099 | 412,521 |

Independent Auditors' Review Report on Internal Control over Financial Reporting

Based on a report originally issued in Korean

To the Chief Executive Officer of
Shinhan Life Insurance Co., Ltd.

We have reviewed the accompanying ICFR Operating Status Report by CEO and IAM (the "ICFR Report") of Shinhan Life Insurance Co., Ltd. (the "Company") as of December 31, 2023. The Company's management is responsible for designing and operating effective ICFR and for its assessment of the effectiveness of ICFR. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of ICFR, it is stated that: "Based on the assessment of the ICFR operating status report by Company's CEO and IAM, ICFR has been effectively designed and is operating as of December 31, 2023, in all material respects, in accordance with the Conceptual Framework for Designing and Operating Internal Control over Financial Reporting (the "Conceptual Framework")."

We conducted our review in accordance with ICFR Review Standards issued by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether the Company's ICFR Report is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's ICFR, inquiries of company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances.

A company's ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A company's ICFR 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 Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with K-IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent or detect material misstatements in the financial statements. 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.

Based on our review of the Company's ICFR Report, nothing has come to our attention that causes us to believe that the ICFR Report is not prepared in all material respects, in accordance with the Management Guideline for Evaluation and Reporting of Internal Control over Financial Reporting issued by the ICFR Committee.

This report applies to the Company's ICFR in existence as of December 31, 2023. We did not review the Company's ICFR subsequent to December 31, 2023. This report has been prepared for Korean regulatory purposes, pursuant to the Act on External Audit of Stock Companies, Etc. and may not be appropriate for other purposes or for other users.

March 4, 2024

Notice to Readers

This report is annexed in relation to the audit of the financial statements as of and for the year ended December 31, 2023.

ICFR Operating Status Report by CEO and IAM

To the shareholders, Board of Directors, and Audit Committee of
Shinhan Life Insurance Co.,Ltd.

We, as the Chief Executive Officer and the Internal Accounting Manager of Shinhan Life Insurance Co., Ltd.(“the Company”), assessed operating status of the Company’s Internal Control over Financial Reporting(“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 a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

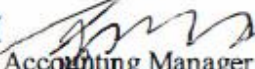
We used the ‘Conceptual Framework for Designing and Operating Internal Control over Financial Reporting’ established by the Operating Committee of Internal Control over Financial Reporting in Korea (the “ICFR Committee”)’ as the criteria for design and operation of the Company’s ICFR. And we conducted an evaluation of ICFR based on the ‘Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting’ 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 care.

February 21, 2024

Lee, Young jong ()
Chief Executive Officer

Park, Kyung won ()
Internal Accounting Manager