



Shinhan Bank (Cambodia) PLC.

LEADING WITH PROGRESS AND ACCOUNTABILITY

Annual Report 2024

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Message from the CEO

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MESSAGE FROM THE CEO

PARK HEE JIN

Shinhan Bank (Cambodia) PLC.
President & Chief Executive Officer



Dear Valued Customer,

In 2024, Cambodia's economy demonstrated notable resilience. According to the International Monetary Fund (IMF), the country is projected to achieve real GDP growth of around 5.5% for the year. In line with this, Cambodia's banking and financial sector has also remained resilient and cautiously optimistic compared to other Southeast Asian markets. Strong regulatory oversight by the National Bank of Cambodia, combined with high capital and liquidity levels, has provided a solid buffer against global economic uncertainties. However, rising non-performing loans (NPLs) are placing pressure on banks' financial health, while elevated capital costs are slowing the expansion of credit services. Loan growth has also been weaker than expected due to prudent lending practices and softer borrower demand.

As we conclude another remarkable year, I reflect with great pride and gratitude on Shinhan Bank Cambodia's journey in 2024 to enhance the financial well-being of our customers and communities.

This year, we introduced "My Shinhan Point" on our mobile app, which rewards customers with cashback through points earned on payment transactions. This initiative encourages

smarter spending and saving habits while deepening engagement with financial literacy. We also upgraded our E-KYC system, streamlining the onboarding process and making banking services even more accessible. From this perspective, we can support countless people to take control of their finances and promote greater financial inclusion in Cambodia. In addition, we expanded our Merchant KHQR partnerships, enabling customers to make payments to a wide range of local suppliers directly through the mobile app. This innovation streamlines payment processes and saves valuable time for our users.

2024 Financial Performance

Our financial performance in 2024 reflects both robustness and strategic progress:

- **Total assets** rose to USD 915.36 million, an increase of 8.7%.
- **Total gross loans and advances** grew from USD 702.55 million to USD 775.72 million, a 10.4% increase.
- **Total deposits** increased from USD 199.21 million to USD 292.75 million, marking a strong 47.0% growth.
- **Net profit** surged by 76.4%, reaching USD 7.46 million, up from USD 4.24 million in the previous period.

- **The NPL Ratio** was steadily maintained at 2.53%, significantly lower than the market average which is a good reflection of our effective risk management practices.

Our Responsibility

Shinhan Bank is deeply committed to raising awareness of global challenges and actively supporting the local communities where we operate. Over the past year, we have proudly contributed through various initiatives, including

- Donating scholarships to the Royal University of Phnom Penh (RUPP)
- Hosting financial literacy sessions for primary school students
- Supporting the Cambodian Red Cross
- Organizing a charity event called “Bike Run” at Siem Reap Special Education High School
- Partnering with Raksa Koma Organization and Autobahn VAG to build restroom facilities for a public primary school in Kampong Thom province.

Looking Ahead to 2025

As we look to 2025, Shinhan Bank remains focused on helping Cambodian people in achieving their financial goals. We aim to become a leader in mortgage and car loans, offering customized solutions with competitive rates and outstanding service. We're excited to launch a new product, “Safe Loan,” which combines a loan with life insurance, providing peace of mind by ensuring financial obligations are covered in the event of unforeseen circumstances. What is special is that we offer a grace period of up to three years. During this time, borrowers can focus on stabilizing their finances without the burden of immediate repayments, allowing them to allocate funds toward essential expenses or investments. Furthermore, our refinancing options are designed to help customers reduce financial pressure, better manage monthly cash flow, and regain control of their budgets. Our dedicated and expert team will ensure a hassle-free transition service as we make it simple to move your financial plan in the right direction. Additionally, we will introduce a “Virtual

Account Service” to streamline financial operations for both individuals and businesses. This innovation allows for the easy management of multiple transactions, enhancing overall customer convenience.

By leveraging our network of 169 channels in 20 countries across Asia, Europe, and the United States, we are well-positioned to deliver efficient and competitive trade finance services making Shinhan Bank your ideal partner for global business.

Our ongoing commitment to maintaining a low NPL ratio ensures a stable and secure banking environment, reinforcing our role as a trusted financial partner amid the changing economic times.

As we continue expanding our capabilities and building a more inclusive financial future, we recognize that none of this would be possible without the people behind our progress. Therefore, I am proud and thankful for the incredible dedication of our employees and stakeholders. Together, we will continue to build on our achievements and contribute to a brighter future for our nation.

I also express my sincere appreciation to the National Bank of Cambodia for its continued support and guidance. Most importantly, I am deeply grateful to our loyal customers for their trust.

We remain fully committed to delivering exceptional service and lasting value in the years ahead.

Thank you



Shinhan Bank (Cambodia) PLC.
President & Chief Executive Officer

Park Hee Jin

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About Us

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WHO WE ARE

Shinhan Bank (Cambodia) Plc. (SBC) started its operation in Cambodia in late 2007 as the first Korean Bank operated in Cambodia playing a pivotal role in promoting diplomatic relations between the two countries. Nowadays, it has been opened for over 17 years, with 15 branches across the country. As a foreign bank in Cambodia, it is a subsidiary owned by Shinhan Bank Korea, which is currently the leading bank in Korea. Shinhan Bank Korea is just one of subsidiaries of the Shinhan Financial Group (SFG), whose main business sectors include consumer finance, securities, insurance, asset management, and others. SFG is a major global financial conglomerate headquartered in South Korea, and listed both in the Korea Exchange (KRX) and the New York Stock Exchange (NYSE). Shinhan has a diverse, yet focused, understanding of the Korean and global financial markets. Shinhan Bank Korea started as a small enterprise with a capital stock of KRW 25.0 billion, 279 employees, and three branches on July 7, 1982. Today, Shinhan Financial Group has transformed itself into one of the largest financial institutions, boasting total assets of USD 503 billion and net income of USD 3.10 billion as of December 2024.

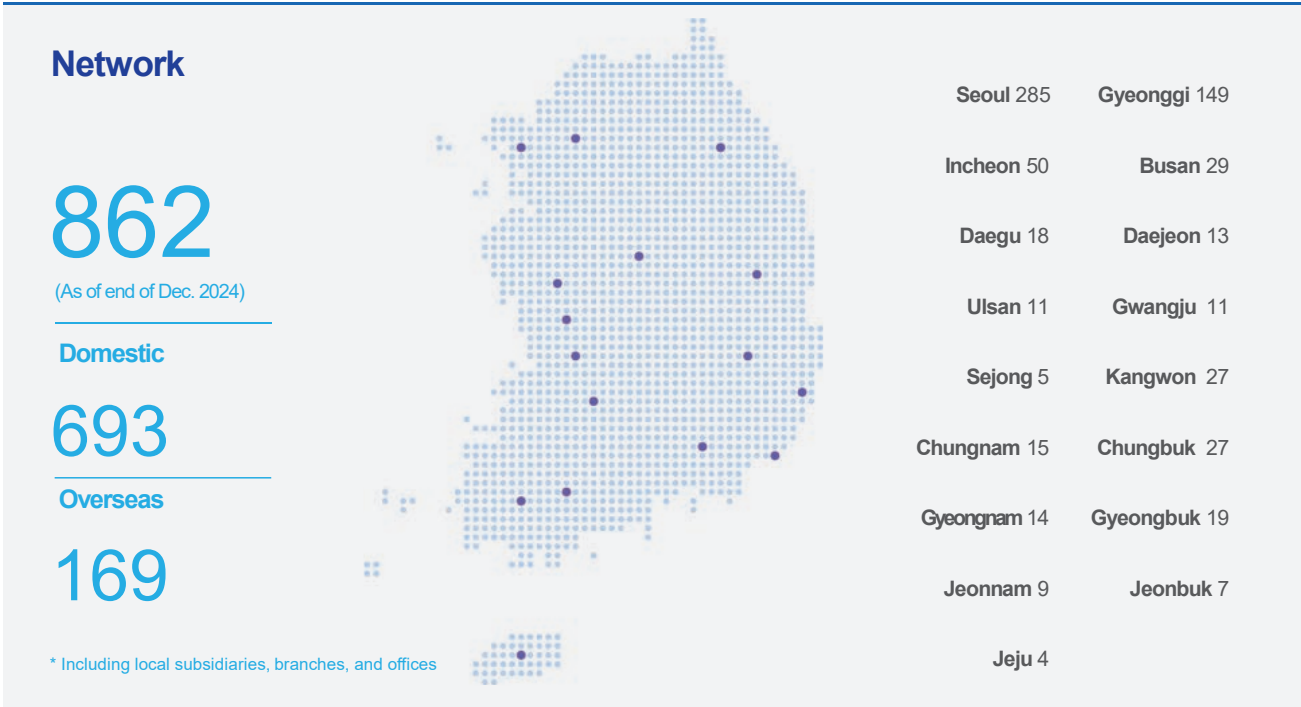
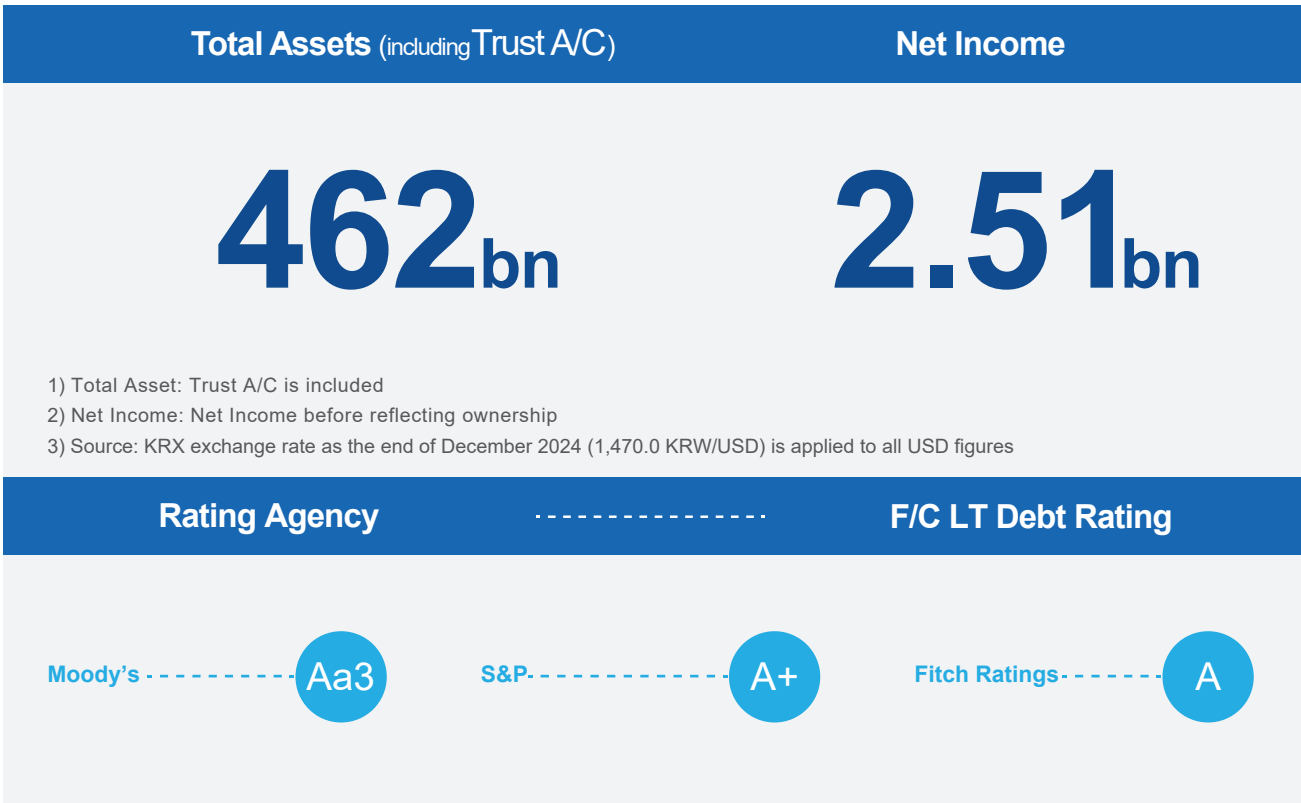


SHINHAN BANK

Overview

(As of end of Dec. 2024)

Shinhan Bank is a leading commercial bank in Korea



SHINHAN FINANCIAL GROUP (As the end of Dec, 2024)

Shinhan Financial Group (SFG) originated from Shinhan Bank, which was established in 1982. Since becoming the country's first private financial holding company in 2001, Shinhan has led the way in innovation across the financial industry and has become one of Korea's financial leaders.

The SFG consists of 14 direct subsidiaries that include Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Shinhan Capital and Shinhan Asset Management, and 33 indirect subsidiaries. We provide comprehensive financial services, principally consisting of the following:

- Commercial banking services, including retail banking, corporate banking, international banking, and other banking services.
- Credit card services
- Securities brokerage services
- Life insurance services
- Asset management services
- 11 other services, such as savings banking services, loan collection and credit reporting, collective investment administrative services, financial system development services, real estate trust services, investment advisory services, and venture capital services.

Total Group Assets
USD 503_{bn}

Net Income
USD 3.10_{bn}

ROA
0.64%

ROE
8.6%

Source: KRX exchange rate as the end of December 2023 (1,470.0 KRW/USD) is applied to all USD figures

Group Ownership Structure



STOCK INFORMATION

Major Shareholders

Name of Shareholder	Number of Shares Owned	Ownership
National Pension Service	43,164,599	8.57%
BlackRock Fund Advisors ¹⁾	29,063,012	5.77%
Shinhan Financial Group Employee Stock Ownership Association	24,861,162	4.94%
Citibank N.A. (ADR Dept.)	18,225,698	3.62%
IMM	15,152,000	3.01%
Norges Bank	11,359,845	2.26%
KT	10,877,651	2.16%
Centennial Investment Limited	9,742,430	1.94%
Vanguard Total International Stock Index	6,782,344	1.35%
NatWest Trustee & Depositary Services Ltd. (St. James's Place Gbl Eq Inc Fund)	5,591,349	1.11%
People's Bank of China	5,553,436	1.10%
The Government of Singapore	5,408,218	1.07%
AustralianSuper	5,343,278	1.06%
Others	312,320,303	62.04%

1) Based on the large equity ownership disclosure by BlackRock Fund Advisors with the Financial Supervisor Service on September 27, 2018

2) Holding ownership of more than 1% in common stock as of December 31, 2024

Stock Performance

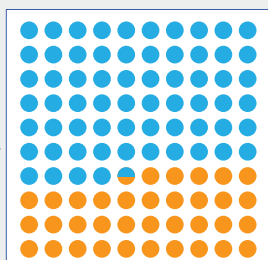
(Unit: KRW)

	2024	2023	YoY
Market Capitalization (Year End)	23.99	20.70	15.9%
Share Price (*Closing Price Basis)			
Year End	47,650	40,150	18.7%
High	61,400	44,900	36.7%
Low	36,350	32,500	11.8%
Weighting in the KOSPI (% , Year End)	1.22%	0.97%	0.24%
Average Daily Trading Volume (Shares)	1,784,760	1,151,215	55.0%p
Dividend Per Share	2,160	2,100	2.9%
Total Dividend Paid	1,088	1,077	1.0%
Dividend Payout Ratio	24.4%	24.7%	-0.2%
Total Shareholder Payout Ratio	40.2%	36.0%	4.1%p
Price Earning Ratio	5.42×	4.99×	-
Price Book Value	0.43×	0.41×	-

Share Ownership

64.6%

Foreign



Domestic

35.4%

Type of Stock

	Number of Shares
Common Stock	503,445,325

GLOBAL NETWORK (As the end of Dec, 2024)

Shinhan Bank

Country	Name	Telephone	Address
Japan	Shinhan Bank Japan	+81-3-6403-0505	Tokyo, Japan
China	Shinhan Bank (China)	+86-10-8529-0088	Beijing 100027, China
Vietnam	Shinhan Bank Vietnam	+84-8-3829-1581	Ho Chi Minh City, Vietnam
USA	Shinhan Bank America	+1-646-843-7300	475 Park Ave South 4th(5th) FL New York, NY 10016
Indonesia	PT Bank Shinhan Indonesia	+62-21-2975-1500	Jenderal Sudirman Kav.22-23 South Jakarta, Indonesia
Germany	Shinhan Bank Europe GmbH	+49-69-975-7130	60322 Frankfurt am Main, Germany
Canada	Shinhan Bank Canada	+1-416-250-3500	Ontario, M2N6L7, Canada
Cambodia	Shinhan Bank (Cambodia) Plc	+855-23-971-100	Phnom Penh, Cambodia
Kazakhstan	Shinhan Bank Kazakhstan	+7-727-356-9620	38 Dostyk ave. Almaty, 050010, Kazakhstan
Mexico	Banco Shinhan de Mexico	+52-55-6722-8000	Piso17, Cuauhtemoc, Juarez, 06600, Mexico City
Hong Kong	Hong Kong Branch	+852-2867-0100	Kowloon, Hong Kong
USA	New York Branch	+1-212-371-8000	New York, NY10016, USA
UK	London Branch	+44-207-256-3400	London, EC3V 0AS. UK
Singapore	Singapore Branch	+65-6536-1144	1 George St. #15-03, Singapore 049145
India	Mumbai Branch	+91-22-6199-2000	Mumbai, 400013, India
India	New Delhi Branch	+91-11-4500-4800	2nd & 3rd Floor, D-5, South Extension, Part-2, New Delhi
India	Poonamallee Branch	+91-44-6714-4400	Tamildadu, India 602105
India	Pune Branch	+91-20-3086-4800	Maharashtra, India 411001
India	Ahmedabad Branch	+91-79-7117-0400	Ahmedabad, Gujarat, India 380015
India	Ranga Reddy Branch	+91-40-6635-2000	Telangana State, India 500032
Myanmar	Yangon Branch	+95-1-9345-170	Yangon, Myanmar
Australia	Sydney Branch	+61-2-9224-7901	Sydney, NSW 2000, Australia
Philippines	Manila Branch	+63-2-405-6300	Taguig City, Manila, Philippines
UAE	Dubai Branch	+971-4-551-2820	P.O. Box 507001, Dubai, UAE
Uzbekistan	Shinhan Bank Uzbekistan Representative Office	+998-71-150-1184	Oybek St. 22 Tashkent, Uzbekistan 100015
Hungary	Shinhan Bank Hungary Representative Office	+36-30-500-5860	Budapest Irinyi Jozsef utca 4-20, 1117, Hungary

Shinhan Card

Country	Name	Telephone	Address
Indonesia	PT Shinhan Indo Finance	+62-21-8579095	10 JL. MT. Haryono Kav. 8, Jakarta, Indonesia 13330
Kazakhstan	LLP MFO Shinhan Finance	+7-727-355-2550	48 Auezov street, Almaty, Kazakhstan 050000
Myanmar	Shinhan Microfinance Co., Ltd.	+95-1-645685	Insein Towership, Yangon, Myanmar
Vietnam	Shinhan Vietnam Finance Limited (SVFC)	+84-28-391-13666	Thu Thiem New Urban Area, Ho Chi Minh City

Shinhan Securities

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

Shinhan Life Insurance

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

Shinhan Asset Management

Country	Name	Telephone	Address
Hong Kong	Shinhan Asset Management (HK) Ltd.	+852-2525-9110	1 Austin Road West Kowloon, Hong Kong

Shinhan DS

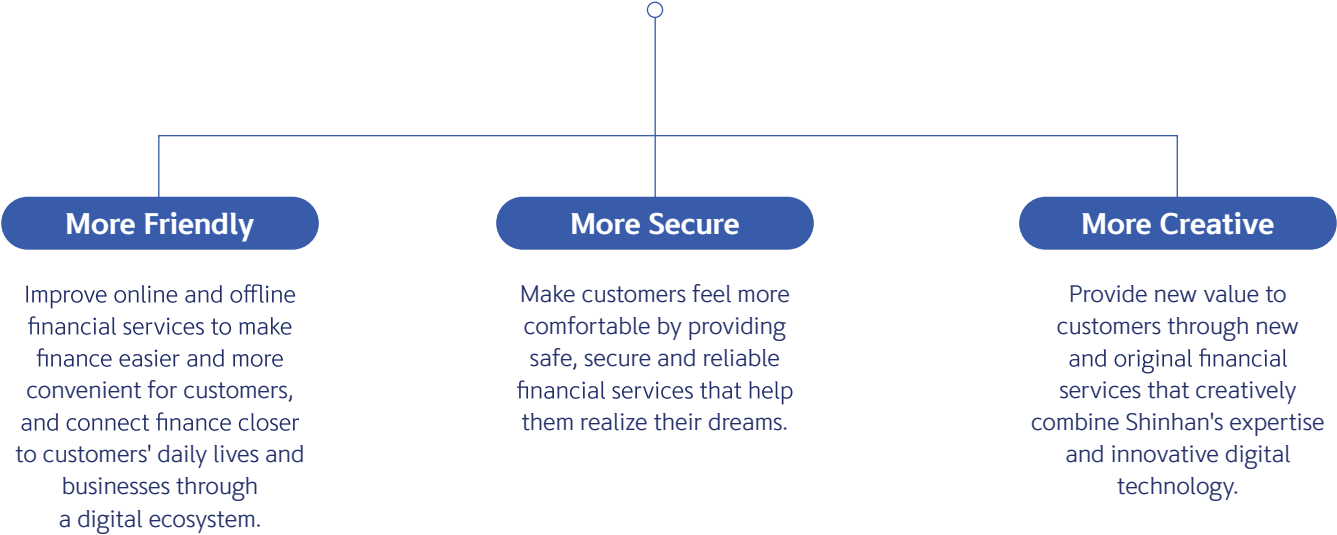
Country	Name	Telephone	Address
Vietnam	Shinhan DS Vietnam Company Limited	+84-28-3823-7255	The Mett Tower, Thu Thiem New Urban Area, Ho Chi Minh City

OUR VALUE

A Better World
Through Finance



*+ We believe finance should be
More Friendly, More Secure, More Creative*



FINANCIAL HIGHLIGHTS (As the end of Dec, 2024)

FINANCIAL YEAR ENDED 31 DECEMBER

2022
(Audited)

2023
(Restarted)

2024
(Audited)

Balance Sheet (US\$ million)

Total Assets	844.25	841.88	915.36
Total Gross Loans and advance	687.79	702.55	775.72
Total Deposits	181.96	199.21	292.75
Equity	158.05	262.29	269.75

P&L Account (US\$ thousand)

Net Interest Income	36,185.19	28,262.66	27,950.42
Net Fee, Commission and other Income	645.28	1,598.31	1,858.90
Net Profit	18,154.58	4,243.11	7,459.62

Key Performance Indicators (%)

ROAE	11.5%	1.6%	2.8%
ROAA	2.2%	0.5%	0.8%
Cost/Income	25.8%	32.0%	27.3%
Liquidity Ratio	156.3%	159.8%	150.0%
Credit Deposit Ratio	378.0%	348.0%	260.5%
Solvency Ratio	16.2%	32.1%	29.2%

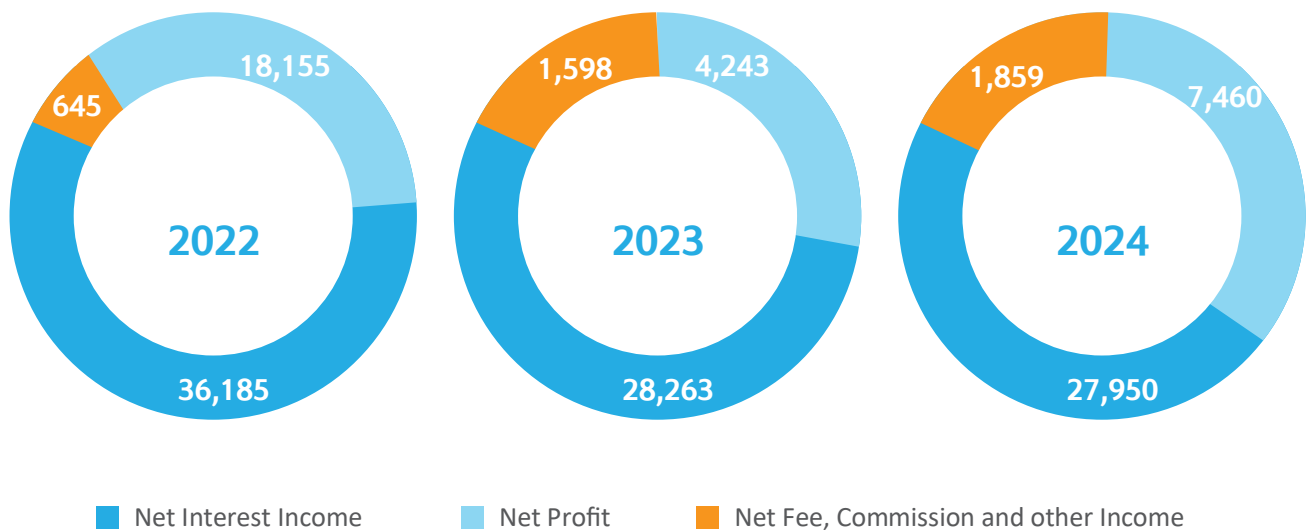
General Information

Operating Branches	14	15	15
Staff	455	496	519
ATMs	31	38	38
Depositors	24,752	34,353	32,449
Borrowers	12,234	12,599	13,098
Mobile Banking Users	23,150	34,871	42,950

* Figures updated in accordance with the Cambodian International Financial Reporting Standards

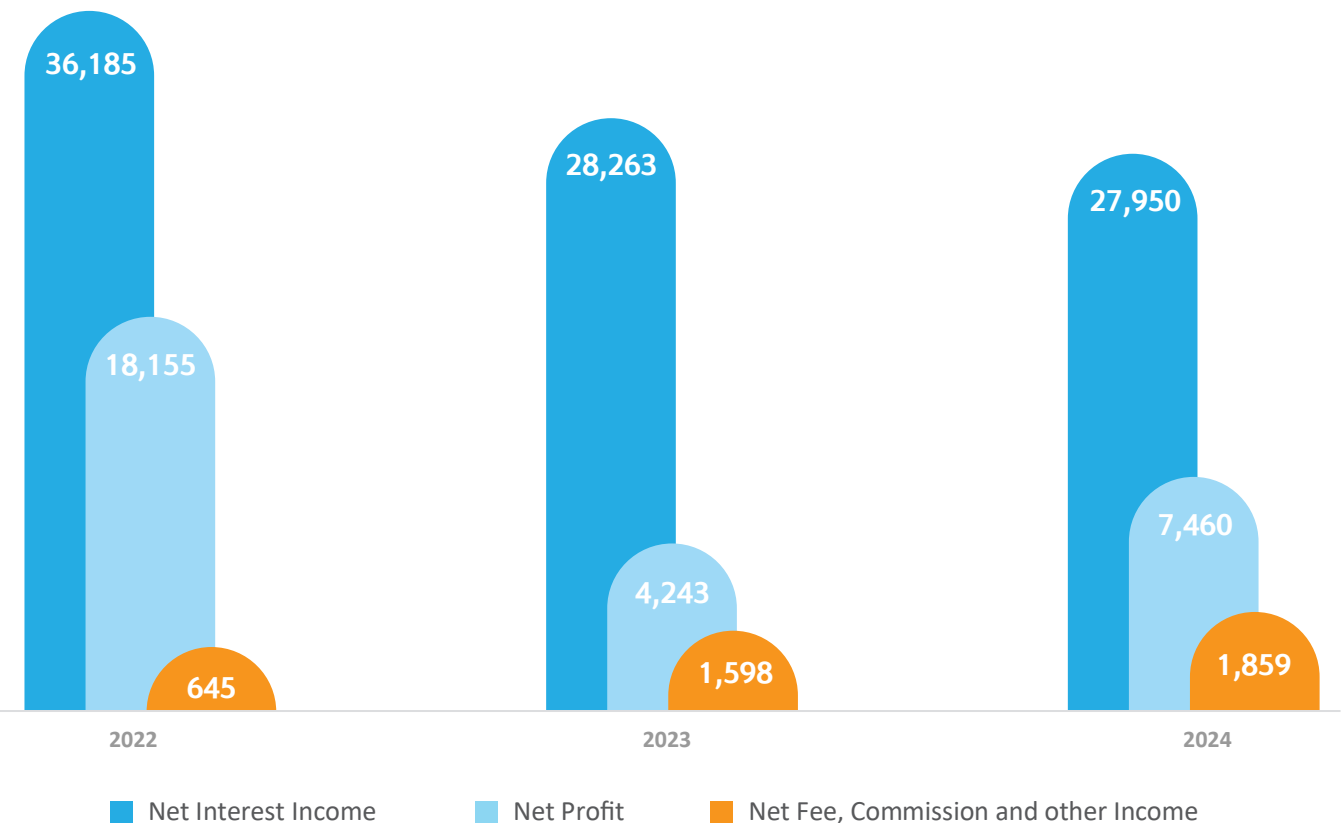
SIMPLIFIED FINANCIAL RESULTS

P&L Account (US\$ Million)

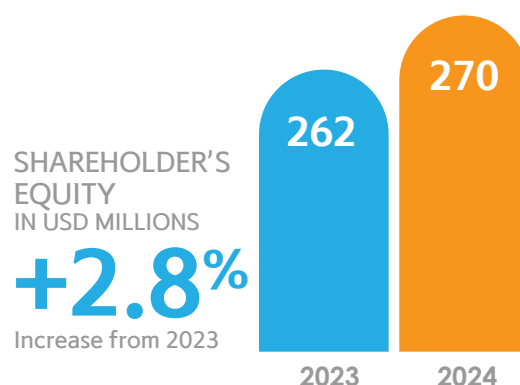
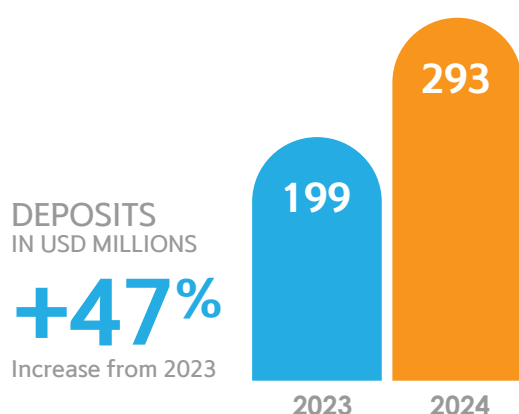
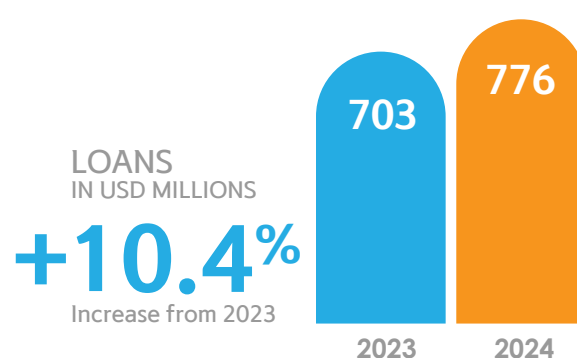
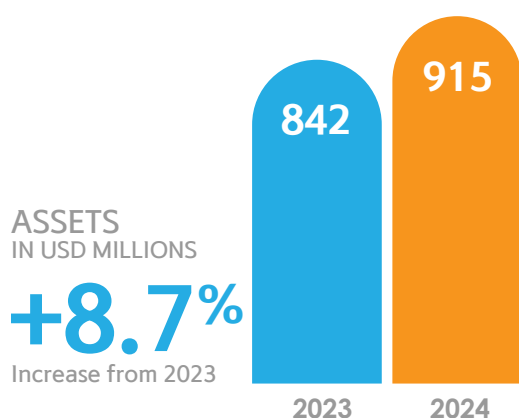
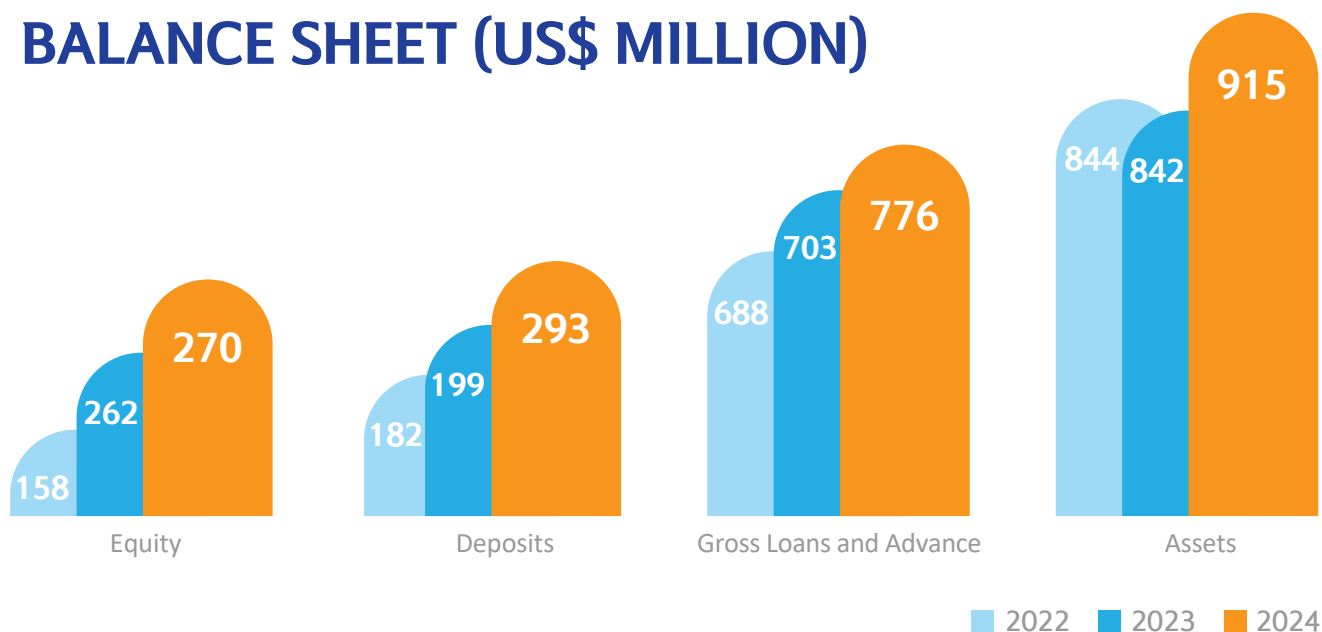


Statement Of Comparison 2023 To 2024

The brief report illustrates the prior year's financial performance and its current result.



BALANCE SHEET (US\$ MILLION)



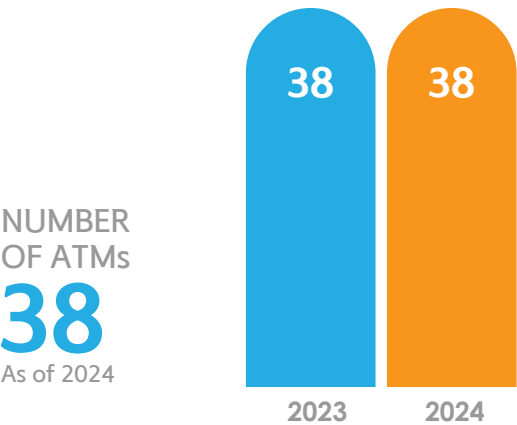
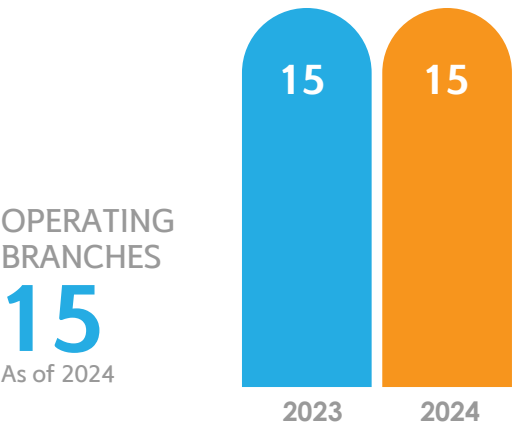
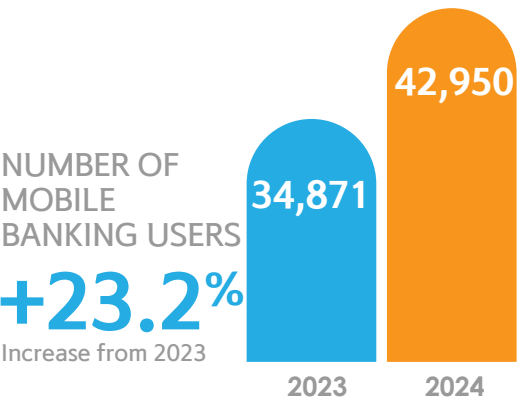
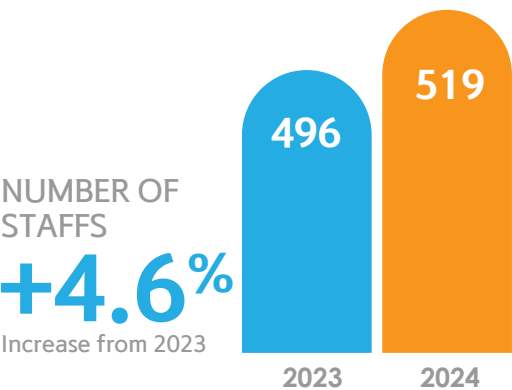
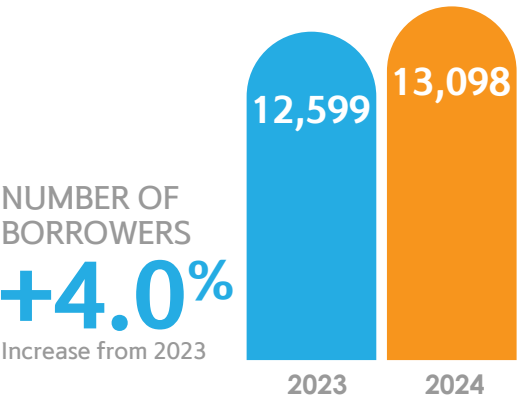
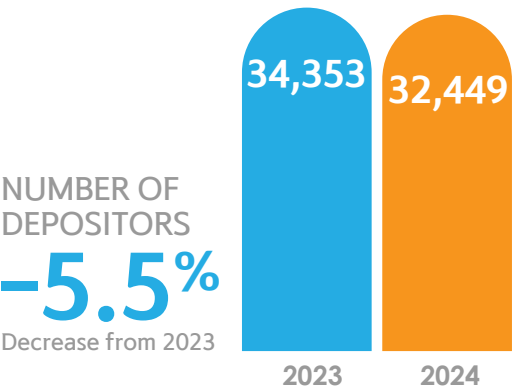
Key Performance Indicators 2024(%)

ROAE	2.8%
ROAA	0.8%
Cost/Income	27.3%

Liquidity Ratio	150%
Credit Deposit Ratio	260.5%
Solvency Ratio	29.2%

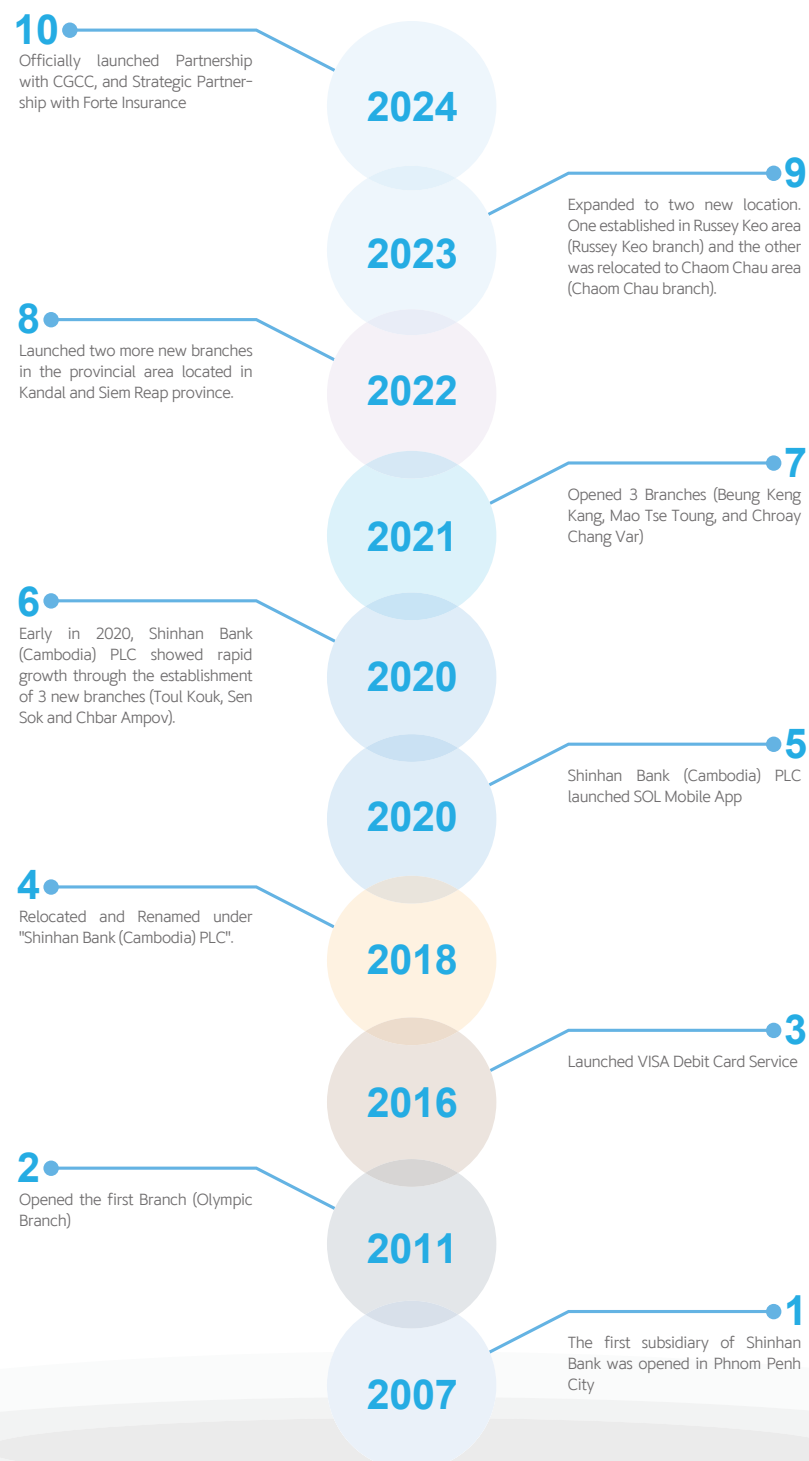
GENERAL INFORMATION

(Comparison Data 2023 to 2024)



MILESTONES (As the end of Dec, 2024)


Shinhan Bank (Cambodia) PLC. was considered as a pioneer enterprise to promote diplomatic relations between Cambodia and Korea. It was the first Korean Bank to invest in the Cambodian market. Serving as a bridge connecting Korean investors to Cambodia’s market, SBC Bank is committed to contributing to Cambodia's socio-economic growth in alignment with the government’s Pentagonal Strategy. By providing accessible and innovative financial products, we empower small and medium-sized enterprises (SMEs), enabling individuals to secure homes and vehicles, promoting financial stability, and enhancing quality of life by ensuring that our growth contributes to the overall well-being of the communities we serve through our mission, “A Better World Through Finance.”

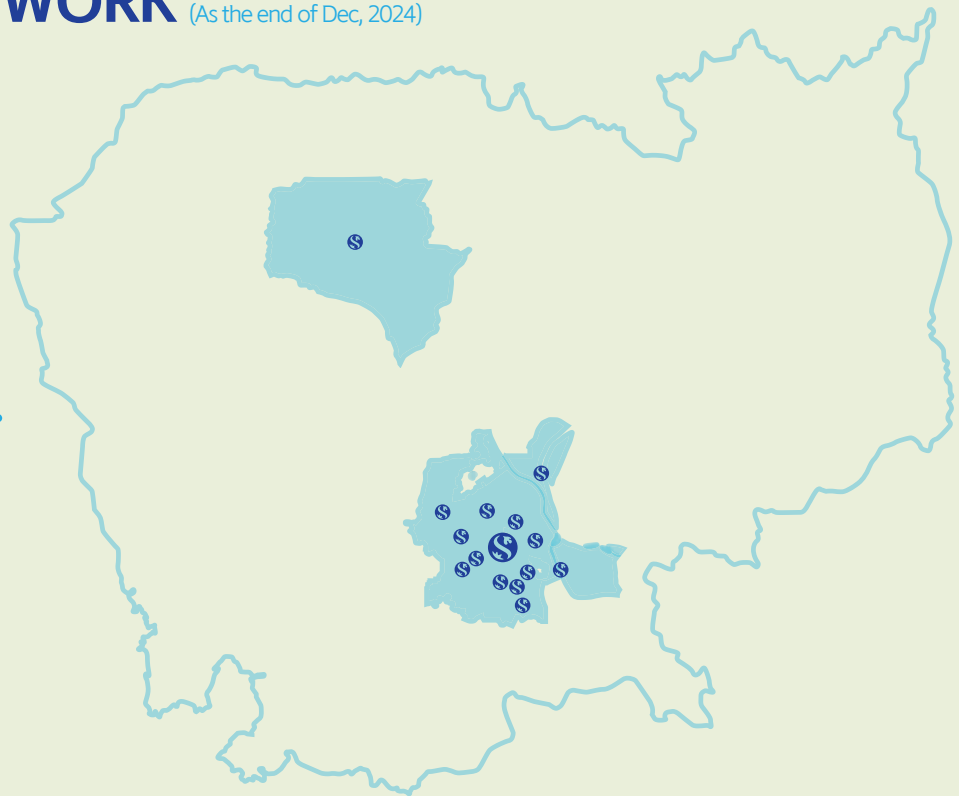


BRANCH NETWORK (As the end of Dec, 2024)

OPERATIONAL AREAS

Phnom Penh 13
Siem Reap 1
Ta Kmau 1

Branches Network 15 



SHINHAN BANK (CAMBODIA) PLC.

No. 79 Kampuchea Krom, Sangkat Monorom.
Khan 7 Makara, Phnom Penh, Cambodia
Tel. (+855) 23 971 100
SWIFT: SHBKHHPP

BUSINESS CENTER

No. 79 Kampuchea Krom, Sangkat Monorom.
Khan 7 Makara, Phnom Penh, Cambodia
Tel. (+855) 23 971 100
SWIFT: SHBKHHPP

CHAOM CHAU BRANCH

Nº 2432 and 2433, National Road No. 4,
Phum Prey Pring Khang Cheung 1,
Sangkat Chaom Chau 3, Khan Pur Senchey,
Phnom Penh, Cambodia
Tel. (+855) 23 988 381/82/83
SWIFT: SHBKHHPP

TEUK THLAR BRANCH

No. 36-38, North Bridge Street,
Phum Trong Moan, Sangkat Ou Baek K'am,
Khan Saensokh, Phnom Penh, Cambodia
Tel. (+855) 23 988 363
SWIFT: SHBKHHPP

MONIVONG BRANCH

Nº 423 & 425E0, Preah Monivong Blvd.
Corner Street Nº 198, Phum Phum 3, Sangkat
Boeng Proluet, Khan Prampir Meakkakra,
Phnom Penh, Cambodia
Tel. (+855) 23 988 390
SWIFT: SHBKHHPP

STUENG MEAN CHEY BRANCH

Nº 8, Preah Monireth Blvd., Group 7,
Phum Trea, Sangkat Stueng Mean Chey 1,
Khan Mean Chey, Phnom Penh, Cambodia
Tel. (+855) 23 957 680
SWIFT: SHBKHHPP

NORODOM BRANCH

No.277 Norodom Blvd, Sangkat Tonle Bassac,
Khan Chamkarmorn ,
Phnom Penh, Cambodia
Tel. (+855) 23 988 310
SWIFT: SHBKHHPP

CHBAR AMPOV BRANCH

#44, National Road 1, Ta Ngov, Niroth,
Chbar Ampov, Phnom Penh, Cambodia
Tel: (+855) 23 900 820
SWIFT: SHBKHHPP

SEN SOK BRANCH

#127, St 1003, Bayab, Phnom Penh Thmey,
Sen Sok, Phnom Penh, Cambodia
Tel: (+855) 23 900 850
SWIFT: SHBKHHPP

TUOL KOUK BRANCH

#57, St.289, Boeung Kak II,
Tuol Kouk, Phnom Penh, Cambodia
Tel: (+855) 23 900 830
SWIFT: SHBKHHPP

BOENG KENG KONG BRANCH

Nº 366C, Preah Monivong Blvd, Phum Phum 2,
Sangkat Boeng Keng Kang Ti Mouy,
Khan Boeng Keng Kang, Phnom Penh, Cambodia
Tel. (+855) 23 902 223
SWIFT: SHBKHHPP

MAO TSE TUNG BRANCH

Nº 145, Mao Tse Tung Blvd (245), Phum Phum 6,
Sangkat Tuol Svay Prey Muoy, Khan Boeng Keng Kang,
Phnom Penh, Cambodia
Tel. (+855) 23 902 224
SWIFT: SHBKHHPP

CHRAOY CHANGVAR BRANCH

Nº 43G, National Road Nº 6, Phum Phum 3,
Sangkat Chraoy Chongvar, Khan Chraoy Chongvar,
Phnom Penh, Cambodia
Tel. (+855) 23 902 225
SWIFT: SHBKHHPP

TA KHMAU BRANCH

#218, National Road No.21 Corner Street No. 110,
Phum Thmei 2, Sangkat Ta Khmau, Krong Ta Khmau,
Kandal Province, Cambodia
Tel. (+855) 24 900 107/ 108/109
SWIFT: SHBKHHPP

SIEM REAP BRANCH

Nº 105, Sivutha Blvd, Phum Mondol 2,
Sangkat Svay Dankum, Krong Siemreap
Siemreap Province, Cambodia
Tel. (+855) 63 900 800/801/802
SWIFT: SHBKHHPP

RUSSEY KEO BRANCH

Nº No. 598, Phum 4, Sangkat Chrang Chamreth Ti Muoy,
Khan Russey Keo, Phnom Penh, Cambodia
Tel. (+855) 23 902 390/391/392
SWIFT: SHBKHHPP

03

Corporate Governance

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- 25 . Risk Management
- 26 . Internal Audit
- 28 . Compliance

ORGANIZATION CHART

(As the end of Dec, 2024)



BOARD OF DIRECTORS (As the end of Dec, 2024)



Mr. KIM SUNG RYUL
Current Chairman

Mr. Kim assumed the position of chairman in January 2022. With over two decades of extensive experience in the banking industry, he has held multiple senior management positions within Shinhan Bank, both in domestic and international markets. In his role as chairman, Mr. Kim brings a wealth of knowledge in bank regulations, policy formulation, and product development. He has expertise in evaluating and enhancing performance while also focusing on expanding the bank's customer base and nurturing strong relationships with clients.



Mr. PARK HEE JIN
Current CEO & Member
of Board of Director

Mr. Park is the CEO of Shinhan Bank Cambodia, having been appointed in January 2024, and he also serves as a member of the Board of Directors. He possesses a professional background in the banking and financial sectors, with over 20 years of experience at Shinhan Bank. Mr. Park has consistently demonstrated expertise and leadership capabilities in various executive roles, each of which has significantly contributed to his extensive repertoire of skills and knowledge. These roles have equipped him with invaluable hands-on experience in managing complex financial operations, formulating strategic initiatives, and cultivating strong relationships with stakeholders.



Mr. LEE KYOUNG HO
Current Director & Member
of Board of Directors

Mr. Lee has been a Director of Shinhan Bank Cambodia since early 2023 and has a wealth of experience from his extended banking career. Prior to his current position, he held significant positions at Shinhan Bank Korea for over 17 years, demonstrating his remarkable leadership abilities and commitment to the sector. Mr. Lee has held a variety of management positions at Shinhan Bank during his career, giving him a thorough grasp of the banking industry.



Mr. SHIN CHANG MOO
Current Independent
Member of Board of Director

Mr. Shin, who was appointed as an independent member of the Board of Directors in August 2024. His experience in diverse areas of banking has enabled him to navigate complex financial landscapes. With more than two decades of professional experience, he has held a multitude of executive roles throughout the financial sector. His varied experiences have given him a deep understanding of risk management, internal control procedures, and strategic planning.



Mr. KIM IM GEUN
Current Independent
Member of Board of Director

Mr. Kim was appointed as an independent member of the Board of Directors in April 2024. He brings a wealth of professional experience in the financial and banking sectors, having dedicated over 30 years of service to Shinhan Bank. His extensive tenure has endowed him with insights into customer support, credit planning, and risk management. Moreover, his expertise in credit planning has equipped him with the skills necessary to develop sound lending strategies that effectively mitigate risk while promoting growth and enhancing leadership.

SENIOR MANAGEMENT (As the end of Dec, 2024)



Mr. PARK HEE JIN
Current CEO & Member
of Board of Director

Mr. Park is the CEO of Shinhan Bank Cambodia, having been appointed in January 2024, and he also serves as a member of the Board of Directors. He possesses a professional background in the banking and financial sectors, with over 20 years of experience at Shinhan Bank. Mr. Park has consistently demonstrated expertise and leadership capabilities in various executive roles, each of which has significantly contributed to his extensive repertoire of skills and knowledge. These roles have equipped him with invaluable hands-on experience in managing complex financial operations, formulating strategic initiatives, and cultivating strong relationships with stakeholders.



Mr. PARK CHANG KYUN
Current Vice President

Mr. Park, an accomplished professional in the field of Human Resources and Development, joined Shinhan Bank Cambodia (SBC) in July 2023 as Vice President, overseeing HR functions. Prior to this role, he held a significant managerial position in the HR sector at Shinhan Bank India. His extensive experience within Shinhan Bank in branch sales and business management dates back to 2005. Mr. Park plays a vital role in shaping human capital strategies, including talent acquisition, employee development, performance management, and the promotion of a positive work culture.



Mr. LEE KYOUNG HO
Current Director & Member
of Board of Directors

Mr. Lee has been a Director of Shinhan Bank Cambodia since early 2023 and has a wealth of experience from his extended banking career. Prior to his current position, he held significant positions at Shinhan Bank Korea for over 17 years, demonstrating his remarkable leadership abilities and commitment to the sector. Mr. Lee has held a variety of management positions at Shinhan Bank during his career, giving him a thorough grasp of the banking industry.



Mr. CHO KYUNG PIL
Current Director

Mr. Cho was appointed as a Director of Shinhan Bank Cambodia in January 2024. Prior to this position, he amassed extensive experience as the Manager of the Credit Planning Department and as the Deputy Manager at the Corporate Banking Center. Throughout his career, Mr. Cho has consistently demonstrated exceptional leadership skills and strong analytical capabilities in credit management.



Mr. KWON JU SAM
Current Director

Mr. Kwon, a highly experienced banking professional, became a director at Shinhan Bank Cambodia in early 2025. He brings a rich background in corporate banking that enables him to provide valuable insights and strong leadership. With more than ten years of managerial experience at Shinhan Bank Korea, Mr. Kwon has honed his skills in customer relationship management, product development, branch operations, and delivering superior client experiences.

SENIOR MANAGEMENT (As the end of Dec, 2024)



Mr. LEE HYUN DUK
Current Director

Mr. Lee, an experienced professional in Information Technology (IT) and security information, became the Director of Shinhan Bank Cambodia in January 2022. Bringing more than two decades of managerial experience in IT from Shinhan Bank Korea, he offers a depth of insight and leadership to SBC. During his long tenure at Shinhan Bank Korea, Mr. Lee has shown outstanding expertise and skill in IT systems, infrastructure, and security. He has expertise in various fields such as network management, data protection, cybersecurity, and technical innovation.



Mr. YOU HONG KYUN
Current Director

Mr. You, a skilled expert in financial and risk management, has had an impressive career at Shinhan Bank for almost two decades. His profound knowledge in the banking sector encompasses corporate banking centre management and financial management, rendering him a tremendous asset to SBC. Mr. You has gained extensive knowledge and expertise in different areas of banking operations since he joined Shinhan Bank in 2006. During his time in the position, he has shown outstanding skill in corporate banking, managing important tasks like credit analysis, relationship management, and financial and risk advising.



Mr. KIM YOUNG WOOK
Current Director

Mr. Kim, an experienced expert in Digital and Card Business, assumed a role of Director at Shinhan Bank Cambodia in January 2021. Bringing more than 16 years of managerial experience in Retail Banking and Card Business at Shinhan Bank Korea, he offers a depth of insight and leadership to Shinhan Bank Cambodia. During his long career at Shinhan Bank Korea, Mr. Kim has shown outstanding expertise in digital banking initiatives, card services, and improving customer experience. His experience spans a wide range of areas, including digital transformation, mobile banking, payment solutions, and driving innovative card products.



Mr. JUNG JINBI
Current Director

Mr. Jung was appointed Director of Shinhan Bank Cambodia in July 2024. Throughout his distinguished career at Shinhan Bank, he has developed significant expertise in retail and corporate banking, as well as strategic financial planning and business operations. In his current role, Mr. Jung directs the bank's strategic initiatives, enhances organizational performance, and drives sustainable growth. By leveraging his comprehensive understanding of client-focused services and financial strategy, he plays a key role in strengthening Shinhan Bank Cambodia's market position and operational capabilities.



Mr. KAO MARDY
Current Deputy Director

Mr. Mardy has been with Shinhan Bank Cambodia since 2018, bringing more than ten years of experience in the financial sector. He has built a strong foundation in branch operations and corporate banking, along with a deep understanding of financial products and services. His role has involved managing intricate client relationships and improving operational efficiency. In recognition of his dedication and extensive knowledge, Mr. Mardy was promoted to Deputy Director in charge of Business Promotion in January 2025.

RISK MANAGEMENT

Risk Management

To instill risk awareness, responsible risk-taking and effective risk management across all levels of employees. Including committed to maintaining an appropriate balance between risks and return, aligned with the bank's risk appetite and strong risk management competence.

The Risk Management Committee was established by board of director of Shinhan Bank Cambodia PLC to assist the Board of Director in fulfilling its oversight responsibilities for risk management.

Committee Activities in 2024

The Risk Management Committee and executive management attended the meeting 6 time in 2024. The main proceedings were aim to oversee and discussion such as:

Oversee activities in managing principal risks such as capital adequacy, credit, market, liquidity, operational, information and technology, and compliance risks.

Oversee management's reporting to the Board on measures taken to identify and examine principle risks faced by the Bank.

Including reports on risk appetite, risk exposure, risk portfolio composition, stress testing and risk management activities. On the other hand, check for adequacy and effectiveness of Management's internal controls and risk management process.

In addition, we have a loan review process, revised and implemented the following policies (Expected Credit Loss Policy, Environmental and Social Risk Management Policy, Conducted Business Contingency Plan testing and Loan Policy) and have added loan restructuring to the crisis management monitoring.



INTERNAL AUDIT

Audit Committee

Purpose

The Board established the Audit Committee (hereinafter referred to as "AC") to ensure the effectiveness of Shinhan Bank (Cambodia) Plc.'s (hereinafter referred to as "SBC") financial reporting system and risk-related information, quality management of internal control mechanisms, and legal compliance with applicable laws and regulations.

Main Responsibility

AC's primary role and responsibilities include assisting the SBC in fulfilling its corporate governance and oversight responsibilities in areas such as governance structure and processes, risk management structure and processes, internal controls activities, financial management, accounting policies, financial statements and annual reporting, external audit, internal audit, compliance, and implementation of audit and other review recommendations.

Meetings

The Audit Committee shall meet at least four times annually and more frequently if it deems necessary.

Internal Auditor

Purpose

The Board established the Internal Auditor (hereinafter referred to as "IA") to give independent and objective assurance about the sufficiency and efficacy of the bank's governance, risk management, and internal control mechanisms.

The Internal Auditor of SBC conducted periodic controls that were independent of daily operational areas and permanent control duties. The Internal Auditor reported directly to the Audit Committee (AC) on a quarterly basis.

Main Responsibility

The main responsibility of IA is to assess the adequateness and efficiency of the bank's risk management, governance and internal control systems, as well as to determine if the risks that may prevent the bank from achieving its objectives are appropriately evaluated, managed, and controlled.



Summary of Internal Audit Activities in 2024

Internal auditor uses a risk-based approach to determining the priorities for internal audit tasks that are compatible with the bank's goals.

According to the risk assessment results, IA priority areas include loan restructuring, credit process, cash management, IT General Control (ITGC), AML & Compliance, procurement process, financial & accounting, digital development, internal control, and financial incident prevention.

During FY2024, the internal auditor conducted 49 audit engagements, including audits of 15 branch offices, 15 of head office departments, 11 of surprise audits, 3 of year-end cash counts, and 5 of special audits. The results of audit engagement are reported quarterly to AC and communicated in the form of a written report to management.

All audit findings and recommendations arising from the audit are continuously updated and followed up with management on a quarterly basis.



COMPLIANCE

The regulatory environment for financial institutions is increasingly complex and constantly changing. New laws and regulations continue to evolve, increasing regulators' expectations. Any failure to ensure compliance may result in significant financial losses, heavy penalties and reputational consequences.

As a prudent financial services provider, the Bank is committed to upholding good governance principles and regulatory requirements. These principles are further outlined in the Bank's Compliance Policy, Anti-Money Laundering & Sanctions Compliance Policy, which serve as an important guide for the Bank to enable incorporation of compliance best practices throughout the Bank's business.

The Bank's compliance function, which acts as a second line of defense, operates on a bank-wide basis with an appointed Compliance Officer overseeing the compliance risk management of the Bank.

The following are some of the key initiatives by Compliance for 2024

- Foreign Account Tax Compliance Act ("FATCA") report preparation to regulator (GDT): the report had been submitted successfully within deadline.
- Continuous review and revision of the AML Risk Assessment ("AMLRA") methodology.
- Increased offsite surveillance and internal control inspections to detect procedural gaps vis-à-vis regulatory requirements and internal policies/guidelines.
- Overall review of policies and guidelines to ensure that the Bank's operational and business processes are updated where required, including updating of policies and guidelines in the Bank. Performed annual AML risk assessments.
- Optimized the usage of alternative learning platforms such as Smart Coaching Program, New Employee Training, external course, Annual Job Test & Beyond.

The following are our key priorities for 2025:

- Innovation of compliance ecosystem by enhancing operational efficiency of AML/CFT, regulatory compliance capabilities through various Next-Generation Transaction Monitoring System Development, utilization of data analytics, to effectively manage regulatory environment and AML/CFT and promote speed, scalability and interconnectivity to market.
- Supporting business resilience through the following initiatives:
 - Optimizing workflow and data collection process by, among others, enhancing the Bank policies, guidelines and procedures and enhancing Internal Inspection workflow and processes.
 - Continuously sustaining trust as a responsible financial service partner to the Bank's community of customers and stakeholders.
- A strong focus on the area of assurance by continuously enhancing offsite – surveillance and internal control inspections, continuous development of strong AML/CFT, regulatory compliance risk management and continuous development of compliance competency and future talent.
- Embedding compliance culture through the continuous promotion of a dynamic, proactive and responsible AML/CFT, regulatory compliance, internal inspection team and continuously providing access to compliance trainings, workshops and forums.

04

Our Accomplishments

- 30. Mobile Banking Enhancement
- 31. Customer Service Management
- 32. Payment Platform Expansion
- 33. Strategic Human Resource Management
- 34. Corporate Social Responsibility

MOBILE BANKING ENHANCEMENT

The banking sector has undergone a significant transformation with the introduction of digital technology.

Shinhan Bank's digital innovation help make finance easier and are convenience, achieving both quantitative growth in platform user numbers and qualitative growth as user's favorite platform. In addition, the bank is simultaneously increasing its revenues and reducing its operational cost based on digital channels. By continuously strengthening the bank's overall digital capabilities, and connecting this to new customer experiences, Shinhan Bank aims to implement finance that naturally integrates into customers into customer's lives without the constraints of time and place.

Through this expansion of the mobile banking service, the SOL mobile app has been enabling variety of transaction services. The most competitive of SBC's digital banking services is the reward benefit and the zero fee for almost every transaction service. Focusing on digital transformation and expanding payment channels for customer convenience, the bank will increase the variety of payment channel partners, provide a reward benefit system and enable loan application registers such as mortgage loans and car loans through digital banking services.

In the early of 2024, Shinhan Bank has achieved in winning the global award "Red Dot Design 2024" for an innovative design concept for the SOL Mobile Banking Application. The Red Dot Design Award is a world-renowned design competition and is considered one of the world's top three design awards. According to this award, SOL Cambodia has won this competition for design concept that emphasizes localized financial services and reflects the needs of Cambodian customers for mobile banking service applications.

This incredible achievement is a testament of our relentless commitment to innovation and our dedication to bringing our customers secure, convenient, and cutting-edge banking experiences.



red dot winner 2024



CUSTOMER SERVICE MANAGEMENT

Follow our Mission and Core value, Shinhan Bank Cambodia has developed a variety of customer solutions in making our banking services more competitive, practical and convenient.

To meet our customer satisfaction, we have launched “Shinhan Payroll Service”, “My Salary Saving Account”, which provide the convenient way to manage on Customer’s employee salary. In addition, “Escrow Service” has widely deployed after got license from “Trust Regulator” to provide secure trust fund to customers as an investor.

Moreover, we have released “Merchant/Shinhan KHQR” and other digital platforms including payment services to make self-banking services to become the most innovative Digital bank in Cambodia. Even though, many bank services have been established to meet our mission “A better world through Finance”, In 2024, we have

introduced new services “Bancassurance Business” and “Virtual Account service” to provide a better choice for the oriented customers. Plus, “My Shinhan Point” program also released for customer benefits.

Our new Digital Active user has increased 21% in last year, which customers can access and use our banking services through Mobile Banking. Self-banking service is one of the most important part, Cash-Out and Cash-In deposit machine at all 15 branches in Phnom Penh and Siem Reap branch, which is more convenient for our customers to access 24/7 service without waiting at the bank counter.

As our slogan “Expert SBC, Fearless SBC”, Shinhan Bank Cambodia provides the expertise financial service to our precious customer as well as always keep customer with care and aim streamlining our customer satisfaction as top priority and grateful to our loyal customers who are trusting and supporting our bank.

“A better world through Finance”

Expert SBC,
Fearless SBC

PAYMENT PLATFORM EXPANSION

Presently, the proliferation and popularity of Digital Payments in Cambodia have intensified competitively among the business sector, particularly in providing convenient services to customers and merchants. We have also observed that our customers may truly need convenient services and products to support their payment platforms and lifestyles. In response to meeting customer satisfaction and inquiries, we have innovated, built up, and updated our current services to become modernized and productive.

As the result, in 2024, Shinhan Bank launched new banking service designed to effectively support payment platform and benefit to customer, such as My Shinhan Point, EDC Payment Gateway and Single KHQR Currency.

My Shinhan Point is a function in SOL App, loyalty and reward program offered by Shinhan Bank. Customer can earn points through various activities include debit card transaction, banking service and exclusive promotion. These points can be redeemed for cash and credit to own bank account.

The Single KHQR Currency is a unified QR payment system introduced by the National Bank of Cambodia (NBC) to streamline digital transactions across the country. As part of the Bakong blockchain-based payment infrastructure, KHQR enables seamless, instant, and secure payments in both Cambodian Riel (KHR) and US Dollars (USD), promoting financial inclusion and reducing cash dependency. By supporting real-time transactions without fees, KHQR enhances convenience for consumers and businesses alike, driving Cambodia's transition toward a cashless economy.

EDC Payment Gateway is a leading electronic payment processing system in Cambodia, enabling customers to make secure and convenient payments through digitalization and real-time. Initiated and developed by Electricite du Cambodge to support a wide range of payment methods. It has been upgraded from Offline Payment to Real-time Payment, providing convenience for customers without any delay.



STRATEGIC HUMAN RESOURCE MANAGEMENT

“Create a Bank where people want to work, a Bank that align with employee’s life”

Shinhan Bank Cambodia continued to strengthen its human capital foundation through a proactive and forward-looking Strategic Human Resource Management (SHRM) approach Guided by our core values and aligned with the bank’s long-term vision, SHRM initiatives were centered on cultivating a high-performance culture, fostering leadership excellence, and promoting employee engagement and development.

Talent Acquisition and Development

We prioritized the recruitment of highly capable individuals aligned with Shinhan’s corporate culture, while enhancing internal mobility and succession planning. Through targeted development programs and technical training, we invested in upskilling staff to meet the evolving needs of the financial sector, especially in digital banking, compliance, internal control and customer service excellence.

Performance and Reward System

The bank implemented a robust performance management framework that links individual performance to organizational goals. Merit-based recognition, competitive compensation structures, and transparent evaluation mechanisms have reinforced accountability and motivated employees to exceed expectations.

Leadership and Culture

To drive sustainable growth, Shinhan Bank Cambodia focused on developing future leaders through structured mentorship and executive develop-

ment programs. We provided variety of internal and external training programs included IBF certification courses, internal excel training, oversea on job training programs to Korea with fully supported by Bank.

Employee Engagement and Wellbeing

We launched several engagement initiatives to boost employee satisfaction, including wellness programs, team building activities, and open communication channels. A continuous feedback culture was promoted to strengthen trust and align employee goals with the bank’s mission.

HR Digitalization

In line with our digital strategy, we expanded the use of HR technology to enhance operational efficiency and employee experience. Digital platforms were leveraged for learning, performance tracking, and internal communications, supporting a more agile and responsive HR function.

Moving forward, Shinhan Bank Cambodia remains committed to strategic HR practices that empower employees, support innovation, and drive long-term organizational success.



CORPORATE SOCIAL RESPONSIBILITY



Scholarship Donation (11.Mar.2024)

Scholarship donation to Korean International School of Phnom Penh (KISPP)



PC Donation (16.Mar.2024)

PC Donation to Korean Academic School of Phnom Penh



Financial Sharing Class 06.May.2024)

Financial sharing class to Korean International School of Phnom Penh (KISPP) related with financial knowledge.



Donation to "The Cambodian Red Cross" (07.May.2024)

Shinhan Bank (Cambodia) Plc has donated USD2,000 to Cambodian Red Cross



CSR Activity at Siem Reap Special Education High School (11.May.2024)

Donation of bicycle, rice, computer, and study material



Tree Planting Ceremony and Renovation of Saththaram Primary School (21.Jun.2024)

To participate and sponsor for Tree Planting and Renovation Project from The Association of Banks in Cambodia

CORPORATE SOCIAL RESPONSIBILITY



Restroom Project (28.Aug.2024)

Signing Ceremony of Memorandum of Understanding between Raksa Koma Organization and Autobahn VAG in Cooperation with Shinhan Bank (Cambodia) Plc



Scholarship Donation (10.Oct.2024)

Scholarship donation to Royal University of Phnom Penh for outstanding student majoring in Korean Language



Cambodia-Korea Recreational Site (11.Aug.2024)

Signing ceremony on memorandum of understanding between forestry administration of Cambodia and Shinhan Bank (Cambodia) Plc.



Financial Sharing Class (07.Dec.2024)

Financial sharing class to Korean Academic School related with financial knowledge



05

Audited Financial Statements

37 . Audited Financial Statement

Corporate information

Bank	Shinhan Bank (Cambodia) Plc.	
Registration No.	00006043	
Registered office	Vanda Tower No. 79, Kampuchea Krom Blvd. Sangkat Monorom, Khan 7 Makara Phnom Penh, Kingdom of Cambodia	
Shareholders	Shinhan Bank Co., Ltd. Insung Co., Ltd.	
Board of Directors	Mr. Kim Sung Ryul Mr. Park Hee Jin Mr. Lee Kyoung Ho Mr. Shin Chang Moo Mr. Kim Im Geun	Chairman (appointed on 20 May 2024) Director (appointed on 20 May 2024) Director Independent director (appointed on 14 March 2025) Independent director (appointed on 23 December 2024)
Management team	Mr. Park Hee Jin Mr. Kim Nam Soo Mr. Jung In Chang Mr. Song Kyo Min Mr. Kim Min Su Mr. Kim Young Wook Mr. Lee Hyun Duk Mr. Park Chang Kyun Mr. Lee Kyung Ho Mr. You Hong Kyun Mr. Cho Kyungpil Mr. Jung Jinbi	Chief Executive Officer (appointed on 8 January 2024) Chief Executive Officer (ended term on 5 January 2024) Vice President Vice President (ended term on 5 January 2024) Vice President (ended term on 3 July 2024) Director Director Director Director Director Director (appointed on 8 January 2024) Director (appointed on 4 July 2024)
Auditors	KPMG Cambodia Ltd	

Report of the Directors

The Board of Directors (“the Directors”) hereby submits their report together with the audited financial statements of Shinhan Bank (Cambodia) Plc. (“the Bank”) for the year ended 31 December 2024.

Principal activities

The principal activities of the Bank are the operations of core banking business and the provision of related financial services in Cambodia.

There were no changes to the nature of the principal activities during the year.

Financial performance

The financial performance of the Bank for the year is set out in the statement of profit or loss and other comprehensive income on page 9.

Share capital

The share capital of the Bank as at 31 December 2024 is US\$175,000,000 (31 December 2023: US\$175,000,000).

There were no other changes in shareholders and shareholding structure of the Bank during the financial year.

Reserves and provisions

There were no other movements to or from reserves and provision during the financial year other than those disclosed in the financial statements.

Loans and advances

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ensure that actions had been taken in relation to the writing off of any bad loans and advances and the making of allowance for doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and adequate allowance had been made for doubtful loans and advances.

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad loans and advances, or the amount of allowance for doubtful loans and advances in the financial statements of the Bank, inadequate to any material extent.

Shinhan Bank (Cambodia) Plc.

Assets

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ensure that any assets, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Bank, have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors is not aware of any circumstances, which would render the values attributed to the assets in the financial statements of the Bank misleading in any material respect.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Bank misleading or inappropriate in any material respect.

Contingent and other liabilities

At the date of this report, there does not exist:

- (i) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

Change of circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Bank, which would render any amount stated in the financial statements misleading.

Items of an unusual nature

The results of the operations of the Bank for the financial year were not, in the opinion of the Directors, substantially affected by any items, transactions or events of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Bank for the year in which this report is made.

Shinhan Bank (Cambodia) Plc.

Board of Directors

The members of the Board of Directors of the Bank during the year and as at the date of this report are:

Mr. Kim Sung Ryul	Chairman (appointed on 20 May 2024)
Mr. Park Hee Jin	Director (appointed on 20 May 2024)
Mr. Lee Kyoung Ho	Director
Mr. Shin Chang Moo	Independent director (appointed on 14 March 2025)
Mr. Kim Im Geun	Independent director (appointed on 23 December 2024)

Directors' interests

None of the Directors held or dealt directly in the shares of the Bank during the financial year.

During and at the end of the financial year, no arrangements existed to which the Bank is a party with the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

During the financial year, no Director of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Bank or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Directors' responsibility in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended.

In preparing these financial statements, the Directors are required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with Cambodian International Financial Reporting Standards ("CIFRSs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Bank's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- (iv) assess the Bank'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 the Directors either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so; and
- (v) control and direct effectively the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Shinhan Bank (Cambodia) Plc.

Approval of the financial statements

We, hereby approve the accompanying financial statements together with the notes thereto as set out on pages 8 to 102 which, in our opinion, present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Signed in accordance with a resolution of the Board of Directors.



Mr. Park Hee Jin
Chief Executive Officer



Mr. You Hong Kyun
Director

Phnom Penh, Kingdom of Cambodia

Date: 28 March 2025



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Report of the Independent Auditors

To the shareholders of Shinhan Bank (Cambodia) Plc.

Opinion

We have audited the financial statements of Shinhan Bank (Cambodia) Plc. (“the Bank”), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as set out on pages 8 to 102 (hereafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, 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.

Emphasis of Matter – Comparative information

We draw attention to Note 37 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2023 has been restated. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of the Board of Directors as set out on pages 1 to 4, and annual report, which is expected to be made available to us after the date of auditors’ report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used 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 Bank'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

For **KPMG Cambodia Ltd**


Nge Huy
Senior Partner



Phnom Penh, Kingdom of Cambodia

28 March 2025

Shinhan Bank (Cambodia) Plc.

Statement of financial position as at 31 December 2024

	Notes	31 December 2024		31 December 2023	
		US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
ASSETS					
Cash on hand	8	8,424,147	33,907,192	9,422,708	38,491,762
Balances with the National Bank of Cambodia	9	10,060,663	40,494,169	21,010,829	85,829,236
Balances with other banks and financial institutions	10	65,267,633	262,702,223	49,665,499	202,883,563
Statutory deposits with the National Bank of Cambodia	11	52,384,979	210,849,540	50,153,385	204,876,578
Loans and advances to customers	12	762,578,774	3,069,379,565	693,171,528	2,831,605,692
Investment securities	13	25,000	100,625	25,000	102,125
Property and equipment	14	5,907,150	23,776,279	7,844,337	32,044,117
Right-of-use assets	15	4,893,889	19,697,903	6,000,462	24,511,887
Deferred tax assets, net	20(c)	223,202	898,388	-	-
Intangible assets	16	1,723,527	6,937,196	1,008,319	4,118,983
Other assets	17	3,870,324	15,578,054	3,582,928	14,636,261
TOTAL ASSETS		915,359,288	3,684,321,134	841,884,995	3,439,100,204
LIABILITIES AND EQUITY					
Liabilities					
Deposits from banks and financial institutions	18	150,264,006	604,812,624	106,556,837	435,284,679
Deposits from customers	19	142,486,088	573,506,504	92,650,638	378,477,856
Current income tax liabilities	20(b)	1,998,188	8,042,708	1,215,711	4,966,179
Deferred tax liabilities, net	20(c)	-	-	300,076	1,225,810
Borrowings	21	340,139,425	1,369,061,186	367,359,074	1,500,661,817
Lease liabilities	15	5,513,174	22,190,525	6,527,438	26,664,584
Employee benefit obligations		124,010	499,140	492,642	2,012,443
Other liabilities	22	5,084,625	20,465,615	4,492,426	18,351,561
Total liabilities		645,609,516	2,598,578,302	579,594,842	2,367,644,929
Equity					
Share capital	23	175,000,000	711,575,000	175,000,000	711,575,000
Retained earnings		72,971,797	298,184,841	67,412,109	275,551,350
Regulatory reserves		9,616,700	38,993,023	7,716,769	31,258,404
Non distributable reserves		12,161,275	49,422,067	12,161,275	49,422,067
Currency translation reserves		-	(12,432,099)	-	3,648,454
Total equity		269,749,772	1,085,742,832	262,290,153	1,071,455,275
TOTAL LIABILITIES AND EQUITY		915,359,288	3,684,321,134	841,884,995	3,439,100,204

The accompanying notes form an integral part of these financial statements.

Shinhan Bank (Cambodia) Plc.

Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

	Notes	2024		2023	
		US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
				(As restated)	
Interest income	24	58,809,806	239,414,720	56,680,531	232,956,982
Interest expense	25	(30,859,384)	(125,628,552)	(28,417,874)	(116,797,462)
Net interest income		27,950,422	113,786,168	28,262,657	116,159,520
Fee and commission income	26	1,858,897	7,567,570	1,598,313	6,569,066
Total fee and commission income		1,858,897	7,567,570	1,598,313	6,569,066
Impairment losses on financial instruments	27	(5,099,709)	(20,760,915)	(6,088,884)	(25,025,313)
Other gain – net	28	1,016,170	4,136,828	594,906	2,445,064
Other operating income	29	48,179	196,137	67,361	276,854
Net other operating loss		(4,035,360)	(16,427,950)	(5,426,617)	(22,303,395)
Personnel expenses	30	(7,397,226)	(30,114,107)	(6,924,091)	(28,458,014)
Depreciation and amortisation	31	(3,547,266)	(14,440,920)	(3,250,179)	(13,358,236)
Other operating expenses	32	(5,122,548)	(20,853,893)	(7,988,192)	(32,831,469)
Profit before income tax		9,706,919	39,516,868	6,271,891	25,777,472
Income tax expense	20(a)	(2,247,300)	(9,148,758)	(2,028,782)	(8,338,294)
Net profit for the year		7,459,619	30,368,110	4,243,109	17,439,178
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Currency translation differences		-	(16,080,553)	-	(4,863,583)
Total comprehensive income for the year		7,459,619	14,287,557	4,243,109	12,575,595
Profit attributable to:					
Owners of the Bank		<u>7,459,619</u>	<u>14,287,557</u>	<u>4,243,109</u>	<u>12,575,595</u>
Total comprehensive income attributable to:					
Owners of the Bank		<u>7,459,619</u>	<u>14,287,557</u>	<u>4,243,109</u>	<u>12,575,595</u>

The accompanying notes form an integral part of these financial statements.

Shinhan Bank (Cambodia) Plc.

Statement of changes in equity for the year ended 31 December 2024

	Attributable to owners of the Bank										Total	
	Share capital US\$	KHR'000 (Note 7)	Retained earnings US\$	KHR'000 (Note 7)	Regulatory reserves US\$	KHR'000 (Note 7)	Non distributable reserves US\$	KHR'000 (Note 7)	Currency translation reserves US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Balance at 1 January 2024 (As restated)	175,000,000	711,575,000	67,412,109	275,551,350	7,716,769	31,258,404	12,161,275	49,422,067	-	3,648,454	262,290,153	1,071,455,275
Total comprehensive income												
Net profit for the year	-	-	7,459,619	30,368,110	-	-	-	-	-	-	7,459,619	30,368,110
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	(16,080,553)	-	(16,080,553)
	-	-	7,459,619	30,368,110	-	-	-	-	-	(16,080,553)	7,459,619	14,287,557
Transactions recognised directly in equity												
Transfer to regulatory reserves	-	-	(1,899,931)	(7,734,619)	1,899,931	7,734,619	-	-	-	-	-	-
	-	-	(1,899,931)	(7,734,619)	1,899,931	7,734,619	-	-	-	-	-	-
Balance at 31 December 2024	175,000,000	711,575,000	72,971,797	298,184,841	9,616,700	38,993,023	12,161,275	49,422,067	-	(12,432,099)	269,749,772	1,085,742,832
Balance at 1 January 2023	75,000,000	303,375,000	60,875,853	248,687,338	10,009,916	40,683,238	12,161,275	49,422,067	-	8,512,037	158,047,044	650,679,680
Total comprehensive income												
Net profit for the year (As restated)	-	-	4,243,109	17,439,178	-	-	-	-	-	-	4,243,109	17,439,178
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	(4,863,583)	-	(4,863,583)
	-	-	4,243,109	17,439,178	-	-	-	-	-	(4,863,583)	4,243,109	12,575,595
Transactions recognised directly in equity												
Additional share capital contribution	100,000,000	408,200,000	-	-	-	-	-	-	-	-	100,000,000	408,200,000
Transfer to retained earnings	-	-	2,293,147	9,424,834	(2,293,147)	(9,424,834)	-	-	-	-	-	-
	100,000,000	408,200,000	2,293,147	9,424,834	(2,293,147)	(9,424,834)	-	-	-	-	100,000,000	408,200,000
Balance at 31 December 2023 (As restated)	175,000,000	711,575,000	67,412,109	275,551,350	7,716,769	31,258,404	12,161,275	49,422,067	-	3,648,454	262,290,153	1,071,455,275

The accompanying notes form an integral part of these financial statements.

Shinhan Bank (Cambodia) Plc.

Statement of cash flows for the year ended 31 December 2024

	Notes	2024		2023	
		US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7) (As restated)
Cash flows from operating activities					
Profit before income tax		9,706,919	39,516,868	6,271,891	25,777,472
Adjustments for:					
Provision for employee benefit obligations		(368,632)	(1,500,701)	398,558	1,638,073
Depreciation and amortisation	31	3,547,266	14,440,920	3,250,179	13,358,236
Impairment losses on financial instruments	27	5,099,709	20,760,915	6,088,884	25,025,313
Write-offs of property and equipment		96,901	394,484	488	2,006
Loss/(gain) on disposals of property and equipment		(7,264)	(29,572)	(12,207)	(50,171)
Dividend income		(48,179)	(196,137)	67,361	276,854
Interest income	24	(58,809,806)	(239,414,720)	(56,680,531)	(232,956,982)
Interest expense	25	30,859,384	125,628,552	28,417,874	116,797,462
		(9,923,702)	(40,399,391)	(12,197,503)	(50,131,737)
Changes in:					
Statutory deposit and balances with the National Bank of Cambodia		(2,503,671)	(10,192,445)	(6,420,551)	(26,388,465)
Balance with other banks and financial institutions		(2,250,063)	(9,160,006)	344,788	1,417,079
Loans and advances to customers		(73,543,838)	(299,396,964)	(10,556,564)	(43,387,478)
Other assets		(287,396)	(1,169,989)	(473,705)	(1,946,928)
Deposits from banks and financial institutions		43,320,387	176,357,295	1,774,602	7,293,614
Deposits from customers		47,956,983	195,232,878	14,017,080	57,610,199
Other liabilities		813,722	3,312,662	1,535,231	6,309,798
Cash generated from/(used in) operations		3,582,422	14,584,040	(11,976,622)	(49,223,918)
Interest received		58,224,083	237,030,242	55,247,144	227,065,762
Interest paid		(28,405,692)	(115,639,572)	(25,729,878)	(105,749,799)
Income tax paid	20	(1,988,101)	(8,093,559)	(4,410,501)	(18,127,159)
Net cash generated from operating activities		31,412,712	127,881,151	13,130,143	53,964,886

Shinhan Bank (Cambodia) Plc.

Statement of cash flows (continued) for the year ended 31 December 2024

	Notes	2024		2023	
		US\$	KHR'000 (Note 7)	US\$ (As restated)	KHR'000 (Note 7)
Cash flows from investing activities					
Purchases of property and equipment	14	(406,302)	(1,654,055)	(2,938,830)	(12,078,591)
Purchases of intangible assets	16	(963,968)	(3,924,314)	(62,759)	(257,939)
Proceeds from disposals of property and equipment		61,919	252,072	21,318	87,617
Dividend received		48,179	196,137	(67,361)	(276,854)
Balances with other banks and financial institutions – maturity more than three months		3,671,971	14,948,594	14,973,050	61,539,236
Proceeds from disposal of investment securities		-	-	5,583,667	22,948,871
Net cash generated from investing activities		2,411,799	9,818,434	17,509,085	71,962,340
Cash flows from financing activities					
Proceeds from issuance of share capital		-	-	100,000,000	411,000,000
Proceeds from borrowings	21	248,000,000	1,009,608,000	408,500,000	1,678,935,000
Repayments of borrowings	21	(275,000,000)	(1,119,525,000)	(533,500,000)	(2,192,685,000)
Payments of lease liabilities		(1,422,356)	(5,790,411)	(1,381,210)	(5,676,773)
Net cash used in financing activities		(28,422,356)	(115,707,411)	(26,381,210)	(108,426,773)
Net increase in cash and cash equivalents		5,402,155	21,992,174	4,258,018	17,500,453
Cash and cash equivalents at 1 January		66,032,014	269,740,777	61,773,996	254,323,541
Currency translation differences		-	(4,210,421)	-	(2,083,217)
Cash and cash equivalents at 31 December		71,434,169	287,522,530	66,032,014	269,740,777

The accompanying notes form an integral part of these financial statements.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements for the year ended 31 December 2024

1 Background information

Shinhan Bank (Cambodia) Plc. (formerly known as “Shinhan Khmer Bank Plc.”) (“the Bank”) was incorporated in the Kingdom of Cambodia on 27 June 2007 under Registration No. 00006043 issued by the Ministry of Commerce and officially commenced its operations on 15 October 2007. On 24 February 2009, the Bank was granted a permanent banking licence No. 017 from the National Bank of Cambodia (“the NBC”).

The registered address of the Bank is located at Vanda Tower No. 79, Kampuchea Krom Blvd, Sangkat Monourom, Khan 7 Makara, Phnom Penh, Kingdom of Cambodia.

The Bank is a subsidiary of Shinhan Bank Co., Ltd., a bank incorporated in South Korea.

The principal activity of the Bank is the provision of all aspects of banking business and related financial services in Cambodia. The Bank has operated with 15 branches including Head Office across the country.

As at 31 December 2024, the Bank had 519 employees (31 December 2023: 496 employees).

2. Basis of accounting

The financial statements of the Bank have been prepared in accordance with the Cambodian International Financial Reporting Standards (“CIFRSs”).

Details of the Bank’s material accounting policies are included in Note 5.

These financial statements of the Bank were authorised for issue by the Board of Directors on 28 March 2025.

3. Functional and presentation currency

The Bank transacts its business and maintains its accounting records in United States Dollars (“US\$”). Management has determined the US\$ to be the Bank’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

These financial statements are presented in US\$, which is the Bank’s functional currency. All US\$ amounts have been rounded to the nearest dollars, unless otherwise indicated.

4. Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

4. Use of judgments and estimates (continued)

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Note 5(C)(vii): establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.
- Note 5(C)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI ("Solely Payment of Principal and Interest") on the principal amount outstanding.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes.

- Note 5(C)(vii): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- Note 5(C)(vi): measurement of the fair value of financial instruments with significant unobservable inputs.

5. Material accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Basis of measurement

The financial statements have been prepared on a historical cost basis, except if mentioned otherwise.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the spot exchange rates at the date of the transactions.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(b) Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Bank initially recognises loans and advances, deposits and borrowings on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial assets (continued)

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial assets (continued)

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

(iii) Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit and loss.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(iii) Derecognition (continued)

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit and loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit and loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(iv) *Modifications of financial assets and financial liabilities (continued)*

Financial assets (continued)

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit and loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under CIFRS, or for gains and losses arising from a group of similar transactions.

(vi) **Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vi) Fair value measurement (continued)

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Impairment

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

At each reporting date, the Bank assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, The Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region.

The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than or equal to 90 days past due; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to recover; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Inputs, assumptions and techniques used for estimating impairment

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The statistical model has been employed to analyse data collected and generate estimate of remaining lifetime PD of exposure and how these are expected to change as result of passage of time.

The Bank adopts the proxy models to estimate its PD. The proxied model from Head Office comes in multiple parameters, i.e. PD with external rating, PD with internal rating and PD without internal and external rating, in which these PD models had incorporated forward-looking information adjusted at Head Office level.

LGD is the magnitude of the likely loss if there is a default. The Bank uses LGD based on a proxied model from Head Office. The Bank further estimates LGD forward looking parameters based on the history of recovery rates of claims against defaulted counterparties. The forward looking LGD consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Bank derives the on balance sheet EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount and accrued interest at the time of default. Further, the Bank derives the off balance sheet EAD exposure based on the credit conversion factor (CCF) by Head Office.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL is measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more for long term facilities or 30 days for short-term facilities is considered credit-impaired even when the regulatory definition of default is different.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off

Loans and advances are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries resulting from the Bank's enforcement activities will result in impairment gains, which will be presented in 'net impairment loss on financial assets/other income' in profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(e) Deposits and placements with banks

Deposits and placements with banks are stated at amortised cost less impairment for any uncollectable amounts.

(f) Statutory deposits

Statutory deposits included in balances with the NBC are maintained in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by the defined percentage of the minimum share capital and the customers' deposits as required by NBC.

(g) Loans and advances to customers

'Loans and advances to customers' caption in the statement of financial position includes loans and advances to customers measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(h) Investment securities

Investment securities on initial recognition at cost and is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI.

(i) Other assets

Other assets are carried at amortised cost less impairment if any.

(j) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(j) Property and equipment (continued)

(ii) Recognition and measurement

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(iii) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Bank, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Bank will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation of property and equipment is charged to the profit or loss using the following methods and rates:

Asset class	Depreciation method	Useful life
Leasehold improvements	Straight-line	10 years
Computer and office equipment	Straight-line	2 – 4 years
Furniture and fittings	Straight-line	2 – 4 years
Motor vehicles	Straight-line	2 – 4 years

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(j) Property and equipment (continued)

(iv) Depreciation (continued)

Construction in progress, if any, is not depreciated until such time as the relevant assets are completed and put into operational use.

Depreciation methods, useful lives and residual values are reassessed at end of the reporting period and adjusted if appropriate.

(k) Intangible assets

Intangible assets, which comprise acquired computer software licenses and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire the specific software and bring it to use.

Intangible assets are amortised over their estimated useful lives of 10 years using straight-line method.

Costs associated with the development or maintenance of computer software are recognised as expenses when incurred.

(l) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where all the decisions about how and for what purpose the asset is used are predetermined, the Bank has the right to direct the use of the asset if either:
 - the Bank has the right to operate the asset; or
 - the Bank designed the asset in a way that predetermines how and for what purpose It will be used.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(I) Leases (continued)

Leases in which the Bank is a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of office premises the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The estimated useful lives are as follows:

- Buildings and office spaces 10 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, to the lessee's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(l) Leases (continued)

Leases in which the Bank is a lessee (continued)

Lease payments included in the measurement of the lease liability comprise: (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the lease term, a change in the assessment of the option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Deposits from banks and financial institutions and deposits from customers

Deposits from banks and financial institutions and deposits from customers are initially measured at fair value minus incremental direct transaction costs, and subsequently are measured at amortised cost using the effective interest method. The fair values of deposits payable on demand (current and savings accounts), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of deposits with remaining maturity of more than one year are estimated based on discounted cash flows using prevailing market rates for similar deposits from banks and customers.

(n) Borrowings

Borrowings are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at amortised cost using effective interest method.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Bank.

(ii) Pension fund schemes

The Bank pays monthly contributions for the compulsory pension scheme to National Social Security Fund ("NSSF"), a publicly administered social security scheme for pension in Cambodia. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(iii) Other employee benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued providing guidelines on the implementation of the law. In accordance with the law/Prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).
- Past years of seniority service - employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with the Bank. The past seniority payment depends on each staff's past services and shall not exceed six months of average gross salaries. On 22 March 2019, the Ministry of Labour and Vocational Training issued guideline number 042/19 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December starting December 2021.

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Bank.

The past years of seniority service is classified as long-term employee benefits, except for those payable within 12 months. Past seniority liability is recognised at the present value of defined obligations at the reporting period. The present value of the past seniority payment is determined by discounting the estimated future payments by references to the high-quality corporate bond of the currency that the liability is denominated.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(p) Provisions

Provisions are recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary share are recognised as a deduction from equity, net of any tax effects. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(r) Regulatory reserves

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with CIFRSs and regulatory provision in accordance with the National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. In accordance with Article 73, the entity is shall compare the provision calculated in accordance with Articles 49 to 71 and the provision calculated in accordance with Article 72, and the record:

- (i) In case that the regulatory provision calculated in accordance with Article 72 is lower than provision calculated in accordance with Articles 49 to 71, the entity records the provision calculated in accordance with CIFRSs; and
- (ii) In case that the regulatory provision calculated in accordance with Article 72 is higher than provision calculated in accordance with Articles 49 to 71, the entity records the provision calculated in accordance with CIFRSs and transfer the difference from retained earnings or accumulated loss account into regulatory reserve in shareholders' equity of the statement of the financial position.

The regulatory reserves are not an item to be included in the calculation of the Bank's net worth.

On 5 February 2025, the NBC issued a notification letter to all banks and financial institutions requiring that the regulatory provision in accordance with the NBC shall be calculated based on the gross carrying amount (including accrued interest receivables), multiplied by the provision rates for each loan and advance classification. This requirement applies to the financial year ended 31 December 2024, and will remain in effect until 30 June 2025.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(s) Non-distributable reserves

The non-distributable reserves are maintained following the shareholder resolutions on 30 December 2014 and 31 March 2023 to transfer part of its retained earnings to non-distributable reserves.

(t) Interest income and expense

(i) Effective interest rate

Interest income and expense are recognised in profit and loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(ii) Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

(iii) Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(t) Interest income and expense (continued)

(iii) Calculation of interest income and expense (continued)

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(iv) Presentation

Interest income calculated using the effective interest method presented in the statement of profit and loss and OCI includes interest on financial assets and financial liabilities measured at amortised cost and interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit and loss and OCI includes interest on financial liabilities measured at amortised cost and lease liabilities.

(u) Fee and commission

Fee and commission income that are integral to the effective interest rate on a financial asset is included in the effective interest rate.

Other fee and commission income, including account servicing fees, are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Bank first applies CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then applies CIFRS 15 to the residual.

(v) Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(v) Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(w) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except items recognized directly in equity or in other comprehensive income.

The Bank has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under CIAS 37, Provisions, Contingent Liabilities and Contingent Assets, and has recognized the related expenses in 'other expenses'.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous period.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Material accounting policies (continued)

(w) Income tax (continued)

(ii) *Deferred tax (continued)*

A deferred tax asset are recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(x) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognized in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(y) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statement of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible realizations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

6. Accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Bank has not early adopted the new and amended accounting standards in preparing these financial statements.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

6. Accounting standards issued but not yet effective (continued)

A. Classification and Measurement of Financial Instruments (Amendments to CIFRS 9 and CIFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued *Amendments to the classification and Measurement of Financial Instruments* which amended IFRS 9 and IFRS 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- settling financial liabilities using electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Bank is in the process of assessing the impact of the new amendments.

B. CIFRS 18 Presentation and Disclosures in Financial Statements

CIFRS 18 will replace CIAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

6. Accounting standards issued but not yet effective (continued)

C. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Bank's financial statements.

Effective date	New accounting standards or amendment
1 January 2025	Lack of exchangeabilities (Amendment to CIAS 21)
1 January 2026	Annual Improvement to CIFRS Accounting Standard – Volume 11
1 January 2027	CIFRS 19 Subsidiaries without Public Accountability: Disclosures

7. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars ("US\$") which is the Bank's functional currency. The translations of US\$ amounts into Khmer Riel ("KHR") meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIAS 21 – The Effects of Changes in Foreign Exchange Rates.

Assets and liabilities are translated at the closing rate as at the reporting date and equity accounts are translated at the historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR at the average rate for the year, which has been deemed to approximate the exchange rate at the date of transaction as exchange rates have not fluctuated significantly during the year. Exchange differences arising from the translation are recognised as "Currency Translation Differences" in other comprehensive income.

The Bank uses the following exchange rates:

Financial year end		Closing rate	Average rate
31 December 2024	US\$1 =	KHR4,025	KHR4,071
31 December 2023	US\$1 =	KHR4,085	KHR4,110

These convenience translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

8. Cash on hand

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
<i>Current</i>				
US Dollars	7,288,773	29,337,311	7,973,084	32,570,048
Khmer Riel	1,135,374	4,569,881	1,449,624	5,921,714
	<u>8,424,147</u>	<u>33,907,192</u>	<u>9,422,708</u>	<u>38,491,762</u>

9. Balances with the National Bank of Cambodia

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
<i>Current</i>				
Current accounts	3,907,687	15,728,440	14,865,515	60,725,629
Settlement accounts	3,931,743	15,825,266	4,195,361	17,138,049
Negotiable certificates of deposit (i)	2,221,233	8,940,463	1,949,953	7,965,558
	<u>10,060,663</u>	<u>40,494,169</u>	<u>21,010,829</u>	<u>85,829,236</u>

(i) The Bank has pledged Negotiable Certificates of Deposit ("NCD") amounting to US\$2,221,233 (2023: US\$1,948,960) with the National Bank of Cambodia as collateral for settlement clearing facility. As at 31 December 2024, the Bank had yet utilised the overdraft on settlement clearing facility.

Annual interest rates of balances with the National Bank of Cambodia are as follows:

	2024	2023
Current accounts	Nil	Nil
Settlement accounts	Nil	Nil
Negotiable certificates of deposit	<u>0.50% - 1.16%</u>	<u>0.30% - 3.42%</u>

10. Balances with other banks and financial institutions

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
<i>Current</i>				
<i>Balances with local banks</i>				
Current accounts	24,443	98,384	63,730	260,337
Fixed deposits	10,150,378	40,855,271	24,483,315	100,014,342
	<u>10,174,821</u>	<u>40,953,655</u>	<u>24,547,045</u>	<u>100,274,679</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

10. Balances with other banks and financial institutions (continued)

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
<i>Current (continued)</i>				
<i>Balances with overseas banks</i>				
Current accounts	2,122,216	8,541,919	2,210,705	9,030,730
Fixed deposits	53,023,933	213,421,330	23,010,158	93,996,495
	<u>55,146,149</u>	<u>221,963,249</u>	<u>25,220,863</u>	<u>103,027,225</u>
	65,320,970	262,916,904	49,767,908	203,301,904
Less: Impairment loss allowance	(53,337)	(214,681)	(102,409)	(418,341)
	<u>65,267,633</u>	<u>262,702,223</u>	<u>49,665,499</u>	<u>202,883,563</u>

The movements of impairment loss allowance on balances with other banks and financial institutions during the year were as follows:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
At 1 January	102,409	418,341	90,979	374,561
Recognised in profit or loss (Note 27)	(49,072)	(199,772)	11,430	46,977
Derecognised during the year	-	-	-	-
Currency translation differences	-	(3,888)	-	(3,197)
At 31 December	<u>53,337</u>	<u>214,681</u>	<u>102,409</u>	<u>418,341</u>

Annual interest rates of balances with other banks and financial institutions are as follows:

	2024	2023
Current accounts	Nil	Nil
Fixed deposits	<u>4.30% - 7.00%</u>	<u>5.30% - 7.90%</u>

11. Statutory deposits with the National Bank of Cambodia

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
<i>Current:</i>				
Reserve requirement (a)	34,884,472	140,410,000	32,653,385	133,389,078
<i>Non-current</i>				
Capital guarantee deposits (b)	17,500,507	70,439,540	17,500,000	71,487,500
	<u>52,384,979</u>	<u>210,849,540</u>	<u>50,153,385</u>	<u>204,876,578</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

11. Statutory deposits with the National Bank of Cambodia (continued)

(a) Reserve requirement

Pursuant to the National Bank of Cambodia's Prakas No. B7-020-230, bank and financial institutions are required to maintain the reserve requirements, which is calculated at 7% for both KHR and other currencies of the total daily average amount of deposits from customers, and borrowings from banks and financial institutions, at the National Bank of Cambodia.

On 9 January 2023, the National Bank of Cambodia ("NBC") announced the increase of the Reserve Requirements Rate ("RRR") to 9% and 12.5% for foreign currencies deposits and borrowings, which is effective from 1 January 2023 to 31 December 2023, and from 1 January 2024 onward, respectively. However, the Reserve Requirement Rate for local currency deposits and borrowings still maintain at 7%.

On 23 November 2023, the NBC approved to keep the Reserve Requirement Rate ("RRR") at 7% for foreign currencies deposits and borrowings until 31 December 2024, and this RRR will be continued to maintain at the rate of 7% until 31 December 2025 followed the NBC approved letter No. B7-024-1718 Chhor Tor dated 21 August 2024.

The reserve requirement on customers' deposits and borrowings bear no interest.

(b) Capital guarantee deposit

In accordance with NBC's Prakas No. B7-01-136 dated 15 October 2001 on "Bank's capital guarantee", the Bank is required to deposit 10% of the Bank's registered share capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations and is refundable should the Bank voluntarily cease its operations in Cambodia.

This deposit earned interest rate at 1.19% - 1.33% (2023: 1.19% - 1.33%) per annum.

12. Loans and advances to customers

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
<i>At amortised cost:</i>				
Financial institutions	56,871,045	228,905,956	5,957,575	24,336,694
Consumer loans	624,648,254	2,514,209,222	615,395,686	2,513,891,378
Commercial loans				
Long-term loans	79,385,580	319,526,960	63,023,498	257,450,989
Short-term loans	2,786,473	11,215,554	3,442,654	14,063,242
Overdrafts	12,023,956	48,396,422	14,726,717	60,158,639
Total gross carrying amount	775,715,308	3,122,254,114	702,546,130	2,869,900,942
Less: Impairment loss allowance	(13,136,534)	(52,874,549)	(9,374,602)	(38,295,250)
	<u>762,578,774</u>	<u>3,069,379,565</u>	<u>693,171,528</u>	<u>2,831,605,692</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

12. Loans and advances to customers (continued)

The movements of impairment loss allowance on loans and advances to customers during the year were as follows:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
At 1 January	9,374,602	38,295,250	3,325,374	13,690,565
Recognised in profit or loss (Note 27)	5,370,304	21,862,507	6,049,228	24,862,327
Written off during the year	(1,608,372)	(6,547,682)	-	-
Currency translation differences	-	(735,526)	-	(257,642)
At 31 December	<u>13,136,534</u>	<u>52,874,549</u>	<u>9,374,602</u>	<u>38,295,250</u>

(a) By loan classification

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Performing				
Gross amount	<u>743,211,504</u>	<u>2,991,426,304</u>	<u>681,398,585</u>	<u>2,783,513,221</u>
Exposure at default	<u>741,052,412</u>	<u>2,982,735,958</u>	<u>680,717,903</u>	<u>2,780,732,634</u>
Impairment loss allowance	<u>(1,648,785)</u>	<u>(6,636,360)</u>	<u>(1,602,164)</u>	<u>(6,544,840)</u>
Under-performing				
Gross amount	<u>10,930,301</u>	<u>43,994,460</u>	<u>8,246,014</u>	<u>33,684,967</u>
Exposure at default	<u>10,988,788</u>	<u>44,229,872</u>	<u>8,275,862</u>	<u>33,806,896</u>
Impairment loss allowance	<u>(525,320)</u>	<u>(2,114,413)</u>	<u>(375,732)</u>	<u>(1,534,865)</u>
Non-performing				
Gross amount	<u>21,573,503</u>	<u>86,833,350</u>	<u>12,901,531</u>	<u>52,702,754</u>
Exposure at default	<u>21,612,277</u>	<u>86,989,415</u>	<u>13,027,334</u>	<u>53,216,659</u>
Impairment loss allowance	<u>(10,962,429)</u>	<u>(44,123,778)</u>	<u>(7,396,706)</u>	<u>(30,215,545)</u>
Total				
Gross amount	<u>775,715,308</u>	<u>3,122,254,114</u>	<u>702,546,130</u>	<u>2,869,900,942</u>
Exposure at default	<u>773,653,477</u>	<u>3,113,955,245</u>	<u>702,021,099</u>	<u>2,867,756,189</u>
Impairment loss allowance	<u>(13,136,534)</u>	<u>(52,874,549)</u>	<u>(9,374,602)</u>	<u>(38,295,250)</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

12. Loans and advances to customers (continued)

(b) By maturity

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Not later than 1 year	89,071,193	358,511,552	56,635,453	231,355,826
Later than 1 year and no later than 3 years	30,178,602	121,468,873	33,870,482	138,360,919
Later than 3 year and no later than 5 years	58,125,163	233,953,781	52,964,655	216,360,616
Later than 5 years	598,340,350	2,408,319,908	559,075,540	2,283,823,581
Total gross carrying amount	<u>775,715,308</u>	<u>3,122,254,114</u>	<u>702,546,130</u>	<u>2,869,900,942</u>

(c) By secured/unsecured

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Secured	678,949,040	2,732,769,885	662,258,612	2,705,326,431
Unsecured	96,766,268	389,484,229	40,287,518	164,574,511
	<u>775,715,308</u>	<u>3,122,254,114</u>	<u>702,546,130</u>	<u>2,869,900,942</u>

(d) By exposure

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Non-large exposure	<u>775,715,308</u>	<u>3,122,254,114</u>	<u>702,546,130</u>	<u>2,869,900,942</u>

Large exposure is defined by the National Bank of Cambodia as overall credit exposure to any individual beneficiary which exceeds 10% of the Bank's net worth.

(e) By relationship

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Non-related parties	<u>775,715,308</u>	<u>3,122,254,114</u>	<u>702,546,130</u>	<u>2,869,900,942</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

12. Loans and advances to customers (continued)

(f) By residency

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Residents	775,482,263	3,121,316,109	702,332,972	2,869,030,192
Non-residents	233,045	938,005	213,158	870,750
Total gross loans	<u>775,715,308</u>	<u>3,122,254,114</u>	<u>702,546,130</u>	<u>2,869,900,942</u>

(g) By interest rate

	2024 (Per annum)	2023 (Per annum)
Financial institutions	5.72% - 11.50%	7.80% - 8.00%
Consumer loans	2.00% - 18.00%	4.00% - 18.00%
Long-term loans	2.00% - 18.00%	6.00% - 15.00%
Short-term loans	4.00% - 18.00%	7.50% - 8.00%
Overdraft	<u>5.50% - 9.00%</u>	<u>7.00% - 12.00%</u>

13. Investment securities

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Equity investment at FVOCI				
<i>Unlisted securities</i>				
Credit Bureau (Cambodia) Co., Ltd.	<u>25,000</u>	<u>100,625</u>	<u>25,000</u>	<u>102,125</u>
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Current	-	-	-	-
Non-current	<u>25,000</u>	<u>100,625</u>	<u>25,000</u>	<u>102,125</u>
	<u>25,000</u>	<u>100,625</u>	<u>25,000</u>	<u>102,125</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

13. Investment securities (continued)

Equity investment at FVOCI

The Bank designated investment in Credit Bureau Cambodia (“CBC”) to be measured at fair value through other comprehensive income as they are not held for trading and the Bank has irrevocably elected at initial recognition to recognise as the financial assets at FVOCI. These are the strategic investments and the Bank considers this classification to be more relevant.

The fair value of the investment at 31 December 2024 was US\$25,000.

Dividend received during the year was US\$48,179 (2023: US\$67,361).

There is no gain/loss recognised in other comprehensive income because fair value approximates the carrying amount.

The movements of impairment loss allowance on investment securities during the year were as follows:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
At 1 January	-	-	11,230	46,234
Recognised in profit or loss (Note 27)	-	-	(11,230)	(46,155)
Currency translation differences	-	-	-	(79)
At 31 December	-	-	-	-

Shinhan Bank (Cambodia) PLC.

Notes to the financial statements (continued) for the year ended 31 December 2024

14. Property and equipment

	Leasehold improvements US\$	Furniture and equipment US\$	Computer equipment US\$	Motor vehicles US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 7)
2024							
Cost							
At 1 January	7,245,801	2,628,137	3,902,512	419,645	250,724	14,446,819	59,015,257
Additions	2,376	9,272	10,816	120,000	263,838	406,302	1,654,055
Transfers	75,962	14,560	70,239	-	(160,761)	-	-
Expense off	-	-	-	-	(49,149)	(49,149)	(200,086)
Disposals	-	(30,095)	(15,800)	(56,000)	-	(101,895)	(414,815)
Write-offs	(208,775)	(1,009)	(10,543)	-	-	(220,327)	(896,951)
Currency translation differences	-	-	-	-	-	-	(868,416)
At 31 December	7,115,364	2,620,865	3,957,224	483,645	304,652	14,481,750	58,289,044
Less: Accumulated depreciation							
At 1 January	1,761,489	1,499,253	3,032,355	309,385	-	6,602,482	26,971,140
Depreciation for the year	731,928	655,323	716,915	87,767	-	2,191,933	8,923,359
Disposals	-	(26,871)	(15,626)	(53,892)	-	(96,389)	(392,400)
Write-offs	(112,360)	(621)	(10,445)	-	-	(123,426)	(502,467)
Currency translation differences	-	-	-	-	-	-	(486,867)
At 31 December	2,381,057	2,127,084	3,723,199	343,260	-	8,574,600	34,512,765
Carrying amounts							
At 1 January	5,484,312	870,157	1,128,884	110,260	250,724	7,844,337	32,044,117
At 31 December	4,734,307	493,781	234,025	140,385	304,652	5,907,150	23,776,279

Fully depreciated property and equipment items as at 31 December 2024 with original cost of US\$103,232 (31 December 2023: US\$90,574) were still in use.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

14. Property and equipment (continued)

	Leasehold improvements US\$	Furniture and equipment US\$	Computer equipment US\$	Motor vehicles US\$	Construction in progress US\$	US\$ Total	KHR'000 (Note 7)
2023							
Cost							
At 1 January	5,780,626	2,186,088	3,144,167	421,410	90,282	11,622,573	47,850,133
Additions	7,612	9,173	17,875	42,000	2,862,170	2,938,830	12,078,591
Transfers	1,457,563	454,908	766,516	-	(2,678,987)	-	-
Transfer to intangible assets	-	-	-	-	(22,741)	(22,741)	(93,466)
Disposals	-	(22,032)	(1,850)	(43,765)	-	(67,647)	(278,029)
Write-offs	-	-	(24,196)	-	-	(24,196)	(99,446)
Currency translation differences	-	-	-	-	-	-	(442,526)
At 31 December	7,245,801	2,628,137	3,902,512	419,645	250,724	14,446,819	59,015,257
Less: Accumulated depreciation							
At 1 January	1,341,364	1,062,728	2,048,315	260,457	-	4,712,864	19,402,861
Depreciation for the year	420,125	454,554	1,009,531	87,652	-	1,971,862	8,104,353
Disposals	-	(18,029)	(1,783)	(38,724)	-	(58,536)	(240,583)
Write-offs	-	-	(23,708)	-	-	(23,708)	(97,440)
Currency translation differences	-	-	-	-	-	-	(198,051)
At 31 December	1,761,489	1,499,253	3,032,355	309,385	-	6,602,482	26,971,140
Carrying amounts							
At 1 January	4,439,262	1,123,360	1,095,852	160,953	90,282	6,909,709	28,447,272
At 31 December	5,484,312	1,128,884	870,157	110,260	250,724	7,844,337	32,044,117

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

15. Leases

This note provides information for leases where the Bank is a lessee.

The Bank has leased various buildings for its branch offices. The Bank applies the recognition exemption for short-term leases of car parking spaces, ATM locations and house rentals for key management.

(a) Right-of-use assets

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Costs				
At 1 January	8,794,518	35,925,606	8,071,155	33,228,945
Additions	-	-	2,568,875	10,558,076
Termination of leases	(327,639)	(1,333,818)	(1,845,512)	(7,585,054)
Currency translation differences	-	(512,600)	-	(276,361)
At 31 December	8,466,879	34,079,188	8,794,518	35,925,606
Less: Accumulated depreciation				
At 1 January	2,794,056	11,413,719	2,716,496	11,183,814
Depreciation for the year	1,106,573	4,504,859	1,059,804	4,355,794
Termination of leases	(327,639)	(1,333,818)	(982,244)	(4,037,023)
Currency translation differences	-	(203,475)	-	(88,866)
At 31 December	3,572,990	14,381,285	2,794,056	11,413,719
Carrying amounts				
At 31 December	4,893,889	19,697,903	6,000,462	24,511,887

(b) Lease liabilities

Present value of lease liabilities:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Current	997,044	4,013,101	997,044	4,072,925
Non-current	4,516,130	18,177,424	5,530,394	22,591,659
	5,513,174	22,190,525	6,527,438	26,664,584

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

15. Leases (continued)

(b) Lease liabilities (continued)

Maturity analysis – contractual undiscounted cashflows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Less than one years	1,086,632	4,373,694	1,422,356	5,810,324
One to five years	3,783,841	15,229,960	5,114,930	20,894,489
More than five years	659,598	2,654,881	1,478,110	6,038,079
	<u>5,530,071</u>	<u>22,258,535</u>	<u>8,015,396</u>	<u>32,742,892</u>

Amounts recognised in profit or loss:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Interest expense on lease liabilities (Note 25)	408,092	1,661,343	462,891	1,902,482
Expense relating to leases of short- term and low-value assets (included in other operating expenses) (Note 32)	416,695	1,696,365	272,912	1,121,668
Total expenses related to leases	<u>824,787</u>	<u>3,357,708</u>	<u>735,803</u>	<u>3,024,150</u>

Amounts recognised in statement of cash flows:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Cash flows from financing activities				
Cash payments for the principal portion of the lease liabilities	1,422,356	5,790,411	1,381,210	5,676,773
Cash flows from operating activities				
Cash payments for the interest portion of the lease liabilities	408,092	1,661,343	462,891	1,902,482
Cash payments for leases of low-value assets and short- term leases assets	416,695	1,696,365	272,912	1,121,668
	<u>2,247,143</u>	<u>9,148,119</u>	<u>2,117,013</u>	<u>8,700,923</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

16. Intangible assets

	Computer software			
	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Cost				
At 1 January	1,549,310	6,328,931	1,463,810	6,026,506
Additions	963,968	3,924,314	62,759	257,939
Transfer from property and equipment	-	-	22,741	93,466
Currency translation differences	-	(137,301)	-	(48,980)
At 31 December	2,513,278	10,115,944	1,549,310	6,328,931
Less: Accumulated depreciation				
At 1 January	540,991	2,209,948	322,478	1,327,642
Amortisation during the year	248,760	1,012,702	218,513	898,089
Currency translation differences	-	(43,902)	-	(15,783)
At 31 December	789,751	3,178,748	540,991	2,209,948
Carrying amounts				
At 31 December	1,723,527	6,937,196	1,008,319	4,118,983

17. Other assets

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Advanced employee benefits	1,983,752	7,984,602	2,293,986	9,370,933
Refundable deposits	770,457	3,101,089	798,137	3,260,390
Prepayments	925,509	3,725,174	313,610	1,281,097
Others	190,606	767,189	177,195	723,841
	3,870,324	15,578,054	3,582,928	14,636,261
Current	46,508	187,195	686,741	2,805,337
Non-current	3,823,816	15,390,859	2,896,187	11,830,924
	3,870,324	15,578,054	3,582,928	14,636,261

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

18. Deposits from banks and financial institutions

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Savings accounts	410,660	1,652,907	3,357,761	13,716,454
Current accounts	1,615,139	6,500,934	2,624,247	10,720,049
Fixed deposits	148,238,207	596,658,783	100,574,829	410,848,176
	<u>150,264,006</u>	<u>604,812,624</u>	<u>106,556,837</u>	<u>435,284,679</u>
(a) By residency status				
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Resident	149,564,863	601,998,574	105,728,874	431,902,450
Non-resident	699,143	2,814,050	827,963	3,382,229
	<u>150,264,006</u>	<u>604,812,624</u>	<u>106,556,837</u>	<u>435,284,679</u>
(b) By relationship				
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Related parties	699,143	2,814,050	827,963	3,382,229
Non-related parties	149,564,863	601,998,574	105,728,874	431,902,450
	<u>150,264,006</u>	<u>604,812,624</u>	<u>106,556,837</u>	<u>435,284,679</u>
(c) By interest rate				
	2024 (Per annum)		2023 (Per annum)	
Savings accounts	0.10% - 1.50%		0.10% - 1.00%	
Current accounts	0.00% - 1.00%		0.00% - 1.00%	
Fixed deposits	<u>3.25% - 6.30%</u>		<u>6.00% - 6.50%</u>	

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

19. Deposits from customers

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Saving accounts	36,192,800	145,676,020	29,206,589	119,308,916
Current accounts	9,169,819	36,908,521	6,301,087	25,739,940
Fixed deposits	97,123,469	390,921,963	57,142,962	233,429,000
	<u>142,486,088</u>	<u>573,506,504</u>	<u>92,650,638</u>	<u>378,477,856</u>
(a) By maturity				
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Current	117,022,387	471,015,107	80,103,393	327,222,360
Non-current	25,463,701	102,491,397	12,547,245	51,255,496
	<u>142,486,088</u>	<u>573,506,504</u>	<u>92,650,638</u>	<u>378,477,856</u>
(b) By residency status				
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Resident	131,033,365	527,409,294	85,228,957	348,160,289
Non-resident	11,452,723	46,097,210	7,421,681	30,317,567
	<u>142,486,088</u>	<u>573,506,504</u>	<u>92,650,638</u>	<u>378,477,856</u>
(c) By relationship				
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Non-related parties	<u>142,486,088</u>	<u>573,506,504</u>	<u>92,650,638</u>	<u>378,477,856</u>
(d) By interest rate				
	2024 (Per annum)		2023 (Per annum)	
Savings accounts	0.10% - 3.00%		0.10% - 3.00%	
Current accounts	0.00% - 5.60%		0.00% - 2.00%	
Fixed deposits	<u>1.25% - 9.10%</u>		<u>1.25% - 9.10%</u>	

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

20. Income tax

In accordance with Cambodian Law on Taxation, the Bank has an obligation to pay corporate income tax of either the tax on income at the rate of 20% of taxable income or the minimum tax at 1% of annual turnover, whichever is higher.

(a) Income tax expense

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Current income tax	2,757,491	11,225,746	2,074,905	8,527,860
Under/(over) provision of prior year income tax	13,087	53,277	(39,720)	(163,248)
Impact from reversal of accrued interest expense on borrowings	-	-	252,930	1,039,542
	2,770,578	11,279,023	2,288,115	9,404,153
Deferred income tax	(523,278)	(2,130,265)	(259,333)	(1,065,859)
Income tax expense	2,247,300	9,148,758	2,028,782	8,338,294

The reconciliation of income tax expense computed at the statutory tax rate of 20% to the income tax expense shown in the statement of profit or loss during the year were as follows:

	2024			2023		
	%	US\$	KHR'000 (Note 7)	%	US\$	KHR'000 (Note 7) (As restated)
Profit before income tax		9,706,919	39,516,868		6,271,891	25,777,472
Income tax using statutory rate	20	1,941,384	7,903,374	20	1,254,378	5,155,494
Non-deductible expenses	2	154,827	630,301	12	722,330	2,968,776
Others	1	138,002	561,806	-3	(161,136)	(662,269)
Under/(over) provision of prior year income tax	-	13,087	53,277	-1	(39,720)	(163,249)
Impact from reversal of accrued interest expense on borrowings	-	-	-	4	252,930	1,039,542
Income tax expense	22	2,247,300	9,148,758	32	2,028,782	8,338,294

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

20. Income tax (continued)

(b) Current income tax liabilities

The movements of current income tax liabilities during the year were as follows:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
At 1 January	1,215,711	4,966,179	3,338,097	13,719,579
Income tax expense	2,757,491	11,225,746	2,074,905	8,527,860
Income tax paid	(1,988,101)	(8,093,559)	(4,410,501)	(18,127,159)
Under/(over) provision of prior year income tax	13,087	53,278	(39,720)	(163,249)
Impact from reversal of accrued interest expense on borrowings	-	-	252,930	1,039,542
Currency translation differences	-	(108,935)	-	(30,394)
At 31 December	1,998,188	8,042,708	1,215,711	4,966,179

(c) Deferred tax assets/(liabilities), net

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Deferred tax assets	1,614,346	6,497,743	1,439,333	5,879,675
Deferred tax liabilities	(1,391,144)	(5,599,355)	(1,739,409)	(7,105,485)
Net deferred tax assets/(liabilities)	223,202	898,388	(300,076)	(1,225,810)

The movements of net deferred tax assets/(liabilities) during the year were as follows:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
At 1 January	(300,076)	(1,225,810)	(559,409)	(2,303,087)
Recognised in profit or loss	523,278	2,130,265	259,333	1,065,859
Currency translation differences	-	(6,067)	-	11,418
At 31 December	223,202	898,388	(300,076)	(1,225,810)

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

20. Income tax (continued)

(c) Deferred tax assets/(liabilities), net (continued)

The deferred tax assets/(liabilities) are attributable to the followings:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Deferred tax assets				
Lease liabilities	1,102,635	4,438,106	1,305,487	5,332,914
Unearned revenue	17,765	71,504	29,515	120,569
Unrealised foreign exchange gain	136,427	549,119	8,906	36,381
Provision for seniority	24,802	99,828	17,021	69,531
Depreciation and amortisation	221,761	892,588	27,192	111,079
Impairment losses	110,956	446,598	51,212	209,201
	<u>1,614,346</u>	<u>6,497,743</u>	<u>1,439,333</u>	<u>5,879,675</u>
Deferred tax liabilities				
Right-of-use assets	(978,778)	(3,939,581)	(1,200,092)	(4,902,376)
Unamortised process fee	(412,366)	(1,659,774)	(539,317)	(2,203,109)
	<u>(1,391,144)</u>	<u>(5,599,355)</u>	<u>(1,739,409)</u>	<u>(7,105,485)</u>
	<u>223,202</u>	<u>898,388</u>	<u>(300,076)</u>	<u>(1,225,810)</u>

21. Borrowings

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Borrowings at amortised cost				
Shinhan Bank Co., Ltd. (Note 35(c)) (i)	340,139,425	1,369,061,186	284,327,757	1,161,478,887
Shinhan Bank, Hongkong Branch (Note 35(c)) (i)	-	-	83,031,317	339,182,930
	<u>340,139,425</u>	<u>1,369,061,186</u>	<u>367,359,074</u>	<u>1,500,661,817</u>
Current	148,385,494	597,251,614	241,916,982	988,230,871
Non-current	191,753,931	771,809,572	125,442,092	512,430,946
	<u>340,139,425</u>	<u>1,369,061,186</u>	<u>367,359,074</u>	<u>1,500,661,817</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

21. Borrowings (continued)

- (i) These are borrowings from the Bank's related parties which are unsecured and bear annual interest rates ranging from 4.98% - 6.06% (2023: 0.88% - 6.05%).

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Principal amount	334,000,000	1,344,350,000	361,000,000	1,474,685,000
Interest payables	6,139,425	24,711,186	6,359,074	25,976,817
	<u>340,139,425</u>	<u>1,369,061,186</u>	<u>367,359,074</u>	<u>1,500,661,817</u>

Changes in liabilities arising from financing activities – borrowings

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Principal amount				
At 1 January	361,000,000	1,474,685,000	486,000,000	2,000,862,000
Additions	248,000,000	1,009,608,000	408,500,000	1,678,935,000
Repayments	(275,000,000)	(1,119,525,000)	(533,500,000)	(2,192,685,000)
Currency translation differences	-	(20,418,000)	-	(12,427,000)
At 31 December	<u>334,000,000</u>	<u>1,344,350,000</u>	<u>361,000,000</u>	<u>1,474,685,000</u>
Interest payables				
At 1 January	6,359,074	25,976,817	5,589,894	23,013,594
Additions	17,257,589	69,461,796	19,280,462	79,242,699
Repayments	(17,477,238)	(70,345,883)	(18,511,282)	(76,081,369)
Currency translation differences	-	(381,544)	-	(198,107)
At 31 December	<u>6,139,425</u>	<u>24,711,186</u>	<u>6,359,074</u>	<u>25,976,817</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

22. Other liabilities

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7) (As restated)
<i>Current</i>				
Amount due to related parties (Note 35(d))	346,000	1,392,650	426,000	1,740,210
Accrued expenses and other payables	4,148,831	16,699,044	3,048,132	12,451,619
Other tax payables	339,656	1,367,115	508,196	2,075,981
Contract liabilities	183,113	737,030	221,550	905,032
Impairment loss allowance on loan commitments, guarantees and other financial commitments (Note 34)	67,025	269,776	288,548	1,178,719
	<u>5,084,625</u>	<u>20,465,615</u>	<u>4,492,426</u>	<u>18,351,561</u>

23. Share capital

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Registered, issued and fully paid ordinary share of US\$1 each	<u>175,000,000</u>	<u>711,575,000</u>	<u>175,000,000</u>	<u>711,575,000</u>

The total number of authorised shares of the Bank as at 31 December 2024 was 175,000,000 shares (2023: 175,000,000 shares) with a par value of US\$1 per share (2023: US\$1). All authorised shares are issued and fully paid up.

	31 December 2024			31 December 2023		
	Number of shares	%	US\$	Number of shares	%	US\$
Shareholders:						
Shinhan Bank Co., Ltd.	170,625,000	97.50%	170,625,000	170,625,000	97.50%	170,625,000
Insung Co., Ltd.	4,375,000	2.50%	4,375,000	4,375,000	2.50%	4,375,000
	<u>175,000,000</u>	<u>100%</u>	<u>175,000,000</u>	<u>175,000,000</u>	<u>100%</u>	<u>175,000,000</u>
In KHR'000 equivalent (Note 7)			<u>711,575,000</u>			<u>711,575,000</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

23. Share capital (continued)

There were no other changes in shareholders and shareholding structure of the Bank during the financial year.

24. Interest income

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
<i>Interest income from financial assets at amortised cost:</i>				
Loans and advances to customers	56,424,449	229,703,931	53,538,241	220,042,170
Balances with the National Bank of Cambodia	257,883	1,049,842	233,543	959,862
Balances with other banks and financial institutions	2,127,474	8,660,947	2,694,783	11,075,558
Investment securities	-	-	213,964	879,392
	<u>58,809,806</u>	<u>239,414,720</u>	<u>56,680,531</u>	<u>232,956,982</u>

25. Interest expense

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
<i>Interest expense on financial liabilities at amortised cost:</i>				
Deposits from banks and financial institutions	7,861,921	32,005,880	5,689,646	23,384,445
Deposits from customers	5,331,782	21,705,684	2,984,875	12,267,836
Borrowings	17,257,589	70,255,645	19,280,462	79,242,699
Lease liabilities	408,092	1,661,343	462,891	1,902,482
	<u>30,859,384</u>	<u>125,628,552</u>	<u>28,417,874</u>	<u>116,797,462</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

26. Fee and commission income

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Inward and outward remittances	694,464	2,827,163	561,104	2,306,137
Bank guarantee fees	70,118	285,450	59,767	245,642
Other fees	1,094,315	4,454,957	977,442	4,017,287
	<u>1,858,897</u>	<u>7,567,570</u>	<u>1,598,313</u>	<u>6,569,066</u>

27. Impairment losses on financial instruments

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Loans and advances to customers	5,370,304	21,862,507	6,049,228	24,862,327
Investment securities	-	-	(11,230)	(46,155)
Balances with other banks and financial institutions	(49,072)	(199,772)	11,430	46,977
Loan commitments, guarantees and other financial commitments	(221,523)	(901,820)	70,388	289,295
Recovery from write-off on loans to customers	-	-	(30,932)	(127,131)
	<u>5,099,709</u>	<u>20,760,915</u>	<u>6,088,884</u>	<u>25,025,313</u>

28. Other gain – net

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Net foreign exchange gain	771,456	3,140,597	582,699	2,394,893
Gain on disposal of property and equipment	7,264	29,572	12,207	50,171
Other gain	237,450	966,659	-	-
	<u>1,016,170</u>	<u>4,136,828</u>	<u>594,906</u>	<u>2,445,064</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

29. Other operating income

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Dividend income from equity investment	48,179	196,137	67,361	276,854

30. Personnel expenses

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Salaries and wages	5,260,128	21,413,981	4,900,056	20,139,230
Bonuses and incentives	1,244,704	5,067,190	1,025,495	4,214,784
Seniority payments	263,696	1,073,506	232,915	957,281
Staff loans benefits	165,576	674,060	145,509	598,042
Employee training expenses	23,882	97,224	38,972	160,175
Others	439,240	1,788,146	581,144	2,388,502
	<u>7,397,226</u>	<u>30,114,107</u>	<u>6,924,091</u>	<u>28,458,014</u>

31. Depreciation and amortisation

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Depreciation of property and equipment	2,191,933	8,923,359	1,971,862	8,104,353
Depreciation of right-of-use assets	1,106,573	4,504,859	1,059,804	4,355,794
Amortisation of intangible assets	248,760	1,012,702	218,513	898,089
	<u>3,547,266</u>	<u>14,440,920</u>	<u>3,250,179</u>	<u>13,358,236</u>

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Notes to the financial statements (continued) for the year ended 31 December 2024

32. Other operating expenses

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7) (As restated)
Public relations, marketing and advertising	1,261,358	5,134,988	2,091,621	8,596,562
Customer expenses	253,031	1,030,089	2,734,567	11,239,070
License fee expenses	493,572	2,009,332	516,323	2,122,088
Office supplies	604,712	2,461,783	469,291	1,928,786
Expense relating to leases of short-term	416,695	1,696,365	272,912	1,121,668
Other tax expenses	456,763	1,859,482	505,870	2,079,126
Utilities	388,439	1,581,335	365,196	1,500,956
Communication expenses	200,385	815,767	219,304	901,339
Audit fee	64,500	262,580	66,832	274,680
Legal and professional fees	163,912	667,286	2,330	9,576
Insurance expenses	96,117	391,292	115,166	473,332
Repairs and maintenance	133,477	543,385	133,316	547,929
Travelling and accommodation	82,656	336,493	83,166	341,812
Others	506,931	2,063,716	412,298	1,694,545
	<u>5,122,548</u>	<u>20,853,893</u>	<u>7,988,192</u>	<u>32,831,469</u>

33. Cash and cash equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents comprise the following:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Cash on hand (Note 8)	8,424,147	33,907,192	9,422,708	38,491,762
Balances with the National Bank of Cambodia (Note 9)				
Current accounts	3,907,687	15,728,440	14,865,515	60,725,629
Settlement accounts	3,931,743	15,825,266	4,195,361	17,138,049
Balances with other banks and financial institutions (Note 10)				
Current accounts	2,146,659	8,640,302	2,274,435	9,291,067
Fixed deposits with original maturity of three months or less	53,023,933	213,421,330	35,273,995	144,094,270
	<u>71,434,169</u>	<u>287,522,530</u>	<u>66,032,014</u>	<u>269,740,777</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

34. Commitments and contingencies

(a) Loan commitments, guarantees and other financial commitments

The Bank had contracts for off-balance sheet financial instruments that commit it to extend credit to customers, guarantees and other facilities as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Unused portion of credit facilities	5,821,551	23,431,743	5,270,622	21,530,491
Bank guarantees	18,173,103	73,146,740	20,170,126	82,394,965
Loan commitments	2,680,388	10,788,562	1,223,854	4,999,444
Total exposure	26,675,042	107,367,045	26,664,602	108,924,900
Less: Impairment loss allowance	(67,025)	(269,776)	(288,548)	(1,178,718)
Net exposure	26,608,017	107,097,269	26,376,054	107,746,182

The movements of impairment loss allowance on off-balance sheets during the year were as follows:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
At 1 January	288,548	1,178,718	218,160	898,164
Recognised in profit or loss (Note 27)	(221,523)	(901,820)	70,388	289,295
Currency translation differences	-	(7,122)	-	(8,741)
At 31 December	67,025	269,776	288,548	1,178,718

(b) Lease commitments

The Bank recognised right-of-use assets and lease liabilities for lease contracts where the Bank is a lessee, except for short-term leases and low value assets, (see Note 5(i) and Note 32) for further information. The lease commitments of short-term leases are within one year only and low value assets and the balance is immaterial.

(c) Tax contingency

Fiscal years 2019 – 2020 (comprehensive tax audit)

On 8 April 2021, the Bank received a tax notification letter from the GDT for the purpose of conducting a comprehensive tax audit for the period from 1 January 2019 to 31 December 2020. As of the date of this report, the Bank has not received any result from the GDT yet.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

34. Commitments and contingencies (continued)

(c) Tax contingency (continued)

Fiscal years 2019 – 2020 (comprehensive tax audit) (continued)

The Bank assesses its tax obligations based on applicable tax laws and regulations as of the reporting date. Given the evolving nature of tax legislation, certain tax treatments may necessitate judgment and interpretation. Management exercises judgment in establishing the Bank's tax positions and continually monitors regulatory developments. While the Bank strives to comply with current tax requirements, interpretations of tax regulations may vary. Any adjustments resulting from regulatory reviews, once conducted and finalised, will be reflected into the financial statements as appropriate.

35. Related parties

The Bank entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the year end and relating expenses and income for the year are as follows:

(a) Related parties and relationships

The related parties of the Bank are as follows:

Related party	Relationship
Shinhan Financial Group Co., Ltd.	Ultimate parent company
Shinhan Bank Co., Ltd.	Immediate parent company
Shinhan Bank, Hong Kong Branch	Affiliate
Shinhan Bank, London Branch	Affiliate
Key management personnel	All members of Board of Directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their immediate family)

(b) Deposits and placements with related parties

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Immediate parent company				
Shinhan Bank Co., Ltd.				
Current accounts	699,143	2,814,050	827,963	3,382,229

The current accounts at the immediate parent company bear no interest.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

35. Related parties (continued)

(b) Deposits and placements with related parties (continued)

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Affiliate				
Shinhan Bank, Hong Kong Branch				
Fixed deposits	53,000,000	213,325,000	23,000,000	93,955,000
Interest income	1,365,408	5,495,767	425,779	1,739,307

Annual interest rates during the year are as follows:

	2024	2023
Fixed deposits	4.30% - 5.50%	0.30% - 7.90%

(c) Borrowings

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Immediate parent company				
Shinhan Bank Co., Ltd. (Note 21)	340,139,425	1,369,061,186	284,327,757	1,161,478,887
Affiliate				
Shinhan Bank, Hong Kong Branch (Note 21)	-	-	83,031,317	339,182,930
	340,139,425	1,369,061,186	367,359,074	1,500,661,817
Interest expense	17,257,589	70,255,645	20,426,335	83,952,237

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Notes to the financial statements (continued) for the year ended 31 December 2024

35. Related parties (continued)

(d) Amounts due to related parties

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Immediate parent company				
Shinhan Bank Co., Ltd.				
Management service fees	46,000	185,150	46,000	187,910
Advisory service fees	300,000	1,207,500	380,000	1,552,300
	<u>346,000</u>	<u>1,392,650</u>	<u>426,000</u>	<u>1,740,210</u>

(e) Key management compensations

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Long-term benefits	229,155	932,890	253,536	1,042,033
Salaries and other benefits	1,207,483	4,915,663	1,203,198	4,945,144
	<u>1,436,638</u>	<u>5,848,553</u>	<u>1,456,734</u>	<u>5,987,177</u>

36. Financial risk management

The Bank embraces risk management as an integral part of the Bank's business, operations and decision-making process. In ensuring that the Bank achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Bank's risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders' value through sound risk management framework.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

The Bank holds the following financial assets and financial liabilities:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Financial assets				
<i>Financial assets measured at amortised cost</i>				
Cash on hand	8,424,147	33,907,192	9,422,708	38,491,762
Balances with the National Bank of Cambodia	10,060,663	40,494,169	21,010,829	85,829,236
Balances with other banks and financial institutions	65,267,633	262,702,223	49,665,499	202,883,563
Loans and advances to customers	762,578,774	3,069,379,565	693,171,528	2,831,605,692
Other assets	836,080	3,365,222	1,251,710	5,113,236
Total financial assets measured at amortised cost	847,167,297	3,409,848,371	774,522,274	3,163,923,489
Financial assets at fair value through other comprehensive income	25,000	100,625	25,000	102,125
Total financial assets (1)	847,192,297	3,409,948,996	774,547,274	3,164,025,614
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Deposits from banks and financial institutions	150,264,006	604,812,624	106,556,837	435,284,679
Deposits from customers	142,486,088	573,506,504	92,650,638	378,477,856
Borrowings	340,139,425	1,369,061,186	367,359,074	1,500,661,817
Lease liabilities	5,513,174	22,190,525	6,527,438	26,664,584
Other liabilities	3,600,805	14,493,240	961,110	3,926,134
Total financial liabilities (2)	642,003,498	2,584,064,079	574,055,097	2,345,015,070
Total net financial assets [(1) – (2)]	205,188,799	825,884,917	200,492,177	819,010,544

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises from balances with the National Bank of Cambodia and other banks, loans and advances, other financial assets, and credit commitments and financial guarantee contracts. Credit exposure arises principally in lending activities.

(i) Credit risk measurement

Credit risk is managed on a group basis such as non-retail and retail portfolio.

For loans to customers and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") for the purposes of measuring Expected Credit Loss ("ECL") under CIFRS 9.

Central banks have no historical loss, and with strong capacity to meet obligation in near term, expected credit loss for deposits and placements with central banks are nil. Balances with other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit losses.

The Bank's investment securities at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' ECL. Management considers these investment securities to be low credit risk where they have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows three-stage approach in Note 36(a(iii)).

(ii) Risk limit control and mitigation policies

The Bank operates and provides loans to individuals or enterprises within Cambodia. The Bank manages limits and controls the concentration of credit risk whenever it is identified.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collaterals for loans and advances to customers, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collaterals or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Cash in the form of fixed deposits or margin deposits, if any.
- Commercial buildings and lands

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(iii) *Expected credit loss (“ECL”) policies*

The measurement of expected credit loss allowance under the CIFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instruments for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard on the measurement of allowances are:

Significant increase in credit risk (“SICR”)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if one of the criteria are met as follows:

Non-retail portfolios

Quantitative criteria

- Customer has more than 30 days past due on its contractual payments as at reporting date

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(iii) Expected credit loss (“ECL”) policies (continued)

Significant increase in credit risk (“SICR”) (continued)

Qualitative criteria

- Significant downgrade of the customers’ initial credit ratings to the credit rating evaluated as at reporting date
- Actual or expected issuance of modified auditor’s opinion
- Actual or expected significant adverse change in business, financial or economic conditions that are expected to cause a significant change to the customer’s ability to meet its obligations.

Retail portfolios

Quantitative criteria

- Customer has more than 30 days past due on its contractual payments as at reporting date

Definition of default and credit impaired

The Bank defines a financial instrument for both non-retail and retail portfolios as in default which is also credit-impaired when it meets one of the following criteria:

Quantitative criteria

- The principal or interest or both of the loan is past due for more than 90 days. In the case of revolving facilities (e.g. overdraft), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of 90 days or more consecutive days. For the purpose of ascertaining the period in arrears:
 - 1) Repayment on each of the instalment amounts must be made in full. A partial repayment made on an instalment amount shall be deemed to be in arrears.
 - 2) Where a moratorium on loan repayment is granted in relation to the rescheduling and restructuring, the determination of period in arrears shall exclude the moratorium period granted. The moratorium shall be for a period of not more than 6 months from the date of the obligor’s/counterparty’s application for the moratorium.
 - 3) Where repayments are scheduled on intervals of 90 days or longer, the loan is classified as impaired as soon as a default occurs, unless it does not exhibit any weakness that would render it classified according to the credit risk grading policy.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(iii) Expected credit loss (“ECL”) policies (continued)

Definition of default and credit impaired (continued)

Qualitative criteria

- The loan is forced impaired due to various reasons, such as bankruptcy, legal action initiated by the Bank for recovery, significant financial difficulty, etc. In the event where a loan is not in default or past due but force impaired, the loan shall be classified as impaired upon approval by the Credit Committee.
- Restructuring and rescheduling of a loan facility involves any modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of an obligor/counterparty.
- When an obligor/counterparty has multiple loans with the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.
- Write-off/charged-off accounts

Measuring (ECL – inputs, assumptions and estimation techniques)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on a collective basis and individual basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for the collective segment. The three components are multiplied together to calculate an ECL for each future year. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Probability of default (PD)

Retail portfolio

The PD represents the likelihood that a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instruments, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

The PD is derived from historical default rates and reflecting current portfolio composition and market data.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(iii) Expected credit loss (“ECL”) policies (continued)

Measuring (ECL – inputs, assumptions and estimation techniques) (continued)

Probability of default (PD) (continued)

Non-retail portfolio

For non-retail portfolios, there are not sufficient historical default data to estimate the PD. Therefore, proxy PDs are used.

Exposure at Default (“EAD”)

EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which was benchmarked from an external source, to allow for the expected drawdown of the remaining limit by the time of default.

Loss Given Default (“LGD”)

LGD represents the Bank’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

For portfolios without sufficient default data, Proxy LGD is used.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated into the ECL models

The Bank incorporates forward-looking information into the measurement of ECL.

External information considered includes economic data and forecasts published by governmental bodies and selected private-sector and academic forecasters. The current data reflect the current economic condition and is therefore the reasonable and supportable information.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(iii) Expected credit loss ("ECL") policies (continued)

Forward-looking information incorporated into the ECL models (continued)

Sensitivity analysis

ECL sensitivity assessment on loans to customers and financing based on the changes in in ECL rate are as follows:

The table below outlines the effect of ECL on the changes in ECL rate:

ECL rate	Changes			
	+/-1%			
	US\$	2024 KHR'000 (Note 7)	US\$	2023 KHR'000 (Note 7)
Total decrease in ECL on the positive changes	181,731	731,467	(97,656)	(398,923)
Total increase in ECL on the negative changes	(181,731)	(731,467)	97,656	398,923

Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions or allowances modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the Bank to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk.

Write off policy

Loans and advances are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'credit impairment losses' in the statement of profit or loss and other comprehensive income.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(iii) *Expected credit loss (“ECL”) policies (continued)*

Write off policy (continued)

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank’s procedures for recovery of amounts due.

Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, The Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

Off-balance sheet exposures

Off-balance sheet exposures are exposures such as undrawn credit facilities and financial guarantee contracts. The Bank has applied internal Credit Conversion Factor (“CCF”) to estimate the EAD of off-balance sheet items. For operational simplification, the Bank assumes CCF for the off-balance sheet exposures as follows:

- 75% CCF is assumed for unused portion of credit facilities and overdraft loans
- 100% CCF is assumed for bank guarantees issued for financing

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(iv) Maximum exposure to credit risk before collateral held or other credit enhancement

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Bank on financial instruments subject to impairment:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
<i>Credit risk exposure relating to on-balance sheet assets:</i>				
Balances with other banks and financial institutions	65,267,633	262,702,223	49,767,908	203,301,904
Loans and advances to customers	762,578,774	3,069,379,565	702,546,130	2,869,900,942
Other assets	836,080	3,365,222	1,251,710	5,113,236
	<u>828,682,487</u>	<u>3,335,447,010</u>	<u>753,565,748</u>	<u>3,078,316,082</u>
<i>Credit risk exposure relating to off-balance sheet items:</i>				
Unused portion of credit facilities	5,821,551	23,431,743	5,270,622	21,530,491
Bank guarantees	18,173,103	73,146,740	20,170,126	82,394,965
Loan commitments	2,680,388	10,788,562	1,223,854	4,999,444
	<u>26,675,042</u>	<u>107,367,045</u>	<u>26,664,602</u>	<u>108,924,900</u>
Total maximum credit risk exposure that are subject to impairment	855,357,529	3,442,814,055	780,230,350	3,187,240,982
Less: Impairment loss allowance	(13,256,896)	(53,359,006)	(9,765,559)	(39,892,309)
Total net credit exposure	<u>842,100,633</u>	<u>3,389,455,049</u>	<u>770,464,791</u>	<u>3,147,348,673</u>

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(iv) *Maximum exposure to credit risk before collateral held or other credit enhancement (continued)*

The above table represents a worst-case scenario of credit risk exposure to the Bank, since collateral held and/or other credit enhancement attached were not taken into account. For on-balance sheet assets, the exposures set out above are based on net carrying amounts. As shown above, 90% (2023: 90%) of total maximum exposure is derived from loans and advances to customers. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Bank's loans to customers due to the following:

- Almost all loans to customers are collateralised and loan to collateral value range from 50% to 90%
- The Bank has a proper credit evaluation process in place for granting of loans to customers.
- All deposits and placement are held with local banks and overseas banks, and management has done proper risk assessment and believe there will be no material loss from these local banks and overseas banks.

(v) *Credit quality analysis*

Pursuant to the NBC guideline Prakas B7-017-344, it has defined each credit grading according to its credit quality as follows:

Normal

Outstanding facility is repaid on timely manner and is not in doubt for the future repayment. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weakness in repayment capability, business, cash flow and financial position of the counterparty.

Special mention

A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that may adversely affect repayment of the counterparty at the future date, if not corrected in a timely manner, and close attention by the Institution.

Weaknesses include but are not limited to a declining trend in the business operations of the counterparty or in its financial position, and adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis (continued)

Substandard

A facility ranked in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position and repayment capacity of the counterparty. In essence, the primary source of repayment is not sufficient to service the debt, not taking into account the income from secondary sources such as the realization of the collateral.

Factors leading to a substandard classification include:

- Inability of the counterparty to meet the contractual repayments' terms,
- Unfavourable economic and market conditions that would adversely affect the business and profitability of the counterparty in the future,
- Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments,
- Difficulties experienced by the counterparty in repaying other facilities granted by the Institution or by other institutions when the information is available, and
- Breach of financial covenants by the counterparty.

Doubtful

A facility classified in this category exhibits more severe weaknesses than one classified Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.

Loss

A facility is classified Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis (continued)

Recognition of ECL

The Bank apply a three-Stage approach based on the change in credit quality since initial recognition:

3-Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Underperforming	Nonperforming
Recognition of expected credit losses	12 months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
Basis of calculation of interest income	On gross carrying amounts	On gross carrying amounts	On net carrying amounts

The Bank assesses credit quality of loans and financing using internal rating techniques tailored in combination with the day past due ("DPD") information for staging criteria.

Stages	Credit risk status	Grades	Day past due	Default Indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} < 30$	Performing
2	Credit risk increased significantly	Special Mention	$30 \leq \text{DPD} < 90$	Under-performing
3	Credit impaired assets	Substandard	$90 \leq \text{DPD} < 180$	Non-performing
		Doubtful	$180 \leq \text{DPD} < 360$	
		Loss	$\text{DPD} \geq 360$	

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis (continued)

The following table shows an analysis of the credit exposure by stages, together with the impairment loss allowance:

	31 December 2024				31 December 2023			
	12-month ECL US\$	Lifetime ECL not Credit-Impaired US\$	Lifetime ECL Credit-Impaired US\$	Total US\$	12-month ECL US\$	Lifetime ECL not Credit-Impaired US\$	Lifetime ECL Credit-Impaired US\$	Total US\$
Balances with other banks and financial institutions								
Normal	65,320,970	-	-	65,320,970	49,767,908	-	-	49,767,908
Less: Impairment loss allowance	(53,337)	-	-	(53,337)	(102,409)	-	-	(102,409)
Net carrying amount	65,267,633	-	-	65,267,633	49,665,499	-	-	49,665,499
KHR'000 equivalent (Note 7)	262,702,223	-	-	262,702,223	202,883,563	-	-	202,883,563

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis (continued)

The following table shows an analysis of the credit exposure by stages, together with the impairment loss allowance: (continued)

	31 December 2024				31 December 2023			
	12-month ECL US\$	Lifetime ECL not Credit-Impaired US\$	Lifetime ECL Credit-Impaired US\$	Total US\$	12-month ECL US\$	Lifetime ECL not Credit-Impaired US\$	Lifetime ECL Credit-Impaired US\$	Total US\$
Loans and advances to customers								
Normal	743,211,504	-	-	743,211,504	681,398,585	2,435,943	-	683,834,528
Special mention	-	10,930,301	-	10,930,301	-	5,810,071	-	5,810,071
Substandard	-	-	6,464,046	6,464,046	-	-	3,007,942	3,007,942
Doubtful	-	-	4,533,728	4,533,728	-	-	1,977,428	1,977,428
Loss	-	-	10,575,729	10,575,729	-	-	7,916,161	7,916,161
Gross carrying amount	743,211,504	10,930,301	21,573,503	775,715,308	681,398,585	8,246,014	12,901,531	702,546,130
Less: Impairment loss allowance	(1,648,785)	(525,320)	(10,962,429)	(13,136,534)	(1,602,164)	(375,732)	(7,396,706)	(9,374,602)
Net carrying amount	741,562,719	10,404,981	10,611,074	762,578,774	679,796,421	7,870,282	5,504,825	693,171,528
KHR'000 equivalent (Note 7)	2,984,789,944	41,880,049	42,709,572	3,069,379,565	2,776,968,381	32,150,102	22,487,209	2,831,605,692

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis (continued)

The following table shows an analysis of the credit exposure by stages, together with the impairment loss allowance: (continued)

	31 December 2024				31 December 2023			
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit-Impaired US\$	Total US\$	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit-Impaired US\$	Total US\$
Off-balance sheet items								
Normal	24,262,565	-	-	24,262,565	26,622,418	27,184	-	26,649,602
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	15,000	15,000
Doubtful	-	-	-	-	-	-	-	-
Loss	2,397,477	15,000	-	2,412,477	-	-	-	-
Gross carrying amount	26,660,042	15,000	-	26,675,042	26,622,418	27,184	15,000	26,664,602
Less: Impairment loss allowance	(66,327)	(698)	-	(67,025)	(284,469)	(704)	(3,375)	(288,548)
Net carrying amount	26,593,715	14,302	-	26,608,017	26,337,949	26,480	11,625	26,376,054
KHR'000 equivalent (Note 7)	107,039,703	57,566	-	107,097,269	107,590,522	108,171	47,488	107,746,182

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Loss allowance

Expected credit loss reconciliation – Loans and advances to customers:

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	US\$
	US\$	US\$	US\$	US\$
Expected credit losses				
Impairment loss allowance as at 1 January 2024	1,602,164	375,732	7,396,706	9,374,602
Changes due to exposure:				
Transfer to stage 1	38,831	(38,738)	(93)	-
Transfer to stage 2	(519,082)	523,727	(4,645)	-
Transfer to stage 3	(1,704,278)	(910,952)	2,615,230	-
Net remeasurement of loss allowance (*)	1,841,701	546,156	1,971,852	4,359,710
New financial assets originated or purchased	581,001	55,552	212,816	849,369
Financial assets derecognised during the period other than write off	(191,552)	(26,157)	(1,229,437)	(1,447,146)
Impairment loss allowance as at 31 December 2024	1,648,785	525,320	10,962,429	13,136,534
KHR'000 equivalent (Note 7)	6,636,360	2,114,413	44,123,776	52,874,549

(*) Impact of the measurement of ECL due to changes in PD and LGD during the year arising from regular refreshing of inputs to models.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Loss allowance (continued)

Expected credit loss reconciliation – Loans and advances to customers (continued)

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL US\$	Lifetime ECL not Credit-Impaired US\$	Lifetime ECL Credit-Impaired US\$	US\$
Expected credit losses				
Impairment loss allowance as at 1 January 2023	1,236,932	503,991	1,584,451	3,325,374
Changes due to exposure:				
Transfer to stage 1	256,376	(185,921)	(70,455)	-
Transfer to stage 2	(217,883)	224,885	(7,002)	-
Transfer to stage 3	(1,003,472)	(529,285)	1,532,757	-
Net remeasurement of loss allowance (*)	1,270,032	385,139	4,433,195	6,088,366
New financial assets originated or purchased	232,296	62,856	24,401	319,553
Financial assets derecognised during the period other than write off	(172,117)	(85,933)	(100,641)	(358,691)
Impairment loss allowance as at 31 December 2023	1,602,164	375,732	7,396,706	9,374,602
In KHR'000 equivalent (Note 7)	6,544,840	1,534,865	30,215,545	38,295,250

(*) Impact of the measurement of ECL due to changes in PD and LGD during the year arising from regular refreshing of inputs to models.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Loss allowance (continued)

Expected credit loss reconciliation – loan commitments, guarantees and other financial commitments

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL US\$	Lifetime ECL not Credit-Impaired US\$	Lifetime ECL Credit-Impaired US\$	US\$
Expected credit losses				
Impairment loss allowance as at 1 January 2024	284,469	704	3,375	288,548
Changes due to exposure:				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(2,042)	2,042	-	-
Transfer to stage 3	-	3,375	(3,375)	-
Net remeasurement of loss allowance	(140,901)	(5,423)	-	(146,324)
New financial assets				
originated or purchased	6,843	-	-	6,843
Exposure derecognised or expired	(82,042)	-	-	(82,042)
Impairment loss allowance as at 31 December 2024	66,327	698	-	67,025
KHR'000 equivalent (Note 7)	266,967	2,809	-	269,776
Impairment loss allowance as at 1 January 2023	199,443	18,717	-	218,160
Changes due to exposure:				
Transfer to stage 1	3,139	(3,139)	-	-
Transfer to stage 2	(509)	509	-	-
Transfer to stage 3	(3,375)	-	3,375	-
Net remeasurement of loss allowance	46,724	(9,982)	-	36,742
New financial assets				
originated or purchased	48,750	-	-	48,750
Exposure derecognised or expired	(9,703)	(5,401)	-	(15,104)
Impairment loss allowance as at 31 December 2023	284,469	704	3,375	288,548
KHR'000 equivalent (Note 7)	1,162,055	2,876	13,787	1,178,718

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(vii) Concentration of financial assets with credit risk exposure

Geographical region

The following table breaks down the Bank's main credit exposure at their carrying amount, as categorised by geographical region as at 31 December 2024. For this table, the Bank has allocated exposure to countries based on the country of domicile of its counterparties.

	Cambodia US\$	Hong Kong US\$	USA US\$	Total US\$
At 31 December 2024				
Balances with other banks and financial institutions	10,174,821	53,023,933	2,122,216	65,320,970
Loans and advances to customers	775,715,308	-	-	775,715,308
Other assets	836,080	-	-	836,080
Unused portion of credit facilities	5,821,551	-	-	5,821,551
Bank guarantees	18,173,103	-	-	18,173,103
Loan commitments	2,680,388	-	-	2,680,388
Gross carrying amount	813,401,251	53,023,933	2,122,216	868,547,400
Less: Impairment loss allowance	(13,226,831)	(23,933)	(6,132)	(13,256,896)
Net carrying amount	800,174,420	53,000,000	2,116,084	855,290,504
KHR'000 equivalents (Note 7)	3,220,702,041	213,325,000	8,517,238	3,442,544,279
At 31 December 2023				
Balances with other banks and financial institutions	24,547,045	23,010,158	2,210,705	49,767,908
Loans and advances to customers	702,546,130	-	-	702,546,130
Other assets	1,251,710	-	-	1,251,710
Unused portion of credit facilities	5,270,622	-	-	5,270,622
Bank guarantees	20,170,126	-	-	20,170,126
Loan commitments	1,223,854	-	-	1,223,854
Gross carrying amount	755,009,487	23,010,158	2,210,705	780,230,350
Less: Impairment loss allowance	(9,748,031)	(16,790)	(738)	(9,765,559)
Net carrying amount	745,261,456	22,993,368	2,209,967	770,464,791
KHR'000 equivalents (Note 7)	3,044,393,048	93,927,908	9,027,715	3,147,348,671

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(vii) Concentration of financial assets with credit risk exposure (continued)

Industry sectors

The following table breaks down the Bank's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sector of its counterparties.

	2024				
	Balances with other banks and financial institutions US\$	Loans and advances to customers US\$	Other assets US\$	Off-balance- sheet items US\$	Total US\$
Wholesale and retails	-	11,438,119	-	652,239	12,090,358
Construction	-	2,151,595	-	20,416,946	22,568,541
Real estate	-	508,427,917	-	103,211	508,531,128
Financial institutions	65,320,970	56,871,045	-	-	122,192,015
Staff loans	-	6,037,256	-	-	6,037,256
Manufacturing	-	9,806	-	-	9,806
Others	-	190,779,570	836,080	5,502,646	197,118,296
Gross carrying amount	65,320,970	775,715,308	836,080	26,675,042	868,547,400
Less: Impairment loss allowance	(53,337)	(13,136,534)	-	(67,025)	(13,256,896)
Net carrying amount	65,267,633	762,578,774	836,080	26,608,017	855,290,504
KHR'000 equivalents (Note 7)	262,702,223	3,069,379,565	3,365,222	107,097,269	3,442,544,280

Shinhan Bank (Cambodia) PLC.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(vii) Concentration of financial assets with credit risk exposure (continued)

Industry sectors (continued)

The following table breaks down the Bank's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sector of its counterparties. (continued)

	2023				
	Balances with other banks US\$	Loans and advances to customers US\$	Other financial assets US\$	Off-balance-sheet items US\$	Total US\$
Wholesale and retails	-	11,590,334	-	994,299	12,584,633
Construction	-	2,608,347	-	947,580	3,555,927
Real estate	-	7,056,233	-	-	7,056,233
Financial institutions	49,767,908	5,957,575	-	-	55,725,483
Staff loans	-	5,818,091	-	-	5,818,091
Manufacturing	-	495,919	-	-	495,919
Others	-	669,019,631	1,251,710	24,722,723	694,994,064
Gross carrying amount	49,767,908	702,546,130	1,251,710	26,664,602	780,230,350
Less: Impairment loss allowance	(102,409)	(9,374,602)	-	(288,548)	(9,765,559)
Net carrying amount	49,665,499	693,171,528	1,251,710	26,376,054	770,464,791
KHR'000 equivalents (Note 7)	202,883,563	2,831,605,692	5,113,236	107,746,182	3,147,348,673

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(a) Credit risk (continued)

(viii) Repossessed collateral

Repossessioned collaterals are sold as soon as practicable. The Bank does not utilise the repossessioned collaterals for its business use. The Bank did not obtain assets by taking possession of collateral held as security as at 31 December 2024 and 31 December 2023.

(b) Market risk

The Bank takes exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

(i) Foreign exchange risk

The Bank operates in the Kingdom of Cambodia and transacts primarily in United States Dollars and Khmer Riel.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Bank's functional currency.

Management monitors foreign exchange risk against the Bank's functional currency. However, the Bank do not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Bank's exposure to foreign currency exchange rate risk. Included in the table are and Bank's financial instruments at their carrying amounts by currency in US\$ equivalent.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign exchange risk (continued)

	In US\$ equivalent			
	US\$	KHR	KRW	Total
As at 31 December 2024				
Financial assets				
Cash on hand	7,288,773	1,135,374	-	8,424,147
Balances with the National Bank of Cambodia	7,752,903	2,307,760	-	10,060,663
Balances with other banks and financial institutions	65,266,401	1,232	-	65,267,633
Loans and advances to customers	678,283,182	84,295,592	-	762,578,774
Investment securities	25,000	-	-	25,000
Other assets	836,080	-	-	836,080
Total financial assets	759,452,339	87,739,958	-	847,192,297
Financial liabilities				
Deposits from banks and financial institutions	97,884,755	52,379,251	-	150,264,006
Deposits from customers	124,725,006	17,761,082	-	142,486,088
Borrowings	340,139,425	-	-	340,139,425
Lease liabilities	5,513,174	-	-	5,513,174
Other liabilities	3,560,205	18,382	22,218	3,600,805
Total financial liabilities	571,822,565	70,158,715	22,218	642,003,498
Net on-balance sheet position	187,629,774	17,581,243	(22,218)	205,188,799
KHR'000 equivalent (Note 7)	755,209,841	70,764,503	(89,427)	825,884,917
Off-balance-sheet items				
Unused portion of credit facilities	5,763,842	-	-	5,763,842
Bank guarantees	1,476,129	-	16,689,149	18,165,278
Loan commitments	2,511,068	167,829	-	2,678,897
	9,751,039	167,829	16,689,149	26,608,017
KHR'000 equivalent (Note 7)	39,247,932	675,512	67,173,825	107,097,269

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign exchange risk (continued)

	In US\$ equivalent			
	US\$	KHR	KRW	Total
As at 31 December 2023				
Financial assets				
Cash on hand	7,973,084	1,449,624	-	9,422,708
Balances with the National Bank of Cambodia	18,840,469	2,170,360	-	21,010,829
Balances with other banks and financial institutions	45,904,744	3,760,755	-	49,665,499
Loans and advances to customers at amortised cost	618,410,019	74,761,509	-	693,171,528
Investment securities	25,000	-	-	25,000
Other assets	1,251,710	-	-	1,251,710
Total financial assets	692,405,026	82,142,248	-	774,547,274
Financial liabilities				
Deposits from banks and financial institutions	86,855,463	19,701,374	-	106,556,837
Deposits from customers	81,385,526	11,265,112	-	92,650,638
Borrowings	367,359,074	-	-	367,359,074
Lease liabilities	6,527,438	-	-	6,527,438
Other liabilities	961,110	-	-	961,110
Total financial liabilities	543,088,611	30,966,486	-	574,055,097
Net on-balance sheet position	149,316,415	51,175,762	-	200,492,177
KHR'000 equivalent (Note 7)	609,957,555	209,052,988	-	819,010,543
Off-balance-sheet items				
Unused portion of credit facilities	5,196,180	-	-	5,196,180
Bank guarantees	4,982,855	-	14,989,926	19,972,781
Loan commitments	1,183,021	24,072	-	1,207,093
	11,362,056	24,072	14,989,926	26,376,054
KHR'000 equivalent (Note 7)	46,414,000	98,334	61,233,848	107,746,182

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity analysis

The Bank take on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on their financial position and cash flows. The table below sets out the principal structure of foreign exchange exposures of the Bank:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Asset/(liability)				
Khmer Riel ("KHR")	17,413,414	70,890,008	51,151,690	210,591,508

As shown in the table above, the Bank is primarily exposed to changes in US\$/KHR exchange rates. The sensitivity of profit or loss to changes in exchange rates arises mainly from KHR denominated financial instruments.

The analysis below is based on the assumption that KHR exchange rate had increased or decreased by 1% which is set based on the 3-year moving average of exchange rate from 2022 to 2024.

An analysis of the exposures to assess the impact of a 1% change in the foreign currency exchange rates to the profit after tax are as follows:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Increase/(decrease)				
-1%				
Khmer Riel ("KHR")	(194,461)	(791,651)	405,162	1,655,088
Increase/(decrease)				
+1%				
Khmer Riel ("KHR")	154,210	627,789	(413,347)	(1,688,523)

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(b) Market risk (continued)

(ii) Price risk

The Bank's exposure to equity securities price risk arises from investment securities held by the Bank and classified as FVOCI. The equity investment securities at FVOCI is immaterial, so the Bank did not have any policy to manage its price risk arising from investments in equity securities.

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The Bank's main interest rate risk arises from fixed rate borrowings. The Bank does not have fair value interest rate risk as the interest rates of financial instruments measured at amortised cost are similar to prevailing market rates. The management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch.

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

As at 31 December 2024		Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest rate sensitive US\$	Total US\$
Financial assets								
Cash on hand	-	-	-	-	-	-	8,424,147	8,424,147
Balances with the National Bank of Cambodia	7,839,430	2,021,093	-	200,140	-	-	-	10,060,663
Balances with other banks and financial institutions	55,150,929	4,099,123	6,017,581	-	-	-	-	65,267,633
Loans and advances to customers	7,792,207	15,586,391	60,812,204	84,787,862	593,600,110	-	-	762,578,774
Investment securities	-	-	-	-	-	-	25,000	25,000
Other assets	-	-	-	-	-	-	836,080	836,080
Total financial assets	70,782,566	21,706,607	67,029,925	84,787,862	593,600,110	9,285,227	-	847,192,297
Financial liabilities								
Deposits from banks and financial institutions	18,339,857	37,679,510	94,244,639	-	-	-	-	150,264,006
Deposits from customers	56,575,082	20,565,803	40,094,383	25,250,820	-	-	-	142,486,088
Borrowings	32,009,091	73,881,291	223,956,148	10,292,895	-	-	-	340,139,425
Lease liabilities	87,549	176,633	3,783,841	822,450	642,701	-	-	5,513,174
Other liabilities	-	-	-	-	-	-	3,600,805	3,600,805
Total financial liabilities	107,011,579	132,303,237	362,079,011	36,366,165	642,701	3,600,805	-	642,003,498
Net interest repricing gap	(36,229,013)	(110,596,630)	(295,049,086)	48,421,697	592,957,409	5,684,422	-	205,188,799
KHR'000 equivalent (Note 7)	(145,821,777)	(445,151,436)	(1,187,572,571)	194,897,330	2,386,653,571	22,879,800	-	825,884,917

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

As at 31 December 2023		Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest rate sensitive US\$	Total US\$
Financial assets								
Cash on hand	-	-	-	-	-	-	9,422,708	9,422,708
Balances with the National Bank of Cambodia	19,061,869	1,948,960	-	-	-	-	-	21,010,829
Balances with other banks and financial institutions	39,665,499	10,000,000	-	-	-	-	-	49,665,499
Loans and advances to customers	4,105,921	16,094,373	33,445,932	83,551,608	555,973,694	-	-	693,171,528
Investment securities	-	-	-	-	-	-	25,000	25,000
Other assets	-	-	-	-	-	-	1,251,710	1,251,710
Total financial assets	62,833,289	28,043,333	33,445,932	83,551,608	555,973,694	10,699,418	-	774,547,274
Financial liabilities								
Deposits from banks and financial institutions	11,277,841	5,869,189	89,409,807	-	-	-	-	106,556,837
Deposits from customers	40,726,673	18,824,947	20,907,988	12,191,030	-	-	-	92,650,638
Borrowings	33,278,862	69,338,367	139,299,753	125,442,092	-	-	-	367,359,074
Lease liabilities	80,455	162,320	754,269	4,172,235	1,358,159	-	-	6,527,438
Other liabilities	-	-	-	-	-	-	961,110	961,110
Total financial liabilities	85,363,831	94,194,823	250,371,817	141,805,357	1,358,159	961,110	-	574,055,097
Net interest repricing gap	(22,530,542)	(66,151,490)	(216,925,885)	(58,253,749)	554,615,535	9,738,308	-	200,492,177
KH'R'000 equivalent (Note 7)	(92,037,264)	(270,228,837)	(886,142,240)	(237,966,565)	2,265,604,460	39,780,988	-	819,010,542

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

(i) *Liquidity risk management process*

The Bank's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

(ii) *Funding approach*

The Bank's main sources of liquidities arise from shareholder's paid-up capital, borrowings and customers' deposits. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

(iii) *Non-derivative cash flows*

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities based on remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash flows.

The management considers there is no liquidity risk for its expected cash flow for the next twelve months since the financial liabilities are mostly from the short-term borrowings obtained from the Bank's related parties which are negotiable.

The amount disclosed in the table are the contractual undiscounted cash flows.

Shinhan Bank (Cambodia) PLC.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(c) Liquidity risk (continued)

(iii) Non-derivative cash flows (continued)

As at 31 December 2024

Financial assets

	Carrying amount US\$	Gross nominal inflow/(outflow) US\$	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$
Cash on hand	8,424,147	8,424,147	8,424,147	-	-	-	-
Balances with the National Bank of Cambodia	10,060,663	2,225,793	-	2,025,095	200,698	-	-
Balances with other banks and financial institutions	65,267,633	65,591,471	50,093,776	5,037,050	10,460,645	-	-
Loans and advances to customers	762,578,774	1,141,220,351	15,310,329	32,608,647	132,024,362	398,861,647	562,415,366
Other assets	836,080	836,080	836,080	-	-	-	-
Total financial assets	847,167,297	1,218,297,842	74,664,332	39,670,792	142,685,705	398,861,647	562,415,366

Financial liabilities

Deposits from banks and financial institutions	150,264,006	153,660,985	18,363,510	37,975,860	97,321,615	-	-
Deposits from customers	142,486,088	147,347,441	56,274,271	21,957,548	40,473,364	28,642,258	-
Borrowings	340,139,425	346,226,414	32,023,610	74,349,545	228,959,870	10,893,390	-
Lease liabilities	5,513,174	5,530,070	87,549	176,633	822,450	3,783,840	659,598
Other liabilities	3,600,805	3,600,805	3,600,805	-	-	-	-
Unused portion of credit facilities	57,709	5,821,551	5,821,551	-	-	-	-
Bank guarantees	7,825	18,173,103	18,173,103	-	-	-	-
Loan commitments	1,491	2,613,363	2,613,363	-	-	-	-
Total financial liabilities	642,070,523	682,973,734	136,957,762	134,459,586	367,577,299	43,319,489	659,598
Net liquidity surplus/(gap)	205,096,774	535,324,108	(62,293,430))	(94,788,794)	(224,891,594)	355,542,158	561,755,768
KH-TR'000 equivalents (Note 7)	825,514,515	2,154,679,536	(250,731,056)	(381,524,896)	(905,188,664)	1,431,057,186	2,261,066,966

Shinhan Bank (Cambodia) PLC.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(c) Liquidity risk (continued)

(iii) Non-derivative cash flows (continued)

As at 31 December 2023

Financial assets	Carrying amount US\$	Gross nominal inflow/(outflow) US\$	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$
Cash on hand	9,422,708	9,422,708	9,422,708	-	-	-	-
Balances with the National Bank of Cambodia	21,010,829	21,024,633	19,061,870	1,962,763	-	-	-
Balances with other banks and financial institutions	49,665,499	99,332,696	79,391,999	19,940,697	-	-	-
Loans and advances to customers	693,171,528	1,263,441,909	13,511,401	37,111,626	113,728,727	407,839,292	691,250,863
Other assets	1,251,710	1,251,710	1,251,710	-	-	-	-
Total financial assets	774,522,274	1,394,473,656	122,639,688	59,015,086	113,728,727	407,839,292	691,250,863
Financial liabilities							
Deposits from banks and financial institutions	106,556,837	110,127,088	11,287,008	5,939,078	92,901,002	-	-
Deposits from customers	92,650,638	95,948,854	40,736,456	18,979,653	21,751,651	14,481,094	-
Borrowings	367,359,074	381,394,161	33,336,575	69,857,194	142,769,588	135,430,804	-
Lease liabilities	6,527,438	8,015,396	118,530	237,059	1,066,767	5,114,930	1,478,110
Other liabilities	961,110	961,110	961,110	-	-	-	-
Unused portion of credit facilities	74,442	5,270,622	5,270,622	-	-	-	-
Bank guarantees	197,345	20,170,126	20,170,126	-	-	-	-
Loan commitments	16,761	1,223,854	1,223,854	-	-	-	-
Total financial liabilities	574,343,645	623,111,211	113,104,281	95,012,984	258,489,008	155,026,828	1,478,110
Net liquidity surplus/(gap)	200,178,629	771,362,445	9,535,407	(35,997,898)	(144,760,281)	252,812,464	689,772,753
KHR'000 equivalents (Note 7)	817,729,700	3,151,015,586	38,952,136	(147,051,414)	(591,345,748)	1,032,738,916	2,817,721,696

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(d) Fair value of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The information presented herein represents the estimates of fair values as at the financial position date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of CIFRS 7: *Financial Instruments Disclosures* which requires the fair value information to be disclosed.

The fair value of the Bank's financial instruments such as cash and cash equivalent, loans and advances, placements with other financial institutions, other assets, borrowings, and other liabilities are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

The fair values measurements are based on the following methodologies and assumptions:

A. Balances with the National Bank of Cambodia and balances with other banks and financial institutions

The fair values of balances with the National Bank of Cambodia, and balances with other banks and financial institution with maturity of less than one year approximate their carrying amounts.

B. Loans and advances to customers measured at amortised cost

For fixed rate loans with remaining period to maturity of less than or more than one year, the carrying amounts are generally reasonable estimates of their fair values.

C. Investment securities measured at FVOCI

For fixed rate investment securities with remaining period to maturity of less than or more than one year, the carrying amounts are generally reasonable estimates of their fair values.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(d) Fair value of financial assets and liabilities (continued)

D. Deposits from banks and financial institutions and deposit from customers

The fair values of deposits payable on demand (current and savings accounts), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of deposits with remaining maturity of more than one year are estimated based on discounted cash flows using prevailing market rates for similar deposits from other financial institutions and financial institutions and customers.

E. Borrowings

Borrowings are not quoted in active market and their fair value approximates their carrying amount.

F. Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

G. Fair value hierarchy

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with CIFRS 13, the observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The Bank's financial assets and liabilities are not measured at fair value. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities, the fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

36. Financial risk management (continued)

(e) Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' shown on the statement of financial position, are:

- to comply with the capital requirement set by the National Bank of Cambodia ;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide a return for head office and benefits for other stakeholders; and
- to maintain a strong capital base to support business development.

The National Bank of Cambodia requires all commercial banks or bank to i) hold the minimum capital requirement, ii) maintain the Bank's net worth at least equal to the minimum capital and iii) comply with solvency and liquidity ratios.

The table below summarises the composition of regulatory capital:

	2024		2023	
	US\$	KHR'000 (Note 7)	US\$	KHR'000 (Note 7)
Tier 1 capital				
Share capital	175,000,000	711,575,000	175,000,000	711,575,000
Reserves	12,161,275	49,422,067	12,161,275	49,422,067
Retained earnings (capped at 20% of Tier 1 capital)	48,159,473	193,841,879	47,479,213	193,952,585
Audited net profit for the last financial year	7,459,619	30,368,110	4,243,109	17,439,178
Less: Intangible assets	(1,723,527)	(6,937,196)	(1,008,319)	(4,118,983)
	<u>241,056,840</u>	<u>978,269,860</u>	<u>237,875,278</u>	<u>968,269,847</u>
Tier 2 complementary capital				
General provision (*)	9,778,750	39,359,470	7,583,452	30,978,403
	<u>250,835,590</u>	<u>1,017,629,330</u>	<u>245,458,730</u>	<u>999,248,250</u>

(*) The provision for accrued interest receivables is allowed to be added back by the NBC in accordance with its notification letter dated 5 February 2025. This requirement is applicable from 31 December 2024, and will remain in effect until 30 June 2025.

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

37. Restatement of comparative information

During the preparation of the financial statements for the year ended 31 December 2024, the management has identified errors in the prior year's financial statements relating to the following:

Deposits from customers

The Bank has identified a transaction issue involving a customer's deposit account, resulting from the unauthorised closure of the customer's fixed deposit accounts and withdrawals from the current account, totaling US\$2,734,567, all executed without the account holder's consent. This incident occurred from January and August 2023.

Following a thorough assessment, the Board of Directors have resolved to fully compensate the total amount to the customer on 10 January 2025. The incident, which occurred during 2023, resulted in errors in the financial statements for the year ended 31 December 2023, in accordance with the requirements of CIAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," which resulted in an understatements of the amount payable to the customer and other expenses.

A summary of the affected financial statement line items due to the correction of prior year's error on the comparative information is as follows:

Statement of financial position

	31 December 2023				
	As previously reported US\$	KHR'000 (Note 7)	Adjustment US\$	As restated US\$	KHR'000 (Note 7)
Liabilities					
Other liabilities	1,757,859	7,180,855	2,734,567	4,492,426	18,351,561

Statement of profit or loss and other comprehensive income

	2023				
	As previously reported US\$	KHR'000 (Note 7)	Adjustment US\$	As restated US\$	KHR'000 (Note 7)
Other operating expenses	(5,253,625)	(21,592,399)	(2,734,567)	(7,988,192)	(32,831,469)
Profit before income tax	9,006,458	37,016,542	(2,734,567)	6,271,891	25,777,472

Shinhan Bank (Cambodia) Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

37. Restatement of comparative information (continued)

Statement of cash flows

			2023		
	As previously reported US\$	KHR'000 (Note 7)	Adjustments US\$	As restated US\$	KHR'000 (Note 7)
Cash flows from operating activities					
Profit before income tax	9,006,458	37,016,542	(2,734,567)	6,271,891	25,777,472
Changes in:					
Other liabilities	(1,199,336)	(4,929,271)	2,734,567	1,535,231	6,309,798



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