

2023

Branch of Mizuho Bank, Ltd.

ANNUAL REPORT

January - December 2023

MIZUHO



Innovating today. Transforming tomorrow.

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1. BRAND

In Japanese, *mizuho* means "a fresh harvest of rice," and the phrase *mizuho no kuni*—meaning "fruitful country"—is used to refer poetically to Japan. Our brand name "Mizuho" expresses the commitment as Japan's leading financial institution to offer highly fruitful financial products and services to all of its customers, both in Japan and abroad.



BRAND LOGO

The brand logo of the Mizuho Financial Group is a simple yet sophisticated logotype in blue underscored by a striking red arc. The red arc represents the sun rising over the horizon. The logotype represents our employees' commitment and passion in everything they do.

BRAND COLORS

The two colours used in our brand logo were specially created for our brand. Mizuho Cosmic blue, as used in the logotype, symbolizes reliability, integrity, world scale and quality. Horizon red, used for the arc, represents the warm relationships between the Mizuho Financial Group and its customers, as well as humanity and passion.

2. MIZUHO FINANCIAL GROUP'S CORPORATE PHILOSOPHY

Mizuho, the leading Japanese financial services group with a global presence and a broad customer base, is committed to:

- Providing customers worldwide with the highest quality financial services with honesty and integrity
- Anticipating new trends on the world stage,
- Expanding our knowledge in order to help customers shape their future,
- Growing together with our customers in a stable and sustainable manner, and
- Bringing together our group-wide expertise to contribute to the prosperity of economies and societies throughout the world.

These fundamental commitments support our primary role in bringing fruitfulness for each customer and the economies and the societies in which we operate. Mizuho creates lasting value. It is what makes us invaluable.

3. VISION

The most trusted financial services group with a global presence and a broad customer base, contributing to the prosperity of the world, Asia, and Japan.

The most trusted
financial services group

The best
financial services provider

The most cohesive
financial services group

4. VALUES

Customer First The most trusted partner lighting the future	Innovative Spirit Progressive and flexible thinking	Team Spirit Diversity and collective strength	Speed Acuity and promptness	Passion Communication and challenge for the future
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a. CUSTOMER FIRST

We are proud to be our customers' most trusted partner lighting the future. We put our customers first and place their interests at the core of our business. We bring together our group-wide expertise and provide the best financial products and services to them with honesty and integrity. We thereby earn our customers' trust, which is fundamental to Mizuho, and contribute with our customers to the prosperity of economies and societies.

b. INNOVATIVE SPIRIT

We consistently adopt a progressive and forward thinking approach, identifying new trends in the movements on the world stage with wider vision. We value, encourage, and implement innovative ideas in a flexible way of thinking to respond effectively to customer needs and changes in both local and global economies and societies.

C. TEAM SPIRIT

We always keep an open mind, embrace diversity in all its forms, and foster a strong team spirit to maximize our collective strength as experienced financial service professionals.

D. SPEED

We strive to provide our customers with the best products and services with a focus on promptness and accuracy. We are acutely sensitive to our customers' needs and respond quickly.

E. PASSION

We are passionate about overcoming any challenges to open the way to a bright future of our customers, society and ourselves. We bring fruitfulness to them by acting as our customers' most trusted partner and fulfilling our social responsibilities. Mizuho provides them with lasting value. It is what makes us invaluable.

5. CORPORATE PROFILE

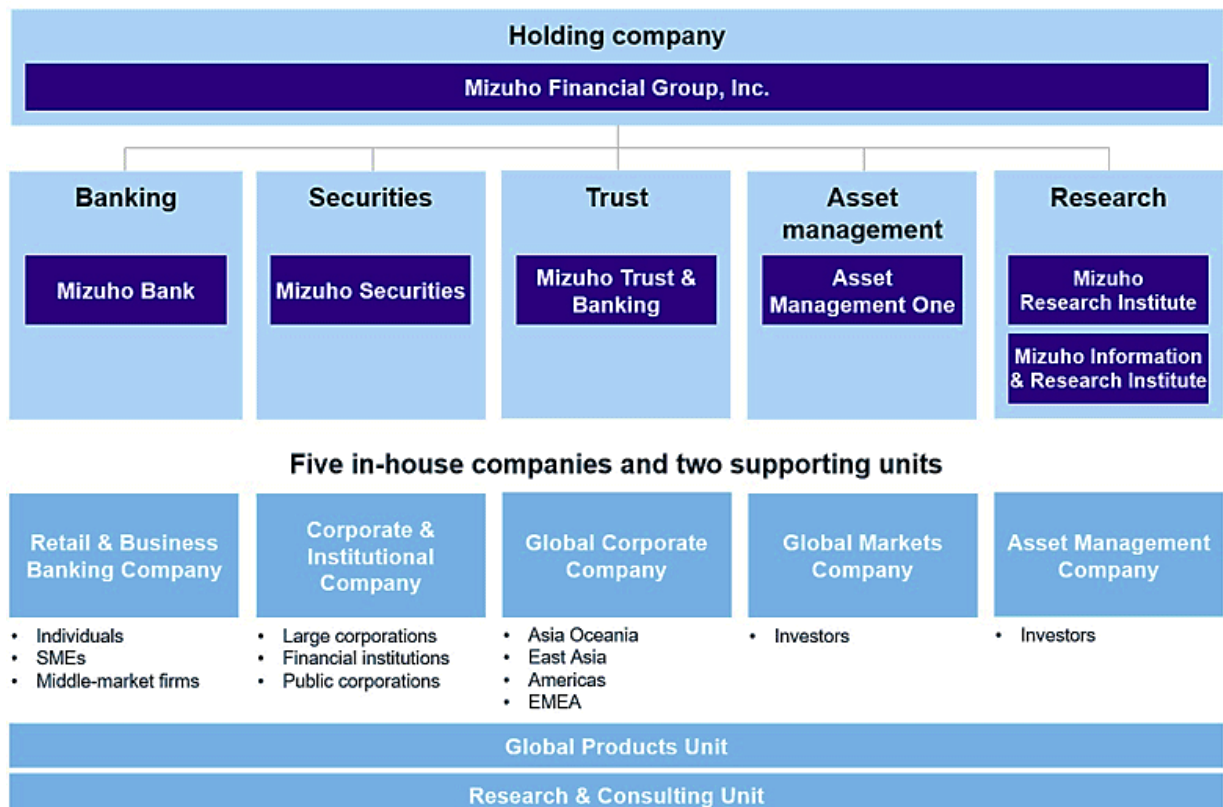
PNH belongs to Mizuho Bank Ltd, which is one of core financial institution in Mizuho Financial Group. The Group is one of the Japanese’s largest full-service financial conglomerates with over 900 offices in in nearly 40 countries and territories in Europe, the Middle East and Africa, Asia and the Americas. We employ about 52,420 staffs worldwide with almost 151 years of banking experience as of 31 March 2023.

Mizuho has reliable credit ratings (Mizuho Bank, Ltd., Long-term), Moody’s: A1, S&P: A, Fitch: A-, and R&I: AA- (as of 31 December 2023).

Mizuho Financial Group, Inc.: FY2022 as of 31 Mar. 2023	
Total Assets	USD 1.90 trillion (JPY 254.26 trillion)
Net income	USD 4.16 billion (JPY 555.53 billion)
Capital	USD 63.76 billion (JPY2,256.70 billion)
Stock Listing (Code)	Tokyo Stock Exchange (8411) New York Stock Exchange (MFG)

Note: USD 1= JPY 120

GROUP STRUCTURE OF MIZUHO



Corporate Profile (As of March 31, 2023)

Website	: www.mizuhogroup.com
Date of Establishment	: January 8, 2003
Capital	: JPY 2,256.7 Billion
Location of Head Office	: 1-5-5, Otemachi, Chiyoda-ku, Tokyo 100-8176, Japan
Representative	: Masahiro Kihara, President & Group CEO, (2023 onwards)
Number of Employees	: 51,212 (Total on consolidated basis)
Network in Japan (Banks)	: 461 (Head Office and Branches)
Network outside Japan (Banks)	: 82 (Branches or offices)

CORPORATE INFORMATION

Formal Registration Name: **BRANCH OF MIZUHO BANK, LTD.**

LEGAL REPRESENTATIVE

Mr. Nobufumi Sato

OFFICE ADDRESS

No132, AEON MALL Phnom Penh (I), 1st Floor, Samdach Sothearos Blvd,

Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia

Tel: +855-23-964-490

Website: www.mizuhobank.com

AUDITOR

Ernst & Young (Cambodia) Ltd

OFFICE ADDRESS

Emerald Building, Level 5, Norodom Blvd Corner street 178,

Sangkat Chey Chumneas, Khan Daun Penh, Kingdom of Cambodia

Tel: +855 23 217 824/825

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ORGANIZATIONAL CHART OF THE BRANCH

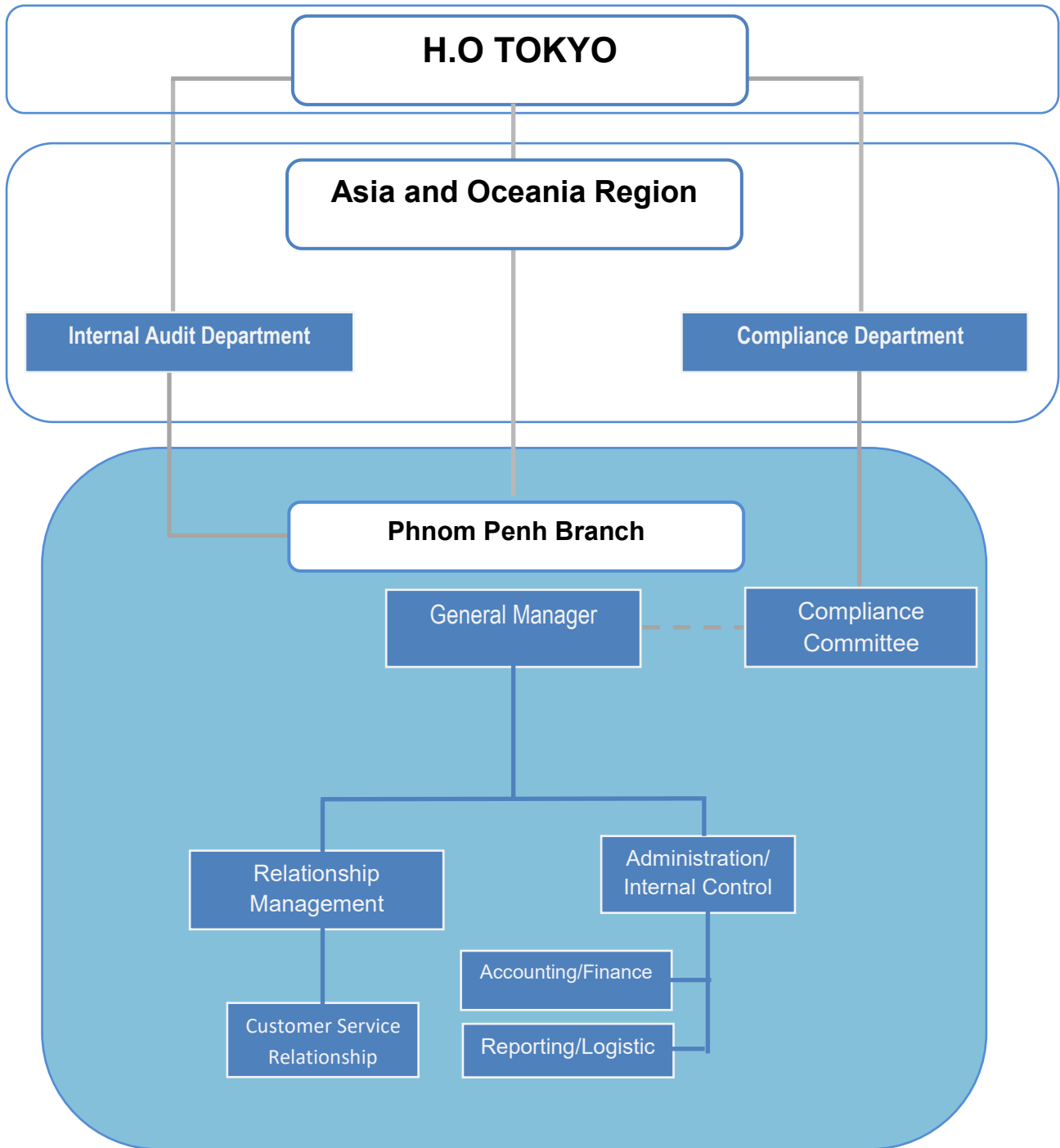
Mr. Nobufumi Sato, General Manager of the Branch.

Mr. Yin Kompheak, Head of Relationship Management Division.

Mr. Ches Chhunleang, Head of Administration, Finance/Internal Control Division.

Mr. Neang Pichnil, Head of Compliance Division.

6. ORGANIZATIONAL STRUCTURE



7. GENERAL MANAGER'S STATEMENT

Fiscal Year 2023, Branch of Mizuho Bank in Phnom Penh (“PNH”) successfully continues to gain net profit and contributing to Cambodia's tax. There were no big issues on branch operations. PNH operates in accordance with applicable laws and regulations in Cambodia without failure.

Currently, PNH has a total of 7 employees. One is the General Manager of PNH’s Executive Management, and the other 6 employees, 3 staffs responsible for customer relationships, 2 staffs responsible for internal administration and 1 staff responsible for Compliance.

Mizuho’s basic business model continues to focus on creating mutual prosperity for both the Cambodian economy and financial institutions by attracting FDIs into Cambodia, providing financial support to local banks, and collaborating in local banking areas acting as a wholesale bank. Also, Mizuho Financial Group continues to provide Transaction Banking Services like Trade Finance transactions along with local banks and Project Finance dealing in the country, which opens more opportunities on international finance.

As Mizuho Bank focuses on wholesale banking business, not retail business, we are confident that we will be able to contribute to further development of the industrial market supporting on commercial businesses.

For the actual business development in the Fiscal Year, Mizuho expanded business to support FDIs to Cambodia, improve the capability of transaction banking services and continue to expand business support to Commercial Banks and Financial Institutions and other Micro-Finance Institutions to support their SMEs¹ businesses as well.

We believe that every bank has each role in this market and we would like to maintain this business model and increase the capability to support the development of economy, value chain of industries.

We focus on playing role to increase FDIs by Japanese and Multi-National Corporates. We continue on MOU arrangement with Council for the Development of Cambodia (“CDC”) to support investment activity to Cambodia. At the middle of December 2023, we co-arranged with CDC and JETRO (Japanese government-related organization) etc. in Tokyo of Japan, Cambodia Investment seminar welcoming **Samdech Moha Borvor Thipadei HUN MANET**, Prime Minister of the Kingdom of Cambodia, to receive key note speech to the prospect Japanese investors or companies. The seminar was successful and well accepted by Prime Minister and Japanese companies.

Mizuho Bank also strengthens initiatives for achieving Net Zero by 2050 and is focusing on ESG businesses to provide green finance and advisory services etc. And Cambodian Government

¹ SMEs: Small-Medium Enterprises

and JICA (Japan International Cooperation Agency) agreed to collaborate in Clean Energy Transition to prepare Roadmap and Action Plan to achieve the Carbon Neutrality in Cambodia. PNH joint this project team to support on preparing Roadmap, promoting FDI and considering financial structure collaborating with Kyoto University, Nippon Koei and The Chugoku Electric Power etc.

Mizuho bank introduced Japanese companies to Cambodian Government to collaborate promoting FDI to Cambodia especially PNH is focusing on Energy Transition Project such as Solar Power.

As we are the first and the only branch of Japanese Commercial Bank having the global network, we used to receive many visitors, Mizuho bank continues to promote FDI to Cambodia from Japan and other countries.

For risk management, PNH adopts appropriate risk management measures for its business based on the size and nature of its risk exposures. Our branch submits report and applications concerning Risk Management to the Head Office on regular basis or at any urgent event. Meanwhile, we receive appropriate instructions concerning risk management to control risk factors as Mizuho Financial Group. The branch also maintains minimum of basic system for managing various types of risk, regularly submitting reports on the status of risk, and receive appropriate instructions concerning risk management from Head Office and collaboration offices.

8. BUSINESS OPERATION TARGET

CUSTOMER PERSPECTIVE

For the business development, not just to build direct relation with Japanese companies and Multi-National companies but we have already engaged with commercial banks to seek the area of cooperation where we can support their local business. We would like to maintain this business model and increase the capability to support the development of economy, value chain of industries.

We will thoroughly align ourselves with our customers' needs, be their best financial solutions partner, and shape the future of economy and society of Cambodia.

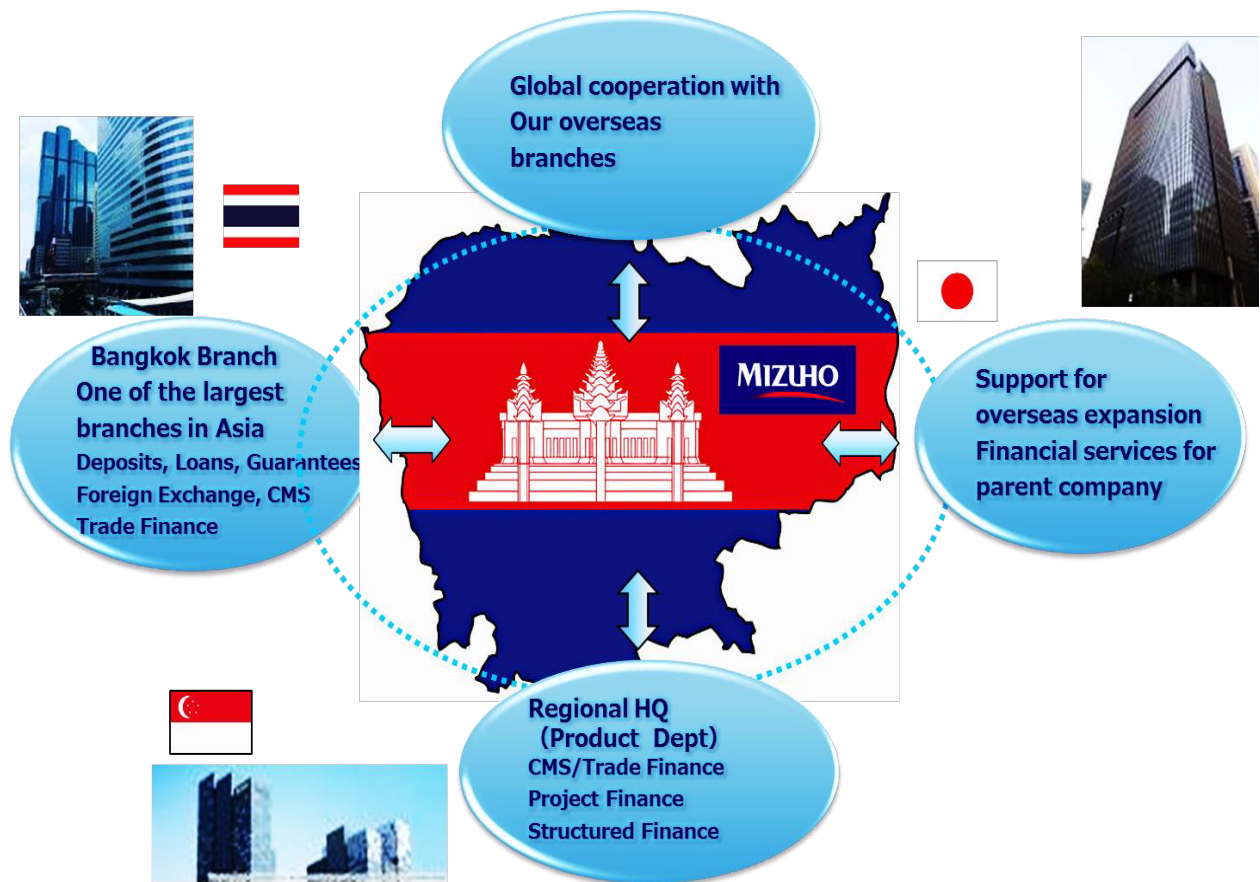
【Basic products by MPB (Mizuho)】

- + Current Deposit, Ordinary Deposit, Time Deposit
- + Loan
- + FX
- + International Remittance
- + LC trade services
- + Guarantee

INTERNAL PROCESS PERSPECTIVE

In order to bring a sustainable competitive advantage to Mizuho, we are pursuing Operational Excellence. We consolidate common operation with our Bangkok branch, which has one of largest operation in Asia, coordinating with Head Office in Japan, regional Head Quarter in Singapore, leveraging our expertise and unique insights, backed by our wide-reaching industry knowledge and product development capabilities. Additionally, we are taking advantage of our extensive global network to further develop our ability to support businesses

INTERNAL PROCESS PERSPECTIVE (Continue)



OTHER ACTIVITIES

1. INVESTMENT PROMOTION

Our focus is on the role to increase FDI by Japanese and Multi-National Corporates. We continue MOU arrangement with Council for the Development of Cambodia (“CDC”) to support the investment to Cambodia. Mizuho bank co-arranged with CDC and JETRO (Japanese government-related organization) to have New law on Investment seminar on 11 November 2021, welcoming H.E. Sok Chenda Sophea, Minister Delegate to the Prime Minister, Secretary General of the CDC to receive Key note speech and to participate panel discussion.

As we are the first and the only branch of Japanese Commercial Bank, we used to receive many visitors, Mizuho bank continues to promote FDI to Cambodia from Japan and other countries.

2. HUMAN RESOURCE DEVELOPMENT

MPB planned to send its staff to participate some major and required courses by National Bank of Cambodia organized by Institute of Banking and Finance (IBF) from the following years. The courses focus on regulatory compliance and other courses related to the bank's operation. Moreover, MPB also provide some other online training courses to its staff through mobile applications and online professional websites such as ACAMS Enterprise and Udemy for Business.

FINANCIAL RISK MANAGEMENT POLICIES

Mizuho define the key risks to manage as follows;

Risk	Definition
Credit Risk	The group's exposure to the risk of losses that may be incurred due to a decline in, or total loss of, the value of assets (including off-balance-sheet instruments), as a result of deterioration in obligors' financial position.
Market Risk	The risk of losses incurred by the group due to fluctuations in interest rates, stock prices and foreign exchange rates. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual.
Liquidity Risk	The risk of losses arising from funding difficulties due to a deterioration in our financial position that makes it difficult for us to raise necessary funds or that forces us to raise funds at significantly higher interest rates than usual.
Operational Risk	The risk of loss that Mizuho may incur resulting from inadequate or failed internal processes, people and systems or from external events, including the risks; information technology risk, operations risk, legal risk, human resources risk, tangible asset risk, regulatory change risk and reputational risk.

In cooperation with booking office and utmost supports from regional office, Phnom Penh Branch will be a member of Operational Risk Committee and Compliance Risk Committee held by booking office to report and obtains information necessary as a key element of solid risk management. Our branch also undertakes regular Internal Audit Field Work conducted by team from Regional Office to observe our Risk Management Environment and recommend appropriate opinions to improve our operational activities. With all customer transactions booked at booking office, Phnom Penh Branch currently assumes no Credit, Market or Liquidity risks. Our branch manages Operational Risk on our own by focusing on Good Management Control, Sound Compliance, Human Resource and System risk management.

9. REPORT OF THE EXECUTIVE MANAGEMENT

The Executive Management of Branch of Mizuho Bank, Ltd. (“the Branch”) presents its report and the Branch’s financial statements as at 31 December 2023 and for the year then ended.

THE BRANCH

The Branch was incorporated in Cambodia on 17 June 2016 under the registration number Co. 00014132 and was granted a banking license by the National Bank of Cambodia (“NBC”) on 1 February 2017 for an indefinite period. The Branch commenced operations on 19 April 2017.

Its head office, Mizuho Bank, Ltd., a bank incorporated and registered in Tokyo, Japan is part of Mizuho Financial Group, Inc. (“MFG”). MFG is a listed entity on the Tokyo Stock Exchange and New York Stock Exchange, one of the largest financial institutions in the world, offering comprehensive financial and strategic services, including banking, securities, trust and asset management, credit card, private banking and venture capital, through its group companies including Mizuho Bank and Mizuho Securities.

The Branch is licensed to carry out banking operations including deposits, loans, foreign exchange, and other related services. The Branch is also capable to provide enhanced financial services through its e-banking system.

Currently, the principal activity of the Branch is to provide marketing support for banking services of Mizuho Bank, Ltd. Bangkok Branch for its clients in Cambodia.

Registered office of the Branch is at Aeon Mall Phnom Penh (I), 1st Floor, Samdach Sothearos Boulevard, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia.

There was no significant change in the principal activities of the Branch during the year.

FINANCIAL RESULTS

The financial performance is set out in the statement of comprehensive income.

ASSETS

Before the financial statements of the Branch were drawn up, the Executive Management took reasonable steps to ensure that any assets, other than debts, which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Branch had been written down to an amount which they might be expected to realize.

At the date of this report, the Executive Management is not aware of any circumstances, which would render the values attributed to the assets in the financial statements of the Branch misleading or inappropriate in any material respect.

VALUATION METHODS

At the date of this report, the Executive Management is 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 Branch misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No charge on the assets of the Branch which has arisen since the end of the period which secures the liabilities of any other person; and
- No contingent liability in respect of the Branch that has arisen since the end of the period other than in the ordinary course of business.

No contingent or other liability of the Branch has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Executive Management, will or may have a material effect on the ability of the Branch to meet its obligations as and when they become due.

EVENTS AFTER THE REPORTING PERIOD

Other than those events disclosed in the notes to the financial statements, there have been no significant events occurred after the reporting period that require disclosure or adjustments in the financial statements.

THE EXECUTIVE MANAGEMENT

The Executive Management during the period and at the date of this report is Mr. Nobufumi Sato.

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Branch.

EXECUTIVE MANAGEMENT'S BENEFITS

During and at the end of the year, no arrangement existed, to which the Branch was a party, whose object was to enable the Executive Management of the Branch to acquire benefits by means of the acquisition of shares in or debentures of the Branch or any other corporate body.

STATEMENT OF EXECUTIVE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Executive Management is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Branch as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). In preparing these financial statements, the Executive Management is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply with CIFRSs or, if there has been any departure in the interest of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- Maintain adequate accounting records and an effective system of internal controls;

- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Branch will continue operations in the foreseeable future; and
- Set overall policies for the Branch, ratify all decisions and actions by the management that have a material effect on the operations and performance of the Branch, and ensure they have been properly reflected in the financial statements.

The Executive Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Branch and to ensure that the accounting records comply with the applicable accounting system. It is also responsible for safeguarding the assets of the Branch and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Management confirms that the Branch has complied with these requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

I hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Branch as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with CIFRSs.



Mr. Nobufumi Sato
General Manager

Phnom Penh, Kingdom of Cambodia

28 March 2024



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12206 Phnom Penh, Kingdom of Cambodia

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Reference: 61386135/67599804

10. INDEPENDENT AUDITOR'S REPORT

To: **Head Office of Branch of Mizuho Bank, Ltd.**

Opinion

We have audited the financial statements of Branch of Mizuho Bank, Ltd. ("the Branch"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Branch as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Branch in accordance with the Code of Ethics for Professional Accountants and Auditors issued by the Ministry of Economy and Finance of Cambodia, together 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The other information obtained at the date of the auditor's report is the Report of the Executive Management as set out in pages 1 to 3. Management is responsible for the other information.

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 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, 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 of financial statements that give a true and fair view 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 Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.

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



Auditor's 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 auditor's 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 Branch'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 Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Branch 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.



Hong Khav
Partner

Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

28 March 2024

11. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Notes	31 December 2023		31 December 2022	
		US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
ASSETS					
Balances with the National Bank of Cambodia	4	5,163,316	21,092,146	5,100,287	20,997,882
Balances with other banks	5	45,434,388	185,599,475	45,373,418	186,802,362
Property and equipment	6	60,286	246,268	65,476	269,565
Right-of-use assets	7	72,620	296,653	125,903	518,343
Deferred tax assets	9.3	3,833	15,658	1,770	7,287
Other assets	8	43,610	178,147	42,299	174,143
TOTAL ASSETS		50,778,053	207,428,347	50,709,153	208,769,582
LIABILITIES AND EQUITY					
LIABILITIES					
Income tax payable	9.2	33,909	138,519	33,337	137,248
Lease liabilities	7	76,545	312,686	126,676	521,525
Other liabilities	10	36,208	147,910	25,359	104,403
Total liabilities		146,662	599,115	185,372	763,176
EQUITY					
Branch capital	11	50,000,000	200,000,000	50,000,000	200,000,000
Retained earnings		195,071	807,237	81,341	339,807
Regulatory reserve	11	436,320	1,778,641	442,440	1,803,794
Cumulative exchange differences on translation		-	4,243,354	-	5,862,805
Total equity		50,631,391	206,829,232	50,523,781	208,006,406
TOTAL LIABILITIES AND EQUITY		50,778,053	207,428,347	50,709,153	208,769,582

Branch of Mizuho Bank, Ltd.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Notes	2023		2022	
		US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Service income	12	790,779	3,250,102	918,496	3,753,893
Interest income	13	63,029	259,049	18,521	75,695
Operating income		853,808	3,509,151	937,017	3,829,588
Personnel expenses	14	(330,065)	(1,356,567)	(354,639)	(1,449,410)
General and administrative expenses	15	(293,350)	(1,205,669)	(335,047)	(1,369,337)
Depreciation expense	6,7	(71,063)	(292,069)	(83,336)	(340,594)
Finance cost	7	(5,168)	(21,240)	(1,893)	(7,737)
(Provision for) Reversal of expected credit loss	5	(6,798)	(27,940)	213	871
Income before income tax		147,364	605,666	162,315	663,381
Income tax expense	9	(39,754)	(163,389)	(43,693)	(178,573)
Net income for the year		107,610	442,277	118,622	484,808
<i>Other comprehensive income (loss)</i>					
Difference on exchange translation		-	(1,619,451)	-	2,170,980
Total comprehensive income (loss) for the year		107,610	(1,177,174)	118,622	2,655,788

Branch of Mizuho Bank, Ltd.

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2023

	Branch capital		Retained earnings (Accumulated losses)		Regulatory reserve		Cumulative exchange differences on translation	Total	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)		US\$	KHR'000 (Note 2.1.5)
At 1 January 2023	50,000,000	200,000,000	81,341	339,807	442,440	1,803,794	5,862,805	50,523,781	208,006,406
Net income for the year	-	-	107,610	442,277	-	-	-	107,610	442,277
Other comprehensive loss	-	-	-	-	-	-	(1,619,451)	-	(1,619,451)
Total comprehensive income (loss)	-	-	107,610	442,277	-	-	(1,619,451)	107,610	(1,177,174)
Transfer from regulatory reserve	-	-	6,120	25,153	(6,120)	(25,153)	-	-	-
At 31 December 2023	50,000,000	200,000,000	195,071	807,237	436,320	1,778,641	4,243,354	50,631,391	206,829,232
At 1 January 2022	50,000,000	200,000,000	(35,988)	(139,717)	441,147	1,798,510	3,691,825	50,405,159	205,350,618
Net income for the year	-	-	118,622	484,808	-	-	-	118,622	484,808
Other comprehensive income	-	-	-	-	-	-	2,170,980	-	2,170,980
Total comprehensive income	-	-	118,622	484,808	-	-	2,170,980	118,622	2,655,788
Transfer to regulatory reserve	-	-	(1,293)	(5,284)	1,293	5,284	-	-	-
At 31 December 2022	50,000,000	200,000,000	81,341	339,807	442,440	1,803,794	5,862,805	50,523,781	208,006,406

Branch of Mizuho Bank, Ltd.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Notes	2023		2022	
		US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
OPERATING ACTIVITIES					
Income before income tax		147,364	605,666	162,315	663,381
Adjustments for:					
Depreciation expense	6,7	71,063	292,069	83,336	340,594
Interest income	13	(63,029)	(259,049)	(18,367)	(75,066)
Provision for (Reversal of) expected credit loss	5	6,798	27,940	(213)	(871)
Net cash provided by operating activities before changes in operating assets and liabilities		162,196	666,626	227,071	928,038
Changes in operating assets and liabilities:					
Other assets		(1,311)	(5,388)	(6,010)	(24,563)
Other liabilities		10,849	44,589	(6,262)	(25,593)
Net cash generated from operations		171,734	705,827	214,799	877,882
Interest received	13	63,029	259,049	18,367	75,066
Income tax paid	9.2	(41,245)	(169,517)	(31,826)	(130,073)
Net cash provided by operating activities		193,518	795,359	201,340	822,875
INVESTING ACTIVITY					
Acquisition of property and equipment	6	(12,590)	(51,745)	(5,802)	(23,713)
FINANCING ACTIVITY					
Payment of principal portion of lease liabilities	7	(50,131)	(206,038)	(69,230)	(282,943)
Net increase in cash		130,797	537,576	126,308	516,219
Cash at beginning of year		45,485,113	187,262,211	45,358,805	184,791,772
Exchange difference on translation		-	(1,458,795)	-	1,954,220
Cash at end of year	5	45,615,910	186,340,992	45,485,113	187,262,211

12. NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023 and for the year then ended

1. CORPORATE INFORMATION

Establishment and operations

Branch of Mizuho Bank, Ltd. (“the Branch”) was incorporated in Cambodia on 17 June 2016 under the registration number Co. 00014132 and was granted a banking license by the National Bank of Cambodia (“NBC”) on 1 February 2017 for an indefinite period. The Branch commenced operations on 19 April 2017.

Its head office, Mizuho Bank, Ltd., a bank incorporated and registered in Tokyo, Japan is part of the Mizuho Financial Group, Inc. (“MFG”). MFG is a listed entity on the Tokyo Stock Exchange and New York Stock Exchange, one of the largest financial institutions in the world, offering comprehensive financial and strategic services, including banking, securities, trust and asset management, credit card, private banking and venture capital, through its group companies including Mizuho Bank and Mizuho Securities.

The Branch is licensed to carry out banking operations including deposits, loans, foreign exchange, and other related services. The Branch is also capable to provide enhanced financial services through its e-banking system.

Currently, the principal activity of the Branch is to provide marketing support for banking services of Mizuho Bank, Ltd. Bangkok Branch for its clients in Cambodia.

Registered office of the Branch is at Aeon Mall Phnom Penh (I), 1st Floor, Samdach Sothearos Boulevard, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia.

There is no significant change in the principal activities of the Branch during the year.

Employees

As at 31 December 2023, the Branch has a total of 7 employees (2022: 6 employees).

Approval of the financial statements

The financial statements were authorized for issue by the Executive Management on 28 March 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted in the preparation of the financial statements are set out below. This policy information has been consistently applied to all the years presented, unless otherwise stated.

2.1 *Basis of preparation*

2.1.1 *Statement of compliance*

The financial statements have been prepared in compliance with Cambodian International Financial Reporting Standards (“CIFRSs”).

2.1.2 *Basis of measurement*

The financial statements have been prepared on historical cost basis, except for any financial assets and financial liabilities that have been measured at fair value.

2.1.3 *Fiscal year*

The Branch’s fiscal year starts on 1 January and ends on 31 December.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of preparation (continued)

2.1.4 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, the Branch transacts and maintains its accounting records primarily in United States dollar (“US\$”). Management has determined the US\$ to be the Branch’s functional currency as it reflects the economic substance of the underlying events and circumstances of the Branch.

The financial statements are presented in US\$. Transactions in foreign currencies are translated into US\$ at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ at the statement of financial position date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognized in the statement of comprehensive income.

2.1.5 Translation of US\$ into KHR

The translation of the US\$ amounts into thousands KHR (“KHR’000”) is presented in the financial statements to comply with the Law on Accounting and Audit dated 11 April 2016 and the relevant CIFRS using the closing and average rates.

Assets and liabilities included in the statement of financial position are translated at the closing rate prevailing at the end of each year, whereas income and expense items presented in the statement of comprehensive income are translated at the average rate for the year. Exchange differences arising from translation are recognized and accumulated in the cumulative translation differences presented under equity in the statement of financial position. Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

The financial statements are presented in KHR based on the applicable exchange rates per US\$1 as follows:

	2023	2022
Closing rate	4,085	4,117
Average rate	4,110	4,087

2.1.6 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Branch’s financial statements are disclosed below. These standards and amendments to CIFRSs issued but not yet effective are not expected to have a significant impact on the financial position or performance of the Branch.

Effective beginning on or after 1 January 2024

- Amendments to CIFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to CIAS 1, *Classification of Liabilities as Current and Non-current*
- Amendments to CIAS 7 and CIFRS 7, *Supplier Finance Arrangements*

2.2. Summary of material accounting policy information

The accounting policies adopted are consistent with those of the previous financial year, except that the Branch has adopted the following new accounting pronouncements starting 1 January 2023. These changes in the accounting policies did not have any significant impact on the financial position or performance of the Branch:

- CIFRS 17, *Insurance Contracts*
- Amendments CIAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2. Summary of material accounting policy information (continued)

- Amendments to CIAS 1, *First-time Adoption of Cambodian International Financial Reporting Standards*, and CIFRS Practice Statement 2 Making Materiality Judgments - Disclosure of Accounting Policies
- Amendments to CIAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform-Pillar Two Model Rules*

2.2.1 Financial instruments

2.2.1.1 Recognition and initial measurement

(i) Date of recognition

Financial instruments are recognized in the statement of financial position when the Branch becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on trade date - the date on which the Branch commits to purchase or sell the assets.

(ii) Initial measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Branch's business model for managing them. The Branch initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income ("FVTOCI"), it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2.2.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are measured at FVTPL unless these are measured at FVTOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets subsequent to initial recognition, the Branch may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Branch has no financial asset measured at FVTPL as at 31 December 2023.

(ii) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Branch. The Branch measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2. Summary of material accounting policy information (continued)

2.2.1 Financial instruments (continued)

2.2.1.2 Subsequent measurement (continued)

(ii) Financial assets at amortized cost (debt instruments) (continued)

As at 31 December 2023, the Branch's balances with the NBC, balances with other banks and refundable deposits (presented under "Security deposits" in other assets in the statement of financial position) are classified under this category.

(iii) Financial assets at FVTOCI (debt instruments)

The Branch measures debt instruments at FVTOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the profit or loss in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost.

The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Branch has no debt instruments at FVTOCI as of 31 December 2023.

(iv) Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Branch can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under CAS 32, *Financial Instruments: Disclosure and Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of comprehensive income when the right of payment has been established, except when the Branch benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Branch has no equity instruments designated at FVTOCI as at 31 December 2023.

Other financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Branch's financial liabilities include lease liabilities and other liabilities.

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Branch that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2.1.3 *Summary of material accounting policy information* (continued)

2.2.1.4 *Financial instruments* (continued)

2.2.1.2 *Subsequent measurement* (continued)

Other financial liabilities (continued)

(i) *Financial liabilities at FVTPL* (continued)

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria are satisfied. As at 31 December 2023, the Branch has not designated any financial liability as at FVTPL.

(ii) *Financial liabilities at amortized cost*

This accounting policy relates to other liability items captioned as lease liabilities, accruals and others, payable to suppliers and accrued seniority backpay.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified or designated as financial liabilities at FVTPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

2.2.1.5 *Offsetting financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

2.2.1.6 *Impairment of financial assets*

The Branch records the allowance for expected credit losses ("ECLs") on balances with other banks.

ECL represents credit loss that reflects an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk ("SICR") since initial recognition (general approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECLs are credit losses that results from all possible default events over the expected life of a financial instrument.

For balances with other banks, the Branch applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Branch's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses external risk ratings (i.e. Moody's) to determine whether the financial instrument has significantly increased in credit risk and to estimate ECL.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2.1.5 Summary of material accounting policy information (continued)

2.2.1.6 Financial instruments (continued)

2.2.1.7 Derecognition of financial assets and liabilities

(i) *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Branch retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Branch has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred control of the asset.

When the Branch has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Branch's continuing involvement in the asset. In that case, the Branch also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Branch has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Branch could be required to repay.

(ii) *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss in the statement of comprehensive income.

2.2.1.8 Business model assessment

The Branch determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- How managers of the business are compensated.

The expected frequency, value and timing of sales are also important aspects of the Branch's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Branch's original expectations, the Branch does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2. Summary of material accounting policy information (continued)

2.2.1 Financial instruments (continued)

2.2.1.7 The SPPI test

As a second step of its classification process, the Branch assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Branch applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

2.2.1.8 Fair value measurement

The Branch measures financial instruments at fair value at each statement of financial position date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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 Branch 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 recognized 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 Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2. Summary of material accounting policy information (continued)

2.2.1 Financial instruments (continued)

2.2.1.8 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.2.2 Cash

For cash flow statement purposes, cash consists of bank balances with NBC, local bank and overseas bank.

2.2.3 Balances with the NBC

Balances with the NBC including statutory deposits are stated at cost.

Statutory deposits are maintained with the NBC in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by defined percentages of minimum share capital and customers' deposits as required by the NBC (*Note 4*).

2.2.4 Balances with other banks

Balances with other banks are stated at amortized cost less expected credit loss.

2.2.5 Property and equipment

(i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Depreciation of property and equipment is charged to the statement of comprehensive income on a declining basis over the estimated useful lives of the individual assets at the following rates:

Leasehold improvements	20%
Furniture and fixture	25%
Equipment	20%
Computer equipment	50%
Other tangible assets	20%

(iii) Subsequent expenditure relating to an item of property and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Branch. All other subsequent expenditure is recognized as an expense in the year in which it is incurred.

(iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognized in the profit or loss in the statement of comprehensive income on the date of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2. Summary of material accounting policy information (continued)

2.2.5 Property and equipment (continued)

- (v) Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.
- (vi) The carrying amounts of property and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the profit or loss in the statement of comprehensive income immediately.
- (vii) Reversal of impairment losses recognized in prior years is recorded where there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recognized to the extent of the carrying amount of the asset that would have been determined (net of amortization and depreciation) had no impairment loss been recognized. The reversal is recognized in the statement of comprehensive income immediately.
- (viii) Construction-in-progress is stated at cost. This includes cost of construction of property and equipment and other direct costs. Asset under construction is not depreciated until such time when the relevant assets are completed and ready for operational use.

2.2.6 Leases

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

The Branch as a lessee

The Branch applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Branch recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) *Right-of-use assets*

The Branch recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Branch at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2. Summary of material accounting policy information (continued)

2.2.6 Leases (continued)

(ii) Lease liabilities

At the commencement date of the lease, the Branch recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Branch and payments of penalties for terminating the lease, if the lease term reflects the Branch exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Branch uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Branch applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

The Branch has leases of machinery and fixture with low value (*Note 15*). The Branch applies the 'lease of low-value assets' recognition exemptions for these leases.

2.2.7 Other assets

Other assets are carried at anticipated realizable values. An estimate is made for doubtful accounts based on a review of all outstanding amounts as at statement of financial position date.

2.2.8 Income tax

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2. Summary of material accounting policy information (continued)

2.2.8 Income tax (continued)

(ii) Deferred income tax

Deferred income tax is provided using the statement of financial position liability method on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these differences can be utilized, except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognized deferred income tax assets are re-assessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax assets to be recovered.

2.2.9 Employee benefits

Short-term employee benefits

Salaries, wages, allowances, and other benefits are accrued in the period in which the associated services are rendered by employees of the Branch.

Other long-term employee benefits

The Branch's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods, including seniority payment. That benefit is discounted to determine its present value. Remeasurements are recognized in profit and loss in the period in which they arise.

2.2.10 Provisions for liabilities

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

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.2.11 Branch capital

This represents the contributed capital from the Branch's Head office recognized based on the face value of contributions.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2. Summary of material accounting policy information (continued)

2.2.12 Regulatory reserve

Regulatory reserve is set up to account for the difference in allowance for ECLs determined in accordance with CIFRS 9 and the regulatory allowance in accordance with NBC Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2019 on credit risk classification and provision on impairment for banks and financial institutions.

The regulatory provision requires banks and financial institutions to classify their loan portfolio into five classes and provide general and specific allowance based on the loan classification as follows:

<i>Classification</i>	<i>Number of days past due</i>	<i>Allowance rate</i>
Standard	0 to 14 days (short-term)	
	0 to 29 days (long-term)	1%
Special mention	15 days to 30 days (short-term)	
	30 days to 89 days (long-term)	3%
Substandard	31 days to 60 days (short-term)	
	90 days to 179 days (long-term)	20%
Doubtful	61 days to 90 days (short-term)	
	180 days to 359 days (long-term)	50%
Loss	From 91 days (short-term)	
	360 days or more (long-term)	100%

The Branch shall compare the provision calculated in accordance with CIFRS 9 and the regulatory provision, and:

- (i) In case the regulatory provision is lower than provision calculated under CIFRS 9, the Bank shall record the provision calculated in accordance with CIFRS 9; and
- (ii) In case the regulatory provision is higher than provision calculated under CIFRS 9, the Bank shall record the provision calculated in accordance with CIFRS 9 and transfer the difference from retained earnings or accumulated loss account to the regulatory reserve.

2.2.13 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Branch expects to be entitled in exchange for those goods and services.

The Branch follows a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligation in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2. Summary of material accounting policy information (continued)

2.2.13 Revenue recognition (continued)

The Branch exercises judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Branch assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Branch has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must be met before revenue is recognized within the scope of CIFRS 15:

Service income

The Branch earns fee and commission income from providing marketing, relevant service and additional activities such as administrative functions upon request of Mizuho Bank, Ltd. Bangkok Branch. Fee and commission income are recognized at an agreed base cost plus mark-up amount that reflects the consideration to which the Branch expects to be entitled in exchange of providing the services. Service charges and processing fees are recognized overtime the service is provided.

Interest income

Interest is recognized as it accrues taking into account the effective yield on the assets, (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

2.2.14 Expense recognition

Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized as incurred.

2.2.15 Related parties

Parties are considered to be related if the Branch has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice-versa, or where the Branch and the party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

2.2.16 Rounding of amounts

Except as indicated otherwise, amounts in the financial statements have been rounded off to the nearest dollar and nearest thousands ("KHR'000") for US\$ and KHR amounts, respectively, unless otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

3. SIGNIFICANT ACCOUNTING ESTIMATES

The following are the significant estimates and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

3.1 Estimates

3.1.1 Recognition of deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Current accounts	163,316	667,146	100,287	412,882
Capital guarantee	5,000,000	20,425,000	5,000,000	20,585,000
	5,163,316	21,092,146	5,100,287	20,997,882

Capital guarantee

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a statutory deposit of 10% of registered capital with NBC. This deposit is not available for use in the Branch's day-to-day operations but is refundable when the Branch voluntarily ceases to operate the business in Cambodia.

Annual interest rates on Balances with the NBC are as follows:

	2023	2022
Current accounts	Nil	Nil
Capital guarantee	1.19%-1.33%	0.65%-1.19%

5. BALANCES WITH OTHER BANKS

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Local bank	152,120	621,410	143,283	589,896
Overseas bank (Note 16)	45,300,474	185,052,436	45,241,543	186,259,433
Gross balances with other banks	45,452,594	185,673,846	45,384,826	186,849,329
Allowance for ECL	(18,206)	(74,371)	(11,408)	(46,967)
Net	45,434,388	185,599,475	45,373,418	186,802,362

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended**5. BALANCES WITH OTHER BANKS** (continued)

Balances with local and overseas banks are non-interest bearing.

Movements of allowance for ECL are as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
At 1 January	11,408	46,967	11,621	47,344
Provision (Reversal) during the year	6,798	27,940	(213)	(871)
Exchange difference on translation	-	(536)	-	494
At 31 December	18,206	74,371	11,408	46,967

For the purpose of the statement of cash flows, cash comprise of:

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Balances with the NBC	163,316	667,146	100,287	412,882
Balances with other banks	45,452,594	185,673,846	45,384,826	186,849,329
Total cash	45,615,910	186,340,992	45,485,113	187,262,211

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

6. PROPERTY AND EQUIPMENT

	Leasehold improvements US\$	Furniture and fixtures US\$	Equipment US\$	Computer equipment US\$	Other fixed assets US\$	Total US\$
Cost						
As at 1 January 2023	72,907	16,349	1,247	948	35,532	126,983
Additions	-	-	4,010	8,580	-	12,590
As at 31 December 2023	72,907	16,349	5,257	9,528	35,532	139,573
Less: accumulated depreciation						
As at 1 January 2023	33,984	11,045	900	930	14,648	61,507
Charge for the year	7,777	1,547	337	3,942	4,177	17,780
As at 31 December 2023	41,761	12,592	1,237	4,872	18,825	79,287
Net book value						
As at 31 December 2023	31,146	3,757	4,020	4,656	16,707	60,286
KHR'000 (Note 2.1.5)	127,231	15,347	16,422	19,020	68,248	246,268

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

6. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements US\$	Furniture and fixtures US\$	Equipment US\$	Computer equipment US\$	Other fixed assets US\$	Total US\$
Cost						
As at 1 January 2022	72,907	16,349	1,247	948	29,730	121,181
Additions	-	-	-	-	5,802	5,802
As at 31 December 2022	72,907	16,349	1,247	948	35,532	126,983
Less: accumulated depreciation						
As at 1 January 2022	24,303	8,580	813	911	9,910	44,517
Charge for the year	9,681	2,465	87	19	4,738	16,990
As at 31 December 2022	33,984	11,045	900	930	14,648	61,507
Net book value						
As at 31 December 2022	38,923	5,304	347	18	20,884	65,476
KHR'000 (Note 2.1.5)	160,246	21,837	1,429	74	85,979	269,565

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended**7. LEASES**

The Branch entered into lease contracts for the office space and vehicles used in its operations with lease terms of 3 years and 2 years, respectively.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets and the movements during the year:

	<u>Vehicles</u>	<u>Office space</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Cost			
At 1 January and 31 December 2023	36,020	207,684	243,704
Less: accumulated depreciation			
As at 1 January 2023	13,511	104,290	117,801
Charge for the year	18,010	35,273	53,283
At 31 December 2023	31,521	139,563	171,084
Net book value	4,499	68,121	72,620
KHR'000 (Note 2.1.5)	18,379	278,274	296,653
	<u>Vehicles</u>	<u>Office space</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Cost			
At 1 January 2022	185,879	106,001	291,880
Additions	36,020	101,683	137,703
Disposals	(185,879)	-	(185,879)
At 31 December 2022	36,020	207,684	243,704
Accumulated depreciation			
At 1 January 2022	166,518	70,816	237,334
Charge for the year	32,872	33,474	66,346
Disposals	(185,879)	-	(185,879)
At 31 December 2022	13,511	104,290	117,801
Net book value	22,509	103,394	125,903
KHR'000 (Note 2.1.5)	92,670	425,673	518,343

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended**7. LEASES** (continued)*Lease liabilities*

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<i>Vehicles</i>	<i>Office space</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
As at 1 January 2023	22,974	103,702	126,676
Accretion of interest	808	4,360	5,168
Payments	(19,059)	(36,240)	(55,299)
As at 31 December 2023	4,723	71,822	76,545
KHR'000 (Note 2.1.5)	19,293	293,393	312,686
As at 1 January 2022	20,406	38,792	59,198
Additions	36,020	100,688	136,708
Accretion of interest	1,430	463	1,893
Payments	(34,882)	(36,241)	(71,123)
As at 31 December 2022	22,974	103,702	126,676
KHR'000 (Note 2.1.5)	94,584	426,941	521,525

	<i>2023</i>		<i>2022</i>	
	<i>US\$</i>	<i>KHR'000</i>	<i>US\$</i>	<i>KHR'000</i>
	<i>(Note 2.1.5)</i>		<i>(Note 2.1.5)</i>	
Maturity analysis - contractual undiscounted cash flows				
Within one year	44,025	179,842	52,279	215,233
One to five years	36,240	148,040	80,265	330,451
Total undiscounted lease liabilities	80,265	327,882	132,544	545,684

Amounts recognized in the statement of comprehensive income comprise:

	<i>2023</i>		<i>2022</i>	
	<i>US\$</i>	<i>KHR'000</i>	<i>US\$</i>	<i>KHR'000</i>
	<i>(Note 2.1.5)</i>		<i>(Note 2.1.5)</i>	
Depreciation of right-of-use assets	53,283	218,993	66,346	271,156
Accretion of interest on lease liabilities	5,168	21,240	1,893	7,737
Expenses relating to leases of low-value assets (included in general and administrative expenses) (Note 15)	4,100	16,851	2,100	8,583
	62,551	257,084	70,339	287,476

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended**7. LEASES** (continued)*Lease liabilities* (continued)

Amount recognized in statement of cash flows comprise:

	2023		2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Payment of principal portion of lease liabilities	50,131	206,038	69,230	282,943

8. OTHER ASSETS

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Prepayments	20,121	82,195	18,817	77,470
Security deposits	18,346	74,943	18,346	75,530
Receivable from other Mizuho branch (Note 16)	5,143	21,009	5,136	21,143
	43,610	178,147	42,299	174,143

Receivables from other branch arise from reimbursable expenses paid on behalf and accrued fee and commission income due from other branch.

9. INCOME TAX

Components of income tax expense are as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Current income tax	41,817	171,868	42,547	173,890
Deferred tax	(2,063)	(8,479)	1,146	4,683
Income tax expense	39,754	163,389	43,693	178,573

9.1 Current corporate income tax ("CIT")

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended**9. INCOME TAX** (continued)**9.1 Current corporate income tax (“CIT”)** (continued)

The reconciliation of income tax computed at the statutory tax rate to the income tax expense shown in the statement of comprehensive income is as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Income before income tax	147,364	605,666	162,315	663,381
Income tax at applicable statutory tax rate of 20%	29,473	121,134	32,463	132,676
Non-deductible expenses	10,281	42,255	11,261	46,024
Non-taxable income	-	-	(31)	(127)
	39,754	163,389	43,693	178,573

The Branch's tax returns are subject to periodic examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

9.2 Income tax payable

Movements of income tax payable during the year are as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
At 1 January	33,337	137,248	22,616	92,138
Current income tax expense	41,817	171,868	42,547	173,890
Income tax paid	(41,245)	(169,517)	(31,826)	(130,073)
Foreign exchange difference	-	(1,080)	-	1,293
At 31 December	33,909	138,519	33,337	137,248

9.3 Deferred tax assets

Deferred tax assets - net comprises the following:

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Deferred tax assets on:				
Lease liabilities	15,309	62,537	25,335	104,304
Allowance for ECLs on balances with other banks	3,641	14,873	2,282	9,395
Total deferred tax assets	18,950	77,410	27,617	113,699
Deferred tax liabilities on:				
Right-of-use assets	(14,524)	(59,331)	(25,181)	(103,670)
Property and equipment	(593)	(2,421)	(666)	(2,742)
Total deferred tax liabilities	(15,117)	(61,752)	(25,847)	(106,412)
Deferred tax assets - net	3,833	15,658	1,770	7,287

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

9. INCOME TAX (continued)

9.3 Deferred tax assets (continued)

The Branch recognized deferred tax asset on temporary differences since management assess that it is highly probable that taxable profit will be available against which the temporary differences can be utilized.

10. OTHER LIABILITIES

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Accruals and others	21,431	87,546	14,052	57,852
Other taxes	13,213	53,975	10,138	41,738
Payable to suppliers	1,194	4,877	832	3,425
Accrued seniority backpay	370	1,512	337	1,388
	36,208	147,910	25,359	104,403

11. EQUITY

Branch capital

Branch capital represents the equity invested by the head office.

Regulatory reserve

	2023	2022
	US\$	US\$
Allowance per NBC	454,526	453,848
Less: Allowance per CIFRS 9 (Note 5)	18,206	11,408
Regulatory reserve	436,320	442,440
KHR'000 (Note 2.1.5)	1,778,641	1,803,794

Regulatory reserve as at 31 December 2023 is US\$ 436,320 or KHR'000 1,778,641 (2022: US\$ 442,440 or KHR'000 1,803,794). As such, there is a transfer of US\$ 6,120 or KHR'000 25,153 from Regulatory reserve to Retained earnings (2022: US\$ 1,293 or KHR'000 5,284).

12. SERVICE INCOME

This represents service fee earned from Mizuho Bank, Ltd. Bangkok Branch for services provided by the Branch (Note 16).

13. INTEREST INCOME

	2023		2022	
	US\$	KHR'000 (Note 2.1.5)	US\$	KHR'000 (Note 2.1.5)
Capital guarantee (Note 4)	63,029	259,049	18,367	75,066
Accretion for security deposits	-	-	154	629
	63,029	259,049	18,521	75,695

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

14. PERSONNEL EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.1.5)		(Note 2.1.5)
Salaries and wages	244,062	1,003,095	269,636	1,102,002
Allowances	52,200	214,542	53,010	216,652
Other benefits	33,803	138,930	31,993	130,756
	330,065	1,356,567	354,639	1,449,410

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.1.5)		(Note 2.1.5)
Telephone and internet	114,933	472,375	71,562	292,474
Repairs and maintenance	52,711	216,642	38,458	157,178
License fee	36,690	150,796	36,599	149,580
Legal and professional fees (*)	30,528	125,470	139,298	569,311
Membership and subscriptions	16,587	68,173	17,825	72,851
Travelling	15,390	63,253	4,576	18,702
Social	7,413	30,467	7,908	32,320
Rental	4,100	16,851	2,100	8,583
Insurance	3,309	13,600	2,932	11,983
Office supplies	3,235	13,296	5,896	24,097
Advertising and marketing	2,630	10,809	3,333	13,622
Other taxes	1,458	5,992	1,476	6,032
Others (**)	4,366	17,945	3,084	12,604
	293,350	1,205,669	335,047	1,369,337

(*) Legal and professional fees include audit service fees amounted to US\$ 10,000 or KHR'000 41,100 for the year ended 31 December 2023 (2022: US\$ 9,000 or KHR'000 36,783).

(**) Others include donation, utilities, delivery fee, computer supplies expense, and foreign exchange loss.

16. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related party during the year

Related party	Transaction	2023		2022	
		US\$	KHR'000	US\$	KHR'000
			(Note 2.1.5)		(Note 2.1.5)
Mizuho Bank, Ltd.	Service income				
Bangkok Branch	(Note 12)	790,779	3,250,102	918,496	3,753,893

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Outstanding balances with related party

Related party	Transaction	2023		2022	
		US\$	KHR'000	US\$	KHR'000
		(Note 2.1.5)		(Note 2.1.5)	
Mizuho Bank, Ltd. Bangkok Branch	Bank balance (Note 5)	45,300,474	185,052,436	45,241,543	186,259,433
	Account receivable (Note 8)	5,143	21,009	5,136	21,143

Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Branch either directly or indirectly. The key management personnel include executive management of the Branch.

As of 31 December 2023, the key management compensation which pertains to salaries and other employee benefits amounted to US\$ 149,312 or KHR'000 613,672 (2022: US\$ 201,502 or KHR'000 823,539).

17. TAX CONTINGENCY

The taxation system in Cambodia is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

18. FINANCIAL RISK MANAGEMENT

The Branch's activities are exposed to a variety of financial risks: credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business.

The Branch does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to manage its risk exposure.

The Branch aims to comply with NBC's regulations for financial risk management purposes. In addition to minimum requirements of NBC, the Branch also adopts relevant financial risk management procedures of the head office.

18.1 *Operational risk*

The operational risk which would result from inadequate or failed internal processes, people and systems is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the management.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

18. FINANCIAL RISK MANAGEMENT (continued)

18.1 Operational risk (continued)

The operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameter controls, streamlining procedures and documentation. These are reviewed continually to address the operational risks of its banking business.

18.2 Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

18.2.1 Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Branch maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

As at statement of financial position date, balances in monetary assets and liabilities denominated in currencies other than US\$ are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

18.2.2 Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the risk tolerance limits set.

The Branch has no financial assets and liabilities with floating interest rates. Current accounts with NBC and balances with other banks do not earn any interest.

18.3. Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

Management believes that the Branch fully complies with all liquidity requirements of the NBC as it closely monitors all inflows and outflows and the maturity gaps through periodical reporting.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

18. FINANCIAL RISK MANAGEMENT (continued)

18.3. Liquidity risk (continued)

Analysis of the financial assets and liabilities of the Branch into relevant maturity groupings based on the remaining periods to repayment follows:

	31 December 2023						Total US\$
	Up to 1 month US\$	>1 - 3 months US\$	>3 - 12 months US\$	>1 to 5 years US\$	Over 5 years US\$		
Financial assets							
Balances with the NBC	163,316	-	-	-	-	-	163,316
Balances with other banks	45,434,388	-	-	-	-	-	45,434,388
Other assets	5,143	-	-	18,346	-	-	23,489
	45,602,847	-	-	18,346	-	-	45,621,193
Financial liabilities							
Lease liabilities	7,319	8,650	25,308	35,268	-	-	76,545
Other liabilities	22,625	-	370	-	-	-	22,995
	29,944	8,650	25,678	35,268	-	-	99,540
Net liquidity gap	45,572,903	(8,650)	(25,678)	(16,922)	-	-	45,521,653
KHR'000 (Note 2.1.5)	186,165,309	(35,335)	(104,895)	(69,126)	-	-	185,955,954

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

18. FINANCIAL RISK MANAGEMENT (continued)

18.3. Liquidity risk (continued)

	31 December 2022						Total US\$
	Up to 1 month US\$	>1 - 3 months US\$	>3 - 12 months US\$	>1 to 5 years US\$	Over 5 years US\$		
Financial assets							
Balances with the NBC	100,287	-	-	-	-	-	100,287
Balances with other banks	45,373,418	-	-	-	-	-	45,373,418
Other assets	5,136	-	-	18,346	-	-	23,482
	45,478,841	-	-	18,346	-	-	45,497,187
Financial liabilities							
Lease liabilities	8,428	8,995	39,534	69,719	-	-	126,676
Other liabilities	14,884	-	337	-	-	-	15,221
	23,312	8,995	39,871	69,719	-	-	141,897
Net liquidity gap	45,455,529	(8,995)	(39,871)	(51,373)	-	-	45,355,290
KHR'000 (Note 2.1.5)	187,140,413	(37,032)	(164,149)	(211,503)	-	-	186,727,729

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

18. FINANCIAL RISK MANAGEMENT (continued)

18.4 Capital management

The Branch's lead regulator, NBC, sets and monitors capital requirements for the Branch as a whole.

The Branch's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business.

The impact of the level of capital on shareholders' return is also recognized. As such, the Branch tries to maintain a balance between the higher returns that may be possible with greater gearing and advantages and security afforded by a sound capital position.

As at statement of financial position date, management has determined that the Branch complies with the solvency ratio prescribed by the NBC at 15%.

18.5 Climate related risk

The Branch may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

Management do not aware of any climate related risk during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

19. MATURITY PROFILE OF ASSETS AND LIABILITIES

The following table shows an analysis of assets and liabilities of the Branch analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from reporting date:

	31 December 2023			31 December 2022		
	Within 1 year US\$	Over 1 year US\$	Total US\$	Within 1 year US\$	Over 1 year US\$	Total US\$
Financial assets						
Balances with the NBC	163,316	-	163,316	100,287	-	100,287
Balances with other banks	45,452,594	-	45,452,594	45,384,826	-	45,384,826
Other assets	5,143	18,346	23,489	5,136	18,346	23,482
	45,621,053	18,346	45,639,399	45,490,249	18,346	45,508,595
Non-financial assets						
Capital guarantee	-	5,000,000	5,000,000	-	5,000,000	5,000,000
Property and equipment	-	139,573	139,573	-	126,983	126,983
Right-of-use assets	-	243,704	243,704	-	243,704	243,704
Deferred tax assets	-	3,833	3,833	-	1,770	1,770
Other assets	20,121	-	20,121	18,817	-	18,817
	20,121	5,387,110	5,407,231	18,817	5,372,457	5,391,274
	45,641,174	5,405,456	51,046,630	45,509,066	5,390,803	50,899,869
Less: Allowance for ECLs on balances with other banks			18,206			11,408
Accumulated depreciation			250,371			179,308
Total assets			50,778,053			50,709,153
KHR'000 (Note 2.1.5)			207,428,347			208,769,582

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022**19. MATURITY PROFILE OF ASSETS AND LIABILITIES**
(continued)

	31 December 2023			31 December 2022		
	Within 1	Over 1	Total	Within 1	Over 1	Total
	year	year		year	year	
	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities						
Lease liabilities	41,277	35,268	76,545	56,957	69,719	126,676
Other liabilities	22,995	-	22,995	15,221	-	15,221
	64,272	35,268	99,540	72,178	69,719	141,897
Non-financial liabilities						
Income tax payable	33,909	-	33,909	33,337	-	33,337
Other liabilities	13,213	-	13,213	10,138	-	10,138
	47,122	-	47,122	43,475	-	43,475
Total liabilities	111,394	35,268	146,662	115,653	69,719	185,372
KHR'000 (Note 2.1.5)	455,044	144,071	599,115	476,143	287,033	763,176

20. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Branch's financial instruments such as balances with the NBC, balances with other banks, refundable deposits (presented under "Security deposits" in other assets), lease liabilities, and other liabilities are not materially sensitive to shifts in market profit rate because of the limited term or maturity of these instruments. As such, the carrying values of these financial assets and liabilities approximate their respective fair values at the statement of financial position date.

21. EVENTS AFTER THE REPORTING PERIOD

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2023 that had significant impact on the statement of financial position of the Branch as at 31 December 2023.