Company No.

923693	H

MIZUHO BANK (MALAYSIA) BERHAD

(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

STATUTORY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

The directors have pleasure in presenting their report together with the audited financial statements of Mizuho Bank (Malaysia) Berhad (the "Bank") for the financial year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the provision of banking and related financial services. There have been no significant changes in these principal activities during the financial year.

The Bank has changed its name from Mizuho Corporate Bank (Malaysia) Berhad to Mizuho Bank (Malaysia) Berhad on 1 July 2013.

FINANCIAL RESULTS

	RM'000
Profit before taxation	7,516
Taxation	(1,960)
Net profit for the financial year	5,556

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than first-time adoption of Malaysian Financial Reporting Standards ("MFRS") Framework and changes in accounting policies as disclosed in Note 2.3 to the financial statements.

The MFRS Framework as issued by the Malaysian Accounting Standards Board ("MASB") is fully complicit with the International Financial Reporting Standards ("IFRS") that comprises standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012.

DIVIDENDS

Since the end of the previous financial period, no dividend was paid and the directors do not recommend any dividend to be paid for the financial year.

DIRECTORS

The names of the directors of the company in office since the date of last report and at the date of this report are:

Mr. Hiroshi Suehiro
Mr. Katsuyuki Mizuma
Dato' Seri Talaat Bin Husain
Mr. Mohd Mokhtar Bin Ghazali
Mr. Hiroyuki Yoshinari

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings, the directors in office at the end of the financial year did not have any interest in shares and share options of the Bank and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements or the fixed salary of a full-time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangements to which the Bank was a party whereby directors might acquire benefits by means of the acquisition of shares in or debenture of the Bank or any other body corporate.

ISSUE OF SHARES

There were no changes in the authorised, issued and paid-up capital of the Bank during the financial year. There were no debentures issued during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Bank were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there is no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any amount as bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Bank inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Bank were made out, the directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, their value as shown in the accounting records of the Bank, had been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Bank misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities in the Bank's financial statements misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability in respect of the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

The results of the operations of the Bank during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, to affect substantially the results of the Bank's operations for the current financial year in which this report is made.

HOLDING COMPANIES

The directors regard Mizuho Bank, Ltd. (formerly known as Mizuho Corporate Bank, Ltd.) and Mizuho Financial Group, Inc. as its immediate holding company and ultimate holding company respectively. Both companies are incorporated in Japan.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

BUSINESS OVERVIEW AND OUTLOOK FOR THE NEXT FINANCIAL YEAR

Overview of the financial year ended 31 March 2013

Mizuho Bank (Malaysia) Berhad, incorporated in Malaysia, is a fully owned subsidiary of Mizuho Bank, Ltd. (formerly known as Mizuho Corporate Bank, Ltd.), incorporated in Japan. Mizuho has maintained its banking presence in Malaysia for more than 30 years, from the initial establishment of a representative office in Kuala Lumpur in 1981 to the subsequent successful expansion of its business operations in the Malaysian off-shore banking market. In 2011, Mizuho obtained the opportunity to enhance the provision of banking services to our customers in the Malaysian on-shore banking market, via Mizuho Bank (Malaysia) Berhad.

The Bank works closely with various group affiliates under the global umbrella of Mizuho Financial Group. Our business strategy during the financial year ended 31 March 2013 was to enhance our corporate client base in Malaysia by providing high quality financial products with value added solutions. This business strategy has led us to the results below.

The Bank has recorded a net profit of RM 5.6million for the current financial year ended 31 March 2013. This profit achieved in the Bank's second financial year has enabled the Bank to reverse its carried forward losses of RM2.6million from its first year of operations for the financial period ended 31 March 2012.

Total operating profit of the Bank has increased significantly to RM8.8million as compared to total operating loss of RM1million for the previous financial period. Gross loans outstanding as at 31 March 2013 amounted to RM279 million, representing a 206.6% increase compared to the previous financial year.

Based on these positive financial results, the Board is confident that the Bank will continue to enhance both its asset and client base in Malaysia significantly.

Business outlook for the next financial year

Moving into the new financial year, the Bank remains optimistic on the Malaysian economy. Malaysia’s real GDP growth is expected to sustain at 5.4% in 2013 with the positive outlook underpinned by a strong expansion in both manufacturing and services sectors. Sustainable growth in private sector consumption and increasing investment activities will further support Malaysia's economic growth as well. As such, the Bank is confident that it is well positioned to capitalise on the business opportunities available in Malaysia's economy.

On the other hand, global economic growth has dropped to nearly 3% in 2012 and this economic trend is likely to continue in 2013 as well. It is evident that the global economy is still hampered by the world-wide economic crisis which took place in late 2008 and throughout 2009. Recent data has indicated slowing growth in both the United States and China while Europe is still experiencing ongoing recession. Although Japan has announced a massive stimulus program, its economy is also unlikely to enjoy much growth in 2013.

In the face of such challenging global market environment, the Bank will strive to further improve customer relationships and strengthen its corporate governance. The Bank will aim to achieve sustainable and stable growth together with its customers and position itself as a reliable financial institution that contributes to the sound development of economy and society for both Malaysia and Japan.

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DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

STATEMENT OF CORPORATE GOVERNANCE

BOARD'S DUTIES AND RESPONSIBILITIES

The Board of Directors (the "Board") is led by the Chairman, Mr. Hiroshi Suehiro, who is a Non-Independent Non-Executive Director.

The roles of the Chairman and CEO are separated to ensure a balance of power and authority, such that no one individual has unfettered powers of decisions.

There are matters specifically reserved for the Board’s decision to ensure that the direction and control of the Bank are firmly in hand. The day-to-day conduct of the Bank’s business is delegated to the Managing Director/CEO and the full-time employees of the Bank subject to the authority limit given.

The Terms of Reference of the Board include the following:

(1) The review and approval of management's proposal on strategies, business plan and significant policies and monitoring of management’s performance in the implementation process;

(2) Establishment of comprehensive risk management policies, processes and infrastructure to manage the various types of risks; and

(3) Ensuring the operations of the Bank are carried out prudently and within the framework of relevant laws, rulings and regulations.

The Board also assumes various functions and responsibilities that are required of them by Bank Negara Malaysia ("BNM"), as specified in guidelines and directives issued by BNM from time to time.

BOARD COMPOSITION

The Board of the Bank consists of five (5) members, of whom one (1) is the Managing Director/Chief Executive Officer ("CEO"), two (2) are Independent Non-Executive Directors and two (2) are Non-Independent Non-Executive Directors.

The Board consists of individuals of calibre, with credibility, integrity and the necessary skills, experiences as well as qualifications to supervise the management of the business and affairs of the Bank. The Board, as a whole, provides a mixture of core competencies including banking, finance, accounting, economics and business management for effective functioning and discharging of the responsibilities of the Board.

The presence of the two (2) Independent Non-Executive Directors provides the necessary checks and balances in the functioning of the Board and facilitates the Board in exercising objective judgement in decision making.

A brief profile of each Director in office as at 31 March 2013 is presented on page 6 of this Directors' Report.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

PROFILE OF DIRECTORS

Mr. Hiroshi Suehiro
Chairman, Non-Independent Non-Executive Director

Mr. Hiroshi Suehiro, aged 55, was appointed the Chairman of the Bank on 9 February 2012. He holds a Bachelor of Law Degree from the University of Tokyo, Japan.

Mr. Katsuyuki Mizuma
Non-Independent Non-Executive Director

Mr. Katsuyuki Mizuma, aged 53, was appointed the Director of the Bank on 29 May 2012. He holds a Bachelor of Law Degree from The Kyoto University, Japan.

Dato’ Seri Talaat Bin Husain
Independent Non-Executive Director

Dato' Seri Talaat Bin Husain, aged 62, was appointed as a Director of the Bank on 1 March 2011. He is the Chairman at the Nomination Committee and Remuneration Committee. He holds a Bachelor of Social and Political Science from University Sains Malaysia and a Masters degree in Professional Studies (International Planning) from Cornell University New York, USA.

Mr. Mohd Mokhtar Bin Ghazali
Independent Non-Executive Director

Mr. Mohd Mokhtar Bin Ghazali, aged 70, was appointed as a Director of the Bank on 1 March 2011. He is the Chairman of the Risk Management Committee and Audit Committee. He holds a Bachelor of Economics from University Malaya, Malaysia.

Mr. Hiroyuki Yoshinari
Managing Director/Chief Executive Officer

Mr. Hiroyuki Yoshinari, aged 53, was appointed as Managing Director and CEO of the Bank on 1 March 2011. He holds a Bachelor of Liberal Arts (Natural Sciences Division) from International Christian University, Japan.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

FREQUENCY AND CONDUCT OF BOARD MEETINGS

The Board meets on a scheduled basis, at least once in every two (2) months, to review the management reports and to deliberate on various matters which require its guidance and approval.

During the financial year, the Board held six (6) meetings and the attendance at the Board meetings are as follows:

Board	**Number of Meetings**	
	Held	**Attended**
Mr. Hiroshi Suehiro *Non-Independent Non-Executive Director*	6	6
Mr. Katsuyuki Mizuma *Non-Independent Non-Executive Director*	6	5
Dato' Seri Talaat Bin Husain *Independent Non-Executive Director*	6	6
Mr. Mohd Mokhtar Bin Ghazali *Independent Non-Executive Director*	6	6
Mr. Hiroyuki Yoshinari *Managing Director/Chief Executive Officer*	6	6

DIRECTORS' TRAINING

All the directors received continuous trainings to keep abreast with latest developments in the banking and related sectors.

During the financial year, the seminars and courses attended by the directors are, inter-alia, on areas relating to banking and related topics, Financial Institutions Directors' Education Programme, Risk Management, Economic, Corporate Governance, etc.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD PERFORMANCE

The Board has established a performance evaluation mechanism to assess the effectiveness of the Board, Board Committees and each director’s contribution annually. The Nomination Committee is responsible to undertake the performance evaluation every year and submit the result to the Board for deliberation.

The Board, Board Committees and individual directors’ performances are evaluated against identified key areas and key performance indicators ("KPIs") that are based on regulatory requirements and best practices. The key areas and KPIs include but are not limited to the Board and Board Committees’ structure, responsibilities, meeting operations, input in policy development, participation in decision making and attendance.

BOARD COMMITTEES

The Board has established the Nomination Committee, Remuneration Committee, Risk Management Committee and Audit Committee to assist the Board in the execution of its duties and responsibilities.

Each Board Committee operates within its own terms of reference approved by the Board, which clearly define its duties and responsibilities.

The composition of the Board Committees are as follows:

Name of Directors	Nomination Committee	Remuneration Committee	Risk Management Committee	Audit Committee
Mr. Hiroshi Suehiro (Non-Independent Non-Executive Director)	M	M	M	
Mr. Katsuyuki Mizuma (Non-Independent Non-Executive Director)	M	M	M	M
Dato’ Seri Talaat Bin Husain (Independent Non-Executive Director)	CH	CH		M
Mr. Mohd Mokhtar Bin Ghazali (Independent Non-Executive Director)	M		CH	CH
Mr. Hiroyuki Yoshinari (Managing Director/CEO)	M			

Note:
CH - Chairman
M - Member

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES (CONTINUED)

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committees are responsible to provide a formal and transparent procedure for the appointment of directors and CEO as well as the assessment of the effectiveness of individual directors, board as a whole and the performance of the CEO and key senior management officers. The Remuneration Committee also reviews and endorses, where appropriate, the remuneration of the CEO and key senior management officers as recommended by the Bank's regional management.

The Nomination and Remuneration Committees meet at least annually. During the financial year ended 31 March 2013, the Nomination Committee met twice (2) and the Remuneration Committee met once (1). The attendance at the Nomination and Remuneration Committee are as follows:

Nomination Committee Members	**Number of Meetings**	
	Held	**Attended**
Dato' Seri Talaat Bin Husain *Chairman*	2	2
Mr. Mohd Mokhtar Bin Ghazali *Member*	2	2
Mr. Hiroyuki Yoshinari *Member*	2	2
Mr. Hiroshi Suehiro *Member*	2	2
Mr. Katsuyuki Mizuma *Member*	2	1

Remuneration Committee Members	**Number of Meetings**	
	Held	**Attended**
Dato' Seri Talaat Bin Husain *Chairman*	1	1
Mr. Hiroshi Suehiro *Member*	1	1
Mr. Katsuyuki Mizuma *Member*	1	1

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES (CONTINUED)

AUDIT COMMITTEE

The Bank's Audit Committee comprises two (2) Independent Non-Executive Directors (of whom one (1) is the Chairman) and one (1) Non-Independent Non-Executive Director.

The Audit Committee meets every quarter at minimum.

Details of attendance of each Member at the Audit Committee meetings held during the financial year ended 31 March 2013 are as follows:

Audit Committee Members	**Number of Meetings**	
	Held	**Attended**
Mr. Mohd Mokhtar Bin Ghazali *Chairman*	5	5
Dato' Seri Talaat Bin Husain *Member*	5	5
Mr. Katsuyuki Mizuma *Member*	5	4

Accountability and Audit

In addition to the duties and responsibilities set out under its Terms of Reference, the Audit Committee assists the Board by providing an objective non-executive review of the effectiveness and efficiency of the internal controls, risk management and governance processes of the Bank.

The Chief Internal Auditor attends every Audit Committee meeting.

The minutes of the Audit Committee meetings are tabled to the Board for noting and for action by the Board where appropriate.

The activities carried out by the Audit Committee during the year are set out in the Audit Committee Report on pages 11 to 13 of this Directors' Report.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES (CONTINUED)

AUDIT COMMITTEE (CONTINUED)

Relationship with External Auditors

It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Bank’s financial statements. These meetings are held without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors whenever it deems necessary. In addition, the external auditors are invited to attend the annual general meeting of the Bank and are available to answer shareholders’ questions on the conduct of the statutory audit and the preparation and content of their audit report.

The Audit Committee is responsible for approving audit, recurring audit-related and non-audit services provided by the external auditors. These recurring audit-related and non-audit related services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services. The terms of engagement for these services are reviewed by the Audit Committee and approved by the Board. The Audit Committee approves all ad-hoc non-audit services on a case to case basis. In approving such cases, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised.

The Audit Committee has considered the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors’ independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the external auditors.

Risk Governance

The Audit Committee, supported by the Internal Audit Department, provides an independent assessment of the adequacy and reliability of the risk management processes and system of internal controls, and compliance with risk policies and regulatory requirements.

Summary of Activities

During the financial year ended 31 March 2013, the Audit Committee carried out the following activities:

Financial Reporting

- Reviewed the quarterly unaudited financial results of the Bank before recommending the same for approval by the Board of Directors.

- Reviewed the final audited financial results of the Bank before recommending the same for approval by the Board of Directors.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES (CONTINUED)

AUDIT COMMITTEE (CONTINUED)

Internal Audit

- Reviewed the Internal Audit Charter in relation to the Guidelines on Internal Audit Function of Licensed Institutions issued by BNM to ensure its adequacy of scope and compliance with the guidelines.

- Reviewed the Annual Audit Plan to ensure adequate scope and comprehensive coverage over the activities of the Bank and ensured that all high risk areas are audited annually.

- Reviewed the effectiveness of the audit processes, resource requirements for the year and assessed the performance of Internal Audit Department.

- Reviewed, commented and approved the audit reports presented to the Audit Committee.

- Appoint, set compensation, evaluate performance and decide on the transfer and dismissal of the Bank's Head of Internal Audit.

External Audit

Reviewed with the external auditors:

- their audit plan, audit strategy and scope of work for the year.

- the results of their annual audit, audit report and management letter together with management's response to their findings.

- Assessed the independence and objectivity of the external auditors during the year and prior to the appointment of the external auditors for ad-hoc non-audit services. The Audit Committee also received reports from the external auditors on their own policies regarding independence and the measures used to control the quality of their work.

- Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board on their appointment and remuneration.

Related Party Transactions

- Reviewed the related party transactions entered into by the Bank.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES (CONTINUED)

AUDIT COMMITTEE (CONTINUED)

Internal Audit Function

The Audit Committee is supported by the Internal Audit Department in the discharge of its duties and responsibilities. Internal Audit Department provides independent and objective assessment on the adequacy and effectiveness of the risk management, internal controls and governance processes.

The internal audit function reviews the effectiveness of the internal control structures over the Bank's activities focusing on high risk areas as determined using a risk-based approach. All high risk activities in each auditable area are audited annually.

The internal audits cover the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets, management efficiency and level of customer services, amongst others. These audits are to ensure that the established controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with the Bank's risk management policy. In performing such reviews, recommendations for improvement and enhancements to the existing system of internal controls and work processes are made.

The internal audits cover the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets, management efficiency and level of customer services, amongst others. These audits are to ensure that the established controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with tab Bank's risk management policies. In performing such reviews, recommendations for improvement and enhancements to the existing system of internal controls and work processes are made.

The Internal Audit Department of Head Office in Tokyo audits the Information Systems of the Bank.

Concurrently, the internal audit department of the Bank will conduct audit plan on an annual basis which will commence its first implementation in the next financial year.

Internal Audit Department provides consulting or advisory functions in the evaluation of risk exposures of new systems, business products and services to assess the controls that should be in place to mitigate the risks identified prior to implementation. When providing such consulting or advisory functions, Internal Audit Department is not involved in the system selection or implementation process in order to maintain its objectivity and independence.

Internal Audit Department works collaboratively with Risk Management Department to review and assess the risk governance framework and the risk management processes of the Bank in respect of their adequacy and effectiveness.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES (CONTINUED)

BOARD RISK MANAGEMENT COMMITTEE

The Board, through the Board Risk Management Committee ("BRMC"), maintains overall responsibility for risk oversight within the Bank.

The responsibilities of the Board in providing oversight for the risk management processes include ensuring that:

- all risk policies set by the Board are effectively implemented by the Three Lines of Defence;
- procedures exist for the approval of any activity that introduces new risks or significantly increases the existing risk profile of the Bank;
- information on the Bank's risk exposures are regularly and promptly reported to the Board and other appropriate parties;
- significant risk management policies and risk exposures are regularly discussed/reviewed, with special emphasis placed on those that define the Bank's risk tolerance; and
- effective internal control procedures are implemented and competent audit personnel are available to review the effectiveness of risk management procedures/controls and the reliability of information submitted.

The establishment of BRMC is approved by the Board.

The objectives are to oversee senior management's activities in managing credit, market, liquidity, operational and other risks and to ensure that the risk management processes are in place and function effectively.

The Chairman of the BRMC is Mr. Mohd Mokhtar Bin Ghazali and its members are Mr. Hiroshi Suehiro and Mr. Katsuyuki Mizuma.

The Committee meets at least once every quarter, or more often as the Chairman of the Committee considers necessary or appropriate and the Committee held six (6) meetings during the year.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES (CONTINUED)

BOARD RISK MANAGEMENT COMMITTEE (CONTINUED)

The details of attendance of each member at BRMC Meetings held during the financial year ended 31 March 2013 are as follows:

Board Risk Management Committee Members	Number of Meetings	
	Held	Attended
Mr. Mohd Mokhtar Bin Ghazali *Chairman*	6	6
Mr. Hiroshi Suehiro *Member*	6	6
Mr. Katsuyuki Mizuma *Member*	6	5

The Board Risk Management Committee is responsible for:

- reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval;

- reviewing and assessing the adequacy of the Bank's risk management policies and framework in identifying, measuring, monitoring and controlling risks, and the extent to which these policies and frameworks are effective;

- deciding whether any new credit activity or product is suitable from the business perspective, whether it complies with the Bank's business plan and regulations, and whether it will be adequately incorporated within the credit risk management process of the Bank and conducted according to standards set by the Board;

- ensuring infrastructure, resources and systems are in place for risk management, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Bank's risk taking activities; and

- reviewing and commenting on management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES (CONTINUED)

BOARD RISK MANAGEMENT COMMITTEE (CONTINUED)

Committees supporting the Board Risk Management Committee

The BRMC, Credit Risk Management Committee (“CRMC”) and Asset and Liability Management Committee (“ALMC”) have been established by the Board to assume responsibility for the risk oversight and any approved policies and frameworks formulated on Credit, Market, Liquidity and Operational Risk.

ALMC

The ALMC supports the BRMC in the oversight of market and liquidity risk management.

The ALMC, chaired by the Bank’s CEO, has primary responsibility for the following:

- reviewing, assessing and reporting to the Board matters in relation to market risk, liquidity risk and market-oriented profits;

- reviewing and assessing Asset and Liability Management (“ALM”) operations in relation to funding management, market risk management and any other policies.

CRMC

The CRMC supports the BRMC in the oversight of Credit Risk Management.

The CRMC is chaired by Independent non-executive director.

The Role of the CRMC is as follows:

- evaluating and assessing strategies to manage overall credit risks of the Bank;

- overseeing development of credit policies, monitoring and assessing the credit risk portfolio composition of the Bank;

- evaluating risks of the Bank under stress scenarios;

- assessing the risk-return trade-off of the Bank;

- reviewing and commenting on the reports of the credit review process, asset quality and ensure corrective action is taken; and

- reviewing and evaluating the various credit products to ensure compliance with standards set by the Board.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES (CONTINUED)

MANAGEMENT INFORMATION

All the Directors have reviewed the Board reports prior to the Board Meetings. Information and materials, duly endorsed by the CEO and the relevant functional heads that are important to the directors' understanding of the agenda items and related topics are distributed in advance prior to the date of the meeting. The Board reports include among others, the monthly performance of the Bank, minutes of the various Board and Management Committees, risk portfolio reports, any other prevailing regulatory developments as well as economic and business environment updates.

RELATED PARTY TRANSACTIONS

During the financial year ended 31 March 2013, the Bank entered into transactions with its immediate holding company, Mizuho Bank, Ltd. in the normal course of business. The details and nature of the transactions are disclosed in Note 26 to the financial statements.

SIGNIFICANT AND SUBSEQUENT EVENTS

Subsequent to the financial year end, the Bank has changed its name from Mizuho Corporate Bank (Malaysia) Berhad to Mizuho Bank (Malaysia) Berhad on 1 July 2013. The details of subsequent event are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with their resolution dated 8 July 2013.

MR. HIROYUKI YOSHINARI
DIRECTOR

MR. MOHD MOKHTAR BIN GHAZALI
DIRECTOR

Kuala Lumpur

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
ASSETS			
Cash and short-term funds	5	651,596	327,667
Deposits and placements with financial institutions	6	35,927	25,000
Loans, advances and financing	7	277,472	90,482
Financial investments available-for-sale	8	94,340	40,024
Derivative financial assets	9	19,967	10,634
Other assets	10	2,591	1,489
Property and equipment	11	11,003	12,335
Intangible asset	12	2,528	1,633
TOTAL ASSETS		1,095,424	509,264
LIABILITIES AND EQUITY			
Deposits from customers	13	577,622	99,172
Deposits and placements from financial institutions	14	151,995	54,030
Derivative financial liabilities	9	7,654	6,428
Other liabilities	15	3,794	1,181
Deferred tax liabilities	16	1,347	1,005
TOTAL LIABILITIES		742,412	161,816
Share capital	17	350,000	350,000
Available-for-sale reserve	18	26	18
Accumulated profit / (loss)		2,986	(2,570)
TOTAL EQUITY		353,012	347,448
TOTAL LIABILITIES AND EQUITY		1,095,424	509,264
COMMITMENTS AND CONTINGENCIES	27	2,277,317	850,095

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

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Interest income	19	24,391	12,921
Interest expense	20	(8,928)	(324)
Net interest income		15,463	12,597
Other operating income	21	26,261	7,960
Net operating income		41,724	20,557
Other operating expenses	22	(32,900)	(21,603)
Operating profit / loss		8,824	(1,046)
Impairment allowance on loans, advances and financing	24	(1,308)	(525)
Profit / (loss) before taxation		7,516	(1,571)
Taxation	25	(1,960)	(999)
Profit / (loss) for the financial year / period		5,556	(2,570)
Other comprehensive income			
Unrealised gain on financial investments available-for-sale		11	24
Income tax relating to component of other comprehensive income		(3)	(6)
Other comprehensive income for the financial year/period, net of tax		8	18
Total comprehensive income / (loss) for the financial year/period		5,564	(2,552)

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

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	← Attributable to equity holders of the Bank →			
	Share capital RM'000	Non-distributable Available for-sale reserve RM'000	Distributable Accumulated profit / (loss) RM'000	Total RM'000
As at 31 March 2013				
At 1 April 2012				
- As reported under FRS	350,000	18	(3,620)	346,398
- Effect of adoption of MFRS	-	-	1,050	1,050
- At 1 April 2012, under MFRS	350,000	18	(2,570)	347,448
Profit for the financial year	-	-	5,556	5,556
Other comprehensive income	-	8	-	8
At 31 March 2013	350,000	26	2,986	353,012
As at 31 March 2012				
At 29 November 2010 (date of incorporation)	*	-	-	-
Issuance of shares	350,000	-	-	350,000
Loss for the financial period	-	-	(2,570)	(2,570)
Other comprehensive income	-	18	-	18
At 31 March 2012	350,000	18	(2,570)	347,448

*Representing 3 ordinary shares of RM1 each

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

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Cash flows from operating activities		
Profit / (loss) before taxation	7,516	(1,571)
Adjustment for :-		
Depreciation of property and equipment	2,207	1,224
Amortisation of intangible asset	394	114
Impairment allowances on loans, advances and financing	1,308	525
Accretion of discount net of amortisation of premium	(450)	(140)
Unrealised gain on revaluation of derivatives	(8,194)	(4,120)
Unrealised foreign exchange gain	86	(86)
AFS Reserve	10	-
Operating loss before changes in working capital changes	2,877	(4,054)
(Increase) / decrease in operating assets		
Deposits and placements with financial institutions	(10,927)	(25,000)
Loans, advances and financing	(188,298)	(91,007)
Other assets	(1,115)	(1,489)
Amount owing by holding company	14	-
Purchase of financial investments available-for-sale	(53,865)	(39,860)
Increase / (decrease) in operating liabilities		
Deposits from customers	478,450	99,172
Deposits and placements from financial institutions	97,965	54,030
Other liabilities	1,117	1,181
Cash generated from operating activities	326,218	(7,027)
Taxation paid	(125)	-
Net cash generated from operating activities	326,093	(7,027)
Cash flows from investing activities		
Purchase of property and equipment	(875)	(13,559)
Purchase of intangible asset	(1,289)	(1,747)
Net cash used in investing activities	(2,164)	(15,306)

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Cash flows from financing activity		
Proceeds from issuance of ordinary shares	-	350,000
Net cash generated from financing activity	-	350,000
Net increase in cash and cash equivalents	323,929	327,667
Cash and cash equivalents at 1 April 2012 / 29 November 2010	327,667	-
Cash and cash equivalents as at 31 March	651,596	327,667
Analysis of cash and cash equivalents		
Cash and cash equivalents	38,238	12,709
Deposits	613,358	314,958

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

ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

1 GENERAL INFORMATION

Mizuho Bank (Malaysia) Berhad (formerly known as Mizuho Corporate Bank (Malaysia) Berhad) (the "Bank") is a limited liability company, incorporated on 29 November 2010 and domiciled in Malaysia. The registered office and principal place of business of the Bank is located at Level 27, Menara Maxis, Kuala Lumpur City Centre, 50088, Kuala Lumpur, Malaysia.

The principal activities of the Bank during the year are banking and related financial services. There have been no significant changes in the nature of the principal activities during the financial year.

The immediate holding company and ultimate holding company of the Bank are Mizuho Bank, Ltd. and Mizuho Financial Group, Inc. respectively, both are incorporated in Japan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of directors on 8 July 2013.

2 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements, unless otherwise stated.

2.1 BASIS OF PREPARATION AND PRESENTATION

The financial statements of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

For the period ended 31 March 2012, the Bank prepared the financial statements in accordance with the Financial Reporting Standards ("FRS") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines. These financial statements for the year ended 31 March 2013 are the first set the Bank has prepared in accordance with MFRS, IFRS and the requirements of the Companies Act, 1965 in Malaysia. The effect of the first-time adoption of MFRS Framework are disclosed in Note 2.3.

The financial statements have been prepared under the historical cost basis unless otherwise indicated in the summary of significant accounting policies as disclosed in Note 2.2.

The Bank presents the statement of financial position in order of liquidity.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement unless required or permitted by an accounting standard or interpretation, and specifically disclosed in the accounting policies of the Bank.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000), unless otherwise stated.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Financial assets

(a) Date of recognition

All financial assets are initially recognised on the trade date, i.e. the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

(b) Initial recognition and subsequent measurement

Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. The Bank determines the classification of financial assets at initial recognition, in which the details are disclosed below.

The classification of financial assets at initial recognition depends on the purpose and the management's intention for which the financial assets were acquired and their characteristics. All financial assets are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial investments recorded at fair value through profit or loss.

Included in financial assets of the Bank are the following:

(1) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified in this category include cash and balances with banks, reverse repurchase agreements, loans, advances and financing and other receivables. These financial assets are initially recognised at fair value, including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest method.

(2) Financial investments available-for-sale ("AFS")

Financial investments AFS are financial assets that are designated as available-for-sale.

Financial investments AFS include equity and debt securities. Debt securities in this category are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or changes in market conditions.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

(b) Initial recognition and subsequent measurement (continued)

(2) Financial investments available-for-sale ("AFS") (continued)

After initial recognition, financial investments AFS are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity (other comprehensive income) in the ‘available-for-sale reserve’, except for impairment losses, foreign exchange gains or losses on monetary financial assets and interest income calculated using the effective interest method are recognised in the income statements. Dividends on financial investments AFS are recognised in the income statements when the Bank's right to receive payment is established. When the Bank derecognise financial investments AFS, the cumulative gain or loss previously recognised in equity is recognised in the income statements in 'non-interest income'.

(c) Derecognition

A financial asset is derecognised when:

(1) The rights to receive cash flows from the financial asset have expired;

(2) The Bank have transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:

(i) the Bank have transferred substantially all the risks and rewards of the financial asset, or

(ii) the Bank have neither transferred nor retained substantially all the risks and rewards of the financial asset, but have transferred control of the financial asset.

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

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

(d) Impairment of financial assets

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset, including financial investment or group of financial investments (other than financial assets at FVTPL) is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers experiencing significant financial difficulty, the probability that they will enter bankruptcy or other reorganisation, default or delinquency in interest or principal payments or where observable data indicates that there is a measureable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

(1) Loans and receivables

(i) Loans, advances and financing

Classification of loans, advances and financing as impaired

Loans, advances and financing are classified as impaired when:

- principal or interest/profit or both are past due for three (3) months or more; or
- where loans, advances and financing in arrears for less than three (3) months exhibit indications of credit weaknesses, whether or not impairment loss has been provided for; or
- where an impaired loans, advances and financing has been rescheduled or restructured, the loans, advances and financing will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of six (6) months.

Impairment process – individual assessment

The Bank assesses if objective evidence of impairment exists for loans, advances and financing which are deemed to be individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the loans, advances and financing carrying amount and the present value of the estimated future cash flows discounted at the loans, advances and financing original effective interest rate. The carrying amount of the loans, advances and financing is reduced through the use of an allowance account and the amount of the loss is recognised in the income statements.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

(d) Impairment of financial assets (continued)

(1) Loans and receivables (continued)

(i) Loans, advances and financing (continued)

Impairment process – collective assessment

Loans, advances and financing which are not individually significant and that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These loans, advances and financing are grouped within similar credit risk characteristics for collective assessment, whereby data from the loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.) and concentrations of risks (such as the performance of different individual groups) are taken into consideration.

Future cash flows in a group of loans, advances and financing that are collectively evaluated for impairment are estimated based on the historical loss experience of the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

Impairment process – written off accounts

Where a loan, advance and financing is uncollectible, it is written off against the related allowance for loan impairment. Such loans, advances and financing are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off are recognised in the income statements.

(ii) Other receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Bank considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

(d) Impairment of financial assets (continued)

(1) Loans and receivables (continued)

(ii) Other receivables (continued)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(2) Financial investments available-for-sale ("AFS")

For financial investments AFS, the Bank assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as financial investments AFS, the Bank assesses individually whether there is objective evidence that an investment is impaired. If there are objective evidence of impairment on financial investments AFS, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statements. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income is recorded as part of interest and similar income. If in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statements, the impairment loss is reversed through the income statements.

In the case of equity investments classified as financial investments AFS, the objective evidence would also include a "significant" or "prolonged" decline in the fair value of the investment below its cost. The the Bank treats "significant" generally as 25% and "prolonged" generally as for consecutive quarters.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

(d) Impairment of financial assets (continued)

(2) Financial investments available-for-sale ("AFS") (continued)

Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statements - is removed from equity and recognised in the income statements. Impairment losses on equity investments are not reversed through the income statements; increases in the fair value after impairment are recognised in other comprehensive income.

Subsequent reversals in the impairment loss are recognised when the decrease can be objectively related to an event occurring after the impairment loss was recognised, to the extent that the financial assets carrying amount does not exceed its amortised cost had the impairment not been recognised at the reversal date. The reversal is recognised in the income statements.

For unquoted equity securities carried at cost, impairment loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar securities. The amount of impairment loss is recognised in the income statements and such impairment losses are not reversed subsequent to its recognition.

(e) Determination of fair value

For financial instruments measured at fair value, the fair value is determined by reference to quoted market prices or by using valuation models. For financial instruments with observable market prices which are traded in active markets, the fair values are based on their quoted market price or dealer price quotations. These include prices and broker quotes of listed equity securities from Bloomberg and Reuters.

For all other financial instruments, fair value is determined using appropriate valuation techniques. In such cases, the fair values are estimated using discounted cash flow models and option pricing models and based on observable data in respect of similar financial instruments and using inputs (such as yield curves) existing as at the reporting date. The Bank generally use widely recognised valuation models with market observable inputs for the determination of fair values, due to the low complexity of financial instruments held.

Investments in unquoted equity instruments whose fair value cannot be reliably measured are measured at cost and assessed for impairment at each reporting date.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Financial liabilities

(a) Date of recognition

All financial liabilities are initially recognised on the trade date i.e. the date that the Bank becomes a party to the contractual provision of the instruments. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(b) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable transaction costs, except in the case of financial liabilities at fair value through profit or loss ("FVTPL").

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(1) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities HFT and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities HFT include derivatives entered into by the Bank that does not meet the hedge accounting criteria.

The Bank has not designated any financial liabilities as at FVTPL.

(2) Other financial liabilities

The Bank's other financial liabilities mainly include deposits from customers, deposits and placements from financial institutions, payables and other liabilities.

(i) <u>Deposits from customers and deposits and placements from financial institutions</u>

Deposits from customers and deposits and placements from financial institutions are stated at placement values.

(ii) <u>Payables</u>

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(iii) <u>Other liabilities</u>

Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in the future for goods and services received.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Financial liabilities (continued)

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or 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. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(iii) Derivative instruments and hedge accounting

(a) Derivative instruments

The Bank trades derivatives such as interest rate swaps and forward foreign exchange contracts.

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception for non-option derivatives and equivalent to the market premium paid or received for purchased or written options. The derivatives are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statements.

(b) Hedge accounting

The Bank uses derivative instruments to manage exposures to interest rate, foreign currency and credit risks. In order to manage particular risks, the Bank applies hedge accounting for transactions which meet specified criteria.

At the inception of the hedge relationship, the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on ongoing basis. At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting.

Hedge ineffectiveness is recognised in the income statements. For situations where the hedged item is a forecast transaction, the Bank also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statements.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Derivative instruments and hedge accounting (continued)

(b) Hedge accounting (continued)

(1) Fair value hedge

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the income statements. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statements of financial position and is also recognised in the income statements.

If the hedging instrument expires or is sold, terminated or exercised or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the effective interest rate. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statements.

(2) Cash flow hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in non-interest income in the income statements.

When the hedged cash flow affects the income statements, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the income statements.

When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the income statements.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to income statements.

The Bank did not apply cash flow hedge as at the financial year end.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Derivative instruments and hedge accounting (continued)

(b) Hedge accounting (continued)

(3) Hedge of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statements.

On disposal of the foreign operations, the cumulative value of any such gains or losses recognised in other comprehensive income is transferred to the income statements.

The Bank did not apply hedge of net investments in foreign operations as at the financial year end.

(iv) Property and equipment and depreciation

All items of property and equipment are initially recorded at cost. The cost of an item of property and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Subsequent to recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Bank recognises such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation of other property and equipment is computed on a straight-line basis over its estimated useful life as follows:

Leasehold improvements	10 years
Office equipment, furniture and fittings	5 years
Computers equipment	3 years
Computer hardware	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Property and equipment and depreciation (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the profit or loss.

(v) Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank. Intangible assets as at the year end include computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life. Intangibles with finite lives or not yet available for use and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statements in the expense category consistent with the function of the intangible asset.

Intangible assets are amortised over their estimated finite useful lives as follows:

Computer software	3 years

(vi) Other assets

Other assets are carried at anticipated realisable values. Bad debts are written off when identified. An allowance for impairment is based on a review of all outstanding amounts as at the reporting date.

(vii) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents include of cash and short-term funds and deposits and placements with financial institutions, with remaining maturity of less than one month.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(viii) Provisions for liabilities

Provisions for liabilities are recognised when the Bank 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 reporting 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.

(ix) Foreign currencies

(a) Functional and presentation currency

The financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank’s functional currency.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currencies of the Bank are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in the income statements.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statements for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Income tax

Income tax in the profit or loss for the year comprises current and deferred taxes. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity via other comprehensive income on fair value re-measurement of financial investments AFS.

(xi) Recognition of interest income and expense

Interest income and expense for all financial instruments measured at amortised cost and interest/profit-bearing financial assets classified as financial investments available-for-sale are recognised within 'interest income' and 'interest expense' in the income statements using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and include any fees or incremental costs that are directly attributable to the instrument, which are an integral part of the effective interest rate, but does not consider future credit losses.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Income and expense from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(xii) Recognition of fee and other income

(a) Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(1) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and outsourcing fee on shared-service services to Mizuho Bank, Ltd. - Labuan branch and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

(2) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the loan arrangement fee, commissions and placement fees, are recognised as income when all conditions precedent are fulfilled.

(b) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held-for-trading. This includes any ineffectiveness recorded in hedging transactions.

(xiii) Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(xiii) Employee benefits (continued)

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement when incurred.

(xiv) Share capital

Ordinary shares are classified as equity when there is no contracted obligation to transfer cash on other financial assets. Transaction cost directly attributable to the issuance of new equity shares are taken for equity as a deduction for the proceeds.

(xv) Contingent liabilities and contingent assets

The Bank does not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of and the Bank. The Bank does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

Subsequent to the initial recognition, the Bank measure the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provision of MFRS 137 'Provision, Contingent Liabilities and Contingent Assets' and the amount initially recognised as profit or loss, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 'Revenue'.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

The Malaysian Accounting Standards Board ("MASB") has announced on 19 November 2011 that Malaysian reporting entities are required to comply with the new International Financial Reporting Standards ("IFRS") compliant framework, Malaysia Financial Reporting Standards ("MFRS") for financial year commencing on or after 1 January 2012.

The adoption of the MFRS Framework as issued by the Malaysian Accounting Standards Board ("MASB") as at 1 January 2012 by the Bank requires the Bank's financial statements to also be fully compliant with the IFRS Framework. These financial statements of the Bank for the year ended 31 March 2013 are the first set of financial statements prepared in accordance with MFRS and IFRS including the application of MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1").

For period ended 31 March 2012, the Bank has prepared these financial statements in accordance with FRS in Malaysia as modified by BNM Guidelines.

Accordingly, the Bank has prepared financial statements which comply with MFRS applicable for period ended on or after 31 March 2013, together with the comparative period information as at and for the period ended 31 March 2012, as described in the summary of significant accounting policies.

The significant accounting policies as disclosed in Note 2.2 are consistent with those of the period ended 31 March 2012 and the transition from FRS in Malaysia as modified by BNM Guidelines to MFRS does not have a material impact on the financial statements except for the adoption of MFRS 139 Financial Instruments: Measurement and Recognition as further outlined below:

(i) Estimates - Collective impairment allowance for loans, advances and financing

The Bank's’ collective impairment allowance was previously maintained at 1.5% of total outstanding loans, net of individual assessment allowance, being the transitional arrangement as prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing ("BNM/GP3 Guideline").

In conjunction with the adoption of MFRS, BNM/GP3 Guideline were revised on 9 November 2011 to align the requirements on the determination of collective assessment allowance with that of the MFRS 139. Based on the revised Guidelines, the transitional arrangement is removed with effect from 1 January 2012.

The financial effects of the adoption of MFRS on the Bank's financial statements are disclosed in Note 2.3(ii).

2 ACCOUNTING POLICIES (CONTINUED)

2.3 FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

(ii) Financial effects arising from adoption of MFRS Framework

(a) The following are reconciliations of statement of financial position of the Bank as at 31 March 2012:

	FRS as at 31.3.2012 RM'000	Effects of adopting MFRS RM'000	MFRS as at 31.3.2012 RM'000
Assets			
Cash and short-term funds	327,667	-	327,667
Deposits and placements with financial institutions	25,000	-	25,000
Loans, advances and financing	89,642	840	90,482
Financial investments available-for-sale	40,024	-	40,024
Derivative financial assets	10,634	-	10,634
Other assets	1,489	-	1,489
Property and equipment	12,335	-	12,335
Intangible asset	1,633	-	1,633
Total assets	508,424		509,264
Liabilities			
Deposits from customers	99,172	-	99,172
Deposits and placements from financial institutions	54,030	-	54,030
Derivative financial liabilities	6,428	-	6,428
Other liabilities	1,181	-	1,181
Deferred tax liabilities	1,215	(210)	1,005
Total liabilities	162,026		161,816
Equity attributable to equity holder of the Bank			
Share capital	350,000	-	350,000
Available-for-sale reserve	18	-	18
Accumulated losses	(3,620)	1,050	(2,570)
Total equity	346,398		347,448
Total liabilities and shareholders' equity	508,424		509,264
Commitment and contingencies	850,095		850,095

2 ACCOUNTING POLICIES (CONTINUED)

2.3 FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

(ii) Financial effects arising from adoption of MFRS Framework

(b) The following are reconciliations of statement of comprehensive income of the Bank for the period ended 31 March 2012:

	FRS 29.11.2010 to 31.3.2012 RM'000	Effects of adopting MFRS RM'000	MFRS 29.11.2010 to 31.3.2012 RM'000
Interest income	12,921	-	12,921
Interest expense	(324)	-	(324)
Net interest income	12,597		12,597
Other operating income	7,960	-	7,960
Net operating income	20,557		20,557
Other operating expenses	(21,603)	-	(21,603)
Operating loss	(1,046)		(1,046)
Impairment allowance on loans, advances and financing	(1,365)	840	(525)
Loss before taxation	(2,411)		(1,571)
Income tax expense	(1,209)	210	(999)
Loss for the financial period	(3,620)		(2,570)
Other comprehensive income:			
Unrealised gain on financial investments available-for-sale	24	-	24
Income tax relating to component of other comprehensive income	(6)	-	(6)
Other comprehensive income for the financial period, net of tax	18	-	18
Total comprehensive income for the financial period	(3,602)		(2,552)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of income and expense in the profit and loss and of assets and liabilities in the statement of financial position, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. This requires the management to exercise their judgement and to make use of information available at the reporting date when making their estimates. The actual future results from operations where management has made use of estimates may in reality differ significantly from those estimates, mainly due to market conditions and changes in credit risk. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

3.1 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS AVAILABLE FOR SALE AND DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of financial investments and derivatives that are not traded in an active market are determined using appropriate valuation techniques based on assumptions of market conditions existed at the reporting date, including reference to quoted market prices and independent dealer quotes for similar financial instruments and discounted cash flows method.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

3.2 IMPAIRMENT OF FINANCIAL INVESTMENTS AFS

The Bank reviews the financial investments AFS at each reporting date to assess whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence, the investments are subject to impairment review.

In carrying out the impairment review, the following management's judgments are required:

(i) Determination whether the investment is impaired based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors; and

(ii) Determination of "significant" or "prolonged" requires judgment and management evaluation on various factors, such as historical fair value movement, the duration and extent of reduction in fair value.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.3 IMPAIRMENT ALLOWANCE LOSSES ON LOANS, ADVANCES AND FINANCING

The Bank reviews its individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the profit or loss. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgements about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Loan, advances and financing that have been assessed individually but for which no impairment loss is required and all individually insignificant loans, advances and financing are then assessed collectively in groups of assets with similar credit risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratio etc.) and judgments on the effect of concentrations of risks (such as the performance of different individual group).

3.4 DEFERRED TAX AND INCOME TAXES

Significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

3.5 GOING CONCERN

The Bank’s management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following are standards and interpretations issued by MASB, but not yet effective, up to the date of issuance of the the Bank's financial statements. The Bank intends to adopt these standards and interpretations, if applicable, when they become effective:

Description	**Effective for annual periods beginning on or after**
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans (Amendments to MFRS 1)*	1 January 2013
MFRS 3 *Business Combinations (IFRS Business Combinations issued by IASB March 2004)*	1 January 2013
MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)*	1 January 2013
MFRS 9 *Financial Instruments*	1 January 2015
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 10 *Consolidated Financial Statements - Transition Guidance (Amendments to MFRS 10)*	1 January 2013
MFRS 10 *Consolidated Financial Statements - Investment Entities (Amendments to MFRS 10)*	1 January 2014
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 11 *Joint Arrangements - Transition Guidance (Amendments to MFRS 11)*	1 January 2013
MFRS 11 *Joint Arrangements - Investment Entities (Amendments to MFRS 11)*	1 January 2014
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities - *Transition Guidance (Amendments to MFRS 12)*	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities - *Investment Entities (Amendments to MFRS 12)*	1 January 2014
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 101 *Presentation of Financial Statements* - *Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)*	1 July 2012
MFRS 119 *Employee Benefits (IAS 19 as amended by IASB in June 2011)*	1 January 2013
MFRS 127 *Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)*	1 January 2013
MFRS 127 *Separate Financial Statements (IAS 27 as amended by IASB in May 2011)*	1 January 2013
MFRS 128 *Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)*	1 January 2013
MFRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)*	1 January 2014
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Description	**Effective for annual periods beginning on or after**
Annual improvements 2009-2011 cycle:	
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* - Repeated application of MFRS 1 and borrowing costs	1 January 2013
MFRS 101 *Presentation of Financial Statements* - Clarification of the requirements for comparative information	1 January 2013
MFRS 116 *Property, Plant and Equipment* - Classification of servicing equipment	1 January 2013
MFRS 132 *Financial Instruments: Presentation* - Tax effect of distribution to holders of equity instruments	1 January 2013
MFRS 134 *Interim Financial Reporting* - Interim financial reporting and segment information for total assets and liabilities	1 January 2013
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instrument*	1 January 2013

MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set-off in accordance with MFRS 132 *Financial Instruments: Presentation* ("MFRS 132"). The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set-off in accordance with MFRS 132. These amendments will not impact the Bank's financial position or performance.

MFRS 9 *Financial Instruments* ("MFRS 9")

MFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of MFRS 139 and applies to classification and measurement of financial assets and liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9 *Financial Instruments - Mandatory Effective Date of MFRS 9 and Transition Disclosures,* issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address impairment and hedge accounting. The Bank will assess the effect of the adoption of the first phase of MFRS 9 in conjunction with the other phases, when issued, to determine the financial implications upon adoption of this standard.

4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

MFRS 13 *Fair Value Measurement* ("MFRS 13")

MFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by MFRS. The Bank does not anticipate significant impact to the financial statements upon adoption of this standard, except for the additional disclosure requirements.

MFRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)*

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on financial investments available-for-sale) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The amendment affects presentation only and has no impact on the Bank’s financial position or performance.

MFRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)*

These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. It will be necessary to assess the impact to the Bank by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

The amendments also clarify the application of the MFRS 132 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Offsetting on the grounds of simultaneous settlement is particularly relevant for the Bank as to where it engages in large numbers of sale and repurchase transactions. Currently, transactions settled through clearing systems are, in most cases, deemed to achieve simultaneous settlement. While many settlement systems are expected to meet the new criteria, some may not. Any changes in offsetting are expected to impact leverage ratios, regulatory capital requirements, etc. The Bank do not anticipate significant impact to the financial statements upon adoption of these amendments.

4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Annual improvements 2009-2011 cycle:

These improvements will not have an impact on the Bank's financial position or performance, but include:

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* - Repeated application of MFRS 1 and borrowing costs

This improvement clarifies that an entity that stopped applying MFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply MFRS 1. If MFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying MFRS.

MFRS 101 *Presentation of Financial Statements* - Clarification of the requirements for comparative information

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

MFRS 116 *Property, Plant and Equipment* - Classification of servicing equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

MFRS 132 *Financial Instruments: Presentation* - Tax effect of distribution to holders of equity instruments

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with MFRS 112 *Income Taxes.*

MFRS 134 *Interim Financial Reporting* - Interim financial reporting and segment information for total assets and liabilities

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

5 CASH AND SHORT-TERM FUNDS

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Cash and balances with banks and other financial institutions	38,238	12,709
Money at call and deposit placements maturing within one month	613,358	314,958
	651,596	327,667

6 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Deposits and placements maturing more than one month	35,927	25,000

7 LOANS, ADVANCES AND FINANCING

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
(a) By type:		
At amortised cost:		
Term loan	80,497	9,451
Revolving credits	198,808	81,556
Gross loans, advances and financing	279,305	91,007
Less: Impairment allowance		
- Collective impairment allowance	(1,833)	(525)
Net loans, advances and financing	277,472	90,482
(b) By geographical distribution:		
Malaysia	279,305	91,007
(c) By type of customer:		
Domestic business enterprise	200,043	58,354
Domestic non-bank financial institutions	79,262	32,653
	279,305	91,007
(d) By interest / profit rate sensitivity:		
Cost plus	279,305	91,007
(e) By economic purpose:		
Purchase of fixed assets other than land and building	64,936	-
Purchase of non-residential property	5,485	8,271
Working capital	208,884	82,736
	279,305	91,007

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
(f) By economic sector:		
Manufacturing	156,372	37,061
Construction	9,640	-
Wholesale and retail trade, and restaurants and hotels	18,526	3,005
Transport, storage and communication	15,505	18,288
Finance, insurance, real estate and business activities	79,262	32,653
	279,305	91,007
(g) By residual contractual maturity:		
Maturity within		
- one year	206,482	81,556
- one to five years	72,823	9,451
	279,305	91,007
(h) Movements in collective assessment for impairment of loans, advances and financing:		
As at 1 April 2012 / 29 November 2010		
- As reported under FRS	1,365	-
- Effect of adoption of MFRS (Note 2.3)	(840)	-
- As reported under MFRS	525	-
Allowance made	1,308	525
At 31 March	1,833	525

8 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
At fair value:		
Malaysian Government Securities	10,242	10,402
Malaysian Government Treasury Bills	84,098	29,622
	94,340	40,024

9 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments allow the Bank to transfer, modify or reduce its foreign exchange and interest rate risks via hedge relationships. Most of the Bank's derivative trading activities relate to deals with customers which the Bank normally enters corresponding positions with counterparties. The Bank may also take positions with the expectation of profiting from favourable movements in prices, rates or indices. The table below shows the Bank’s derivative financial instruments as at the date of statement of financial position. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at the date of statement of financial position are analysed below.

	Notional	<--------- Fair values --------->	
	amount	Assets	Liabilities
As at 31 March 2013	RM'000	RM'000	RM'000
Foreign exchange related contracts			
Foreign exchange forward contracts	374,409	519	(385)
Interest rate related contracts			
Cross-currency interest rate swaps / Interest rate swaps	1,698,028	19,448	(7,269)
Total derivative assets / (liabilities)	2,072,437	19,967	(7,654)

	Notional	<--------- Fair values --------->	
	amount	Assets	Liabilities
As at 31 March 2012	RM'000	RM'000	RM'000
Foreign exchange related contracts			
Foreign exchange forward contracts	234,744	1,086	(982)
Interest rate related contracts			
Cross-currency interest rate swaps	533,731	9,548	(5,446)
Total derivative assets / (liabilities)	768,475	10,634	(6,428)

10 OTHER ASSETS

	Note	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Accrued interest receivable		752	509
Other receivables, deposits and prepayments		1,502	941
Due from holding company	**(a)**	337	39
		2,591	1,489

(a) The amount due from holding company is unsecured, interest-free and repayable on demand.

11 PROPERTY AND EQUIPMENT

	Office equipment, furniture and fittings RM'000	Leasehold improvements RM'000	Computer equipment RM'000	Computer hardware RM'000	Total RM'000
As at 31 March 2013					
Cost					
At 1 April 2012	4,658	6,498	355	2,048	13,559
Additions	130	260	27	458	875
At 31 March 2013	4,788	6,758	382	2,506	14,434
Accumulated depreciation					
At 1 April 2012	543	379	69	233	1,224
Depreciation charged	941	665	124	477	2,207
At 31 March 2013	1,484	1,044	193	710	3,431
Net book value					
At 31 March 2013	3,304	5,714	189	1,796	11,003
As at 31 March 2012					
Cost					
At 29 November 2010	-	-	-	-	-
Additions	4,658	6,498	355	2,048	13,559
At 31 March 2012	4,658	6,498	355	2,048	13,559
Accumulated depreciation					
At 29 November 2010	-	-	-	-	-
Depreciation charged	543	379	69	233	1,224
At 31 March 2012	543	379	69	233	1,224
Net book value					
At 31 March 2012	4,115	6,119	286	1,815	12,335

12 INTANGIBLE ASSET - COMPUTER SOFTWARE

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Cost		
At 1 April 2012 / 29 November 2010	1,747	-
Additions	1,289	1,747
At 31 March	3,036	1,747
Accumulated amortisation		
At 1 April 2012 / 29 November 2010	114	-
Amortisation charged	394	114
At 31 March	508	114
Net book value		
At 31 March	2,528	1,633

13 DEPOSITS FROM CUSTOMERS

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
(a) By type of deposit:		
- Demand deposits	244,827	19,672
- Fixed deposits	31,839	43,100
- Short-term deposits	300,956	36,400
	577,622	99,172
(b) By type of customer:		
- Domestic non-bank financial institutions	25,506	16,150
- Domestic business enterprises	541,063	83,022
- Foreign business enterprises	11,053	-
	577,622	99,172
(c) Maturity structure:		
- On demand	244,827	19,672
- Due within six months	273,795	59,500
- Due within six months to one year	59,000	20,000
	577,622	99,172

14 DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Licensed banks	151,995	54,030

15 OTHER LIABILITIES

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Accrued interest payable	626	67
Other accruals	127	136
Other payables	3,041	978
	3,794	1,181

16 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position.

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
At 1 April 2012 / 29 November 2010		
- As reported under FRS	(1,215)	-
- Effect of adoption of MFRS	210	-
- As reported under MFRS	(1,005)	
Recognised in the income statement	(339)	(999)
Recognised in equity	(3)	(6)
At 31 March	(1,347)	(1,005)

16 DEFERRED TAX LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the financial period comprise the following:

	Unutilised tax losses allowances RM'000	Excess of depreciation over capital allowances RM'000	Financial investments available-for-sale RM'000	Provisions RM'000	Total RM'000
As at 31 March 2013					
At 1 April 2012					
- As reported under FRS	331	(1,881)	(6)	341	(1,215)
- Effects of adoption of MFRS	-	-	-	210	210
- As reported under MFRS	331	(1,881)	(6)	551	(1,005)
Recognised in the income statement	(331)	41	-	(49)	(339)
Recognised in equity	-	-	(3)	-	(3)
At 31 March 2013	-	(1,840)	(9)	502	(1,347)
As at 31 March 2012					
At 29 November 2010	-	-	-	-	-
Effect of adoption of MFRS	-	-	-	210	210
Recognised in the income statement	331	(1,881)	-	341	(1,209)
Recognised in equity	-	-	(6)	-	(6)
At 31 March 2012	331	(1,881)	(6)	551	(1,005)

17 SHARE CAPITAL

	Number of ordinary share of RM 1 each		Amount	
	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Ordinary shares of RM1.00 each:				
Authorised:				
At 1 April 2012 / 29 November 2010	1,000,000	-	1,000,000	-
Created during the financial year/period	-	1,000,000	-	1,000,000
At 31 March	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 April 2012/29 November 2010	350,000	-	350,000	-
Issued during the financial year/period	-	350,000	-	350,000
At 31 March	350,000	350,000	350,000	350,000

18 RESERVES

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Accumulated profit / (loss)	2,986	(2,570)
Available-for-sale reserve	26	18
	3,012	(2,552)

19 INTEREST INCOME

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Loans, advances and financing		
- Interest income other than from impaired loans	6,199	667
Money at call and deposit placements with financial institutions	15,067	11,451
Net gain from cross-currency interest rate swap	2,166	411
Financial investments available-for-sale	959	392
	24,391	12,921

20 INTEREST EXPENSE

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Money at call and deposit placements from financial institutions	316	3
Deposits from customers	8,612	321
	8,928	324

21 OTHER OPERATING INCOME

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Fee income	5,218	1,714
Net unrealised gain on revaluation of derivatives	8,194	4,120
Realised foreign exchange gain	10,385	1,889
Realised gain on disposal of financial investments available-for-sale	1,572	151
Unrealised foreign exchange gain	890	86
Other extraordinary income	2	-
	26,261	7,960

22 OTHER OPERATING EXPENSES

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Personnel costs		
Salaries, allowances and bonuses	11,404	5,116
Contribution to Employees Provident Fund	1,100	432
Other staff related costs	3,956	1,940
Establishment costs		
Repair and maintenance	1,195	1,116
Depreciation of property and equipment	2,207	1,224
Amortisation of intangible asset	394	114
Rental of premises	1,655	1,849
Information technology expenses	2,882	2,784
Others	271	239
Marketing expenses		
Advertisement and publicity	77	300
Others	102	320
Administration and general expenses		
Communication expenses	648	808
Legal and professional fees	3,835	3,902
Others	3,174	1,459
	32,900	21,603

The above expenditure includes the following statutory disclosures:

Directors' remuneration (Note 23)	1,260	797
Auditors' remuneration:		
- Statutory audit	120	100
- Other audit	-	16
- Other services	50	20

23 DIRECTORS' REMUNERATION

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Managing Director/Executive Director		
- Salary and other remuneration	835	519
- Bonus	187	91
- Benefits-in-kind	113	84
	1,135	694
Non-executive Directors		
- Fees	96	98
- Allowances	29	5
	125	103
	1,260	797

The details of the Directors of the Bank in office, and their interests in shares and shares options during the financial year are disclosed in the Directors' Report.

The number of Directors of the Bank whose total remuneration during the financial year fell within the following bands is analysed below:

	1.4.2012 to 31.3.2013	29.11.2010 to 31.3.2012
Executive Directors		
Above RM500,000	1	1
Non-Executive Directors		
RM50,000 - RM100,000	2	1
RM1 - RM49,999	-	1

24 IMPAIRMENT ALLOWANCE ON LOANS, ADVANCES AND FINANCING

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Collective impairment allowance	1,308	525

25 TAXATION

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Tax expense for the year / period		
Malaysian income tax	1,621	-
Deferred tax:		
Relating to origination and reversal of temporary differences	631	999
Over provision in prior period	(292)	-
	339	999
Income tax expense	1,960	999

Income tax is calculated at the Malaysian statutory rate of 25% (2012: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Bank is as follows:

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Profit / (loss) before taxation	7,516	(1,571)
Taxation at Malaysian statutory tax rate of 25%	1,879	(393)
Expenses not deductible for tax purposes	373	1,392
(Over) / under provision of deferred tax in prior period	(292)	-
Tax expense for the year / period	1,960	999

26 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those person having authority and responsibility for planning, directing and controlling the activities of the Bank, either directly or indirectly. The key management personnel includes all the directors and managing director of the Bank.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Bank are as follows:

(a) Related party transactions

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Interest Income		
Cash and short-term funds placed with holding bank and its branches	80	21
Interest Expense		
Deposits and placements from holding bank and its branches	201	2

(b) Related party balances

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Amount due from holding bank:		
- Cash and short term funds	105,375	47,824
- Deposits and placements with financial institutions	927	-
- Interest receivable on deposits and other receivables	338	39
- Derivative assets	285	-
	106,925	47,863
Amount due to holding bank:		
- Deposits and placements from financial institutions	151,382	51,138
- Interest payable on deposits and other payables	343	2
- Derivative liabilities	413	-
	152,138	51,140

26 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(c) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The remuneration of key management personnel included in the profit or loss was as follows:

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000
Salary and emoluments	4,974	3,218
Defined contribution plan	530	281
Benefits-in-kind	672	516
	6,176	4,015

27 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions.

As at 31 March 2013	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutions	2,757	2,757	2,757
Transaction related contingent items	21,720	10,860	5,816
Foreign exchange related contracts			
- One year or less	374,409	9,491	5,449
Interest / Profit related contracts			
- One year or less	3,052	136	92
- Over one year to five years	1,565,684	171,081	132,704
- Over five years	129,292	23,987	18,267
Other commitments, such as formal standby facilities and credit lines, with original maturity of over one year	14,000	7,000	7,000
Any commitments that are unconditionally cancelled at any time without prior notice	166,403	-	-
Total	2,277,317	225,312	172,085

As at 31 March 2012	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Foreign exchange related contracts			
- less than one year	234,744	10,539	4,745
Interest / Profit related contracts			
- one year to less than five years	533,731	72,415	47,664
Other commitments, such as formal standby facilities and credit lines, with original maturity of over one year	20,000	10,000	10,000
Any commitments that are unconditionally cancelled at any time without prior notice	61,620	-	-
Total	850,095	92,954	62,409

*The credit equivalent amount is arrived at using the credit conversion factors as stated in the Bank Negara Malaysia guidelines.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Bank’s principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Bank’s operations and to provide guarantees to support its operations. The Bank has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Bank also holds available-for-sale investments and enters into derivative transactions.

Risk Management Department ("RMD") is responsible for identifying, monitoring, analysing and reporting the principal risks to which the Bank is exposed. In facilitating the Bank’s achievement of its objectives whilst operating in a sound business environment, teams from RMD are engaged from an early stage in the risk process for independent inputs and risk assessments.

The approach adopted by RMD in maintaining effective oversight on day-to-day risk taking activities while continuously enhancing its infrastructure to provide a more holistic view of its risk exposures and positions has enabled the Bank to better manage the challenges arising from the uncertainties and market volatility.

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

- Identify the various risk exposures and risk capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk positions are within the risk appetite; and
- Regular updating of risk management principles, policies, procedures and practices to ensure relevance and compliance with current/applicable laws and regulations.

Strong risk governance supports Integrated Risk Management ("IRM") approach. The Board of Directors through the Board Risk Management Committee ("BRMC") is ultimately responsible for the implementation of IRM. RMD has been principally tasked to assist the various risk committees and undertakes the performance of the day-to-day risk management functions of the IRM.

Establishment of the three (3) lines of Defence Concept – risk taking units, risk control units and internal audit. The risk taking units manage the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management framework and developing tools and methodologies. Complementing this is internal audit, which provides independent assurance of the effectiveness of the risk management approach.

The CEO, with the Board’s support, has established various management level risk committees to assist and support the Board Risk Management Committees in the operations of the Bank. The Asset Liability Management Committee ("ALMC") is chaired by the CEO on a monthly basis and Credit Risk Management Committee ("CRMC") is chaired by the Independent Non-Executive Director of the Bank.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management

Major areas of the Bank's risk management are as follows:

Credit risk is defined as arising from losses when the counterparty which has an lending exposure is unable to meet its obligations as a result of bankruptcy or other circumstances, or when the possibility of such non-performance of obligations increases, resulting in a loss of the value of the assets. The purpose of credit risk management is to keep credit risk exposure to an acceptable level set in accordance with the Internal and BNM requirement under the "Single Customer Credit Limit" (SCCL), "Large Exposure Limit" and "Transaction with Connected Parties".

These limits are monitored on a daily basis to control and prevent the excessive concentration of risk exposure in certain counterparty. In addition, those counterparties for which the judgment is made that these counterparties should be treated with caution from a credit risk perspective are managed on an individual basis.

The credit approving authority is established and documented in Mizuho Corporate Bank Group's credit policy. The Mizuho Corporate Bank Group adopts a multi-tiered credit approving authority spanning various delegated authorities and consultation with Head Office.

The Credit Risk Management Committee is set up to enhance the efficiency and effectiveness of the credit oversight. The Committee ensures the overall loan/financing portfolio meets the guidelines of the regulatory authorities and adherence to the approved credit policies and procedures.

Adherence to established credit limits is monitored daily by RMD, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty.

It is a policy of the Bank that all exposures must be rated or scored based on the appropriate internal rating models. The credit rating models for corporate customers are designed to assess the credit worthiness in paying their obligations, derived from risk factors such as financial history and demographics or company profile.

This credit rating models are developed and implemented to standardise and enhance the credit decision-making process for the Mizuho Corporate Bank Group's corporate exposures.

Credit reviews and rating are conducted on the credit exposures on an annual basis and more frequently when material information on the obligor or other external factors come to light.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(i) Maximum exposure to credit risk

The maximum exposure to credit risk at the statements of financial position is the amounts on the statements of financial position as well as commitments and contingencies, without taking into account of any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Bank:

	As at 31.3.2013 RM'000	As at 31.3.2012 RM'000
Credit risk exposure:		
Cash and short-term funds	651,596	327,667
Deposits and placements with financial institutions	35,927	25,000
Loans, advances and financing	277,472	90,482
Financial investments available-for-sale	94,340	40,024
Other assets	2,591	1,489
Derivative financial assets	19,967	10,634
	1,081,893	495,296
Commitments and contingencies	2,277,317	850,095
Total maximum credit risk exposure	3,359,210	1,345,391

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(ii) Credit risk concentration profile

As at 31 March 2013	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Loans, advances and financing RM'000	Financial investments available-for-sale RM'000	Other assets RM'000	Derivative financial assets RM'000	Total RM'000	Commitments and contingencies RM'000
Manufacturing	-	-	156,372	-	-	6,332	162,704	627,541
Construction	-	-	9,640	-	-	-	9,640	19,598
Wholesale and retail trade, and restaurants and hotels	-	-	18,526	-	-	4,546	23,072	171,874
Finance, insurance, real estate and business activities	651,596	35,927	79,262	-	2,591	9,089	778,465	1,442,888
Transport, storage and communication	-	-	15,505	-	-	-	15,505	15,416
Others	-	-	-	94,340	-	-	94,340	-
	651,596	35,927	279,305	94,340	2,591	19,967	1,083,726	2,277,317
Less: Collective allowance	-	-	(1,833)	-	-	-	(1,833)	-
	651,596	35,927	277,472	94,340	2,591	19,967	1,081,893	2,277,317

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(ii) Credit risk concentration profile

As at 31 March 2012	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Loans, advances and financing RM'000	Financial investments available-for-sale RM'000	Other assets RM'000	Derivative financial assets RM'000	Total RM'000	Commitments and contingencies RM'000
Manufacturing	-	-	37,061	-	-	7,082	44,143	315,964
Construction	-	-	-	-	-	-	-	20,000
Wholesale and retail trade, and restaurants and hotels	-	-	3,005	-	-	-	3,005	-
Finance, insurance, real estate and business activities	327,667	25,000	32,653	-	1,489	3,502	390,311	495,904
Transport, storage and communication	-	-	18,288	-	-	50	18,338	18,227
Others	-	-	-	40,024	-	-	40,024	-
	327,667	25,000	91,007	40,024	1,489	10,634	495,821	850,095
Less: Collective allowance	-	-	(525)	-	-	-	(525)	-
	327,667	25,000	90,482	40,024	1,489	10,634	495,296	850,095

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(iii) Credit quality

For the purposes of disclosure relating to MFRS 7, all financial assets are categorised into the following:

- Neither past due nor impaired
- Past due but not impaired
- Past due and impaired

The five (5) credit quality categories set out and defined as follows, from very low to high, apart from impaired, describe the credit quality of the Bank's lending. These classifications encompass a range of more granular, internal gradings assigned to loans, advances and financing whilst external gradings are applied to securities. There is no direct correlation between the internal and external ratings at a granular level, except the extent each falls within a single credit quality band.

Risk Category	Probability of default (“PD”) Grade	Comparable external rating
Ordinary	A - D	AAA to BBB-
Special attention	E	CCC or lower
To be insolvent	F	
Unrecoverable	G	
Insolvent	H	

Risk category is described as below:

Ordinary	Obligors rated in this category are those whose business performance is satisfactory and whose financial conditions show no particular problems.
Special attention	Obligors rated in this category are those that need special attention regarding the future management of their credit risks.
To be insolvent	Obligors rated in this category are those who are not insolvent at present but are in business difficulty with little progress in their business restructuring plans, etc. and are considered very likely to become insolvent in the future (including obligors receiving support from other financial institutions, etc.).
Unrecoverable	Obligors rated in this category are those who are not in the legal or formal status of insolvency but are in serious business difficulty with no prospects of rebuilding and are considered to have become insolvent essentially.
Insolvent	Obligors rated in this category are those who are in the legal or formal status of insolvency.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(iii) Credit quality (continued)

Credit quality of financial assets - gross loans, advances and financing

	Neither past due nor impaired RM'000	Total RM'000
As at 31 March 2013		
Term loan	80,497	80,497
Revolving credits	198,808	198,808
Gross loans, advances and financing	279,305	279,305
Less: Impairment allowance		
- Collective impairment allowance	(1,833)	(1,833)
Net loans, advances and financing	277,472	277,472
As a percentage of total loans, advances and financing	100.00%	100.00%

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(iii) Credit quality (continued)

Credit quality of financial assets - gross loans, advances and financing (continued)

Summary of risk categories of gross loans, advances and financing of the Bank are assessed based on credit quality classification as described in Note 28(a)(iii).

	<---------------------- Neither past due nor impaired				---------------------->	
As at 31 March 2013	**Ordinary RM'000**	**Special attention RM'000**	**To be insolvent RM'000**	**Unrecoverable RM'000**	**Insolvent RM'000**	**Total RM'000**
Term loan	80,497	-	-	-	-	80,497
Revolving credits	186,628	12,180	-	-	-	198,808
Total - Neither past due nor impaired	267,125	12,180	-	-	-	279,305
As a percentage of total loans, advances and financing	95.64%	4.36%	0.00%	0.00%	0.00%	100.00%

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(iii) Credit quality (continued)

Credit quality of financial assets - gross loans, advances and financing (continued)

As at 31 March 2012	Neither past due nor impaired RM'000	Total RM'000
Term loan	9,451	9,451
Revolving credits	81,556	81,556
Gross loans, advances and financing	91,007	91,007
Less: Impairment allowance		
- Collective impairment allowance	(525)	(525)
Net loans, advances and financing	90,482	90,482
As a percentage of total loans, advances and financing	100.00%	100.00%

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(iii) Credit quality (continued)

Credit quality of financial assets - gross loans, advances and financing (continued)

Summary of risk categories of gross loans, advances and financing of the Bank are assessed based on credit quality classification as described in Note 28(a)(iii).

	<----------------------- Neither past due nor impaired ----------------------->					
As at 31 March 2012	**Ordinary RM'000**	**Special attention RM'000**	**To be insolvent RM'000**	**Unrecoverable RM'000**	**Insolvent RM'000**	**Total RM'000**
Term loan	9,451	-	-	-	-	9,451
Revolving credits	81,556	-	-	-	-	81,556
Total - Neither past due nor impaired	91,007	-	-	-	-	91,007
As a percentage of total loans, advances and financing	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(iii) Credit quality (continued)

Credit quality of financial assets - financial investments portfolio and other financial assets

As at 31 March 2013	Neither past due nor impaired RM'000	Total RM'000
Cash and short-term funds	651,596	651,596
Deposits and placements with financial institutions	35,927	35,927
Financial investments available-for-sale	94,340	94,340
Other assets	2,591	2,591
Derivative financial assets	19,967	19,967
	804,421	804,421
As a percentage of total gross balances	100.00%	100.00%

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(iii) Credit quality (continued)

Credit quality of financial assets - financial investments portfolio and other financial assets (continued)

Summary of risk categories of financial investments portfolio and other financial assets of the Bank are assessed based on credit quality classification as described in Note 28(a)(iii).

	<-------------------------- Neither past due nor impaired -------------------------->					
As at 31 March 2013	**Ordinary RM'000**	**Special attention RM'000**	**To be insolvent RM'000**	**Unrecoverable RM'000**	**Insolvent RM'000**	**Total RM'000**
Cash and short-term funds	651,596	-	-	-	-	651,596
Deposits and placements with financial institutions	35,927	-	-	-	-	35,927
Financial investments available-for-sale	94,340	-	-	-	-	94,340
Other assets	2,591	-	-	-	-	2,591
Derivative financial assets	19,967	-	-	-	-	19,967
Total - neither past due nor impaired	804,421	-	-	-	-	804,421
As a percentage of gross balances	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(iii) Credit quality (continued)

Credit quality of financial assets - financial investments portfolio and other financial assets (continued)

As at 31 March 2012	Neither past due nor impaired RM'000	Total RM'000
Cash and short-term funds	327,667	327,667
Deposits and placements with financial institutions	25,000	25,000
Financial investments available-for-sale	40,024	40,024
Other assets	1,489	1,489
Derivative financial assets	10,634	10,634
	404,814	404,814
As a percentage of total gross balances	100.00%	100.00%

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk Management (continued)

(iii) Credit quality (continued)

Summary of risk categories of financial investments portfolio and other financial assets of the Bank are assessed based on credit quality classification as described in Note 28(a)(iii).

As at 31 March 2012	<---------------------------- Neither past due nor impaired ----------------------------> Ordinary RM'000	Special attention RM'000	To be insolvent RM'000	Unrecoverable RM'000	Insolvent RM'000	Total RM'000
Cash and short-term funds	327,667	-	-	-	-	327,667
Deposits and placements with financial institutions	25,000	-	-	-	-	25,000
Financial investments available-for-sale	40,024	-	-	-	-	40,024
Other assets	1,489	-	-	-	-	1,489
Derivative financial assets	10,634	-	-	-	-	10,634
Total - neither past due nor impaired	404,814	-	-	-	-	404,814
As a percentage of gross loans	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market Risk Management

Market risk is defined as the risk of potential losses due to the impact of fluctuations in interest rates and foreign exchange rates on the values of the assets and liabilities held (including off-balance sheet items).

Broadly, the Bank is exposed to two major types of market risk namely interest/benchmark rate risk and foreign exchange risk.

The Bank manages those market risks by transferring the risk to another party such as entering into a back-to-back deal with external counterparties. This reduces the negative effect or probability of the risk through offsetting positions of a particular risk.

RMD controls the exposure by setting the limits which is in accordance to Head Office. RMD monitors the exposures through Foreign Exchange Position Limit, Interest Rate 10BPV and Foreign Exchange Positions 10BPV.

These position limits are monitored on a daily basis and changes in market value of the Bank's treasury portfolio due to interest rate and foreign exchange movements are reported to the CEO.

Liquidity Risk forms part of Market Risk and is defined as the risk that the Bank will be unable to secure necessary funding due to deteriorating financial condition or a similar reason, and will therefore be unable to meet cash flow requirements, or that it will suffer a loss because it is compelled to pay interest rates significantly higher than normal rates to secure funding.

RMD monitors its cash-in and cash-out positions on a daily basis. The funding gap is used as a tool to monitor and control liquidity risk exposure. This is to ensure that the Bank maintains sufficient amount of liquidity buffer as a protection against any unforeseen interruption to cash flow.

RMD conducts rehearsal for local currency regularly to ensure the effectiveness and operational feasibility of the Liquidity Contingency Plan. The key aspects of the testing are to focus on the preparedness of the Bank in handling a simulated distress funding situation. It also provides exposure and develops capabilities on how to respond to a liquidity crisis situation and operate effectively with each other under challenging circumstances.

The Bank's liquidity risk position and market risk are discussed and managed at the Asset Liability Management Committee ("ALMC") on a monthly basis and BRMC once every quarter in line with the approved guidelines and policies.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market Risk Management (continued)

(i) Interest Rate Risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The following tables indicate the periods in which the financial instruments reprice or mature, whichever is earlier.

	<------------------------- Non-trading book			------------------------>		
	Up to 1 Month RM '000	> 1 to 3 Months RM '000	> 3 to 12 Months RM '000	> 1 to 5 Years RM '000	Non-Interest Sensitive RM '000	Trading Book RM '000	Total RM '000
As at 31 March 2013							
Assets							
Cash and short-term funds	613,358	-	-	-	38,238	-	651,596
Deposits and placements with financial institutions	-	35,927	-	-	-	-	35,927
Financial investments available-for-sale	19,988	19,861	44,248	10,243	-	-	94,340
Loans, advances and financing	160,436	17,778	28,268	72,823	(1,833)	-	277,472
Derivative financial assets	-	-	-	-	-	19,967	19,967
Other assets	-	-	-	-	16,122	-	16,122
Total assets	793,782	73,566	72,516	83,066	52,527	19,967	1,095,424

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market Risk Management (continued)

(i) Interest Rate Risk (continued)

	<--- Non-trading book				--->		
	Up to 1 Month RM '000	> 1 to 3 Months RM '000	> 3 to 12 Months RM '000	> 1 to 5 Years RM '000	Non-Interest Sensitive RM '000	Trading Book RM '000	Total RM '000
As at 31 March 2013							
Liabilities							
Deposits from customers	230,868	35,927	66,000	-	244,827	-	577,622
Deposits and placements from financial institutions	11,739	67,994	9,223	-	63,039	-	151,995
Derivatives financial liabilities	-	-	-	-	-	7,654	7,654
Other liabilities	-	-	-	-	5,141	-	5,141
Total liabilities	242,607	103,921	75,223	-	313,007	7,654	742,412
Shareholder's equity	-	-	-	-	353,012	-	353,012
Total liabilities and shareholder's equity	242,607	103,921	75,223	-	666,019	7,654	1,095,424
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	551,175	(30,355)	(2,707)	83,066	(613,492)	12,313	-

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market Risk Management (continued)

(i) Interest Rate Risk (continued)

	<------------------------- Non-trading book			------------------------->		
	Up to 1 Month RM '000	> 1 to 3 Months RM '000	> 3 to 12 Months RM '000	> 1 to 5 Years RM '000	Non-Interest Sensitive RM '000	Trading Book RM '000	Total RM '000
As at 31 March 2012							
Assets							
Cash and short-term funds	314,958	-	-	-	12,709	-	327,667
Deposits and placements with financial institutions	-	25,000	-	-	-	-	25,000
Financial investments available-for-sale	-	19,859	9,762	10,403	-	-	40,024
Loans, advances and financing	65,533	-	16,023	9,451	(525)	-	90,482
Derivative financial assets	-	-	-	-	-	10,634	10,634
Other assets	-	-	-	-	15,457	-	15,457
Total assets	380,491	44,859	25,785	19,854	27,641	10,634	509,264

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

NOTES TO THE FINANCIAL STATEMENTS
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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market Risk Management (continued)

(i) Interest Rate Risk (continued)

	<------------------------ Non-trading book ------------------------>						
	Up to 1 Month RM '000	> 1 to 3 Months RM '000	> 3 to 12 Months RM '000	> 1 to 5 Years RM '000	Non-Interest Sensitive RM '000	Trading Book RM '000	Total RM '000
As at 31 March 2012							
Liabilities							
Deposits from customers	29,500	20,000	30,000	-	19,672	-	99,172
Deposits and placements from financial institutions	-	8,266	-	-	45,764	-	54,030
Derivatives financial liabilities	-	-	-	-	-	6,428	6,428
Other liabilities	-	-	-	-	2,186	-	2,186
Total liabilities	29,500	28,266	30,000	-	67,622	6,428	161,816
Shareholder's equity	-	-	-	-	347,448	-	347,448
Total liabilities and shareholder's equity	29,500	28,266	30,000	-	415,070	6,428	509,264
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	350,991	16,593	(4,215)	19,854	(387,429)	4,206	-

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market Risk Management (continued)

(ii) Currency risk

The table below analyses the net foreign exchange positions of the Bank as at 31 March 2013 and 31 March 2012, by major currencies, which are mainly in Ringgit Malaysia, US Dollar and Japanese Yen. The "others" foreign exchange risk include mainly exposure to Singapore Dollar, the Great Britain Pound, Hong Kong Dollar, Euro and Thailand Baht.

As at 31 March 2013	Malaysian Ringgit RM '000	United States Dollar RM '000	Japanese Yen RM '000	Others RM '000	Total RM '000
Assets					
Cash and short-term funds	544,283	73,285	33,447	581	651,596
Deposits and placements with financial institutions	35,000	927	-	-	35,927
Loans, advances and financing	181,984	89,595	5,893	-	277,472
Financial investments available-for-sale	94,340	-	-	-	94,340
Derivative financial assets	546	19,421	-	-	19,967
Other assets	2,575	16	-	-	2,591
Property and equipment	11,003	-	-	-	11,003
Intangible asset	2,528	-	-	-	2,528
Total assets	872,259	183,244	39,340	581	1,095,424
Liabilities					
Deposits from customers	524,566	27,573	25,007	476	577,622
Deposits and placements from financial institutions	613	137,385	13,993	4	151,995
Derivative financial liabilities	401	7,253	-	-	7,654
Other liabilities	3,451	19	323	1	3,794
Deferred tax liabilities	1,347	-	-	-	1,347
Total liabilities	530,378	172,230	39,323	481	742,412
On-balance sheet open position	341,881	11,014	17	100	353,012
Less: Derivative assets	(546)	(19,421)	-	-	(19,967)
Add: Derivative liabilities	(401)	(7,253)	-	-	(7,654)
Net open position	340,934	(15,660)	17	100	325,391

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market Risk Management (continued)

(ii) Currency risk (continued)

As at 31 March 2012	Malaysian Ringgit RM '000	United States Dollar RM '000	Japanese Yen RM '000	Others RM '000	Total RM '000
Assets					
Cash and short-term funds	278,823	38,678	10,139	27	327,667
Deposits and placements with financial institutions	25,000	-	-	-	25,000
Loans, advances and financing	82,223	8,259	-	-	90,482
Financial investments available-for-sale	40,024	-	-	-	40,024
Derivative financial assets	-	10,634	-	-	10,634
Other assets	1,489	-	-	-	1,489
Property and equipment	12,335	-	-	-	12,335
Intangible asset	1,633	-	-	-	1,633
Total assets	441,527	57,571	10,139	27	509,264
Liabilities					
Deposits from customers	93,847	3,365	1,960	-	99,172
Deposits and placements from financial institutions	2,892	43,339	7,795	4	54,030
Derivative financial liabilities	-	6,428	-	-	6,428
Other liabilities	501	305	375	-	1,181
Deferred tax liabilities	1,005	-	-	-	1,005
Total liabilities	98,245	53,437	10,130	4	161,816
On-balance sheet open position	343,282	4,134	9	23	347,448
Less: Derivative assets	-	(10,634)	-	-	(10,634)
Add: Derivative liabilities	-	(6,428)	-	-	(6,428)
Net open position	343,282	(12,928)	9	23	330,386

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market Risk Management (continued)

(ii) Currency risk (continued)

Sensitivity analysis - impact on profit / loss after taxation

	1.4.2012 to 31.3.2013 RM'000	29.11.2010 to 31.3.2012 RM'000	
• if USD weaken by 100 basis points (or 1%)	(1,519)	(628)	(gain)
• if JPY weaken by 100 basis points (or 1%)	426	771	loss
• if SGD weaken by 100 basis points (or 1%)	317	231	loss
• if other currencies weaken by 100 basis points (or 1%)	688	-	loss
	(88)	374	net (gain) / loss

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its cash flow obligations as they fall due, such as upon the maturity of deposits and loan draw downs.

The table below analyses assets and liabilities (inclusive of non-financial instruments) of the Bank in the relevant maturity tenures based on remaining contractual maturities as at 31 March 2013 and 31 March 2012.

The disclosure is made in accordance with the requirement of "Guidelines on Financial Reporting for Banking Institutions" issued by BNM:

Contractual maturity of total assets and liabilities

As at 31 March 2013	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	651,596	-	-	-	-	-	651,596
Deposits and placements with financial institutions	-	35,927	-	-	-	-	35,927
Loans, advances and financing	158,795	17,729	28,221	72,727	-	-	277,472
Financial investments available-for-sale	19,988	19,861	44,248	10,243	-	-	94,340
Derivative financial assets	519	-	37	18,047	1,364	-	19,967
Other assets	737	22	-	-	-	1,832	2,591
Property and equipment	-	-	-	-	-	11,003	11,003
Intangible asset	-	-	-	-	-	2,528	2,528
Total assets	831,635	73,539	72,506	101,017	1,364	15,363	1,095,424

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Contractual maturity of total assets and liabilities (continued)

As at 31 March 2013	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	475,695	35,927	66,000	-	-	-	577,622
Deposits and placements from financial institutions	74,778	67,994	9,223	-	-	-	151,995
Derivative financial liabilities	385	-	33	7,144	92	-	7,654
Other liabilities	2,124	53	1,612	5	-	-	3,794
Deferred tax liabilities	-	-	-	-	-	1,347	1,347
Total liabilities	552,982	103,974	76,868	7,149	92	1,347	742,412
Net liquidity gap	278,653	(30,435)	(4,362)	93,868	1,272	14,016	353,012

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Contractual maturity of total assets and liabilities (continued)

As at 31 March 2012	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	327,667	-	-	-	-	-	327,667
Deposits and placements with financial institutions	-	25,000	-	-	-	-	25,000
Loans, advances and financing	65,034	-	16,011	9,437	-	-	90,482
Financial investments available-for-sale	-	19,859	9,762	10,403	-	-	40,024
Derivative financial assets	1,086	-	-	9,548	-	-	10,634
Other assets	-	-	-	-	-	1,489	1,489
Property and equipment	-	-	-	-	-	12,335	12,335
Intangible asset	-	-	-	-	-	1,633	1,633
Total assets	393,787	44,859	25,773	29,388	-	15,457	509,264

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Contractual maturity of total assets and liabilities (continued)

As at 31 March 2012	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	No specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	49,172	20,000	30,000	-	-	-	99,172
Deposits and placements from financial institutions	45,764	8,266	-	-	-	-	54,030
Derivative financial liabilities	982	-	-	5,446	-	-	6,428
Other liabilities	1,000	153	28	-	-	-	1,181
Deferred tax liabilities	-	-	-	-	-	1,005	1,005
Total liabilities	96,918	28,419	30,028	5,446	-	1,005	161,816
Net liquidity gap	734,717	45,120	42,478	95,571	1,364	14,358	933,608

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities as at 31 March 2013 and 31 March 2012. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit analysis. The Bank manages inherent liquidity risk based on discounted expected cash flows.

As at 31 March 2013	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	Total RM'000
Non-derivative liabilities						
Deposits from customers	475,695	35,927	66,000	-	-	577,622
Deposits and placements from financial institutions	74,778	67,994	9,223	-	-	151,995
Other liabilities	3,221	720	1,843	-	-	5,784
	553,694	104,641	77,066	-	-	735,401
Commitment and contingencies						
Direct credit substitutes	-	-	2,757	-	-	2,757
Transaction related contingencies	-	-	20,626	1,094	-	21,720
Foreign exchange related contracts	1,555	13,037	208,531	151,286	-	374,409
Interest / profit related contracts	-	-	-	508,691	1,189,337	1,698,028
Other commitments, such as formal standby facilities and credit lines, with an original maturity over one year	-	-	-	14,000	-	14,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	-	-	-	166,403	-	166,403
	1,555	13,037	231,914	841,474	1,189,337	2,277,317

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis (continued)

As at 31 March 2012	Up to 1 Month RM'000	> 1 to 3 Months RM'000	> 3 to 12 Months RM'000	> 1 to 5 Years RM'000	Over 5 Years RM'000	Total RM'000
Non-derivative liabilities						
Deposits from customers	49,172	20,000	30,000	-	-	99,172
Deposits and placements from financial institutions	45,764	8,266	-	-	-	54,030
Other liabilities	1,124	30	310	644	-	2,108
	96,060	28,296	30,310	644	-	155,310
Commitment and contingencies						
Direct credit substitutes	-	-	-	-	-	-
Transaction related contingencies	-	-	-	-	-	-
Foreign exchange related contracts	-	-	49,462	185,282	-	234,744
Interest / profit related contracts	-	-	-	533,731	-	533,731
Other commitments, such as formal standby facilities and credit lines, with an original maturity over one year	-	-	-	20,000	-	20,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	-	-	-	61,620	-	61,620
	-	-	49,462	800,633	-	850,095

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Operational Risk Management

The Bank defines operational risk as the risk of loss that it may incur resulting from inadequate or failed internal processes, people and systems, or from external events. The following risk categories are included in the Bank's definition of operational risk.

(i) *Information Technology Risk*
Risk that clients may suffer service disruptions, or that clients or the Bank may incur losses arising from system defects such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer systems.

(ii) *Operations Risk*
Risk that clients may suffer service disruptions, as well as the risk that clients or the Bank may incur losses because senior executives or employees fail to fulfil their tasks properly, cause accidents, or otherwise act improperly.

(iii) *Legal Risk*
Risk that the Bank may incur losses due to violation of laws and regulations, breach of contract, entering into improper contracts, or other legal factors.

(iv) *Human Resources Risk*
Risk that the Bank may incur losses due to drain or loss of personnel, deterioration of morale, inadequate development of human resources, inappropriate working schedules, an inappropriate working and safety environment, inequality or inequity in human resource management, or discriminatory conduct.

(v) *Tangible Asset Risk*
Risk that the Bank may incur losses from damage to tangible assets or a decline in the quality of working environment as a result of disasters, criminal actions, or defects in asset maintenance.

(vi) *Regulatory Change Risk*
Risk that the Bank may incur losses due to changes in various regulations or systems, such as those related to law, taxation, and accounting.

(vii) *Reputational Risk*
Risk that the Bank may incur losses due to damage to its credibility or the value of the "Mizuho" brand when market participants or others learn about, or the media reports on, various adverse events, including actual materialization of risks or false rumours.

As part of initiatives to improve operational risk management, “Control Self-Assessments” (CSAs), is implemented every six months by all departments to identify operational risk issues in the departments to reduce such risk. “Key Risk Indicator” (KRI), also being implemented on a quarterly basis to reduce operational risk.

29 CAPITAL MANAGEMENT

The objective of the Bank's capital management policy is to maintain an adequate level of capital to support business growth strategies under an acceptable risk framework, and to meet its regulatory requirements and market expectations.

The Bank's capital management process involves a careful analysis of the capital requirement to support business growth. The Bank regularly assesses their capital adequacy under various scenarios on a forward looking perspective for the purpose of capital planning and management to ensure that the capital is at the level suitable for the prevailing business conditions.

The Bank's capital requirements and capital adequacy ratios, in accordance with BNM's revised Risk Weighted Capital Adequacy Framework (RWCAF): Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II) are disclosed in Note 31.

30 COMPARATIVES

The prior period comparatives are from the date of incorporation, 29 November 2010 to 31 March 2012.

MFRS 1 requires a first time adopter to present at least three statements of financial position, including the statement of financial position as at the date of transition to MFRS, in its first MFRS financial statements. As the Bank was only incorporated on 29 November 2011, the requirement of the three statements of financial position is not applicable.

31 CAPITAL ADEQUACY

With effect from 1 January 2013, the capital ratios are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components and Basel II - Risk Weighted Assets) (the "Framework") issued on 28 November 2012. The Bank has adopted Standardised Approach for credit risk and market risk and the Basic Indicator Approach for operational risk. In line with transitional arrangements under BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for common equity Tier 1 ("CET1") capital ratio and Tier 1 capital ratio are 3.5% and 4.5% respectively for year 2013. The minimum regulatory capital adequacy requirement remains at 8% for total capital ratio.

(i) The components of CET1 capital, Tier-1 and Tier-2 capital of the Bank are as follows:

	As at 31.3.2013 RM'000	**As at 31.3.2012 RM'000**
Eligible CET1 / Tier 1 Capital		
Paid-up share capital	350,000	350,000
Retained earnings	2,986	(2,570)
Other disclosed reserves (net of regulatory adjustments)	12	-
Total CET1 / Tier 1 Capital	352,998	347,430
Eligible Tier 2 Capital		
Collective assessment allowance	1,833	525
Total capital base	354,831	347,955
<u>Capital ratios:</u>		
CET1 / Tier 1 Capital	52.09%	142.19%
Risk-weighted capital adequacy ratio	52.36%	142.41%

The breakdown of risk-weighted assets by each major risk category is as follows:

	As at 31.3.2013 RM'000	**As at 31.3.2012 RM'000**
Credit risk	583,639	193,997
Market risk	35,641	11,795
Operational risk	58,388	38,544
Total risk-weighted assets	677,668	244,336

31 CAPITAL ADEQUACY (CONTINUED)

(ii) The breakdown of risk-weighted assets (excluding deferred tax assets) of the Bank in the various categories of risk-weights are as follows:

As at 31 March 2013	Principal RM'000	Risk-Weighted Assets RM'000
0%	261,710	-
20%	525,958	105,192
50%	98,370	49,185
100%	429,262	429,262
Total risk-weighted assets for credit risk	1,315,300	583,639
Total risk-weighted assets for market risk	-	35,641
Total risk-weighted assets for operational risk	-	58,388
Total risk-weighted assets	1,315,300	677,668

As at 31 March 2012	Principal RM'000	Risk Weighted Assets RM'000
0%	290,989	-
20%	140,392	28,078
100%	165,919	165,919
Total risk-weighted assets for credit risk	597,300	193,997
Total risk-weighted assets for market risk	-	11,795
Total risk-weighted assets for operational risk	-	38,544
Total risk-weighted assets	597,300	244,336

31 CAPITAL ADEQUACY (CONTINUED)

(iii) Disclosures relating to credit risk and market risk are as below:

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
31.3.2013				
Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	261,710	261,710	-	-
Banks, Development Financial Institutions and MDBs	520,906	520,906	104,182	8,334
Corporates	279,305	279,305	279,305	22,345
Other Assets	28,067	28,067	28,067	2,245
Total On-Balance Sheet Exposures	1,089,988	1,089,988	411,554	32,924
Off-Balance Sheet Exposures:				
OTC Derivatives	204,695	204,695	156,512	12,521
Off balance sheet exposures other than OTC Derivatives or credit derivatives	20,617	20,617	15,573	1,246
Total Off-Balance Sheet Exposures	225,312	225,312	172,085	13,767
Total On and Off-Balance Sheet Exposures	1,315,300	1,315,300	583,639	46,691

Market Risk	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Interest Rate Risk	1,480,067	1,467,886	34,507	2,761
Foreign Currency Risk	1,134	-	1,134	91
Operational Risk			58,388	4,671
Total RWA and Capital Requirements			677,668	54,214

31 CAPITAL ADEQUACY (CONTINUED)

(iii) Disclosures relating to credit risk and market risk are as below:

Exposure Class			Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
31.3.2012						
Credit Risk						
On-Balance Sheet Exposures:						
Sovereigns/Central Banks			290,988	290,988	-	-
Banks, Development Financial Institutions and MDBs			102,211	102,211	20,441	1,635
Corporates			91,007	91,007	91,007	7,281
Other Assets			20,140	20,140	20,140	1,611
Total On-Balance Sheet Exposures			504,346	504,346	131,588	10,527
Off-Balance Sheet Exposures:						
OTC Derivatives			82,954	82,954	52,409	4,193
Off balance sheet exposures other than OTC Derivatives or credit derivatives			10,000	10,000	10,000	800
Total Off-Balance Sheet Exposures			92,954	92,954	62,409	4,993
Total On and Off-Balance Sheet Exposures			597,300	597,300	193,997	15,520
Market Risk	**Long Position RM'000**	**Short Position RM'000**				
Interest Rate Risk	545,145	541,044			11,735	939
Foreign Currency Risk	33	60			60	5
Operational Risk					38,544	3,083
Total RWA and Capital Requirements					244,336	19,547

31 CAPITAL ADEQUACY (CONTINUED)

(iv) Credit Risk Disclosures on Risk Weights

The following tables present the credit exposures by risk weights and after credit risk mitigation of the Bank.

Risk Weights	Sovereigns/ Central Banks RM'000	Banks, Development Financial Institutions & MDBs RM'000	Corporates RM'000	Other Assets RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	<--- Exposures after Netting and Credit Risk Mitigation --->					
As at 31 March 2013						
0%	261,710	-	-	-	261,710	-
20%	-	525,958	-	-	525,958	105,192
50%	-	98,370	-	-	98,370	49,185
100%	-	-	401,195	28,067	429,262	429,262
	261,710	624,328	401,195	28,067	1,315,300	583,639
As at 31 March 2012						
0%	290,988	-	-	1	290,989	-
20%	-	140,392	-	-	140,392	28,078
100%	-	-	145,780	20,139	165,919	165,919
	290,988	140,392	145,780	20,140	597,300	193,997

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

31 CAPITAL ADEQUACY (CONTINUED)

(v) Rated Exposures by External Credit Assessment Institutions ("ECAI")

The Bank used external credit assessments from these External Credit Assessment Institutions ("ECAI") for exposures as disclosed below:

31.3.2013

On and Off Balance-Sheet Exposures

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Sovereigns and Central Banks		261,710	-	-	-	-	-
Total		261,710	-	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Banks, MDBs and FDIs		525,958	98,370	-	-	-	-
Total		525,958	98,370	-	-	-	-

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Corporates		-	-	-	-	429,262
Total		-	-	-	-	429,262

31 CAPITAL ADEQUACY (CONTINUED)

(v) Rated Exposures by External Credit Assessment Institutions ("ECAI")

The Bank used external credit assessments from these External Credit Assessment Institutions ("ECAI") for exposures as disclosed below:

31.3.2012

On and Off Balance-Sheet Exposures

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Sovereigns and Central Banks		290,988	-	-	-	-	-
Total		290,988	-	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Banks, MDBs and FDIs		140,392	-	-	-	-	-
Total		140,392	-	-	-	-	-

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Corporates		-	-	-	-	165,919
Total		-	-	-	-	165,919

31 CAPITAL ADEQUACY (CONTINUED)

(vi) Disclosure on Credit Risk Mitigation (continued)

31.3.2013

Exposure Class	Total Exposures before CRM RM'000	Total Exposures covered by Guarantees RM'000	Total Exposures covered by Financial Collaterals RM'000	Total Exposures covered by Other Eligible Collaterals RM'000
Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	261,710	-	-	-
Banks, Development Financial Institutions and MDBs	520,906	-	-	-
Corporates	279,305	-	-	-
Other Assets	28,067			
Total On-Balance Sheet Exposures	1,089,988	-	-	-
Off-Balance Sheet Exposures:				
OTC Derivatives	204,695	-	-	-
Off balance sheet exposures other than OTC Derivatives or credit derivatives	20,617	-	-	-
Total Off-Balance Sheet Exposures	225,312	-	-	-
Total On and Off balance sheet exposures	1,315,300	-	-	-

31 CAPITAL ADEQUACY (CONTINUED)

(vi) Disclosure on Credit Risk Mitigation (continued)

31.3.2012

Exposure Class	Total Exposures before CRM	Total Exposures covered by Guarantees	Total Exposures covered by Financial Collaterals	Total Exposures covered by Other Eligible Collaterals
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	290,988	-	-	-
Banks, Development Financial Institutions and MDBs	102,211	-	-	-
Corporates	91,007	-	-	-
Other Assets	20,140			
Total On-Balance Sheet Exposures	504,346	-	-	-
Off-Balance Sheet Exposures:				
Credit-related exposures	10,000	-	-	-
Derivatives financial instruments	82,954	-	-	-
Total Off-Balance Sheet Exposures	92,954	-	-	-
Total On and Off balance sheet exposures	597,300	-	-	-

32 SEGMENT INFORMATION

There is no segmental information as the Bank only has one reportable segment, which is its banking operations in Malaysia.

33 SIGNIFICANT AND SUBSEQUENT EVENTS

On 1 July 2013, Mizuho Bank, Ltd., a wholly-owned subsidiary of Mizuho Financial Group, Inc., the ultimate holding company of the Bank has merged with the holding company of the Bank, Mizuho Corporate Bank, Ltd. Subsequent to that, the Bank has changed its name from Mizuho Corporate Bank (Malaysia) Berhad to Mizuho Bank (Malaysia) Berhad, effective on the same date.

Other than the above, there were no material events subsequent to the statements of financial position that requires disclosure or adjustments to the financial statements.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
Incorporated in Malaysia

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Mr. Hiroyuki Yoshinari and Mr. Mohd Mokhtar Bin Ghazali, being two of the Directors of Mizuho Bank (Malaysia) Berhad (formerly known as Mizuho Corporate Bank (Malaysia) Berhad), state that, in the opinion of the Directors, the financial statements set out on pages 18 to 101 are drawn up so as to give a true and fair view of the state of affairs of the Bank as at 31 March 2013 and of the results and cash flows of the Bank for the financial period ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 8 July 2013.

MR. HIROYUKI YOSHINARI
DIRECTOR

MR. MOHD MOKHTAR BIN GHAZALI
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Hiroyuki Yoshinari, being the Director primarily responsible for the financial management of Mizuho Bank (Malaysia) Berhad (formerly known as Mizuho Corporate Bank (Malaysia) Berhad), do solemnly, and sincerely declare that the financial statements set out on pages 18 to 101 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MR. HIROYUKI YOSHINARI

Subscribed and solemnly declared by the abovenamed
Hiroyuki Yoshinari at Kuala Lumpur in Malaysia
on 8 July 2013, before me.

COMMISSIONER FOR OATHS

Independent auditors' report to the member of
Mizuho Bank (Malaysia) Berhad
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Mizuho Bank (Malaysia) Berhad (formerly known as Mizuho Corporate Bank (Malaysia) Berhad) (the "Bank"), which comprise statement of financial position as at 31 March 2013, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages, as set out on pages 18 to 101.

Directors' responsibility for the financial statements

The directors of the Bank are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditors' report to the unit holders of
Mizuho Bank (Malaysia) Berhad (continued)
(formerly known as Mizuho Corporate Bank (Malaysia) Berhad)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 March 2013 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

1. As stated in Note 2.3 to the financial statements, the Bank adopted Malaysian Financial Reporting Standards on 1 April 2012 with a transition date of 29 November 2010 (date of incorporation). These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended 31 March 2012 and related disclosures. We were not engaged to report on the restated comprative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Bank for the year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as of 31 March 2013 and financial performance and cash flows for the year ended.

2. This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young	Gloria Goh Ewe Gim
AF: 0039	No.1685/04/15(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
8 July 2013