

Company No.

923693	H
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MIZUHO BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	Note	September 2014 RM'000	March 2014 RM'000
ASSETS			
Cash and short-term funds		994,551	1,203,637
Deposits and placements with financial institutions		227,000	222,000
Financial investments available-for-sale	12	145,560	143,471
Loans, advances and financing	13	701,658	424,168
Derivative financial assets		73,698	74,982
Other assets		11,574	6,751
Property and equipment		8,239	9,183
Intangible asset		3,197	2,777
TOTAL ASSETS		<u>2,165,477</u>	<u>2,086,969</u>
LIABILITIES AND EQUITY			
Deposits from customers	14	881,680	971,160
Deposits and placements from financial institutions	15	471,249	293,754
Derivative financial liabilities		57,146	58,933
Other liabilities		37,101	53,784
Deferred tax liabilities		1,590	1,854
TOTAL LIABILITIES		<u>1,448,766</u>	<u>1,379,485</u>
Share capital		700,000	700,000
Retained profit		11,746	4,738
Other reserves		4,965	2,746
TOTAL EQUITY		<u>716,711</u>	<u>707,484</u>
TOTAL LIABILITIES AND EQUITY		<u>2,165,477</u>	<u>2,086,969</u>
COMMITMENTS AND CONTINGENCIES	21	<u>4,741,563</u>	<u>4,348,033</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2014.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

		2nd Quarter ended		Six months ended	
		30 Sep	30 Sep	30 Sep	30 Sep
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	16	14,575	8,429	28,645	16,046
Interest expense	17	<u>(4,985)</u>	<u>(2,997)</u>	<u>(10,511)</u>	<u>(5,998)</u>
Net interest income		9,590	5,432	18,134	10,048
Other operating income	18	<u>5,949</u>	<u>5,202</u>	<u>9,165</u>	<u>10,339</u>
Net operating income		15,539	10,634	27,299	20,387
Other operating expenses	19	<u>(8,606)</u>	<u>(7,383)</u>	<u>(16,297)</u>	<u>(14,526)</u>
Operating profit		6,933	3,251	11,002	5,861
Impairment allowance for on loans, advances and financing		<u>123</u>	<u>(1,582)</u>	<u>(727)</u>	<u>(1,647)</u>
Profit before taxation		7,056	1,669	10,275	4,214
Taxation		<u>91</u>	<u>(590)</u>	<u>(1,002)</u>	<u>(1,179)</u>
Profit / (loss) for the financial period		<u>7,147</u>	<u>1,079</u>	<u>9,273</u>	<u>3,035</u>
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Unrealised (loss) / gain on financial investments		(40)	(8)	(61)	(11)
Income tax effect		<u>10</u>	<u>-</u>	<u>15</u>	<u>-</u>
Other comprehensive income for the period		(30)	(8)	(46)	(11)
Total comprehensive income for the financial period		<u>7,117</u>	<u>1,071</u>	<u>9,227</u>	<u>3,024</u>
Profit attributable to: Owner of the Bank		<u>7,147</u>	<u>1,079</u>	<u>9,273</u>	<u>3,035</u>
Total comprehensive income attributable to: Owner of the Bank		<u>7,117</u>	<u>1,071</u>	<u>9,227</u>	<u>3,024</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2014.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

	Share capital RM'000	Statutory reserve RM'000	←Non-distributable → Available for-sale reserve RM'000	Distributable Retained profits RM'000	Total RM'000
2015					
At 1 April 2014	700,000	2,778	(32)	4,738	707,484
Profit for the period	-	-	-	9,273	9,273
Other comprehensive income	-	-	(46)	-	(46)
Transfer to statutory reserve	-	2,265	-	(2,265)	-
At 30 September 2014	<u>700,000</u>	<u>5,043</u>	<u>(78)</u>	<u>11,746</u>	<u>716,711</u>
2014					
At 1 April 2013	350,000	-	26	2,986	353,012
Issuance of shares	350,000	-	-	-	350,000
Profit for the financial year	-	-	-	4,530	4,530
Other comprehensive income	-	-	(58)	-	(58)
Transfer to statutory reserve	-	2,778	-	(2,778)	-
At 31 March 2014	<u>700,000</u>	<u>2,778</u>	<u>(32)</u>	<u>4,738</u>	<u>707,484</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2014.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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STATEMENT OF CASH FLOWS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

	30 Sep 2014 RM'000	30 Sep 2013 RM'000
Cash flows from operating activities		
Profit before taxation	10,275	4,214
Adjustment for non-operating and non-cash items	(1,911)	1,236
Operating profit before working capital changes	8,364	5,450
Changes in working capital:		
Increase in operating assets	(286,653)	(69,262)
Increase in operating liabilities	71,332	156,514
Taxation paid	(1,176)	(1,004)
Net cash generated from/(used in) operating activities	(208,133)	91,698
Net cash generated from/(used in) investing activities	(953)	(583)
Net increase / (decrease) in cash and cash equivalents	(209,086)	91,115
Cash and cash equivalents at beginning of quarter	1,203,637	651,596
Cash and cash equivalents at end of quarter	994,551	742,711
Analysis of cash and cash equivalents		
Cash and short-term funds	994,551	742,711

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2014.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

1 BASIS OF PREPARATION

The unaudited interim financial statements for the financial quarter ended 30 September 2014 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair value: financial investments available-for-sale and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Bank Negara Malaysia's Guidelines on Financial Reporting. The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 March 2014.

The following are accounting standards and amendments of the MFRS framework that have been issued by MASB but are not yet effective:

Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 - 2013 Cycle)</i>
Amendments to MFRS 2	<i>Share-based payment (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 3	<i>Business combination (Annual Improvements 2010 - 2012 Cycle and Annual Improvements 2011 - 2013 Cycle)</i>
Amendments to MFRS 8	<i>Operating Segments (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 13	<i>Fair Value Measurement (Annual Improvements 2010 - 2012 Cycle and Annual Improvements 2011 - 2013 Cycle)</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 119	<i>Employee Benefits - Defined Benefits Plans: Employee Contributions</i>
Amendments to MFRS 124	<i>Related Party Disclosures (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 138	<i>Intangible Assets (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 140	<i>Investment Property (Annual Improvements 2011 - 2013 Cycle)</i>
MFRS 9	<i>Financial Instruments (2009)</i>
MFRS 9	<i>Financial Instruments (2010)</i>
MFRS 9	<i>Financial Instruments - Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures - Mandatory Effective Date of MFRS and Transition Disclosures</i>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

2 AUDIT REPORT

The audit report on the audited annual financial statements for the financial year ended 31 March 2014 was not subject to any qualification.

3 SEASONAL OR CYCLICAL FACTORS

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

4 EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items for the financial quarter ended 30 September 2014.

5 CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in the prior financial years that have a material effect on the financial results and position of the Bank for the financial quarter ended 30 September 2014.

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial quarter ended 30 September 2014.

7 DIVIDEND PAID

No dividend was declared or paid during the financial quarter ended 30 September 2014.

8 SUBSEQUENT EVENTS

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

9 REVIEW OF PERFORMANCE

The Bank recorded profit before taxation for the financial period ended 30 September 2014 of RM10.3 million compared to RM4.2 million profit before taxation in the previous corresponding period. Operating profit increased by RM5.1 million (87.7%) from RM5.9 million to RM11.0 million primarily on higher interest income of RM28.6 million against interest income of RM16.0 million in the previous corresponding period. Operating expenses increased by RM1.8 million (12.2%) from RM14.5 million to RM16.3 million as the Bank continues to invest and support growth while ensuring compliance with regulatory requirements. Total assets registered an increase of RM78.5 million or 3.8% from RM2.1 billion to RM2.2 billion at 30 September 2014. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 50.023% and 50.471% respectively.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

11 PROSPECTS

The Bank's strategy is to continue profit growth in the financial year by focusing on growing its corporate client portfolio asset base and managing capital efficiently to support business growth. Loan growth in corporate loans and syndicated loans will continue to be a component of this strategy through business expansion with both Japanese and non-Japanese clients. The Bank will also continue to offer fundamental commercial banking services such as deposit, foreign exchange, derivatives and cash management service to both Japanese and non-Japanese clients. In addition, the Bank will continue to leverage on its network of group companies - Mizuho Bank, Mizuho Securities, and Mizuho Trust & Banking - to offer a complete range of high quality financial products and services to the local market.

12 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	September 2014 RM'000	March 2014 RM'000
At fair value:		
Malaysian Government Securities	-	10,015
Malaysian Government Treasury Bills	145,560	133,456
	<u>145,560</u>	<u>143,471</u>

13 LOANS, ADVANCES AND FINANCING

	September 2014 RM'000	March 2014 RM'000
(a) By type:		
At amortised cost:		
Term loans	147,839	177,894
Revolving credits	560,146	251,875
Gross loans, advances and financing	<u>707,985</u>	<u>429,769</u>
Less: Impairment allowance		
- Collective impairment allowance	(6,327)	(5,601)
Net loans, advances and financing	<u>701,658</u>	<u>424,168</u>
(b) By geographical distribution:		
Malaysia	<u>707,985</u>	<u>429,769</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

13 LOANS, ADVANCES AND FINANCING (CONTINUED)

	September 2014 RM'000	March 2014 RM'000
(c) By type of customer:		
Domestic business enterprise	424,641	317,378
Domestic non-bank financial institutions	119,808	92,788
Foreign business entity	163,536	19,603
	<u>707,985</u>	<u>429,769</u>
(d) By interest/profit rate sensitivity:		
Cost plus	<u>707,985</u>	<u>429,769</u>
(e) By economic purpose:		
Purchase of fixed assets other than land and building	120,147	120,826
Purchase of non-residential property	2,085	2,777
Working capital	585,753	306,166
	<u>707,985</u>	<u>429,769</u>
(f) By economic sector:		
Manufacturing	365,231	274,911
Construction	20,107	7,257
Wholesale and retail trade, and restaurants and hotels	25,973	22,412
Transport, storage and communication	12,105	12,798
Finance, insurance, real estate and business activities	121,033	112,391
Others	163,536	-
	<u>707,985</u>	<u>429,769</u>
(g) By residual contractual maturity:		
Maturity within		
- one year	626,299	295,072
- one to five years	32,609	85,664
- after five years	49,077	49,033
	<u>707,985</u>	<u>429,769</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

13 LOANS, ADVANCES AND FINANCING (CONTINUED)

	September 2014 RM'000	March 2014 RM'000
(h) Movements in collective impairment allowance for loans, advances and financing:		
Collective impairment allowance:		
At 1 April	5,601	1,833
Allowance made during the period	726	3,768
At end of the reporting period / year	6,327	5,601

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 September 2014.

14 DEPOSITS FROM CUSTOMERS

	September 2014 RM'000	March 2014 RM'000
(a) By type of deposit:		
- Demand deposits	344,166	318,188
- Fixed deposits	204,412	215,636
- Short-term deposits	333,102	437,336
	881,680	971,160
(b) By type of customer:		
- Domestic non-bank financial institutions	85,638	73,835
- Domestic business enterprises	759,467	858,875
- Foreign business enterprises	36,575	38,450
	881,680	971,160
(c) Maturity structure:		
- On demand	344,166	318,188
- Due within six months	533,931	625,659
- Due within six months to one year	3,583	27,313
	881,680	971,160

15 DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	September 2014 RM'000	March 2014 RM'000
Licensed banks	471,249	293,754

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

16 INTEREST INCOME

	2nd Quarter ended		Six months ended	
	30 Sep 2014 RM'000	30 Sep 2013 RM'000	30 Sep 2014 RM'000	30 Sep 2013 RM'000
Loans, advances and financing				
- Interest income other than from impaired loans	3,591	2,780	6,359	4,947
Money at call and deposits and placements with financial institutions	8,448	4,501	17,779	9,075
Net gain from cross-currency interest rate swap	1,359	1,106	2,272	2,024
Financial investments available-for-sale	1,177	42	2,235	-
	<u>14,575</u>	<u>8,429</u>	<u>28,645</u>	<u>16,046</u>

17 INTEREST EXPENSE

	2nd Quarter ended		Six months ended	
	30 Sep 2014 RM'000	30 Sep 2013 RM'000	30 Sep 2014 RM'000	30 Sep 2013 RM'000
Deposits and placements from financial institutions	282	474	455	648
Deposits from customers	4,703	2,523	10,056	5,146
Others	-	-	-	204
	<u>4,985</u>	<u>2,997</u>	<u>10,511</u>	<u>5,998</u>

18 OTHER OPERATING INCOME

	2nd Quarter ended		Six months ended	
	30 Sep 2014 RM'000	30 Sep 2013 RM'000	30 Sep 2014 RM'000	30 Sep 2013 RM'000
Fee income	1,288	1,323	2,155	2,172
Net unrealised gain on revaluation of derivatives	1,492	109	480	176
Realised foreign exchange gain	1,923	2,234	4,130	4,905
Realised gain on disposal of financial investments available-for-sale	-	529	-	1,356
Unrealised foreign exchange gain	1,246	1,007	2,400	1,730
	<u>5,949</u>	<u>5,202</u>	<u>9,165</u>	<u>10,339</u>

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

19 OTHER OPERATING EXPENSES

	2nd Quarter ended		Six months ended	
	30 Sep 2014 RM'000	30 Sep 2013 RM'000	30 Sep 2014 RM'000	30 Sep 2013 RM'000
Personnel costs:				
Salaries, allowances and bonuses	3,229	2,725	6,482	5,974
Contribution to Employees Provident Fund	364	278	656	567
Other staff related costs	1,236	1,123	2,187	1,928
Establishment costs:				
Repair and maintenance	356	294	673	564
Depreciation of property and equipment	595	572	1,186	1,140
Amortisation of intangible asset	152	109	289	215
Rental of premises	493	491	986	982
Information technology expenses	281	359	444	780
Others	311	78	569	127
Marketing expenses:				
Advertisement and publicity	-	3	-	3
Others	174	46	246	70
Administration and general expenses:				
Communication expenses	192	186	463	370
Legal and professional fees	598	563	907	712
Others	625	556	1,209	1,094
	<u>8,606</u>	<u>7,383</u>	<u>16,297</u>	<u>14,526</u>

20 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	2nd Quarter ended		Six months ended	
	30 Sep 2014 RM'000	30 Sep 2013 RM'000	30 Sep 2014 RM'000	30 Sep 2013 RM'000
Collective impairment allowance				
- made / (reversed) during the year	<u>(124)</u>	<u>1,582</u>	<u>726</u>	<u>1,647</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

21 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. The risk-weighted exposures of the Bank are as follows:

	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
As at 30 September 2014			
Direct credit substitutions	3,171	3,171	3,171
Transaction related contingent items	97,624	48,812	34,031
Short-term self-liquidating trade related contingencies	4,149	830	830
Foreign exchange related contracts			
- One year or less	907,891	18,689	11,909
Interest related contracts			
- One year or less	350,731	4,834	3,090
- Over one year to five years	2,201,187	304,091	222,115
- Over five years	747,179	131,784	98,250
Any commitments that are unconditionally cancelled at any time without prior notice	429,631	-	-
Total	4,741,563	512,211	373,396
As at 31 March 2014			
Direct credit substitutions	4,063	4,063	4,063
Transaction related contingent items	95,988	47,994	33,265
Short-term self-liquidating trade related contingencies	558	112	112
Foreign exchange related contracts			
- One year or less	1,039,305	21,220	13,156
Interest related contracts			
- One year or less	187,448	8,968	6,100
- Over one year to five years	2,388,706	316,857	234,327
- Over five years	320,901	63,732	46,631
Any commitments that are unconditionally cancelled at any time without prior notice	311,064	-	-
Total	4,348,033	462,946	337,654

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights respectively as specified by Bank Negara Malaysia for regulatory capital adequacy purposes.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

22 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 Capital Adequacy Framework (Basel II - Risk Weighted Assets) (collectively, 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 regulatory capital adequacy requirement for common equity Tier 1 ("CET1") capital ratio and Tier 1 capital ratio are 4.0% and 5.5% respectively for year 2014. The minimum regulatory capital adequacy requirement remains at 8% for total capital ratio.

(i) Based on the above, the capital adequacy ratios of the Bank are as follows:

	September 2014	March 2014
<u>Capital ratios:</u>		
CET1 Capital Ratio / Total Tier 1 Capital Ratio	50.023%	65.877%
Total Capital Ratio	<u>50.471%</u>	<u>66.399%</u>

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

	September 2014 RM'000	March 2014 RM'000
CET 1 Capital		
Paid-up share capital	700,000	700,000
Retained profits	2,473	4,738
Other reserves (net of regulatory adjustments)	5,008	2,764
Total CET1 Capital, representing total Tier 1 Capital	<u>707,481</u>	<u>707,502</u>
Tier 2 Capital		
Collective impairment allowance	6,327	5,601
Total Capital	<u>713,808</u>	<u>713,103</u>

(iii) The breakdown of risk-weighted assets ("RWA") by each major risk categories are as follows:

	September 2014 RM'000	March 2014 RM'000
Total RWA for Credit risk	1,262,149	945,263
Total RWA for Market risk	71,701	61,138
Total RWA for Operational risk	80,454	67,569
Total RWA	<u>1,414,304</u>	<u>1,073,970</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

23 CAPITAL ADEQUACY

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 Require- ments at 8% RM'000
As at 30 September 2014				
<u>Credit risk</u>				
On-balance sheet exposures:				
Sovereigns/central banks	610,624	610,624	-	-
Banks, development financial Institutions and MDBs	766,191	732,623	146,525	11,722
Corporates	707,985	707,985	707,985	56,639
Other assets	34,259	34,259	34,243	2,739
Total on-balance sheet exposures	<u>2,119,059</u>	<u>2,085,491</u>	<u>888,753</u>	<u>71,100</u>
Off-balance sheet exposures:				
OTC derivatives	459,398	459,398	335,364	26,829
Off-balance sheet exposures other than OTC derivatives or credit derivatives	52,813	52,813	38,032	3,043
Total off-balance sheet exposures	<u>512,211</u>	<u>512,211</u>	<u>373,396</u>	<u>29,872</u>
Total on and off-balance sheet exposures	<u>2,631,270</u>	<u>2,597,702</u>	<u>1,262,149</u>	<u>100,972</u>
<u>Market risk</u>				
	Long Position RM'000	Short Position RM'000		
Interest rate risk	3,238,697	3,222,433	69,722	5,578
Foreign currency risk	1,979	1,080	1,979	158
Operational risk			80,454	6,436
Total RWA and capital requirements			<u>1,414,304</u>	<u>113,144</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

23 CAPITAL ADEQUACY (CONTINUED)

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 Require- ments at 8% RM'000
As at 31 March 2014				
<u>Credit risk</u>				
On-balance sheet exposures:				
Sovereigns/central banks	799,385	799,385	-	-
Banks, development financial Institutions and MDBs	774,279	725,728	145,146	11,612
Corporates	429,769	429,769	429,769	34,382
Other assets	32,705	32,705	32,694	2,615
Total on-balance sheet exposures	<u>2,036,138</u>	<u>1,987,587</u>	<u>607,609</u>	<u>48,609</u>
Off-balance sheet exposures:				
OTC derivatives	410,777	410,777	300,214	24,017
Off-balance sheet exposures other than OTC derivatives or credit derivatives	52,169	52,169	37,440	2,995
Total off-balance sheet exposures	<u>462,946</u>	<u>462,946</u>	<u>337,654</u>	<u>27,012</u>
Total on and off-balance sheet exposures	<u>2,499,084</u>	<u>2,450,533</u>	<u>945,263</u>	<u>75,621</u>
<u>Market risk</u>				
	Long Position RM'000	Short Position RM'000		
Interest rate risk	2,826,214	2,810,384	59,548	4,764
Foreign currency risk	1,590	-	1,590	127
Operational risk			67,569	5,406
Total RWA and capital requirements			<u>1,073,970</u>	<u>85,918</u>

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

23 CAPITAL ADEQUACY (CONTINUED)

The breakdown of credit risk exposures by risk weights for the respective balance sheet dates are as follows:

< ---- Exposures after Netting and Credit Risk Mitigation ---->

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
As at 30 September 2014						
0%	610,624	-	-	16	610,640	-
20%	-	741,098	-	-	741,098	148,220
50%	-	264,069	-	-	264,069	132,034
100%	-	-	947,652	34,243	981,895	981,895
	<u>610,624</u>	<u>1,005,167</u>	<u>947,652</u>	<u>34,259</u>	<u>2,597,702</u>	<u>1,262,149</u>
As at 31 March 2014						
0%	799,385	-	-	11	799,396	-
20%	-	735,808	-	-	735,808	147,162
50%	-	234,456	-	-	234,456	117,228
100%	-	-	648,179	32,694	680,873	680,873
	<u>799,385</u>	<u>970,264</u>	<u>648,179</u>	<u>32,705</u>	<u>2,450,533</u>	<u>945,263</u>