

**MIZUHO BANK (MALAYSIA) BERHAD**  
(Company No. 923693-H)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

**MIZUHO BANK (MALAYSIA) BERHAD**

(Company No. 923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018**

		<b>30 Sep 2018</b>	<b>31 Mar 2018</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds		1,664,154	1,388,718
Deposits and placements with financial institutions		463,679	127,813
Financial assets at fair value through other comprehensive income ("FVOCI")	12	500,881	-
Financial investments available-for-sale ("AFS")	13	-	454,653
Loans, advances and financing	14	6,161,379	5,838,601
Derivative financial assets		297,500	368,881
Other assets		32,274	98,039
Property and equipment		10,574	9,981
Intangible assets		13,088	13,344
<b>TOTAL ASSETS</b>		<b>9,143,529</b>	<b>8,300,030</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	15	2,473,492	2,163,831
Deposits and placements from financial institutions	16	5,231,439	4,836,622
Derivative financial liabilities		303,561	347,288
Other liabilities		280,788	138,640
Deferred tax liabilities		6,309	7,151
<b>TOTAL LIABILITIES</b>		<b>8,295,589</b>	<b>7,493,532</b>
Share capital		700,000	700,000
Reserves		147,940	106,498
<b>TOTAL EQUITY</b>		<b>847,940</b>	<b>806,498</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,143,529</b>	<b>8,300,030</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>10,963,881</b>	<b>10,323,351</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2018.*

**MIZUHO BANK (MALAYSIA) BERHAD**

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

		2nd Quarter ended		Six months ended	
		30 Sep	30 Sep	30 Sep	30 Sep
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	17	72,633	51,086	137,363	99,452
Interest expense	18	(44,783)	(25,569)	(83,130)	(50,971)
<b>Net interest income</b>		27,850	25,517	54,233	48,481
Other operating income	19	14,416	16,543	28,900	26,713
Net operating income		42,266	42,060	83,133	75,194
Other operating expenses	20	(20,121)	(17,694)	(39,817)	(34,559)
Operating profit		22,145	24,366	43,316	40,635
Allowance for expected credit losses	21	5,423	-	1,958	-
Allowance for impairment on loans, advances and financing	22	-	1,297	-	5,783
<b>Profit before taxation</b>		27,568	25,663	45,274	46,418
Tax expense		(4,682)	(1,017)	(4,572)	(2,529)
<b>Profit after taxation</b>		22,886	24,646	40,702	43,889
<b>Other comprehensive income net of tax</b>					
Fair value changes of financial assets at FVOCI		1,529	-	1,174	-
Fair value changes of investment securities available-for-sale		-	454	-	738
Income tax effect		(367)	(109)	(282)	(177)
<b>Other comprehensive (loss)/income for the financial period</b>		1,162	345	892	561
<b>Total comprehensive income for the financial period</b>		24,048	24,991	41,594	44,450

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	← Non-distributable reserves →					Distributable reserves	Total RM'000
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	AFS reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	
<b>At 1 April 2018</b>	700,000	-	39,353	151	-	66,994	806,498
Effect of adopting MFRS 9	-	-	(8,338)	(151)	151	8,186	(152)
<b>At 1 April 2018, as restated</b>	700,000	-	31,015	-	151	75,180	806,346
Profit for the period	-	-	-	-	-	40,702	40,702
Other comprehensive income	-	-	-	-	892	-	892
Transfer to regulatory reserve	-	-	11,244	-	-	(11,244)	-
<b>At 30 September 2018</b>	700,000	-	42,259	-	1,043	104,638	847,940
<b>At 1 April 2017</b>	700,000	25,680	4,889	(272)	-	18,222	748,519
Profit for the period	-	-	-	-	-	43,889	43,889
Other comprehensive income	-	-	-	561	-	-	561
Transfer to regulatory reserve	-	-	24,156	-	-	(24,156)	-
<b>At 30 September 2017</b>	700,000	25,680	29,045	289	-	37,955	792,969

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(Company No. 923693-H)

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	<b>30 Sep 2018 RM'000</b>	<b>30 Sep 2017 RM'000</b>
Profit before taxation	45,274	46,418
Adjustments for non-operating and non-cash items	(9,446)	(7,278)
Operating profit before changes in working capital	<u>35,828</u>	<u>39,140</u>
Net changes in operating assets	(307,663)	(1,820,278)
Net changes in operating liabilities	844,850	426,859
	537,187	(1,393,419)
Cash flows generated from/(used in) operations	<u>573,015</u>	<u>(1,354,279)</u>
Taxation paid	(4,822)	(2,250)
Net cash flows generated from/(used in) operating activities	<u>568,193</u>	<u>(1,356,529)</u>
Net cash flows used in investing activities	(3,785)	(4,409)
<b>Net increase/(decrease) in cash and cash equivalents during the financial period</b>	564,408	(1,360,938)
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>1,208,718</u>	<u>3,420,998</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>1,773,126</u></u>	<u><u>2,060,060</u></u>
<b>Analysis of cash and cash equivalents:</b>		
Cash and short-term funds	1,664,154	1,901,315
Deposits and placements with financial institutions	463,678	600,049
Less: Deposits and placements with financial institutions with contractual maturity more than 3 months	(354,706)	(441,304)
	<u>1,773,126</u>	<u>2,060,060</u>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2018.*

**MIZUHO BANK (MALAYSIA) BERHAD**

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: financial assets at fair value through other comprehensive income, financial assets and liabilities at fair value through profit or loss 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.

The unaudited condensed interim financial statements should be read in conjunction with the Bank's audited financial statements for the financial year ended 31 March 2018. The explanatory notes attached to the condensed 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 2018.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2018 except for adoption of the following new Malaysian Financial Reporting Standards ("MFRSs"), amendments to MFRSs, annual improvements to MFRSs and IC Interpretations which are effective for annual periods beginning on or after 1 January 2018:

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers" and "Clarifications to MFRS 15"
- Amendments to MFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- Amendments to MFRS 140 "Transfers of Investment Property"
- Annual improvement to MFRSs 2014 - 2016 Cycle:
  - Amendments to MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
  - Amendments to MFRS 128 "Investments in Associates and Joint Ventures"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

With effect from the financial year beginning on/after 1 April 2018, the Bank applies MFRS 9 "Financial Instruments", replacing MFRS 139 "Financial Instruments: Recognition and Measurement", and includes requirements for classification and measurement of financial assets and liabilities and impairment of financial assets. MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The new standard also introduces expanded disclosure requirements and changes in presentation. Comparatives for 2017 will not be restated. The impact of adoption of MFRS 9 to the Bank are disclosed in Note 2.

The adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Bank, except for the cumulative impact on the adoption of MFRS 9 which is recognised in the retained earnings as at 1 April 2018.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

**2. Changes in Accounting Policies**

**MFRS 9 Financial Instruments**

*Classification and measurement*

Under MFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost ("AC"), Fair Value through Other Comprehensive Income ("FVOCI") and Fair Value through Profit or Loss ("FVTPL"). The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

As MFRS 9 retains most of the MFRS 139 requirements, there is no change to the classification and measurement of the Bank's financial liabilities.

*Impairment*

The MFRS 9 impairment requirements are based on an expected credit loss ("ECL") model that replaces the incurred loss model under the current accounting standard. The ECL model will apply to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Bank, contract assets under MFRS 15 and lease receivables under MFRS 117 Leases.

Allowance for impairment will be made based on the following three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition:

*Stage 1: 12-month ECL*

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

*Stage 2: Lifetime ECL - non-credit impaired*

For exposures where there has been a significant increase in credit risk since initial recognition but that are non-credit impaired, a lifetime ECL will be recognised.

*Stage 3: Lifetime ECL - credit impaired*

Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, a lifetime ECL will be recognised.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018****2. Changes in Accounting Policies (Continued)****MFRS 9 Financial Instruments (Continued)**

The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Bank.

	<b>Audited 31 March 2018 RM'000</b>	<b>Classification and Measurement RM'000</b>	<b>Expected Credit Losses RM'000</b>	<b>Adjusted 1 April 2018 RM'000</b>
<b>ASSETS</b>				
Cash and short-term funds	1,388,718	-	-	1,388,718
Deposits and placements with financial institutions	127,813	-	-	127,813
Financial assets at FVOCI	-	454,653	-	454,653
Financial investments AFS	454,653	(454,653)	-	-
Loans, advances and financing	5,838,601	103,556	(2,589)	5,939,568
Derivative financial assets	368,881	(102,577)	-	266,304
Other assets	98,039	-	-	98,039
Property and equipment	9,981	-	-	9,981
Intangible assets	13,344	-	-	13,344
<b>TOTAL ASSETS</b>	<b>8,300,030</b>	<b>979</b>	<b>(2,589)</b>	<b>8,298,420</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	2,163,831	-	-	2,163,831
Deposits and placements from financial institutions	4,836,622	-	-	4,836,622
Derivative financial liabilities	347,288	(2,466)	-	344,822
Other liabilities	138,640	827	1,056	140,523
Deferred tax liabilities	7,151	-	(875)	6,276
<b>TOTAL LIABILITIES</b>	<b>7,493,532</b>	<b>(1,639)</b>	<b>181</b>	<b>7,492,074</b>
Share capital	700,000	-	-	700,000
Reserves	106,498	2,618	(2,770)	106,346
<b>TOTAL EQUITY</b>	<b>806,498</b>	<b>2,618</b>	<b>(2,770)</b>	<b>806,346</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8,300,030</b>	<b>979</b>	<b>(2,589)</b>	<b>8,298,420</b>



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

**3. Auditors' Report on Preceding Audited Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2018 was not qualified.

**4. Seasonal or Cyclical Factors**

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the second quarter ended 30 September 2018.

**5. Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the second quarter ended 30 September 2018.

**6. Changes in Estimates**

There were no material changes in estimates during the second quarter ended 30 September 2018.

**7. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the second quarter ended 30 September 2018.

**8. Dividend**

No dividend was paid during the second quarter ended 30 September 2018.

**9. 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.

**10. Review of Performance**

The Bank's profit before taxation for the financial period ended 30 September 2018 was RM45.3 million, a decrease of 2.4% or RM1.1 million due to a higher writeback for collective impairment allowance in the previous corresponding period. Overall, operating income increased by RM7.9 million from RM75.2 million to RM83.1 million, which is an improved performance as compared to the corresponding period last year. The positive result was mainly attributed to the increase in net interest income amounting to RM54.2 million from RM48.5 million as reported in the previous corresponding period. Operating expenses increased by RM5.2 million mainly due to higher administrative expenses.

Total assets increased from RM8.3 billion to RM9.1 billion compared to 31 March 2018. The Bank's CET1/Tier 1 capital ratio and total capital ratio remained strong at 28.885% and 29.979% respectively.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

**11. Prospects**

The performance of the global economy continues to face greater challenges following the increased trade tensions in major economies which could negatively impact the global supply chain that involves developed nations and emerging markets alike. In Malaysia, Bank Negara Malaysia has lowered Malaysia's economic growth forecast for 2018 to 5% from its earlier estimate of 5.5%-6%. Despite the moderation in GDP growth, Malaysia's growth is expected to be stable, supported mainly by private sector activity especially in major economic sectors, notably the services and manufacturing sectors.

Notwithstanding the challenging operating environment, the Bank will remain prudent and continue to focus on strengthening its customer based business by capitalizing on Mizuho Group's established business network and service channels globally. Through on-going collaboration efforts, the Bank aims to achieve stable growth in its customers base and position itself as a reliable financial institution that contributes to the sound economic development of both Malaysia and Japan.

**12. Financial Assets at FVOCI**

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
<b>At fair value</b>		
Government Investment Issues	229,496	-
Government Guaranteed Bond	271,385	-
	<u>500,881</u>	<u>-</u>

The financial assets at FVOCI category was introduced upon the adoption of MFRS 9 on 1 April 2018. Comparative figures are not restated in line with the transition requirement under MFRS 9. The financial effects of the adoption of MFRS 9 are disclosed in Note 2 Changes in Accounting Policies.

**13. Financial Investments Available-for-Sale**

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
<b>At fair value</b>		
Government Investment Issues	-	229,102
Government Guaranteed Bond	-	225,551
	<u>-</u>	<u>454,653</u>

The financial investments available-for-sale category was removed upon the adoption of MFRS 9. The financial effects of the adoption of MFRS 9 are disclosed in Note 2 Changes in Accounting Policies.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018****14. Loans, Advances and Financing**

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
(a) By type:		
<b>At amortised cost:</b>		
Term loans	3,617,945	4,125,123
Revolving credits	1,565,879	1,697,065
Banker acceptances	8,820	47,800
Bills receivable	13,973	-
	<u>5,206,617</u>	<u>5,869,988</u>
Less: Unearned interest	(79)	(231)
Gross loans, advances and financing at amortised cost	<u>5,206,538</u>	<u>5,869,757</u>
<b>At FVTPL:</b>		
Term loans	986,734	-
Gross loans, advances and financing at FVTPL	<u>986,734</u>	<u>-</u>
Total gross loans, advances and financing	6,193,272	5,869,757
Allowance for impaired loans and financing		
- Collective impairment allowance	-	(31,156)
- Expected credit loss	(31,893)	-
<b>Net loans, advances and financing</b>	<u>6,161,379</u>	<u>5,838,601</u>
(b) By geographical distribution:		
In Malaysia	4,227,520	4,027,383
Outside Malaysia	1,965,752	1,842,374
	<u>6,193,272</u>	<u>5,869,757</u>
(c) By type of customer:		
Domestic business enterprise	2,443,841	2,370,626
Domestic non-bank financial institutions	1,783,678	1,656,756
Foreign business entity	1,965,753	1,842,375
	<u>6,193,272</u>	<u>5,869,757</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018****14. Loans, Advances and Financing (Continued)**

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,517,749	1,668,468
Variable rate - cost plus	4,675,523	4,201,289
	<u>6,193,272</u>	<u>5,869,757</u>
(e) By economic purpose:		
Construction	32,866	42,907
Purchase of fixed assets other than land and building	1,124,451	973,137
Purchase of non-residential property	69,968	53,318
Working capital	4,965,987	4,800,395
	<u>6,193,272</u>	<u>5,869,757</u>
(f) By economic sector:		
Primary agriculture	11,730	-
Mining and quarrying	157,107	69,060
Manufacturing	1,378,643	1,351,114
Electricity, gas and water supply	103,587	93,043
Construction	204,880	142,656
Wholesale and retail trade, and restaurants and hotels	389,012	457,582
Transport, storage and communication	30,871	140,154
Finance, insurance, real estate and business activities	3,801,941	3,497,159
Education, health and others	16,096	15,203
Others	99,405	103,786
	<u>6,193,272</u>	<u>5,869,757</u>
(g) By residual contractual maturity:		
Maturity within		
- one year	3,531,908	3,732,456
- one to five years	2,295,376	1,773,710
- over five years	365,988	363,591
	<u>6,193,272</u>	<u>5,869,757</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

**14. Loans, Advances and Financing (Continued)**

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
(h) Movements in impairment allowance for loans, advances and financing:		
<b>At 1 April 2018/2017</b>	31,156	39,326
Effect of adopting MFRS 9	2,589	-
<b>At 1 April 2018, as restated</b>	<u>33,745</u>	<u>39,326</u>
Allowance/(Writeback) made during the period	(1,852)	(8,170)
At end of the reporting period / year	<u>31,893</u>	<u>31,156</u>
As percentage of total loan	<u>0.61%</u>	<u>0.53%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 September 2018.

- (i) Movement in impairment allowances on loans, advances and financing which reflect the ECL model on impairment are as follows:

	<b>12-Month ECL</b>	<b>Lifetime ECL</b>		
		<b>Non-credit Impaired</b>	<b>Credit Impaired</b>	
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 April 2018</b>				31,156
Effect of adopting MFRS 9				2,589
<b>At 1 April 2018, as restated</b>	7,521	26,224	-	<u>33,745</u>
Changes due to loans, advances and financing recognised as at 1 April 2018:				
Transfer to 12-Month ECL (Stage 1)	5	(5)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
New financial assets originated	5,179	26,205	-	31,384
Financial assets derecognised	(6,812)	(24,758)	-	(31,570)
Writeback during the period	(200)	(1,466)	-	(1,666)
<b>At 30 September 2018</b>	<u>5,693</u>	<u>26,200</u>	<u>-</u>	<u>31,893</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018****15. Deposit from Customers**

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
(a) By type of deposit:		
Demand deposits	845,249	975,232
Fixed deposits	894,095	763,085
Short-term deposits	734,148	425,514
	<u>2,473,492</u>	<u>2,163,831</u>
(b) By type of customer:		
Domestic non-bank financial institutions	27,861	33,763
Domestic business enterprises	2,400,746	2,093,930
Foreign business enterprises	44,735	35,996
Domestic other enterprises	150	142
	<u>2,473,492</u>	<u>2,163,831</u>
(c) Maturity structure:		
On demand	845,249	975,232
Due within six months	1,599,671	1,182,099
Due over six months to one year	28,572	6,500
	<u>2,473,492</u>	<u>2,163,831</u>

**16. Deposit and Placements from Financial Institutions**

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
Licensed banks	<u>5,231,439</u>	<u>4,836,622</u>

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	2nd Quarter ended		Six months ended	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	50,732	32,013	96,984	57,087
Money at call and deposits and placements with financial institutions	15,979	16,346	27,610	36,317
Net gain from interest rate swap and cross-currency interest rate swap	1,147	(677)	3,453	(152)
Financial assets at FVOCI	4,775	-	9,315	-
Financial investments available-for-sale	-	3,385	-	6,171
Others	-	19	1	29
	<u>72,633</u>	<u>51,086</u>	<u>137,363</u>	<u>99,452</u>

**18. Interest Expense**

	2nd Quarter ended		Six months ended	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	32,281	14,906	59,883	29,270
Deposits from customers	12,502	10,663	23,247	21,701
	<u>44,783</u>	<u>25,569</u>	<u>83,130</u>	<u>50,971</u>

**19. Other Operating Income**

	2nd Quarter ended		Six months ended	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	RM'000	RM'000	RM'000	RM'000
Fee income	3,178	2,883	4,911	4,594
Net unrealised loss on revaluation of derivatives	(197)	884	(2,458)	(3,192)
Realised foreign exchange gain	7,048	10,247	13,042	17,813
Unrealised foreign exchange gain	5,819	2,529	16,242	7,498
Net unrealised loss on revaluation of loans, advances and financing at FVTPL	(1,432)	-	(2,837)	-
	<u>14,416</u>	<u>16,543</u>	<u>28,900</u>	<u>26,713</u>

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	2nd Quarter ended		Six months ended	
	30 Sep 2018 RM'000	30 Sep 2017 RM'000	30 Sep 2018 RM'000	30 Sep 2017 RM'000
Personnel costs:				
Salaries, allowances and bonuses	6,490	6,224	13,822	13,021
Contribution to Employees Provident Fund	899	840	1,854	1,634
Other staff related costs	1,767	1,448	3,268	2,891
Establishment costs:				
Repair and maintenance	748	599	1,373	2,065
Depreciation of property and equipment	687	645	1,351	1,177
Amortisation of intangible asset	1,108	795	2,097	1,551
Rental of premises	587	530	1,173	1,084
Information technology expenses	250	176	388	324
Others	356	369	664	683
Marketing expenses:				
Advertisement and publicity	3	13	33	30
Others	254	241	425	387
Administration and general expenses:				
Collateral deposit fees	5,080	3,567	9,900	5,926
Communication expenses	223	212	428	425
Legal and professional fees	180	490	312	621
Others	1,489	1,545	2,729	2,740
	<u>20,121</u>	<u>17,694</u>	<u>39,817</u>	<u>34,559</u>



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	<b>2nd Quarter ended</b>		<b>Six months ended</b>	
	<b>30 Sep 2018 RM'000</b>	<b>30 Sep 2017 RM'000</b>	<b>30 Sep 2018 RM'000</b>	<b>30 Sep 2017 RM'000</b>
Loans, advances and financing	5,625	-	1,853	-
Credit commitments and contingencies	(202)	-	105	-
	<u>5,423</u>	<u>-</u>	<u>1,958</u>	<u>-</u>

**22. Allowance/(Writeback) for Impairment on Loans, Advances and Financing**

	<b>2nd Quarter ended</b>		<b>Six months ended</b>	
	<b>30 Sep 2018 RM'000</b>	<b>30 Sep 2017 RM'000</b>	<b>30 Sep 2018 RM'000</b>	<b>30 Sep 2017 RM'000</b>
Collective impairment allowance				
- Writeback during the period	-	(1,297)	-	(5,783)
	<u>-</u>	<u>(1,297)</u>	<u>-</u>	<u>(5,783)</u>

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**23. 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:

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount* RM'000</b>	<b>Risk- weighted amount* RM'000</b>
<b>As at 30 September 2018</b>			
Direct credit substitutions	120,355	120,355	119,337
Transaction related contingent items	89,556	44,778	37,948
Short-term self-liquidating trade related contingencies	24,627	4,925	4,925
Foreign exchange related contracts			
- One year or less	1,962,766	33,868	21,375
- Over one year to five years	36,379	2,949	1,941
Interest related contracts			
- One year or less	2,294,617	215,164	121,181
- Over one year to five years	3,812,847	412,213	291,942
- Over five years	361,528	79,826	63,899
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	192,286	96,143	96,143
Any commitments that are unconditionally cancelled at any time without prior notice	2,068,919	-	-
<b>Total</b>	<b>10,963,880</b>	<b>1,010,221</b>	<b>758,691</b>
<b>As at 31 March 2018</b>			
Direct credit substitutions	123,658	123,658	121,848
Transaction related contingent items	98,349	49,175	42,002
Short-term self-liquidating trade related contingencies	4,217	843	843
Foreign exchange related contracts			
- One year or less	1,679,341	33,661	18,825
- Over one year to five years	38,646	3,157	1,515
Interest related contracts			
- One year or less	1,922,671	184,041	123,210
- Over one year to five years	4,064,373	535,770	414,117
- Over five years	402,567	99,652	83,072
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	232,713	116,356	116,356
Any commitments that are unconditionally cancelled at any time without prior notice	1,756,816	-	-
<b>Total</b>	<b>10,323,351</b>	<b>1,146,313</b>	<b>921,788</b>

\*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.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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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") reissued on 2 February 2018. 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 4.5% and 6.0% respectively for year 2018. 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:

	<b>30 Sep 2018</b>	<b>31 Mar 2018</b>
<b>Capital ratios:</b>		
CET1 Capital Ratio / Total Tier 1 Capital Ratio	28.885%	27.651%
Total Capital Ratio	<u>29.979%</u>	<u>28.768%</u>

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

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
<b>CET 1 Capital</b>		
Paid-up share capital	700,000	700,000
Retained profits	63,937	66,994
Other reserves	810	1,469
Total CET1 Capital, representing total Tier 1 Capital	<u>764,747</u>	<u>768,463</u>
<b>Tier 2 Capital</b>		
Collective impairment allowance and regulatory reserve	<u>28,958</u>	<u>31,051</u>
Total Capital	<u>793,705</u>	<u>799,514</u>

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

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
Total RWA for Credit risk	2,316,656	2,484,061
Total RWA for Market risk	92,609	83,192
Total RWA for Operational risk	238,270	211,931
Total RWA	<u>2,647,535</u>	<u>2,779,184</u>

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**24. Capital Adequacy (Continued)**

Disclosures relating to credit risk and market risk are as below:

Exposure Class	Gross	Net	Risk-	Minimum
	Exposures	Exposures	Weighted	Capital
	RM'000	RM'000	Assets	Require-
			RM'000	ments
				at 8%
				RM'000
<b>As at 30 September 2018</b>				
<b>Credit Risk</b>				
On-balance sheet exposures:				
Sovereigns/central banks	1,396,143	1,396,143	-	-
Banks, development financial Institutions and Multilateral Development Banks ("MDBs")	1,256,567	1,010,325	128,192	10,255
Corporates	6,172,400	1,364,466	1,364,466	109,157
Other assets	65,332	65,332	65,307	5,225
Total on-balance sheet exposures	<u>8,890,442</u>	<u>3,836,266</u>	<u>1,557,965</u>	<u>124,637</u>
Off-balance sheet exposures:				
Over-the-counter ("OTC") derivatives	744,020	744,020	500,338	40,027
Off-balance sheet exposures other than OTC derivatives or credit derivatives	266,201	266,201	258,353	20,668
Total off-balance sheet exposures	<u>1,010,221</u>	<u>1,010,221</u>	<u>758,691</u>	<u>60,695</u>
Total on and off-balance sheet exposures	<u>9,900,663</u>	<u>4,846,487</u>	<u>2,316,656</u>	<u>185,332</u>
				<b>Minimum</b>
				<b>Capital</b>
			<b>Risk-</b>	<b>Require-</b>
	<b>Long</b>	<b>Short</b>	<b>Weighted</b>	<b>ments</b>
	<b>Position</b>	<b>Position</b>	<b>Assets</b>	<b>at 8%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Market risk</b>				
Interest rate risk	6,218,389	6,201,401	71,625	5,730
Foreign currency risk	1,679	-	20,984	1,679
<b>Operational risk</b>			238,270	19,062
Total RWA and capital requirements			<u>2,647,535</u>	<u>211,803</u>

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**24. Capital Adequacy (Continued)**

Disclosures relating to credit risk and market risk are as below:

<b>Exposure Class</b>	<b>Gross Exposures RM'000</b>	<b>Net Exposures RM'000</b>	<b>Risk-Weighted Assets RM'000</b>	<b>Minimum Capital Requirements at 8% RM'000</b>
<b>As at 31 March 2018</b>				
<b>Credit Risk</b>				
On-balance sheet exposures:				
Sovereigns/central banks	1,260,936	1,260,936	-	-
Banks, development financial Institutions and Multilateral Development Banks ("MDBs")	800,782	694,422	106,977	8,558
Corporates	5,876,001	1,391,872	1,391,872	111,350
Other assets	63,485	63,485	63,424	5,074
Total on-balance sheet exposures	<u>8,001,204</u>	<u>3,410,715</u>	<u>1,562,273</u>	<u>124,982</u>
Off-balance sheet exposures:				
Over-the-counter ("OTC") derivatives	856,281	856,281	640,739	51,259
Off-balance sheet exposures other than OTC derivatives or credit derivatives	290,032	290,032	281,049	22,484
Total off-balance sheet exposures	<u>1,146,313</u>	<u>1,146,313</u>	<u>921,788</u>	<u>73,743</u>
Total on and off-balance sheet exposures	<u>9,147,517</u>	<u>4,557,028</u>	<u>2,484,061</u>	<u>198,725</u>
<b>Market risk</b>				
Interest rate risk	6,158,264	6,136,985	77,293	6,183
Foreign currency risk	472	-	5,899	472
<b>Operational risk</b>				
			211,931	16,954
Total RWA and capital requirements			<u>2,779,184</u>	<u>222,334</u>

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**24. 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
<b>As at 30 September 2018</b>						
0%	1,396,143	-	-	25	1,396,168	-
20%	-	1,256,567	-	-	1,256,567	251,313
50%	-	256,819	-	-	256,819	128,409
100%	-	-	1,871,626	65,307	1,936,933	1,936,933
	<u>1,396,143</u>	<u>1,513,386</u>	<u>1,871,626</u>	<u>65,332</u>	<u>4,846,487</u>	<u>2,316,655</u>
<b>As at 31 March 2018</b>						
0%	1,260,936	-	-	60	1,260,996	-
20%	-	821,379	-	-	821,379	164,276
50%	-	309,736	-	-	309,736	154,868
100%	-	-	2,101,492	63,425	2,164,917	2,164,917
	<u>1,260,936</u>	<u>1,131,115</u>	<u>2,101,492</u>	<u>63,485</u>	<u>4,557,028</u>	<u>2,484,061</u>

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**25. Credit Transactions and Exposures with Connected Parties**

	<b>30 Sep 2018 RM'000</b>	<b>31 Mar 2018 RM'000</b>
Outstanding credit exposures with connected parties	<u>35,193</u>	<u>40,317</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.11%</u>	<u>0.13%</u>

There are currently no exposures to connected parties which are classified as impaired.

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.