

Company No.

923693	H
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MIZUHO CORPORATE BANK (MALAYSIA) BERHAD

Incorporated in Malaysia

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2012

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

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	30 June 2012 RM'000	31 March 2012 RM'000 (Restated)
ASSETS			
Cash and short-term funds	10	424,610	327,667
Deposits and placements with banks and other financial institutions	11	98,000	25,000
Loans, advances and financing	12	137,826	90,482
Securities available-for-sale	13	71,008	40,024
Derivative financial assets		4,141	10,634
Other assets	14	1,780	1,489
Property and equipment	15	12,088	12,335
Intangible assets	16	1,687	1,633
TOTAL ASSETS		751,140	509,264
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	17	332,517	99,172
Deposits and placements of banks and other financial institutions	18	69,230	54,030
Derivative financial liabilities		273	6,428
Other liabilities	19	3,127	1,181
Deferred tax liabilities		746	1,005
TOTAL LIABILITIES		405,893	161,816
Share Capital		350,000	350,000
Available-for-sale reserve		38	18
Accumulated loss		(4,791)	(2,570)
SHAREHOLDERS' EQUITY		345,247	347,448
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		751,140	509,264
COMMITMENTS AND CONTINGENCIES	25	968,349	850,095

The unaudited interim condensed financial statements should be read in conjunction with the accompanying explanatory notes attached to these unaudited condensed interim financial statements.

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

UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

	Note	Current Quarter 3 months ended 30 June 2012 RM'000	Cumulative Quarter 3 months ended 30 June 2012 RM'000
Interest income	20	5,202	5,202
Interest expense	21	(1,796)	(1,796)
Net interest income		<u>3,406</u>	<u>3,406</u>
Other operating income	22	2,627	2,627
Net operating income		<u>6,033</u>	<u>6,033</u>
Other operating expenses	23	(7,963)	(7,963)
Operating loss		<u>(1,930)</u>	<u>(1,930)</u>
Allowance for impairment on loans, advances and financing		(557)	(557)
Loss before taxation		<u>(2,487)</u>	<u>(2,487)</u>
Tax expense		<u>(266)</u>	<u>(266)</u>
Loss for the period		<u>(2,221)</u>	<u>(2,221)</u>
Other comprehensive income for the period, net of tax		<u>20</u>	<u>20</u>
Total comprehensive income for the period, net of tax		<u>(2,201)</u>	<u>(2,201)</u>

MIZUHO CORPORATE BANK (MALAYSIA) BERHAD (923693-H)
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UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

	Non-distributable Share capital RM'000	Available for-sale reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 April 2012				
- as previously stated	350,000	18	(3,620)	346,398
- effect of change in accounting policy	-	-	1,050	1,050
- as restated	<u>350,000</u>	<u>18</u>	<u>(2,570)</u>	<u>347,448</u>
 Total comprehensive income	 -	 20	 (2,221)	 (2,201)
 At 30 June 2012				
- as restated	<u>350,000</u>	<u>38</u>	<u>(4,791)</u>	<u>345,247</u>

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MIZUHO CORPORATE BANK (MALAYSIA) BERHAD (923693-H)
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UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

	Note	30 June 2012 RM'000
Cash Flows from Operating Activities		
Loss before taxation		(2,487)
<i>Adjustment for non-cash items</i>		
Depreciation of property and equipment and intangible asset		631
Amortisation of premium net of accretion of discount		21
Impairment allowance on loans, advances and financing		557
Unrealised foreign exchange gain and mark-to-market gain		(22)
Unrealised loss on revaluation of derivatives		339
Unrealised foreign exchange gain	22	(1)
Operating loss before changes in working capital		<u>(962)</u>
 <i>Changes in working capital:</i>		
Increase in other assets		(262)
Increase in loans, advances and financing		(47,901)
Increase in deposits and placements with banks and other financial institutions		(73,000)
Increase in deposits and placements of banks and other financial institutions		15,200
Increase in other liabilities		1,946
Increase in deposits from customers		233,345
Net cash generated from operating activities		<u>128,366</u>
 Cash Flows from Investing Activities		
Purchase of property and equipment	15	(290)
Purchase of intangible assets	16	(148)
Purchase of financial assets available-for-sale		(30,985)
Net cash used in investing activities		<u>(31,423)</u>
Net increase in cash and cash equivalents		96,943
Cash and cash equivalents		
- at the beginning of the financial period		<u>327,667</u>
- at the end of the financial period		<u>424,610</u>
 Analysis of Cash and Cash equivalents		
Cash and short-term funds		<u>424,610</u>

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

1 GENERAL INFORMATION

Mizuho Corporate Bank (Malaysia) Berhad ("the Bank") is principally engaged in the provision of banking and other related financial services. There were no significant changes in these activities during the financial period.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

The unaudited interim condensed financial statements for the three-month ended 30 June 2012 of the Bank have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. The unaudited interim condensed financial statements for the three-month ended 30 June 2012 have been prepared in accordance with the requirement of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). These unaudited interim condensed financial statements also comply with IAS 134 Interim Financial Reporting issued by the International Accounting Standards Board. For periods up to and including the financial period ended 31 March 2012, the Bank prepared its financial statements in accordance with Financial Reporting Standards ("FRS") as modified by Bank Negara Malaysia Guidelines.

These condensed interim financial statements are the Bank's first MFRS condensed interim financial statements for part of the period covered by the Bank's first MFRS annual financial statements for the year ending 31 March 2013. MFRS1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these 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 performances of the Bank since the period ended 31 March 2012.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Bank's annual audited financial statements as at 31 March 2012. The explanatory notes attached in the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the period ended 31 March 2012.

(b) Adoption of MFRSs and Issues Committee ("IC") Interpretations for the financial period

The significant accounting policies adopted in the preparation of the unaudited interim condensed financial statements are consistent with those adopted in the preparation of the Bank's annual audited financial statements for the period ended 31 March 2012, except for the adoption of MFRS and IC which are effective for annual periods beginning on and after:

1 January 2011

MFRS 1	First time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures

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2 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Adoption of MFRSs and Issues Committee ("IC") Interpretations for the financial period (contd.)

1 January 2011

MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interest in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation

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2 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Adoption of MFRSs and Issues Committee ("IC") Interpretations for the financial period (contd.)

1 January 2011

IC Interpretation 17	Distributions of Non-Cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 107	Introduction of the Euro
IC Interpretation 110	Government Assistance - No Specific Relation to Operating Activities
IC Interpretation 112	Consolidation - Special Purpose Entities
IC Interpretation 113	Jointly Controlled Entities - Non-Monetary Contribution by Venturers
IC Interpretation 115	Operating Leases - Incentives
IC Interpretation 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Interpretation 129	Service Concession Arrangements: Disclosures
IC Interpretation 131	Revenue - Barter Transactions Involving Advertising Services
IC Interpretation 132	Intangible Assets - Web Site Costs

(c) Change in accounting policy due to the removal of transition arrangement for collective impairment assessment of loans, advances and financing

Collective impairment allowance is made for estimated losses inherent in but not currently identifiable to individual financial assets.

In the previous financial periods, the Bank had applied the transitional arrangement set out in BNM/GP8 Guidelines on Classification and Impairment Provisions for Loans/Financing to maintain collective impairment allowance of at least 1.5% if total outstanding loans/financing, net of individual impairment allowance.

During the current financial period, the Bank have changed its accounting policy to fully comply with MFRS 139, after the expiry of the abovementioned transition provision on 31 December 2011. Loans, advances and financing that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of loans, advances and financing could include the Bank's past experience of collections, an increase in default rates or loss experiences experienced by credit rating agencies on rated borrowers and observable changes in economic conditions that correlate with default on receivables.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
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2 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Reconciliation of equity

	FRS as at 31 March 2012 RM'000	Adjustment RM'000	MFRS as at 31 March 2012 RM'000
ASSETS			
Cash and short-term funds	327,667	-	327,667
Deposits and placements with banks and other financial institutions	25,000	-	25,000
Loans, advances and financing	89,642	840	90,482
Securities 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 assets	1,633	-	1,633
TOTAL ASSETS	508,424	840	509,264
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	99,172	-	99,172
Deposits and placements of banks and other 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
Share Capital	350,000	-	350,000
Available-for-sale reserve	18	-	18
Accumulated loss	(3,620)	1,050	(2,570)
SHAREHOLDERS' EQUITY	346,398	1,050	347,448
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	508,424		509,264

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2 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Reconciliation of total comprehensive income for the period ended 31 March 2012

	FRS as at 31 March 2012 RM'000	Adjustment RM'000	MFRS as at 31 March 2012 RM'000
Interest income	12,921	-	12,921
Interest expense	(324)	-	(324)
Net interest income	<u>12,597</u>	-	<u>12,597</u>
Other operating income	7,960	-	7,960
Net operating income	<u>20,557</u>	-	<u>20,557</u>
Other operating expenses	(21,603)	-	(21,603)
Operating loss	<u>(1,046)</u>	-	<u>(1,046)</u>
Impairment allowance on loans, advances and financing	<u>(1,365)</u>	840	<u>(525)</u>
Loss before taxation	<u>(2,411)</u>	840	<u>(1,571)</u>
Income tax expense	<u>(1,209)</u>	210	<u>(999)</u>
Loss for the financial period	<u>(3,620)</u>	1,050	<u>(2,570)</u>
Other comprehensive income			
- Unrealised gain on securities - available-for-sale	24	-	24
Less:			
Income tax relating to component of	<u>(6)</u>	-	<u>(6)</u>
Other comprehensive income for	18	-	18
Total comprehensive income for the financial period	<u>(3,602)</u>	1,050	<u>(2,552)</u>

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
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2 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) MFRSs and IC Interpretations Issued But Not Yet Effective

The following new MFRSs, amendments to MFRSs and IC Interpretations were issued but are not yet effective and have not been applied by the Bank:

MFRSs, Amendments to MFRSs and IC Interpretations	Effective date
Amendments to MFRS 101, <i>Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income</i>	1 July 2012
MFRS 10, <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11, <i>Joint Agreements</i>	1 January 2013
MFRS 12, <i>Disclosure of Interest in Other Entities</i>	1 January 2013
MFRS 13, <i>Fair Value Measurement</i>	1 January 2013
MFRS 119, <i>Employee Benefits (2011)</i>	1 January 2013
MFRS 127, <i>Separate Financial Statements (2011)</i>	1 January 2013
MFRS 128, <i>Investments in Associates and Joint Ventures (2011)</i>	1 January 2013
IC Interpretation 20, <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 7, <i>Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRS 7, <i>Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures</i>	1 January 2013
Amendments to MFRS 132, <i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
MFRS 9, <i>Financial Instruments (2009)</i>	1 January 2015
MFRS 9, <i>Financial Instruments (2010)</i>	1 January 2015

3 AUDIT REPORT

The audit report on the audited financial statements for the financial year ended 31 March 2012 was not subject to any qualification.

4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Bank during the financial period ended 30 June 2012.

5 SEASONALITY OR CYCLICAL FACTORS

The business operations of the Bank are not materially affected by any seasonal or cyclical factors.

6 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial year that have a material effect on the financial result and position of the Bank for the financial quarter ended 30 June 2012.

7 ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares and debentures during the financial quarter ended 30 June 2012.

MIZUHO CORPORATE BANK (MALAYSIA) BERHAD (923693 - H)
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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

8 SUBSEQUENT EVENTS

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

9 DIVIDENDS PAID

No dividend was declared or paid during the financial period ended 30 June 2012.

10 CASH AND SHORT-TERM FUNDS

	30 June 2012	31 March 2012
	RM'000	RM'000
Cash and balances with banks and other financial institutions	22,662	12,709
Money at call and deposit placements maturing within one month	401,948	314,958
	424,610	327,667

11 DEPOSIT AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2012	31 March 2012
	RM'000	RM'000
Licensed Malaysian banks	98,000	25,000
	98,000	25,000

12 LOANS, ADVANCES AND FINANCING

	30 June 2012	31 March 2012
	RM'000	RM'000
		(Restated)
At amortised cost		
(a) By Type:		
Term Loans	12,509	9,451
Revolving credit	126,399	81,556
Gross loans, advances and financing	138,908	91,007
Less: Allowance for impairment		
- Collective allowance for impairment	(1,082)	(525)
Net loans, advances and financing	137,826	90,482
(b) By Geographical Distribution:		
Malaysia	138,908	91,007
(c) By Type of Customer:		
Domestic business enterprise	94,227	58,354
Domestic non-bank financial institutions	44,681	32,653
	138,908	91,007

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12 LOANS, ADVANCES AND FINANCING (CONTD.)

	30 June 2012	31 March 2012
	RM'000	RM'000
		(Restated)
(d) By Interest/Profit Rate Sensitivity:		
Variable rate		
Cost plus	<u>138,908</u>	<u>91,007</u>
(e) By Economic Purpose:		
Purchase of non-residential property	7,864	8,271
Working capital	<u>131,044</u>	<u>82,736</u>
	<u>138,908</u>	<u>91,007</u>
(f) By Sector:		
Manufacturing	69,689	37,061
Wholesale, retail, trade, restaurant and hotels	6,561	3,005
Transport, storage and communication	17,977	18,288
Finance, insurance and business services	<u>44,681</u>	<u>32,653</u>
	<u>138,908</u>	<u>91,007</u>
(g) By Residual Contractual Maturity:		
Maturity within		
- one year	126,399	81,556
- one to five years	12,509	9,451
- over five years	-	-
	<u>138,908</u>	<u>91,007</u>
(h) Movements in collective impairment allowance:		
Balance as at 1 April as previously stated	1,365	1,365
Effect of removal of transitional provision to fully adopt MFRS 139		
Balance as at 1 April as restated	<u>(283)</u>	<u>-</u>
Allowance made / (written back) during the period (restated)		
Balance as at end of period	1,082	1,365
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>0.8%</u>	<u>1.5%</u>

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13 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	30 June 2012	31 March 2012
	RM'000	RM'000
At fair value:		
Malaysia Government Securities	10,379	10,402
Malaysia Treasury Bills	60,629	29,622
	<u>71,008</u>	<u>40,024</u>

14 OTHER ASSETS

	30 June 2012	31 March 2012
	RM'000	RM'000
Accrued interest receivable	667	509
Other receivables, deposits and prepayments	1,093	941
Due from holding company*	20	39
	<u>1,780</u>	<u>1,489</u>

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

15 PROPERTY AND EQUIPMENT

During the three-month period ended 30 June 2012, the Bank acquired assets with a cost of RM290,000 (31 March 2012: RM88,920).

16 INTANGIBLE ASSET - SOFTWARE

During the three-month period ended 30 June 2012, the Bank acquired assets with a cost of RM148,140 (31 March 2012: RM1,020,443).

17 DEPOSITS FROM CUSTOMERS

	30 June 2012	31 March 2012
	RM'000	RM'000
(a) By Type of Deposit:		
Demand deposits	46,459	19,672
Fixed deposits	42,901	43,100
Short-term deposits	243,157	36,400
	<u>332,517</u>	<u>99,172</u>
(b) By Type of Customer:		
Domestic non-bank financial institutions	35,146	16,150
Domestic business enterprises	297,357	83,022
Domestic non-bank enterprises	14	-
	<u>332,517</u>	<u>99,172</u>
(c) Maturity Structure:		
On demand	46,459	19,672
Due within six months	266,058	59,500
Due within six months to one year	20,000	20,000
	<u>332,517</u>	<u>99,172</u>

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

18 DEPOSITS AND PLACEMENTS OF BANKS

	30 June 2012	31 March 2012
	RM'000	RM'000
Licensed banks*	<u>69,230</u>	<u>54,030</u>

**Included in deposits and placements of banks are balances with related companies of approximately RM49,188,000.*

19 OTHER LIABILITIES

	30 June 2012	31 March 2012
	RM'000	RM'000
Accrued interest payable	733	67
Other accruals	66	136
Other payables	<u>2,328</u>	<u>978</u>
	<u>3,127</u>	<u>1,181</u>

20 INTEREST INCOME

	30 June 2012
	RM'000
Loans, advances and financing	
- Interest income other than from impaired loans	987
Money at call and deposit placements with banks and other financial institutions	3,667
Net gain from cross-currency interest rate swap	422
Financial investments available-for-sale	<u>126</u>
	<u>5,202</u>

21 INTEREST EXPENSE

	30 June 2012
	RM'000
Money at call and deposit placements of banks and other financial institutions	96
Deposits from customers	<u>1,700</u>
	<u>1,796</u>

22 OTHER OPERATING INCOME

	30 June 2012
	RM'000
Fee income	990
Net unrealised gain on revaluation of derivatives	32
Realised foreign exchange gain	1,458
Realised gain on disposal of financial assets available-for-sale	<u>297</u>
	<u>2,777</u>
Unrealised foreign exchange gain / (loss)	<u>(150)</u>
	<u>2,627</u>

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23 OTHER OPERATING EXPENSES

	30 June 2012 RM'000
Personnel costs	
Salaries, allowances and bonuses	3,220
Contribution to Employees Provident Fund	290
Other staff related costs	1,129
Establishment costs	
Repair and maintenance	299
Depreciation of property and equipment and intangible asset	630
Rental of premises	337
Information technology expenses	360
Others	86
Marketing expenses	
Advertisement and publicity	1
Others	31
Administration and general expenses	
Communication expenses	123
Legal and professional fees	1,096
Others	361
	7,963

24 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

Related party transactions

	30 June 2012 RM'000
<u>Interest Income</u>	
Cash and short-term funds placed with holding bank and its branches	-
<u>Amount due from</u>	
Cash and short-term funds placed with holding bank and its branches	54,111
<u>Interest Expense</u>	
Deposits and placements from holding bank and its branches	1
<u>Amount due to</u>	
Deposits and placements from holding bank and its branches	49,188

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

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25 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.

	Principal amount RM'000	Positive value of derivative contracts RM'000	Credit Equivalent amount RM'000	Risk weighted assets RM'000
30 June 2012				
Direct credit substitutions	1,650	-	1,650	1,650
Transaction related contingent items	240	-	120	120
Short-term self-liquidating trade-related contingencies	7,791	-	1,558	312
Foreign exchange related contracts				
- less than one year	299,151	43	7,269	4,392
- one year to less than five years	522,896	3,731	65,358	39,236
- five years and above				
Other commitments, such as formal standby facilities and credit lines, with original maturity				
- more than one year	20,000	-	10,000	10,000
- less than one year	-	-	-	-
Any commitment that are unconditionally cancelled at any time without prior notice	116,621	-	-	-
Total	968,349	3,774	85,955	55,710

	Principal amount RM'000	Positive value of derivative contracts RM'000	Credit Equivalent amount RM'000	Risk weighted assets RM'000
31 March 2012				
Foreign exchange related contracts				
- less than one year	234,744	18	10,539	4,745
- one year to less than five years	533,731	4,102	72,415	47,664
- five years and above				
Other commitments, such as formal standby facilities and credit lines, with original maturity				
- more than one year	20,000	-	10,000	10,000
- less than one year	-	-	-	-
Any commitment that are unconditionally cancelled at any time without prior notice	61,620	-	-	-
Total	850,095	4,120	92,954	62,409

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

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26 CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are analysed as follows:

	30 June 2012 RM'000	31 March 2012 RM'000 (Restated)
Tier 1 capital		
Paid-up share capital	350,000	350,000
Retained earnings	(4,791)	(2,570)
Statutory earnings	-	-
Statutory reserves	-	-
	<u>345,209</u>	<u>347,430</u>
Less: Deferred tax assets	-	-
Total Tier 1 capital	<u>345,209</u>	<u>347,430</u>
Tier 2 capital		
Collective impairment allowance, representing total Tier 2 capital	<u>1,082</u>	<u>525</u>
	<u>346,291</u>	<u>347,955</u>
Capital base		
Core capital ratio	114.97%	142.19%
Risk-weighted capital ratio	115.33%	142.41%

Breakdown of gross risk-weighted assets ("RWA") in the various categories of risk-weights:

	30 June 2012		31 March 2012	
	Principal	Risk- Weighted	Principal	Risk- Weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	837,947	263,942	597,300	193,997
Total RWA for market risk	-	11,392	-	11,795
Total RWA for operational risk	-	24,928	-	38,544
	<u>837,947</u>	<u>300,262</u>	<u>597,300</u>	<u>244,336</u>

Capital adequacy ratios of the Bank are computed 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 2).

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26 CAPITAL ADEQUACY (CONTD.)

(a) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category under standardised approach for the Bank are as follows:

	30 June 2012			
	Gross	Net	Risk- Weighted	Capital
	Exposures	Exposures	Assets	Requirement
	RM'000	RM'000	RM'000	RM'000
<i>Credit Risk</i>				
On-Balance Sheet Exposures				
Sovereigns/Central Bank	341,663	341,663	-	-
Banks, Development Financial Institutions and MDBs	252,620	252,620	50,523	4,042
Corporates	138,908	138,908	138,908	11,113
Other Assets	18,801	18,801	18,801	1,504
Total On-Balances Sheet Exposures	<u>751,992</u>	<u>751,992</u>	<u>208,232</u>	<u>16,659</u>
 <i>Off-Balance Sheet Exposures</i>				
Credit-related off-balance sheet exposures	72,627	72,627	43,628	3,490
OTC derivatives	13,328	13,328	12,082	967
Total Off-Balance Sheet Exposures	<u>85,955</u>	<u>85,955</u>	<u>55,710</u>	<u>4,457</u>
Total On and Off- Balance Sheet Exposures	<u>837,947</u>	<u>837,947</u>	<u>263,942</u>	<u>21,116</u>
 <i>Market Risk</i>				
	<u>Long</u>	<u>Short</u>		
	<u>position</u>	<u>position</u>		
Interest rate risk	536,360	532,629	11,279	902
Foreign currency risk	113	-	113	9
<i>Operational Risk</i>	-	-	24,928	1,994
Total RWA and Capital Requirements			<u>300,262</u>	<u>24,021</u>

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26 CAPITAL ADEQUACY (CONTD.)

	31 March 2012			
	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirement RM'000
<i>Credit Risk</i>				
On-Balance Sheet Exposures				
Sovereigns/Central Bank	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-Balances Sheet Exposures	504,346	504,346	131,588	10,527
Off-Balance Sheet Exposures				
Credit-related off-balance sheet exposures	10,000	10,000	10,000	800
OTC derivatives	82,954	82,954	52,409	4,193
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
<i>Market Risk</i>				
	Long position	Short position		
Interest rate risk	545,145	541,044	11,735	939
Foreign currency risk	33	60	60	5
<i>Operational Risk</i>			38,544	3,083
Total RWA and Capital Requirements			244,336	19,547

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26 CAPITAL ADEQUACY (Contd.)

(b) 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	Banks, Development		Corporates	Other Assets	Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns/ Central Banks	Financial Institutions & MDBs				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2012						
0%	341,663	-	-	1	341,664	-
20%	-	290,426	-	-	290,426	58,085
100%	-	-	187,057	18,800	205,857	205,857
	341,663	290,426	187,057	18,801	837,947	263,942

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

Risk Weights	Banks, Development		Corporates	Other Assets	Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns/ Central Banks	Financial Institutions & MDBs				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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

The above are disclosures on credit risk by risk weight of the Bank as at respective reporting dates as required with the adoption of the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

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27 Performance review for the financial period ended 30 June 2012 and commentary on prospects

With effect from 1 April 2012, Mizuho Corporate Bank (Malaysia) Berhad has converged to the Malaysian Financial Reporting Standards (MFRS) and the 1.5% transitional provision in the previous BNM/GP8 Guidelines on Classification and Impairment Provisions for Loans/Financing has expired. A major consequence of the above was the change in the accounting policy for collective impairment assessment which was adopted with retrospective effects.

The above changes in the accounting policy have resulted in loss before tax for the financial period of 2012 to be restated from RM3.62 million to RM2.57 million due to a writeback of collective impairment allowance of RM0.84 million.

Gross loans outstanding increased from RM91 million at the end of March 2012 to RM138 million at the end of June 2012. The increase was mainly due to expansion of the Bank's lending business.

Total deposits from customers have also grown significantly from RM99 million at the end of March 2012 to RM333 million at the end of June 2012 which was attributable to growth in fixed deposits and short term deposits.

The Bank will continue to grow its high priority corporate client portfolio asset base and focus on maintaining its current liquidity position.

For and on behalf of,
Mizuho Corporate Bank (Malaysia) Berhad

Hiroyuki Yoshinari
Chief Executive Officer