

Company No.

923693	H
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**MIZUHO CORPORATE BANK (MALAYSIA) BERHAD**

Incorporated in Malaysia

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2012**

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

**UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2012**

	Note	30 Sep 2012 RM'000	31 Mar 2012 RM'000 (Restated)
<b>ASSETS</b>			
Cash and short-term funds	10	376,554	327,667
Deposits and placements with banks and other financial institutions	11	50,719	25,000
Loans, advances and financing	12	209,401	90,482
Securities available-for-sale	13	92,325	40,024
Derivative financial assets		10,629	10,634
Other assets	14	1,513	1,489
Property and equipment		11,898	12,335
Intangible assets		2,560	1,633
<b>TOTAL ASSETS</b>		<u>755,599</u>	<u>509,264</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from customers	15	273,481	99,172
Deposits and placements of banks and other financial institutions	16	126,591	54,030
Derivative financial liabilities		6,332	6,428
Other liabilities	17	1,771	1,181
Deferred tax liabilities		891	1,005
<b>TOTAL LIABILITIES</b>		<u>409,066</u>	<u>161,816</u>
Share Capital		350,000	350,000
Reserves		(3,467)	(2,552)
<b>SHAREHOLDERS' EQUITY</b>		<u>346,533</u>	<u>347,448</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>755,599</u>	<u>509,264</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<u>1,256,857</u>	<u>850,095</u>

*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 SEPTEMBER 2012**

	Note	Second Quarter Ended		Six Months Ended	
		30 Sep 2012 RM'000	30 Sep 2011 RM'000	30 Sep 2012 RM'000	30 Sep 2011 RM'000
Interest income	18	5,411	2,683	10,613	6,636
Interest expense	19	(2,039)	(1)	(3,835)	(1)
Net interest income		<u>3,372</u>	<u>2,682</u>	<u>6,778</u>	<u>6,635</u>
Other operating income	20	<u>5,723</u>	<u>48</u>	<u>8,351</u>	<u>48</u>
Net operating income		<u>9,095</u>	<u>2,730</u>	<u>15,129</u>	<u>6,683</u>
Other operating expenses	21	<u>(7,499)</u>	<u>(2,953)</u>	<u>(15,457)</u>	<u>(7,323)</u>
Operating profit / (loss)		<u>1,596</u>	<u>(223)</u>	<u>(328)</u>	<u>(640)</u>
Allowance for impairment on loans, advances and financing		<u>(136)</u>	<u>-</u>	<u>(693)</u>	<u>-</u>
Profit / (Loss) before taxation		<u>1,460</u>	<u>(223)</u>	<u>(1,021)</u>	<u>(640)</u>
Tax expense		<u>(154)</u>	<u>(10)</u>	<u>112</u>	<u>(10)</u>
Profit / (Loss) for the period		<u>1,306</u>	<u>(233)</u>	<u>(909)</u>	<u>(650)</u>
Other comprehensive income for the period, net of tax		<u>(8)</u>	<u>38</u>	<u>12</u>	<u>38</u>
Total comprehensive income for the period, net of tax		<u>1,298</u>	<u>(195)</u>	<u>(897)</u>	<u>(612)</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 SEPTEMBER 2012**

	<b>Non-distributable Share capital RM'000</b>	<b>Available for-sale reserve RM'000</b>	<b>Distributable Retained earnings RM'000</b>	<b>Total RM'000</b>
<b>September 2012</b>				
- 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	-	(6)	(909)	(915)
At 30 September 2012	<u>350,000</u>	<u>12</u>	<u>(3,479)</u>	<u>346,533</u>

**September 2011**

At 29 November 2010 (date of incorporation)	*	-	-	-
Issuance of shares	350,000	-	-	350,000
Total comprehensive income for the financial period	-	28	(640)	(612)
Balance as at 30 September 2011	<u>350,000</u>	<u>28</u>	<u>(640)</u>	<u>349,388</u>

\*Representing 3 ordinary shares of RM1 each

*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)**  
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**UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEP 2012**

	Note	30 Sep 2012 RM'000	30 Sep 2011 RM'000
<b>Cash Flows from Operating Activities</b>			
Loss before taxation		(1,021)	(640)
<i>Adjustment for non-cash items</i>			
Depreciation of property and equipment and intangible asset	21	1,273	185
Accretion of discount net of amortisation of premium		(302)	-
Impairment allowance on loans, advances and financing		692	38
Unrealised (gain) / loss on revaluation of derivatives	20	(134)	-
Unrealised foreign exchange (gain) / loss	20	(545)	-
Operating profit / (loss) before changes in working capital		<u>(37)</u>	<u>(417)</u>
<i>Changes in working capital:</i>			
Increase in other assets		(24)	(1,146)
Increase in loans, advances and financing		(119,611)	-
Increase in deposits and placements with banks and other financial institutions		(25,719)	(25,000)
Increase in deposits and placements of banks and other financial institutions		72,561	24,221
Increase in other liabilities		590	13,959
Increase in deposits from customers		174,309	15,000
Net cash generated from operating activities		<u>102,069</u>	<u>26,617</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of property and equipment		(646)	(13,466)
Purchase of intangible assets		(1,116)	(1,312)
Purchase of financial assets available-for-sale		(51,420)	(30,338)
Net cash used in investing activities		<u>(53,182)</u>	<u>(45,116)</u>
<b>Cash Flow from Financing Activity</b>			
Proceeds from issuance of ordinary share		-	350,000
Net cash generating from financing activity		<u>-</u>	<u>350,000</u>
Net increase in cash and cash equivalents		48,887	331,501
Cash and cash equivalents			
- at the beginning of the financial period		327,667	-
- at the end of the financial period		<u>376,554</u>	<u>331,501</u>
<b>Analysis of Cash and Cash equivalents</b>			
Cash and short-term funds	10	<u>376,554</u>	<u>331,501</u>

*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)**  
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**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

## **1 BASIS OF PREPARATION**

The unaudited interim condensed financial statements for the 2nd quarter ended 30 September 2012 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited interim condensed financial statements have been prepared in accordance with FRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Bank Negara Malaysia's Guidelines on Financial Reporting for Banking Institutions. The unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the Bank for the financial period ended 31 March 2012. 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 period ended 31 March 2012.

The significant accounting policies and methods of computation applied in the unaudited interim condensed financial statements are consistent with those adopted in the most recent audited financial statements for the financial period ended 31 March 2012.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the MASB but have not been adopted by the Bank:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1

- Amendments to FRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

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

**1 BASIS OF PREPARATION (CONTINUED)**

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2009)*
- FRS 9, *Financial Instruments (2010)*

**2 AUDIT REPORT**

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

**3 SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of the Group and the Bank are not subject to material seasonal or cyclical fluctuations.

**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 for the 2nd quarter ended 30 September 2012.

**5 CHANGES IN ESTIMATES**

There were no significant changes in estimates of amounts reported in the prior financial period that have a material effect on the financial results and position of the Bank for the 2nd quarter ended 30 June 2012.

**6 MATERIAL EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

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

**7 ISSUE OF SHARES AND DEBENTURES**

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

**8 DIVIDENDS PAID**

No dividend was declared or paid during the financial quarter ended 30 September 2012.

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

**9 CHANGES IN ACCOUNTING POLICIES**

**(a) Transition to the MFRS Framework**

These unaudited interim condensed financial statements are for part of the period covered by the Bank's first annual financial statements for the year ending 31 March 2013 prepared under the MFRS framework. Accordingly, the Bank have applied MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in their transition to the MFRS framework which came into effect for financial periods beginning on or after 1 January 2012. Other than the financial impact arising from the change in accounting policy on collective assessment allowance due to the removal of transitional provision of 1.5% as detailed below, the MFRS framework did not result in any financial impact to the Bank as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

The transition to the MFRS framework has resulted in the following changes:

**MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing**

Prior to the transition to MFRS 139, the Bank had maintained their collective assessment allowance at 1.5% of total outstanding loans, net of individual assessment allowance, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing ("GP3"). Upon the transition to MFRS 139 on 1 April 2012, these transitional provisions, which were allowed under the previous GP 3 were removed and the Bank have applied the requirements of MFRS 139 in the determination of collective assessment allowance.

Under MFRS 139, collective assessment is performed on loans which are not individually significant based on the incurred loss approach. Loans which are individually assessed and where there is no objective evidence of impairment are also included in the group of loans for collective assessment. These loans are pooled into groups with similar credit risk characteristics and the future cash flows for each group is estimated based on the historical loss experience for such assets, analysed by way of probability of default and loss given default percentages. Collective assessment allowance is made on any shortfall in these discounted recoverable amount against the carrying value of the group of loans.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the income statements and a writeback of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statements of financial position.



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

**9 CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

**(b) Reconciliation of equity**

	<b>FRS as at 31 March 2012 RM'000</b>	<b>Adjustment RM'000</b>	<b>MFRS as at 31 March 2012 RM'000</b>
<b>ASSETS</b>			
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
<b>TOTAL ASSETS</b>	<b>508,424</b>	<b>840</b>	<b>509,264</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
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
<b>TOTAL LIABILITIES</b>	<b>162,026</b>	<b>-</b>	<b>161,816</b>
Share Capital	350,000	-	350,000
Available-for-sale reserve	18	-	18
Accumulated loss	(3,620)	1,050	(2,570)
<b>SHAREHOLDERS' EQUITY</b>	<b>346,398</b>	<b>1,050</b>	<b>347,448</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>508,424</b>		<b>509,264</b>

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

**9 CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

**(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	(1,365)	840	(525)
Loss before taxation	<u>(2,411)</u>	840	<u>(1,571)</u>
Income tax expense	(1,209)	210	(999)
Loss for the financial period	<u>(3,620)</u>	<u>1,050</u>	<u>(2,570)</u>
Other comprehensive income			
- Unrealised gain on securities - available-for-sale	24	-	24
Less:			
Income tax relating to component of other comprehensive income	(6)	-	(6)
Other comprehensive income for the financial period, net of tax	18	-	18
Total comprehensive income for the financial period	<u>(3,602)</u>	<u>1,050</u>	<u>(2,552)</u>

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

**10 CASH AND SHORT-TERM FUNDS**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000</b>
Cash and balances with banks and other financial institutions	55,466	12,709
Money at call and deposit placements maturing within one month	321,088	314,958
	<b>376,554</b>	<b>327,667</b>

**11 DEPOSIT AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000</b>
Licensed Malaysian banks	50,719	25,000
	<b>50,719</b>	<b>25,000</b>

**12 LOANS, ADVANCES AND FINANCING**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000 (Restated)</b>
<b>At amortised cost</b>		
(a) By Type:		
Term Loans	48,059	9,451
Revolving credit	162,559	81,556
Gross loans, advances and financing	210,618	91,007
Less: Allowance for impairment		
- Collective allowance for impairment	(1,217)	(525)
Net loans, advances and financing	<b>209,401</b>	<b>90,482</b>
(b) By Geographical Distribution:		
Malaysia	<b>210,618</b>	<b>91,007</b>
(c) By Type of Customer:		
Domestic business enterprise	137,280	58,354
Domestic non-bank financial institutions	73,338	32,653
	<b>210,618</b>	<b>91,007</b>
(d) By Interest/Profit Rate Sensitivity:		
Variable rate		
Cost plus	<b>210,618</b>	<b>91,007</b>

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

**12 LOANS, ADVANCES AND FINANCING (CONTINUED)**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000 (Restated)</b>
(e) By Sector:		
Manufacturing	104,066	37,061
Wholesale, retail, trade, restaurant and hotels	16,341	3,005
Transport, storage and communication	16,873	18,288
Finance, insurance and business services	73,338	32,653
	<u>210,618</u>	<u>91,007</u>
(f) By Residual Contractual Maturity:		
Maturity within		
- one year	199,341	81,556
- one to five years	11,277	9,451
- over five years	-	-
	<u>210,618</u>	<u>91,007</u>
(g) Movements in collective impairment allowance:		
Balance as at start of the period	1,365	-
Effect of removal of transitional provision to fully adopt MFRS 139	(840)	-
Balance as at start of the period as restated	<u>525</u>	<u>-</u>
Allowance made / (written back) during the period	692	1,365
Effect of removal of transitional provision to fully adopt MFRS 139	-	(840)
Balance as at end of period	<u>1,217</u>	<u>525</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>0.6%</u>	<u>0.6%</u>

**13 FINANCIAL ASSETS AVAILABLE-FOR-SALE**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000</b>
At fair value:		
Malaysia Government Securities	10,317	10,402
Malaysia Treasury Bills	82,008	29,622
	<u>92,325</u>	<u>40,024</u>

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

**14 OTHER ASSETS**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000</b>
Accrued interest receivable	486	509
Other receivables, deposits and prepayments	1,010	941
Due from holding company*	17	39
	<u>1,513</u>	<u>1,489</u>

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

**15 DEPOSITS FROM CUSTOMERS**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000</b>
(a) By Type of Deposit:		
Demand deposits	119,878	19,672
Fixed deposits	46,694	43,100
Short-term deposits	106,909	36,400
	<u>273,481</u>	<u>99,172</u>
(b) By Type of Customer:		
Domestic non-bank financial institutions	30,198	16,150
Domestic business enterprises	243,277	83,022
Domestic non-bank enterprises	6	-
	<u>273,481</u>	<u>99,172</u>
(c) Maturity Structure:		
On demand	119,878	19,672
Due within six months	153,603	59,500
Due within six months to one year	-	20,000
	<u>273,481</u>	<u>99,172</u>

**16 DEPOSITS AND PLACEMENTS OF BANKS**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000</b>
Licensed banks	<u>126,591</u>	<u>54,030</u>

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

**17 OTHER LIABILITIES**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000</b>
Accrued interest payable	221	67
Other accruals	34	136
Other payables	1,516	978
	<u>1,771</u>	<u>1,181</u>

**18 INTEREST INCOME**

	<b>Second Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 Sep 2012 RM'000</b>	<b>30 Sep 2011 RM'000</b>	<b>30 Sep 2012 RM'000</b>	<b>30 Sep 2011 RM'000</b>
Loans, advances and financing				
- Interest income other than from impaired loans	1,376	-	2,362	-
Money at call and deposit placements with banks and other financial institutions	3,198	2,683	6,865	6,634
Net gain from cross-currency interest rate swap	405	-	829	-
Financial investments available-for-sale	432	-	557	2
	<u>5,411</u>	<u>2,683</u>	<u>10,613</u>	<u>6,636</u>

**19 INTEREST EXPENSE**

	<b>Second Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 Sep 2012 RM'000</b>	<b>30 Sep 2011 RM'000</b>	<b>30 Sep 2012 RM'000</b>	<b>30 Sep 2011 RM'000</b>
Money at call and deposit placements of banks and other financial institutions	43	1	139	1
Deposits from customers	1,996	-	3,696	-
	<u>2,039</u>	<u>1</u>	<u>3,835</u>	<u>1</u>

**20 OTHER OPERATING INCOME**

	<b>Second Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 Sep 2012 RM'000</b>	<b>30 Sep 2011 RM'000</b>	<b>30 Sep 2012 RM'000</b>	<b>30 Sep 2011 RM'000</b>
Fee income	2,118	-	3,110	-
Net unrealised gain on revaluation of derivatives	102	-	134	-
Realised foreign exchange gain	2,553	15	4,011	15
Realised gain on disposal of financial assets available-for-sale	254	-	551	-
	<u>5,027</u>	<u>15</u>	<u>7,806</u>	<u>15</u>
Unrealised foreign exchange gain / ( loss )	696	33	545	33
	<u>5,723</u>	<u>48</u>	<u>8,351</u>	<u>48</u>

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

**21 OTHER OPERATING EXPENSES**

	<b>Second Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 Sep 2012 RM'000</b>	<b>30 Sep 2011 RM'000</b>	<b>30 Sep 2012 RM'000</b>	<b>30 Sep 2011 RM'000</b>
Personnel costs				
Salaries, allowances and bonuses	2,312	513	5,531	513
Contribution to Employees Provident Fund	231	42	521	42
Other staff related costs	1,054	188	2,182	208
Establishment costs				
Repair and maintenance	323	109	622	360
Depreciation of property and equipment and intangible asset	643	185	1,273	185
Rental of premises	353	378	690	1,187
Information technology expenses	503	382	862	2,206
Others	67	207	152	270
Marketing expenses				
Advertisement and publicity	-	25	1	25
Others	23	5	54	5
Administration and general expenses				
Communication expenses	145	236	269	665
Legal and professional fees	1,512	471	2,608	1,250
Others	333	212	692	407
	<u>7,499</u>	<u>2,953</u>	<u>15,457</u>	<u>7,323</u>

**22 CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES**

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000</b>
Total exposure to connected parties	<u>347,739</u>	<u>345,507</u>
Total exposure to connected parties as % of capital base	<u>100%</u>	<u>100%</u>
Total exposure to connected parties as % of total outstanding credit exposures	<u>5%</u>	<u>6%</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.

	<b>Principal amount RM'000</b>	<b>Positive fair value of derivative contracts RM'000</b>	<b>Credit Equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
<b>30 September 2012</b>				
Direct credit substitutions	2,394	-	2,394	2,394
Transaction related contingent items	1,666	-	833	263
Short-term self-liquidating trade-related contingencies	104	-	21	21
Foreign exchange related contracts				
<i>One year or less</i>	529,535	-	8,130	5,029
<i>Over one year to five years</i>	-	-	-	-
<i>Over five years</i>	-	-	-	-
Interest / profit rate related contracts				
<i>One year or less</i>	-	-	-	-
<i>Over one year to five years</i>	828,821	-	97,753	76,011
<i>Over five years</i>	15,550	-	2,524	1,950
Other commitments, such as formal standby facilities and credit lines, with original maturity of over one year	47,559	-	23,779	23,779
Any commitment that are unconditionally cancelled at any time without prior notice	107,770	-	-	-
<b>Total</b>	<b><u>1,533,399</u></b>	<b><u>-</u></b>	<b><u>135,434</u></b>	<b><u>109,447</u></b>
	<b>Principal amount RM'000</b>	<b>Positive fair value of derivative contracts RM'000</b>	<b>Credit Equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
<b>30 September 2011</b>				
Foreign exchange related contracts				
<i>One year or less</i>	673	-	-	-
<i>Over one year to five years</i>	-	-	-	-
<i>Over five years</i>	-	-	-	-
<b>Total</b>	<b><u>673</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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



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**23 CAPITAL ADEQUACY**

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

	<b>30 Sep 2012 RM'000</b>	<b>31 Mar 2012 RM'000 (Restated)</b>
<b>Tier 1 capital</b>		
Paid-up share capital	350,000	350,000
Retained earnings	(3,479)	(2,570)
Statutory earnings	-	-
Statutory reserves	-	-
	<u>346,521</u>	<u>347,430</u>
Less: Deferred tax assets	-	-
Total Tier 1 capital	<u>346,521</u>	<u>347,430</u>
<b>Tier 2 capital</b>		
Collective impairment allowance, representing total Tier 2 capital	<u>1,217</u>	<u>525</u>
	<u>347,738</u>	<u>347,955</u>
<b>Capital base</b>		
Core capital ratio	77.80%	142.19%
Risk-weighted capital ratio	78.07%	142.41%

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

	<b>30 Sep 2012 Risk- Weighted Assets RM'000</b>	<b>31 Mar 2012 Risk- Weighted Assets RM'000</b>
Total RWA for credit risk	399,716	193,997
Total RWA for market risk	12,229	11,795
Total RWA for operational risk	<u>33,456</u>	<u>38,544</u>
	<u>445,401</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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**23 CAPITAL ADEQUACY (CONTINUED)**

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

	<b>30 September 2012</b>			
	<b>Gross</b>	<b>Net</b>	<b>Risk- Weighted</b>	<b>Capital</b>
	<b>Exposures</b>	<b>Exposures</b>	<b>Assets</b>	<b>Requirement</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Credit Risk</i>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Bank	223,196	223,196	-	-
Banks, Development Financial Institutions and MDBs	296,886	296,886	59,377	4,750
Corporates	210,619	210,619	210,619	16,850
Other Assets	20,274	20,274	20,273	1,622
<b>Total On-Balances Sheet Exposures</b>	<b><u>750,975</u></b>	<b><u>750,975</u></b>	<b><u>290,269</u></b>	<b><u>23,222</u></b>
<b>Off-Balance Sheet Exposures</b>				
OTC derivatives	108,407	108,407	82,990	6,639
Credit-related off-balance sheet exposures	27,027	27,027	26,457	2,117
<b>Total Off-Balance Sheet Exposures</b>	<b><u>135,434</u></b>	<b><u>135,434</u></b>	<b><u>109,447</u></b>	<b><u>8,756</u></b>
<b>Total On and Off- Balance Sheet Exposures</b>	<b><u>886,409</u></b>	<b><u>886,409</u></b>	<b><u>399,716</u></b>	<b><u>31,978</u></b>
<i>Market Risk</i>				
	<b><u>Long</u></b>	<b><u>Short</u></b>		
	<b><u>position</u></b>	<b><u>position</u></b>		
Interest rate risk	518,412	514,196	11,029	882
Foreign currency risk	1,200	-	1,200	96
<i>Operational Risk</i>	-	-	33,456	2,676
<b>Total RWA and Capital Requirements</b>			<b><u>445,401</u></b>	<b><u>35,632</u></b>

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**23 CAPITAL ADEQUACY (CONTINUED)**

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

	31 March 2012			
	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirement RM'000
<i>Credit Risk</i>				
<b>On-Balance Sheet Exposures</b>				
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
<b>Total On-Balances Sheet Exposures</b>	<b><u>504,346</u></b>	<b><u>504,346</u></b>	<b><u>131,588</u></b>	<b><u>10,527</u></b>
<b>Off-Balance Sheet Exposures</b>				
OTC derivatives	10,000	10,000	10,000	800
Credit-related off-balance sheet exposures	82,954	82,954	52,409	4,193
<b>Total Off-Balance Sheet Exposures</b>	<b><u>92,954</u></b>	<b><u>92,954</u></b>	<b><u>62,409</u></b>	<b><u>4,993</u></b>
<b>Total On and Off- Balance Sheet Exposures</b>	<b><u>597,300</u></b>	<b><u>597,300</u></b>	<b><u>193,997</u></b>	<b><u>15,520</u></b>
<i>Market Risk</i>				
	<b><u>Long position</u></b>	<b><u>Short position</u></b>		
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
<b>Total RWA and Capital Requirements</b>			<b><u>244,336</u></b>	<b><u>19,547</u></b>

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**23 CAPITAL ADEQUACY (CONTINUED)**

(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
<b>As at 30 September 2012</b>						
0%	223,196	-	-	1	223,197	-
20%	-	301,475	-	-	301,475	60,295
50%	-	44,632	-	-	44,632	22,316
100%	-	-	296,832	20,273	317,105	317,105
	<b>223,196</b>	<b>346,107</b>	<b>296,832</b>	<b>20,274</b>	<b>886,409</b>	<b>399,716</b>

<--- 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
<b>As at 31 March 2012</b>						
0%	290,988	-	-	1	290,989	-
20%	-	140,392	-	-	140,392	28,078
100%	-	-	145,780	20,139	165,919	165,919
	<b>290,988</b>	<b>140,392</b>	<b>145,780</b>	<b>20,140</b>	<b>597,300</b>	<b>193,997</b>

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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**24 REVIEW OF PERFORMANCE**

The Bank recorded loss before taxation for the 2nd quarter ended 30 September 2012 of RM1.0 million, compared to RM0.6 million loss for the previous corresponding period during which the Bank commenced its operations on 5 September 2011. Operating income increased by RM8.4 million (125.0%) from RM6.7 million to RM15.1 million primarily on higher non-interest income of RM8.4 million against non-interest income of RM48k in the previous corresponding period. Net interest income increased by RM0.2 million (3.0%) from RM6.6 million to RM6.8 million. Total net operating income was offset by significantly higher operating expenses which increased by RM8.1 million (111.0%) from RM7.3 million to RM15.5 million in the previous corresponding period. This was mainly due to increase in personnel, administration and general expenses after commencement of operations since the previous corresponding period.

Total assets registered an increase of RM247 million or 48.5% from RM509 million to RM756 million at 30 September 2012. The Bank's core capital ratio and risk weighted capital ratio remained strong at 77.8% and 78.07% respectively.

**25 PROSPECTS**

The global economy continues to face downside risks triggered by the European sovereign debt crisis. Notwithstanding the uncertain external environment, the growth of Malaysian economy is expected to be underpinned by resilient domestic demand. The Overnight Policy Rate is expected to stay accommodative at present level in 2012.

The Bank's strategy remains focused on growing its high priority corporate client portfolio asset base and managing capital efficiently to support business growth. In addition, the Bank will continue to leverage on its network of group companies - Mizuho Corporate Bank, Mizuho Bank, Mizuho Securities, and Mizuho Trust & Banking - to offer a complete range of high quality financial products and services to the local market.