

Company No.

923693	H
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MIZUHO BANK (MALAYSIA) BERHAD

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 December 2013

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

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 Dec 2013 RM'000	31 Mar 2013 RM'000
ASSETS			
Cash and short-term funds	11	870,357	651,596
Deposits and placements with financial institutions	12	93,410	35,927
Loans, advances and financing	13	285,251	277,472
Financial investments available-for-sale	14	84,678	94,340
Derivative financial assets	15	50,921	19,967
Other assets	16	2,668	2,591
Property and equipment		9,757	11,003
Intangible assets		2,729	2,528
TOTAL ASSETS		1,399,771	1,095,424
LIABILITIES AND EQUITY			
Deposits from customers	17	736,541	577,622
Deposits and placements from financial institutions	18	259,460	151,995
Derivative financial liabilities	15	38,386	7,654
Other liabilities	19	8,409	3,794
Deferred tax liabilities		1,383	1,347
TOTAL LIABILITIES		1,044,179	742,412
Share Capital		350,000	350,000
Reserves		5,592	3,012
SHAREHOLDERS' FUNDS		355,592	353,012
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		1,399,771	1,095,424
COMMITMENTS AND CONTINGENCIES		3,173,880	2,277,317

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2013.

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

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013

	Note	3rd Quarter ended		Nine months ended	
		31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Interest income	20	9,607	6,686	25,449	17,299
Interest expense	21	(4,182)	(2,496)	(9,976)	(6,331)
Net interest income		5,425	4,190	15,473	10,968
Other operating income	22	3,449	9,078	13,788	17,429
Net operating income		8,874	13,268	29,261	28,397
Other operating expenses	23	(9,229)	(7,526)	(23,755)	(22,983)
Operating profit / (loss)		(355)	5,742	5,506	5,414
Impairment allowance for on loans, advances and financing	24	1,147	(444)	(500)	(1,137)
Profit / (loss) before taxation		792	5,298	5,006	4,277
Taxation		(1,227)	(360)	(2,406)	(472)
Profit / (loss) for the period		(435)	4,938	2,600	3,805
Other comprehensive income for the period, net of tax		(9)	12	(20)	24
Total comprehensive income for the period		(444)	4,950	2,580	3,829

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2013.

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CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013

	← Attributable to equity holders of the Bank →				
	Share capital RM'000	Non-distributable Other reserves RM'000	Statutory reserve RM'000	Distributable Retained profits / (loss) RM'000	Total RM'000
At 1 April 2013	350,000	26	-	2,986	353,012
Profit for the period	-	-	-	2,600	2,600
Other comprehensive income / (loss)	-	(20)	-	-	(20)
Transfer to statutory reserve	-	-	2,778	(2,778)	-
Total comprehensive income for the period	-	(20)	2,778	(178)	2,580
At 31 December 2013	350,000	6	2,778	2,808	355,592
At 1 April 2012	350,000	18	-	(2,570)	347,448
Profit for the period	-	-	-	3,805	3,805
Other comprehensive income / (loss)	-	6	-	-	6
Total comprehensive income for the period	-	6	-	3,805	3,811
At 31 December 2012	350,000	24	-	1,235	351,259

*Representing 3 ordinary shares of RM1 each

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2013.

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UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013

	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Cash flows from operating activities		
Profit / (loss) before taxation	5,006	4,277
<i>Adjustments for:</i>		
Depreciation of property and equipment	1,723	1,643
Amortisation of intangible asset	327	290
Impairment allowances on loans, advances and financing	500	1,137
Amortisation of premium net of accretion of discount	95	(651)
Unrealised (gain) / loss on revaluation of derivatives	(748)	(5,857)
Unrealised foreign exchange gain	(1,153)	317
Operating profit / (loss) before changes in working capital	<u>5,750</u>	<u>1,156</u>
<i>(Increase) / decrease in operating assets</i>		
Deposits and placements with financial institutions	(57,483)	(335,512)
Loans, advances and financing	(8,279)	(153,948)
Other assets	(77)	(439)
Purchase of financial investments available-for-sale	11,216	(54,280)
<i>Increase / (decrease) in operating liabilities</i>		
Deposits from customers	158,919	416,109
Deposits and placements from financial institutions	107,465	121,415
Other liabilities	4,615	1,455
Cash generated from operating activities	<u>222,126</u>	<u>(4,044)</u>
Taxation paid	(2,359)	-
Net cash generated from operating activities	<u>219,767</u>	<u>(4,044)</u>
Cash flows from investing activities		
Purchase of property and equipment	(478)	(819)
Purchase of intangible asset	(528)	(1,226)
Net cash used in investing activities	<u>(1,006)</u>	<u>(2,045)</u>
Net increase in cash and cash equivalents	218,761	(6,089)
Cash and cash equivalents at the beginning of the financial period	<u>651,596</u>	<u>327,667</u>
Cash and cash equivalents at the end of the financial period	<u>870,357</u>	<u>321,578</u>
Analysis of cash and cash equivalents		
Cash and short-term funds	<u>870,357</u>	<u>321,578</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2013.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AT 31 DECEMBER 2013

1 BASIS OF PREPARATION

The unaudited condensed interim financial statements for the third financial quarter ended 31 December 2013 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair value: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Bank Negara Malaysia's Guidelines on Financial Reporting for Banking Institutions. The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2013. 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 year ended 31 March 2013.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 March 2013.

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

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

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

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

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures*

The Bank plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 April 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 April 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

2 AUDIT REPORT

The audit report on the audited annual financial statements for the financial year ended 31 March 2013 was not subject to any qualification.

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3 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of 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 financial quarter ended 31 December 2013.

5 CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in the prior financial years that have a material effect on the financial results and position of the Bank for the financial quarter ended 31 December 2013.

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial quarter ended 31 December 2013.

7 DIVIDENDS PAID

No dividend was declared or paid during the third financial quarter ended 31 December 2013.

8 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.

9 REVIEW OF PERFORMANCE

The Bank recorded profit before taxation for the nine months ended 31 December 2013 of RM5.0 million compared to RM4.3 million profit before tax for the previous corresponding period. Operating income increased by RM0.9 million (3.2%) from RM28.4 million to RM29.3 million primarily on higher interest income of RM25.4 million against interest income of RM17.3 million in the previous corresponding period. Net interest income increased by RM4.5 million (36.4%) from RM11.0 million to RM15.5 million. Operating expenses increased by RM0.8 million (3.5%) from RM23.0 million to RM23.8 million, with higher expenses in the current period attributed to corporate tax expenses incurred by the Bank. Total assets registered an increase of RM305 million or 27.9% from RM1,095 million to RM1,400 million at 31 December 2013. The Bank's core capital ratio and risk weighted capital ratio remained strong at 44.841% and 45.137% respectively.

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10 PROSPECTS

Malaysia's economy is expected to see between 5.0% - 5.5% growth in 2014, driven by higher exports and benefiting from stronger demand as key global economies recover. The implementation of tax reforms, subsidy rationalisation and other initiatives in the Malaysian Government's Budget 2014 would also bring higher revenues and contain fiscal deficit at 3.5% of the gross domestic product. As such, the Bank is confident that it is well positioned to capitalise on the business opportunities available in Malaysia's economy.

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 Bank, Mizuho Securities, and Mizuho Trust & Banking - to offer a complete range of high quality financial products and services to the local market.

11 CASH AND SHORT-TERM FUNDS

	31 Dec 2013 RM'000	31 Mar 2013 RM'000
Cash and balances with banks and other financial institutions	39,373	38,238
Money at call and deposit placements maturing within one month	830,984	613,358
	<u>870,357</u>	<u>651,596</u>

12 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	31 Dec 2013 RM'000	31 Mar 2013 RM'000
Deposits and placements maturing more than one month	<u>93,410</u>	<u>35,927</u>

13 LOANS, ADVANCES AND FINANCING

	31 Dec 2013 RM'000	31 Mar 2013 RM'000
(a) By type:		
At amortised cost:		
Term loan	94,404	80,497
Revolving credits	193,180	198,808
Gross loans, advances and financing	<u>287,584</u>	<u>279,305</u>
Less: Impairment allowance		
- Collective impairment allowance	(2,333)	(1,833)
Net loans, advances and financing	<u>285,251</u>	<u>277,472</u>
(b) By geographical distribution:		
Malaysia	<u>287,584</u>	<u>279,305</u>

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13 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31 Dec 2013 RM'000	31 Mar 2013 RM'000
(c) By Type of Customer:		
Domestic business enterprise	205,330	200,043
Domestic non-bank financial institutions	82,254	79,262
	<u>287,584</u>	<u>279,305</u>
(d) By Interest/Profit Rate Sensitivity:		
Cost plus	<u>287,584</u>	<u>279,305</u>
(e) By economic purpose:		
Purchase of fixed assets other than land and building	72,018	64,936
Purchase of non-residential property	3,544	5,485
Working capital	212,022	208,884
	<u>287,584</u>	<u>279,305</u>
(f) By economic sector:		
Manufacturing	133,442	156,372
Construction	10,686	9,640
Wholesale and retail trade, and restaurants and hotels	47,540	18,526
Transport, storage and communication	13,662	15,505
Finance, insurance, real estate and business activities	82,254	79,262
	<u>287,584</u>	<u>279,305</u>
(g) By residual contractual maturity:		
Maturity within		
- one year	200,763	206,482
- one to five years	86,821	72,823
	<u>287,584</u>	<u>279,305</u>
(h) Movements in collective assessment for impairment of loans, advances and financing:		
At 1 April	1,833	525
Made / (reversal) during year	500	1,308
	<u>2,333</u>	<u>1,833</u>
At 31 Dec / 31 March	<u>2,333</u>	<u>1,833</u>
Collective assessment for impairment of loans, advances and financing as a percentage of gross loans, advances and financing	<u>0.81%</u>	<u>0.66%</u>

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14 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	31 Dec 2013 RM'000	31 Mar 2013 RM'000
At fair value:		
Malaysia Government Securities	10,066	10,242
Malaysia Treasury Bills	74,612	84,098
	84,678	94,340

15 DERIVATIVE FINANCIAL INSTRUMENTS

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

	Notional amount RM'000	<----- Fair values ----->	
		Assets RM'000	Liabilities RM'000
As at 31 December 2013			
<u>Foreign exchange related contracts</u>			
Foreign exchange forward contracts	858,963	882	-
<u>Interest rate related contracts</u>			
Cross-currency interest rate swaps / Interest rate swaps	1,893,596	50,039	(38,386)
Total derivative assets / (liabilities)	2,752,559	50,921	(38,386)
	Notional amount RM'000	<----- Fair values ----->	
		Assets RM'000	Liabilities RM'000
As at 31 March 2013			
<u>Foreign exchange related contracts</u>			
Foreign exchange forward contracts	374,409	519	(385)
<u>Interest rate related contracts</u>			
Cross-currency interest rate swaps	1,698,028	19,448	(7,269)
Total derivative assets / (liabilities)	2,072,437	19,967	(7,654)

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16 OTHER ASSETS

	31 Dec 2013 RM'000	31 Mar 2013 RM'000
Interest / Income receivable	950	752
Other receivables, deposits and prepayments	1,602	1,502
Due from holding company	116	337
	<u>2,668</u>	<u>2,591</u>

17 DEPOSITS FROM CUSTOMERS

	31 Dec 2013 RM'000	31 Mar 2013 RM'000
(a) By Type of Deposit:		
Demand deposits	332,174	244,827
Fixed deposits	224,125	31,839
Short-term deposits	180,242	300,956
	<u>736,541</u>	<u>577,622</u>
(b) By Type of Customer:		
Domestic non-bank financial institutions	52,677	25,506
Domestic business enterprises	680,557	541,063
Foreign business enterprises	3,307	11,053
	<u>736,541</u>	<u>577,622</u>
(c) Maturity Structure:		
On demand	332,174	244,827
Due within six months	404,367	273,795
Due within six months to one year	-	59,000
	<u>736,541</u>	<u>577,622</u>

18 DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	31 Dec 2013 RM'000	31 Mar 2013 RM'000
Licensed banks	<u>259,460</u>	<u>151,995</u>

19 OTHER LIABILITIES

	31 Dec 2013 RM'000	31 Mar 2013 RM'000
Accrued interest payable	1,111	626
Other accruals	63	127
Other payables	7,235	3,041
	<u>8,409</u>	<u>3,794</u>

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20 INTEREST INCOME

	3rd Quarter ended		Nine months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than from impaired loans	2,580	1,848	7,527	4,210
Money at call and deposit placements with financial institutions	5,653	3,848	14,728	10,713
Net gain from cross-currency interest rate swap	882	513	2,906	1,342
Financial investments available-for-sale	492	477	288	1,034
	<u>9,607</u>	<u>6,686</u>	<u>25,449</u>	<u>17,299</u>

21 INTEREST EXPENSE

	3rd Quarter ended		Nine months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Money at call and deposit placements from financial institutions	397	82	1,045	221
Deposits from customers	3,777	2,414	8,909	6,110
Others	8	-	22	-
	<u>4,182</u>	<u>2,496</u>	<u>9,976</u>	<u>6,331</u>

22 OTHER OPERATING INCOME

	3rd Quarter ended		Nine months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Fee income	1,246	865	3,418	3,974
Net unrealised gain on revaluation of derivatives	572	5,723	748	5,857
Realised foreign exchange gain	2,060	2,484	6,965	6,495
Realised gain on disposal of financial investments available-for-sale	148	235	1,504	786
Unrealised foreign exchange gain / (loss)	(577)	(229)	1,153	317
	<u>3,449</u>	<u>9,078</u>	<u>13,788</u>	<u>17,429</u>

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23 OTHER OPERATING EXPENSES

	3rd Quarter ended		Nine months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	3,314	2,896	9,288	8,427
Contribution to Employees Provident Fund	294	249	861	770
Other staff related costs	998	911	2,926	3,093
Establishment costs				
Repair and maintenance	587	282	1,151	904
Depreciation of property and equipment	583	526	1,723	1,643
Amortisation of intangible asset	112	134	327	290
Rental of premises	491	474	1,473	1,164
Information technology expenses	317	384	1,097	1,246
Others	64	42	191	194
Marketing expenses				
Advertisement and publicity	82	33	85	33
Others	24	21	94	75
Administration and general expenses				
Communication expenses	165	177	535	446
Legal and professional fees	364	1,045	1,076	3,653
Others	1,834	352	2,928	1,045
	<u>9,229</u>	<u>7,526</u>	<u>23,755</u>	<u>22,983</u>

24 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	3rd Quarter ended		Nine months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Collective assessment allowance				
- made / (reversed) during the year	<u>(1,147)</u>	<u>444</u>	<u>500</u>	<u>1,137</u>

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25 CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF - Basel II). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for risk-weighted capital ratio.

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

	As at 31 Dec 2013 RM'000	As at 31 Mar 2013 RM'000
Tier 1 Capital		
Paid-up share capital	350,000	350,000
Retained earnings	208	2,986
Other disclosed reserves (net of regulatory adjustments)	2,781	12
Total CET1 / Tier 1 Capital	<u>352,989</u>	<u>352,998</u>
Tier 2 Capital		
Collective assessment allowance	2,333	1,833
Total capital base	<u>355,322</u>	<u>354,831</u>
<u>Capital ratios:</u>		
CET1 / Tier 1 Capital	44.841%	52.090%
Risk-weighted capital adequacy ratio	<u>45.137%</u>	<u>52.361%</u>

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

	As at 31 Dec 2013 RM'000	As at 31 Mar 2013 RM'000
Credit risk	684,743	583,639
Market risk	45,249	35,641
Operational risk	57,214	58,388
Total risk-weighted assets	<u>787,206</u>	<u>677,668</u>

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25 CAPITAL ADEQUACY (CONTINUED)

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

	31 December 2013			
	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<u>Credit Risk</u>				
On-Balance Sheet Exposures				
Sovereigns/Central Bank	473,312	473,312	-	-
Banks, Development Financial Institutions and MDBs	576,069	571,294	114,261	9,141
Corporates	287,584	287,584	287,584	23,007
Other Assets	26,754	26,754	26,739	2,139
Total On-Balances Sheet Exposures	<u>1,363,719</u>	<u>1,358,944</u>	<u>428,584</u>	<u>34,287</u>
Off-Balance Sheet Exposures				
OTC derivatives	263,576	263,576	181,967	14,558
Off balance sheet exposures other than OTC derivatives or credit derivatives	89,019	89,019	74,192	5,935
Total Off-Balance Sheet Exposures	<u>352,595</u>	<u>352,595</u>	<u>256,159</u>	<u>20,493</u>
Total On and Off- Balance Sheet Exposures	<u>1,716,314</u>	<u>1,711,539</u>	<u>684,743</u>	<u>54,780</u>
<u>Market Risk</u>				
	Long position RM'000	Short position RM'000		
Interest rate risk	1,741,278	1,729,622	44,763	3,581
Foreign currency risk	486	263	486	39
<i>Operational Risk</i>			57,214	4,577
Total RWA and Capital Requirements			<u>787,206</u>	<u>62,977</u>

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25 CAPITAL ADEQUACY (CONTINUED)

	31 March 2013			
	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<u>Credit Risk</u>				
On-Balance Sheet Exposures				
Sovereigns/Central Bank	261,710	261,710	-	-
Banks, Development Financial Institutions and MDBs	520,906	520,906	104,182	8,334
Corporates	279,305	279,305	279,305	22,345
Other Assets	28,067	28,067	28,067	2,245
Total On-Balances Sheet Exposures	<u>1,089,988</u>	<u>1,089,988</u>	<u>411,554</u>	<u>32,924</u>
Off-Balance Sheet Exposures				
OTC derivatives	204,695	204,695	156,512	12,521
Off balance sheet exposures other than OTC derivatives or credit derivatives	20,617	20,617	15,573	1,246
Total Off-Balance Sheet Exposures	<u>225,312</u>	<u>225,312</u>	<u>172,085</u>	<u>13,767</u>
Total On and Off- Balance Sheet Exposures	<u>1,315,300</u>	<u>1,315,300</u>	<u>583,639</u>	<u>46,691</u>
	Long position RM'000	Short position RM'000		
<u>Market Risk</u>				
Interest rate risk	1,480,067	1,467,886	34,507	2,761
Foreign currency risk	1,134	-	1,134	91
<i>Operational Risk</i>			58,388	4,671
Total RWA and Capital Requirements			<u>677,668</u>	<u>54,214</u>

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25 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	Corporate RM'000	Other Assets RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
As at 31 December 2013						
0%	473,312	-	-	15	473,327	-
20%	-	581,645	-	-	581,645	116,329
50%	-	176,307	-	-	176,307	88,154
100%	-	-	453,521	26,739	480,260	480,260
	<u>473,312</u>	<u>757,952</u>	<u>453,521</u>	<u>26,754</u>	<u>1,711,539</u>	<u>684,743</u>

As at 31 March 2013

0%	261,710	-	-	-	261,710	-
20%	-	525,958	-	-	525,958	105,192
50%	-	98,370	-	-	98,370	49,185
100%	-	-	401,195	28,067	429,262	429,262
	<u>261,710</u>	<u>624,328</u>	<u>401,195</u>	<u>28,067</u>	<u>1,315,300</u>	<u>583,639</u>

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26 COMMITMENTS AND CONTINGENCIES

The off-balance sheet exposures and their related counterparty credit risk of the Bank are as follows:

	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
As at 31 December 2013			
Direct credit substitutions	3,869	3,869	3,869
Transaction related contingent items	100,140	50,070	35,243
Short-term self liquidating trade related contingencies	400	80	80
Foreign exchange related contracts			
- One year or less	858,963	18,980	10,698
Interest / Profit related contracts			
- One year or less	110,593	5,713	3,735
- Over one year to five years	1,471,682	177,621	122,859
- Over five years	311,321	61,262	44,675
Other commitments, such as formal standby facilities and credit lines, with original maturity of over one year	70,000	35,000	35,000
Any commitments that are unconditionally cancelled at any time without prior notice	246,912	-	-
Total	<u>3,173,880</u>	<u>352,595</u>	<u>256,159</u>
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
As at 31 March 2013			
Direct credit substitutions	2,757	2,757	2,757
Transaction related contingent items	21,720	10,860	5,816
Foreign exchange related contracts			
- One year or less	374,409	9,491	5,449
Interest / Profit related contracts			
- One year or less	3,052	136	92
- Over one year to five years	1,565,684	171,081	132,704
- Over five years	129,292	23,987	18,267
Other commitments, such as formal standby facilities and credit lines, with original maturity of over one year	14,000	7,000	7,000
Any commitments that are unconditionally cancelled at any time without prior notice	166,403	-	-
Total	<u>2,277,317</u>	<u>225,312</u>	<u>172,085</u>