

Mizuho Bank (Malaysia) Berhad

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**Unaudited condensed interim financial statements
for the financial period ended 31 December 2020**

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

		31 Dec 2020 RM'000	31 Mar 2020 RM'000
	Note		
Assets			
Cash and short-term funds		1,542,573	1,556,301
Deposits and placements with financial institutions		1,227,129	1,420,480
Financial assets at fair value through other comprehensive income ("FVOCI")	11	1,782,856	1,134,913
Loans, advances and financing	12	7,812,475	8,966,896
Derivative financial assets		205,053	199,572
Other assets		206,543	33,195
Right of use assets		9,952	12,146
Property and equipment		5,640	6,841
Intangible assets		7,685	10,338
Current tax assets		-	205
Deferred tax assets		9,126	1,758
Total assets		12,809,032	13,342,645
Liabilities			
Deposits from customers	13	2,840,075	2,826,487
Deposits and placements from financial institutions	14	8,145,870	9,221,487
Derivative financial liabilities		267,839	142,154
Lease liabilities		10,034	12,240
Other liabilities		76,909	203,326
Current tax liabilities		1,105	-
Total liabilities		11,341,832	12,405,694
Equity			
Share capital		1,200,000	700,000
Reserves		267,200	236,951
Total equity attributable to owner of the Bank		1,467,200	936,951
Total liabilities and equity		12,809,032	13,342,645
Commitments and contingencies	21	13,823,952	13,799,485

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020.

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

		3rd Quarter Ended		Nine Months Ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	15	47,934	96,572	174,324	267,765
Interest expense	16	(16,328)	(66,076)	(73,794)	(182,879)
Net interest income		31,606	30,496	100,530	84,886
Other operating income	17	21,859	20,867	50,070	64,704
Total net income		53,465	51,363	150,600	149,590
Other operating expenses	18	(23,943)	(27,685)	(70,347)	(67,528)
Operating profit		29,522	23,678	80,253	82,062
(Addition)/writeback of allowance for expected credit losses ("ECL")	19	(9,881)	2,159	(39,128)	(852)
Profit before taxation		19,641	25,837	41,125	81,210
Tax expense		(5,477)	(11,867)	(15,429)	(15,372)
Profit for the financial period		14,164	13,970	25,696	65,838
Other comprehensive (loss)/income net of tax:					
Fair value changes of financial assets at FVOCI		(3,033)	(310)	5,991	2,768
Income tax effect		728	75	(1,438)	(664)
Other comprehensive (loss)/income for the financial period		(2,305)	(235)	4,553	2,104
Total comprehensive income for the financial period		11,859	13,735	30,249	67,942

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	← Non-distributable →			Distributable	Total RM'000
	Share Capital RM'000	Regulatory Reserve RM'000	FVOCI Reserve RM'000	Retained Profits RM'000	
At 1 April 2020	700,000	21,489	4,912	210,550	936,951
Issuance of shares	500,000	-	-	-	500,000
Profit for the financial period	-	-	-	25,696	25,696
Other comprehensive income	-	-	4,553	-	4,553
Transfer from regulatory reserve	-	(21,489)	-	21,489	-
At 31 December 2020	1,200,000	-	9,465	257,735	1,467,200
At 1 April 2019	700,000	28,595	1,759	151,498	881,852
Profit for the financial period	-	-	-	65,838	65,838
Other comprehensive income	-	-	2,104	-	2,104
Transfer to regulatory reserve	-	16,418	-	(16,418)	-
At 31 December 2019	700,000	45,013	3,863	200,918	949,794

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Profit before taxation	41,125	81,210
Adjustments for non-cash items	45,784	(11,849)
Operating profit before changes in working capital	<u>86,909</u>	<u>69,361</u>
Net changes in operating assets	432,790	(3,309,057)
Net changes in operating liabilities	(1,234,283)	4,117,739
	(801,493)	808,682
Cash (used in)/generated from operating activities	<u>(714,584)</u>	<u>878,043</u>
Taxation paid	(23,000)	(13,481)
Net cash (used in)/generated from operating activities	<u>(737,584)</u>	<u>864,562</u>
Net cash used in investing activities	(1,569)	(2,510)
Net cash generated from financing activities	500,000	-
Net increase in cash and cash equivalents during the financial period	(239,153)	862,052
Cash and cash equivalents at the beginning of the financial period	1,710,529	1,703,745
Cash and cash equivalents at the end of the financial period	<u>1,471,376</u>	<u>2,565,797</u>
Analysis of cash and cash equivalents:		
Cash and short-term funds	1,542,573	2,397,927
Deposits and placements with financial institutions	1,227,129	1,545,088
Less: Deposits and placements with financial institutions with original contractual maturity of more than 3 months	(1,298,326)	(1,377,218)
	<u>1,471,376</u>	<u>2,565,797</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

1. Basis of preparation

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

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board.

The unaudited condensed interim financial statements should be read in conjunction with the Bank's audited financial statements for the financial year ended 31 March 2020. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 March 2020.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2020 except for the following:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- i) Amendments to MFRS 101 *Presentation of Financial Statements and Accounting Policies, Changes and Amendments to MFRS 108* and Amendments to MFRS 108 *in Accounting Estimates and Errors - Definition of Material*
- ii) Amendments to MFRS 7, *Financial Instrument: Disclosures, Financial Instruments, Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform* and Amendments to MFRS 139

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- i) Amendments to MFRS 16 *Leases: Covid 19 - Related Rent Concessions*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- i) Amendments to MFRS 7, *Financial Instrument: Disclosures, Financial Instruments, Leases, Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform-Phase 2* and Amendments to MFRS 139

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

1. Basis of preparation (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- i) Amendments to MFRS 9 *Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020 cycle)*
- ii) Amendments to MFRS 116 *Property, Plant and Equipment: Proceeds before Intended Use*
- iii) Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- i) Amendments to MFRS 101 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*

The adoption of the above amendments to MFRSs are not expected to give rise to any significant impact on the financial results of the Bank.

2. Auditors' report on preceding audited annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2020 was not qualified.

3. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the third quarter ended 31 December 2020.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the third quarter ended 31 December 2020.

5. Changes in estimates

There were no material changes in estimates during the third quarter ended 31 December 2020.

6. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the third quarter ended 31 December 2020.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

7. Dividend

No dividend was paid during the third quarter ended 31 December 2020.

8. Subsequent events

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

9. Review of performance

The Bank recorded a lower profit before taxation ("PBT") of RM41.1 million for the financial period ended 31 December 2020, a decrease of RM40.1 million (or 49.4%) compared to RM81.2 million in the previous corresponding period. The decrease in PBT was mainly due to higher allowance for expected credit losses in current financial period of RM39.1 million compared to RM0.9 million in the previous corresponding period. Operating income improved slightly by 0.7% to RM150.6 million mainly due to the increase in net interest income of RM15.6 million (or 18.4%) being offset by a decrease in non interest income of RM14.6 million (or 22.6%) in the current financial period. Operating expenses increased by RM2.8 million (or 4.2%) mainly due to the increase in administration and general expenses (RM2.5 million).

Total assets stood at RM12.8 billion as at 31 December 2020, a slight decrease of 4.0% compared against total assets of RM13.3 billion at 31 March 2020. The Bank's Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 24.814% and 25.873% respectively.

10. Prospects

The impact of COVID-19 on the global economy continues to be severe and uncertain. Coming into 2021, prolonged restrictions on community and economic activities are expected to slow any economic recovery until vaccination becomes effective and widespread. In Malaysia, the Government and the King have announced Movement Restriction Order ("MCO") 2.0 and a state of emergency respectively to combat the worsening Covid-19 situation and to remove the risk of holding elections under worsening pandemic circumstances. Although MCO 2.0 is less stringent than the original MCO in March 2020, the risks to the growth outlook for Malaysia are clearly to the downside. The state of emergency, however, will remove near-term political uncertainty and could prove to be a blessing in disguise for Malaysia's economic recovery into Q2 2021 and beyond.

Despite the uncertainties and challenges faced in the economy and financial markets, Mizuho Bank Malaysia, as part of Mizuho Financial Group remains committed to fulfilling our mission as a financial institution, fully exercising our financial functions to support our customers. The bank will continue to position itself as a resilient financial institution that our customers can depend on.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****11. Financial assets at FVOCI**

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
At fair value		
Government Investment Issues	532,991	484,626
Government Guaranteed Bond	1,249,865	650,287
	<u>1,782,856</u>	<u>1,134,913</u>

12. Loans, advances and financing

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
(a) By type:		
At amortised cost:		
Term loans	5,211,567	6,240,295
Revolving credits	1,328,006	1,404,350
Bills receivable	37,131	33,946
	<u>6,576,704</u>	<u>7,678,591</u>
Less: Unearned interest	(70)	(107)
Gross loans, advances and financing at amortised cost	<u>6,576,634</u>	<u>7,678,484</u>
Less: Impairment allowance		
- Expected credit losses	(51,592)	(54,608)
Net loans, advances and financing at amortised cost	<u>6,525,042</u>	<u>7,623,876</u>
At fair value through profit or loss ("FVTPL"):		
Term loans	1,287,433	1,343,020
Total net loans, advances and financing	<u>7,812,475</u>	<u>8,966,896</u>
Total gross loans, advances and financing		
- At amortised cost	6,576,634	7,678,484
- At FVTPL	1,287,433	1,343,020
	<u>7,864,067</u>	<u>9,021,504</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****12. Loans, advances and financing (continued)**

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
(b) By geographical distribution:		
Within Malaysia	5,997,251	7,079,461
Outside Malaysia	1,866,816	1,942,043
	<u>7,864,067</u>	<u>9,021,504</u>
(c) By type of customer:		
Domestic business enterprises	3,597,329	4,077,681
Domestic non-bank financial institutions	2,399,922	3,001,780
Foreign business entities	1,866,816	1,942,043
	<u>7,864,067</u>	<u>9,021,504</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,355,615	1,413,597
Variable rate	6,508,452	7,607,907
	<u>7,864,067</u>	<u>9,021,504</u>
(e) By economic purpose:		
Purchase of fixed assets other than land and building	1,421,875	1,810,406
Purchase of non-residential property	17,761	23,885
Working capital	6,424,431	7,187,213
	<u>7,864,067</u>	<u>9,021,504</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

12. Loans, advances and financing (continued)

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
(f) By economic sector:		
Mining and quarrying	16,806	46,686
Manufacturing	1,822,056	2,266,051
Electricity, gas and water supply	803	113,082
Construction	654,113	575,328
Wholesale and retail trade, and restaurants and hotels	51,969	168,890
Transport, storage and communication	75,201	18,957
Finance, insurance, real estate and business activities	5,186,962	5,807,275
Education, health and others	56,157	25,235
	<u>7,864,067</u>	<u>9,021,504</u>
(g) By maturity structure:		
Maturing within one year	4,310,677	5,243,151
One year to three years	2,205,377	1,899,394
Three years to five years	1,328,332	1,664,204
Over five years	19,681	214,755
	<u>7,864,067</u>	<u>9,021,504</u>
(h) Movements in impairment allowance on loans, advances and financing which reflect the ECL model on impairment are as follows:		

	12-Month ECL	Lifetime ECL		
	Stage 1	Not Credit- Impaired Stage 2	Credit- Impaired Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 April 2020	19,215	35,393	-	54,608
New financial assets originated	28,687	4,686	-	33,373
Financial assets derecognised	(17,610)	(35,393)	-	(53,003)
Net remeasurement during the financial period	14,918	1,696	-	16,614
At 31 December 2020	<u>45,210</u>	<u>6,382</u>	<u>-</u>	<u>51,592</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****12. Loans, advances and financing (continued)**

- (h) Movements in impairment allowance on loans, advances and financing which reflect the ECL model on impairment are as follows (continued):

	12-Month ECL	Lifetime ECL Not Credit- Impaired	Credit- Impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
At 1 April 2019	3,039	25,593	-	28,632
New financial assets originated	17,491	35,393	-	52,884
Financial assets derecognised	(2,735)	(25,593)	-	(28,328)
Net remeasurement during the financial period	1,420	-	-	1,420
At 31 March 2020	<u>19,215</u>	<u>35,393</u>	<u>-</u>	<u>54,608</u>

- (i) Movements in impairment allowance for loans, advances and financing:

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
At 1 April	54,608	28,632
(Writeback)/allowance made during the financial period	<u>(3,016)</u>	<u>25,976</u>
At end of the financial period	<u>51,592</u>	<u>54,608</u>
As percentage of total loans	<u>0.66%</u>	<u>0.61%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 31 December 2020.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****13. Deposits from customers**

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
(a) By type of deposit:		
Demand deposits	918,409	945,365
Fixed deposits	996,273	1,185,021
Short-term deposits	925,393	696,101
	<u>2,840,075</u>	<u>2,826,487</u>
(b) By type of customer:		
Domestic non-bank financial institutions	182,999	173,984
Domestic business enterprises	2,549,531	2,573,056
Foreign business enterprises	107,434	79,341
Domestic other enterprises	111	106
	<u>2,840,075</u>	<u>2,826,487</u>
(c) Maturity structure:		
On demand	918,409	945,365
Due within six months	1,819,251	1,795,892
Due over six months to one year	102,415	85,230
	<u>2,840,075</u>	<u>2,826,487</u>

14. Deposits and placements from financial institutions

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
Licensed banks	<u>8,145,870</u>	<u>9,221,487</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****15. Interest income**

	3rd Quarter Ended		Nine Months Ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	27,177	63,115	108,058	175,956
Money at call and deposits and placements with financial institutions	7,736	24,344	31,021	68,814
Financial assets at FVOCI	12,425	9,008	34,360	22,664
Others	596	105	885	331
	<u>47,934</u>	<u>96,572</u>	<u>174,324</u>	<u>267,765</u>

16. Interest expense

	3rd Quarter Ended		Nine Months Ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	7,686	52,083	47,212	141,853
Deposits from customers	8,642	13,518	26,077	39,569
Others	-	475	505	1,457
	<u>16,328</u>	<u>66,076</u>	<u>73,794</u>	<u>182,879</u>

17. Other operating income

	3rd Quarter Ended		Nine Months Ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Fee income	2,874	2,205	9,189	7,452
Realised gain in fair value of derivative financial instruments	4,384	3,427	12,418	9,341
Unrealised loss in fair value of derivative financial instruments	(5,724)	(22,683)	(23,211)	(13,768)
Realised foreign exchange gain	7,267	8,245	15,160	23,969
Unrealised foreign exchange gain	13,579	29,592	37,478	37,217
Net unrealised (loss)/gain on revaluation of financial assets at FVTPL	(566)	23	(1,071)	435
Others	45	58	107	58
	<u>21,859</u>	<u>20,867</u>	<u>50,070</u>	<u>64,704</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****18. Other operating expenses**

	3rd Quarter Ended		Nine Months Ended	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Personnel costs:				
Salaries, allowances and bonuses	7,787	7,262	22,310	21,360
Contribution to Employees Provident Fund	979	890	2,835	2,749
Other staff related costs	1,276	1,501	4,629	4,186
Establishment costs:				
Repair and maintenance	1,467	1,955	4,261	4,209
Depreciation of right of use assets	1,243	1,317	3,678	3,669
Depreciation of property and equipment	642	726	1,980	2,189
Amortisation of intangible assets	1,071	1,218	3,443	3,667
Rental of premises	5	4	15	120
Information technology expenses	1,071	3,018	3,488	3,626
Others	190	170	544	487
Marketing expenses:				
Advertisement and publicity	84	36	107	103
Others	46	261	203	771
Administration and general expenses:				
Collateral deposit fees	5,814	7,364	16,516	14,788
Communication expenses	311	242	794	742
Legal and professional fees	102	191	208	522
Others	1,855	1,530	5,336	4,340
	<u>23,943</u>	<u>27,685</u>	<u>70,347</u>	<u>67,528</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

19. Addition/(Writeback) of allowance for expected credit losses

	3rd Quarter Ended		Nine Months Ended	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Deposits and placements with financial institutions	213	-	213	(1)
Loans, advances and financing	9,500	(15)	(3,016)	271
Credit commitments and contingencies	168	(2,144)	41,931	582
	<u>9,881</u>	<u>(2,159)</u>	<u>39,128</u>	<u>852</u>

20. Credit transactions and exposures with connected parties

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
Outstanding credit exposures with connected parties	<u>53,886</u>	<u>35,620</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.13%</u>	<u>0.10%</u>

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

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****21. Commitments and contingencies**

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions. The risk-weighted exposures of the Bank are as follows:

	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000
As at 31 December 2020			
Direct credit substitutions	75,760	75,760	74,919
Transaction related contingent items	96,894	48,447	36,478
Short-term self-liquidating trade related contingencies	17,320	3,464	3,464
Foreign exchange related contracts			
- One year or less	1,099,465	35,541	27,168
- Over one year to five years	99,063	6,992	5,537
Interest/profit related contracts			
- One year or less	2,753,912	129,701	98,515
- Over one year to five years	4,631,852	631,113	486,251
- Over five years	37,334	7,811	6,028
Other commitments, such as formal standby facilities and credit lines, with an original maturity up to one year	1,164,959	48,205	48,205
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	35,000	17,500	17,500
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	3,812,393	-	-
Total	13,823,952	1,004,534	804,065

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****21. Commitments and contingencies (continued)**

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions. The risk-weighted exposures of the Bank are as follows (continued):

	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000
As at 31 March 2020			
Direct credit substitutions	36,157	36,157	29,766
Transaction related contingent items	80,667	40,333	35,497
Short-term self-liquidating trade related contingencies	9,574	1,915	1,915
Foreign exchange related contracts			
- One year or less	2,004,631	48,357	20,557
- Over one year to five years	144,555	11,902	9,876
Interest/profit related contracts			
- One year or less	3,630,854	165,621	92,151
- Over one year to five years	4,894,057	586,088	407,071
- Over five years	46,100	8,899	6,260
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	35,000	17,500	17,500
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	2,917,890	-	-
Total	13,799,485	916,772	620,593

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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The capital ratios are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) (collectively, the "Framework") of which the latest version was issued on 2 February 2018. The Bank has adopted Standardised Approach for credit risk and market risk and the Basic Indicator Approach for operational risk. In line with transitional arrangements under BNM's Capital Adequacy Framework (Capital Components), the minimum regulatory capital adequacy requirement for common equity Tier 1 ("CET1") capital ratio and Tier 1 capital ratio including the capital conservation buffer are 7.0%, 8.5% and 10.5% on the risk-weighted assets ("RWA") respectively. The minimum regulatory capital adequacy requirement remains at 8% for total capital ratio.

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

	31 Dec 2020	31 Mar 2020
Capital ratios:		
CET1 Capital Ratio / Tier 1 Capital Ratio	24.814%	27.076%
Total Capital Ratio	<u>25.873%</u>	<u>28.162%</u>

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

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
CET 1 Capital		
Paid-up share capital	1,200,000	700,000
Retained profits	232,039	210,550
Other reserves	(10,794)	(7,415)
Total Tier 1 Capital	<u>1,421,245</u>	<u>903,135</u>
Tier 2 Capital		
General provisions and regulatory reserve	<u>60,635</u>	<u>36,210</u>
Total Capital	<u>1,481,880</u>	<u>939,345</u>

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

	31 Dec 2020 RM'000	31 Mar 2020 RM'000
Total RWA for Credit risk	4,850,772	2,896,763
Total RWA for Market risk	540,327	124,663
Total RWA for Operational risk	336,411	314,087
Total RWA	<u>5,727,510</u>	<u>3,335,513</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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22. Capital adequacy (continued)

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

Exposure class	Gross	Net	Risk-	Minimum
	Exposures	Exposures	Weighted	Capital
	RM'000	RM'000	Assets	Require-
			RM'000	ments
				at 8%
				RM'000
As at 31 December 2020				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/Central banks	1,105,676	1,105,676	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	4,256,056	2,709,919	620,770	49,662
Corporates	7,175,523	4,666,574	3,406,285	272,503
Other assets	19,702	19,702	19,652	1,572
Total on-balance sheet exposures	<u>12,556,957</u>	<u>8,501,871</u>	<u>4,046,707</u>	<u>323,737</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	811,158	811,158	623,499	49,880
Off-balance sheet exposures other than OTC derivatives or credit derivatives	193,376	193,376	180,566	14,445
Total off-balance sheet exposures	<u>1,004,534</u>	<u>1,004,534</u>	<u>804,065</u>	<u>64,325</u>
Total on and off-balance sheet exposures	<u>13,561,491</u>	<u>9,506,405</u>	<u>4,850,772</u>	<u>388,062</u>
				Minimum
				Capital
			Risk-	Require-
	Long	Short	Weighted	ments
	Position	Position	Assets	at 8%
	RM'000	RM'000	RM'000	RM'000
Market risk				
Interest rate risk	7,309,855	7,287,839	90,127	7,210
Foreign currency risk	36,016	-	450,200	36,016
Operational risk			336,411	26,913
Total RWA and capital requirements			<u>5,727,510</u>	<u>458,201</u>

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22. Capital adequacy (continued)

Disclosures relating to credit risk and market risk are as below (continued):

Exposure class	Gross	Net	Risk-	Minimum
	Exposures	Exposures	Weighted	Capital
	RM'000	RM'000	Assets	Require-
			RM'000	ments
				at 8%
				RM'000
As at 31 March 2020				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/Central banks	1,338,653	1,338,653	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	4,083,445	2,006,839	580,785	46,463
Corporates	7,755,711	2,329,314	1,670,903	133,672
Other assets	24,511	24,511	24,482	1,959
Total on-balance sheet exposures	<u>13,202,320</u>	<u>5,699,317</u>	<u>2,276,170</u>	<u>182,094</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	820,867	820,867	535,915	42,873
Off-balance sheet exposures other than OTC derivatives or credit derivatives	95,905	95,905	84,678	6,774
Total off-balance sheet exposures	<u>916,772</u>	<u>916,772</u>	<u>620,593</u>	<u>49,647</u>
Total on and off-balance sheet exposures	<u>14,119,092</u>	<u>6,616,089</u>	<u>2,896,763</u>	<u>231,741</u>
				Minimum
				Capital
			Risk-	Require-
	Long	Short	Weighted	ments
	Position	Position	Assets	at 8%
	RM'000	RM'000	RM'000	RM'000
Market risk				
Interest rate risk	8,532,490	8,508,314	103,238	8,259
Foreign currency risk	1,714	-	21,425	1,714
Operational risk			314,087	25,127
Total RWA and capital requirements			<u>3,335,513</u>	<u>266,841</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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22. Capital adequacy (continued)

The following tables present the credit exposures by risk weights and after credit risk mitigation of the Bank:

Risk weights	Exposures after Netting and Credit Risk Mitigation				Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Banks, Development Financial Institutions MDBs RM'000	Corporates RM'000	Other Assets RM'000		
As at 31 December 2020						
0%	1,105,676	320,679	1,260,289	50	2,686,694	-
20%	-	2,058,344	-	-	2,058,344	411,669
50%	-	644,528	-	-	644,528	322,264
100%	-	-	4,097,187	19,652	4,116,839	4,116,839
	<u>1,105,676</u>	<u>3,023,551</u>	<u>5,357,476</u>	<u>19,702</u>	<u>9,506,405</u>	<u>4,850,772</u>
As at 31 March 2020						
0%	1,338,653	1,589	658,411	29	1,998,682	-
20%	-	1,618,047	-	-	1,618,047	323,609
50%	-	852,413	-	-	852,413	426,207
100%	-	-	2,122,465	24,482	2,146,947	2,146,947
	<u>1,338,653</u>	<u>2,472,049</u>	<u>2,780,876</u>	<u>24,511</u>	<u>6,616,089</u>	<u>2,896,763</u>