

Mizuho Bank (Malaysia) Berhad

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**Unaudited condensed interim financial statements
for the financial period ended 30 June 2022**

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

		30 June 2022	31 March 2022
	Note	RM'000	RM'000
Assets			
Cash and short-term funds		3,122,209	1,930,307
Deposits and placements with financial institutions		1,369,386	1,397,000
Financial assets at fair value through other comprehensive income ("FVOCI")	11	1,564,277	1,990,351
Loans, advances and financing	12	6,906,288	7,114,388
Derivative financial assets		269,178	91,400
Other assets		22,113	32,167
Right of use assets		8,215	9,478
Property and equipment		4,568	5,158
Intangible assets		5,579	6,034
Current tax assets		7,899	13,787
Deferred tax assets		3,773	-
Total assets		13,283,485	12,590,070
Liabilities			
Deposits from customers	13	3,426,509	4,024,231
Deposits and placements from financial institutions	14	7,747,625	6,789,195
Derivative financial liabilities		201,300	70,713
Lease liabilities		8,297	9,564
Other liabilities		296,143	105,397
Deferred tax liabilities		-	2,619
Total liabilities		11,679,874	11,001,719
Share capital		1,200,000	1,200,000
Reserves		403,611	388,351
Total equity attributable to owner of the bank		1,603,611	1,588,351
Total liabilities and equity		13,283,485	12,590,070
Commitments and contingencies	21	15,745,075	13,886,651

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022.

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 30 JUNE 2022**

		1st Quarter ended		Three months ended	
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	15	53,962	40,629	53,962	40,629
Interest expense	16	(31,439)	(13,556)	(31,439)	(13,556)
Net interest income		22,523	27,073	22,523	27,073
Other operating income	17	21,856	18,291	21,856	18,291
Total net income		44,379	45,364	44,379	45,364
Other operating expenses	18	(19,528)	(20,952)	(19,528)	(20,952)
Operating profit		24,851	24,412	24,851	24,412
Writeback of allowance for expected credit losses ("ECL")	19	7,786	10,677	7,786	10,677
Profit before taxation		32,637	35,089	32,637	35,089
Tax expense		(9,648)	(8,151)	(9,648)	(8,151)
Profit for the financial period		22,989	26,938	22,989	26,938
Other comprehensive (loss)/income net of tax:					
Fair value changes of financial assets at FVOCI		(10,170)	4,617	(10,170)	4,617
Income tax effect		2,441	(1,108)	2,441	(1,108)
Other comprehensive (loss)/income for the financial period		(7,729)	3,509	(7,729)	3,509
Total comprehensive income for the financial period		15,260	30,447	15,260	30,447

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	←Non-distributable reserves →			Distributable reserves	
	Share capital RM'000	Regulatory reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
At 1 April 2022	1,200,000	30,534	(2,720)	360,537	1,588,351
Profit for the financial period	-	-	-	22,989	22,989
Other comprehensive loss	-	-	(7,729)	-	(7,729)
Transfer to regulatory reserve	-	8,289	-	(8,289)	-
At 30 June 2022	<u>1,200,000</u>	<u>38,823</u>	<u>(10,449)</u>	<u>375,237</u>	<u>1,603,611</u>
At 1 April 2021	1,200,000	-	1,016	311,805	1,512,821
Profit for the financial period	-	-	-	26,938	26,938
Other comprehensive income	-	-	3,509	-	3,509
At 30 June 2021	<u>1,200,000</u>	<u>-</u>	<u>4,525</u>	<u>338,743</u>	<u>1,543,268</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	30 June 2022 RM'000	30 June 2021 RM'000
Profit before taxation	32,637	35,089
Adjustments for non-cash items	(7,541)	(9,338)
Operating profit before changes in working capital	<u>25,096</u>	<u>25,751</u>
Net changes in operating assets	<u>249,112</u>	<u>(161,767)</u>
Net changes in operating liabilities	<u>555,406</u>	<u>312,169</u>
	804,518	150,402
Cash generated from operating activities	<u>829,614</u>	<u>176,153</u>
Taxation paid	(7,716)	(7,276)
Net cash generated from operating activities	<u>821,898</u>	<u>168,877</u>
Net cash generated from/(used in) investing activities	409,754	(91,731)
Net cash used in financing activity	(1,253)	(1,273)
Net increase in cash and cash equivalents during the financial period	1,230,399	75,873
Cash and cash equivalents at the beginning of the financial period	<u>3,061,223</u>	<u>1,068,169</u>
Cash and cash equivalents at the end of the financial period	<u>4,291,622</u>	<u>1,144,042</u>
Analysis of cash and cash equivalents:		
Cash and short-term funds	3,122,236	985,548
Deposits and placements with financial institutions	1,369,386	705,253
Less: deposits and placements with financial institutions with original contractual maturity of more than 3 months	<u>(200,000)</u>	<u>(546,759)</u>
	<u>4,291,622</u>	<u>1,144,042</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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 2022. 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 2022.

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 2022 except for the adoption of the following during the current financial period:

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

- i) Amendments to MFRS 9 *Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020 cycle)*
- ii) Amendments to Illustrative Examples accompanying MFRS 16 *Leases (Annual Improvements to MFRS Standards 2018 - 2020 cycle)*
- iii) Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*
- iv) Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*

The initial application of the abovementioned pronouncements are not expected to have any material impact to the financial statements of the Bank.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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 2022 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 first quarter ended 30 June 2022.

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 first quarter ended 30 June 2022.

5. Changes in estimates

There were no material changes in estimates during the first quarter ended 30 June 2022.

6. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the first quarter ended 30 June 2022.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

7. Dividend

No dividend was paid during the first quarter ended 30 June 2022.

8. Subsequent events

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

9. Review of performance

The Bank recorded a profit before taxation (“PBT”) of RM32.6 million for the financial period ended 30 June 2022, a decrease of RM2.5 million or 7.0% as compared to RM35.1 million in the previous corresponding period. The decrease in PBT was mainly due to the lower writeback of allowance for expected credit losses (“ECL”) of RM7.8 million in this quarter, compared to RM10.7 million in the previous corresponding period. Operating income decreased by RM1.0 million or 2.2% with the decrease in net interest income by RM4.6 million being offset by an increase in non-interest income by RM3.6 million in the current financial period. Operating expenses decreased by RM1.4 million or 6.8% mainly due to lower administration and general expenses.

Total assets for the Bank stood at RM13.3 billion as at 30 June 2022, an increase of RM0.7 billion or 5.5% as compared against total assets of RM12.6 billion at 31 March 2022. The Bank’s Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 31.04% and 32.13% respectively.

10. Prospects

Looking forward, Malaysian economy is expected to further improve with the transition to endemicity supported by strong domestic demand, expansion in external demand and improving labour market. However, the downside risks remain with a weaker-than-expected global growth and worsening supply chain disruptions. The Bank expects to remain resilient in order to grow and transform its business under this challenging environment. As part of Mizuho Financial Group, the Bank will remain committed to fulfil its role as a financial institution and fully exercising its financial function to support its customer.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****11. Financial assets at FVOCI**

	30 June 2022 RM'000	31 March 2022 RM'000
At fair value		
Malaysian government securities	50,150	50,700
Malaysian government treasury bills	49,663	49,493
Government investment issues	544,620	701,891
Government guaranteed bonds	919,844	1,188,267
	<u>1,564,277</u>	<u>1,990,351</u>

12. Loans, advances and financing

	30 June 2022 RM'000	31 March 2022 RM'000
(a) By type:		
At amortised cost:		
Term loans	4,088,808	4,044,757
Revolving credits	1,724,628	1,951,497
Overdraft	-	545
Bills receivable	7,611	9,428
	<u>5,821,047</u>	<u>6,006,227</u>
Less: Unearned interest	(11)	(18)
Gross loans, advances and financing at amortised cost	<u>5,821,036</u>	<u>6,006,209</u>
Less: Allowance for expected credit losses	(10,303)	(14,034)
Net loans, advances and financing at amortised cost	<u>5,810,733</u>	<u>5,992,175</u>
At fair value through profit or loss ("FVTPL"):		
Term loans	1,095,555	1,122,213
Total net loans, advances and financing	<u>6,906,288</u>	<u>7,114,388</u>
Total gross loans, advances and financing		
- At amortised cost	5,821,036	6,006,209
- At FVTPL	1,095,555	1,122,213
	<u>6,916,591</u>	<u>7,128,422</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****12. Loans, advances and financing (continued)**

	30 June 2022 RM'000	31 March 2022 RM'000
(b) By geographical distribution:		
Within Malaysia	5,591,179	5,866,418
Outside Malaysia	1,325,412	1,262,004
	<u>6,916,591</u>	<u>7,128,422</u>
(c) By type of customer:		
Domestic business enterprises	2,312,658	2,733,901
Domestic non-bank financial institutions	3,278,521	3,132,517
Foreign business entities	1,325,412	1,262,004
	<u>6,916,591</u>	<u>7,128,422</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,515,091	1,751,279
Variable rate	5,401,500	5,377,143
	<u>6,916,591</u>	<u>7,128,422</u>
(e) By economic purpose:		
Purchase of fixed assets other than land and building	336,928	546,107
Purchase of non-residential property	9,683	10,792
Working capital	6,051,126	6,053,265
Other purpose	518,854	518,258
	<u>6,916,591</u>	<u>7,128,422</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

12. Loans, advances and financing (continued)

	30 June 2022 RM'000	31 March 2022 RM'000
(f) By economic sector:		
Manufacturing	1,215,251	1,404,721
Electricity, gas and water supply	32,324	33,439
Construction	572,912	573,972
Wholesale and retail trade, and restaurants and hotels	194,696	177,028
Transport, storage and communication	12,869	275,101
Finance, insurance, real estate and business activities	4,627,473	4,410,413
Education, health and others	261,066	253,748
	<u>6,916,591</u>	<u>7,128,422</u>
(g) By maturity structure:		
Maturing within one year	4,170,240	4,542,640
One year to three years	2,071,408	2,113,728
Three years to five years	674,943	472,054
	<u>6,916,591</u>	<u>7,128,422</u>
(h) Movement in impairment allowance on loans, advances and financing which reflect the ECL model on impairment are as follows:		

	Not credit-impaired		Credit- impaired	
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 April 2022	13,418	616	-	14,034
New financial assets originated	8,274	144	-	8,418
Financial assets derecognised	(11,265)	(541)	-	(11,806)
Net remeasurement during the financial period	(342)	(1)	-	(343)
At 30 June 2022	<u>10,085</u>	<u>218</u>	<u>-</u>	<u>10,303</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****12. Loans, advances and financing (continued)**

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

	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
At 1 April 2021	34,399	7,152	-	41,551
New financial assets originated	11,967	616	-	12,583
Financial assets derecognised	(22,015)	(7,152)	-	(29,167)
Net remeasurement during the financial year	(10,933)	-	-	(10,933)
At 31 March 2022	<u>13,418</u>	<u>616</u>	<u>-</u>	<u>14,034</u>

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

	30 June 2022	31 March 2022
	RM'000	RM'000
At 1 April	14,034	41,551
Writeback during the financial period	(3,731)	(27,517)
At end of the financial period	<u>10,303</u>	<u>14,034</u>
As percentage of total loans, advances and financing	<u>0.15%</u>	<u>0.20%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 June 2022.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****13. Deposit from customers**

	30 June 2022 RM'000	31 March 2022 RM'000
(a) By type of deposits:		
Demand deposits	982,970	972,770
Fixed deposits	1,025,705	1,049,072
Short-term deposits	1,417,834	2,002,389
	<u>3,426,509</u>	<u>4,024,231</u>
(b) By type of customers:		
Domestic non-bank financial institutions	771,229	368,319
Domestic business enterprises	2,575,546	3,394,697
Foreign business enterprises	79,608	71,780
Domestic other enterprises	126	94
Government and statutory bodies	-	189,341
	<u>3,426,509</u>	<u>4,024,231</u>
(c) Maturity structure:		
On demand	982,970	972,770
Due within six months	2,393,539	2,933,060
Due over six months to one year	50,000	118,401
	<u>3,426,509</u>	<u>4,024,231</u>

14. Deposit and placements from financial institutions

	30 June 2022 RM'000	31 March 2022 RM'000
Licensed banks	<u>7,747,625</u>	<u>6,789,195</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****15. Interest income**

	1st Quarter ended		Three months ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Loans, advances and financing	29,589	22,665	29,589	22,665
Money at call and deposits and placements with financial institutions	13,868	5,660	13,868	5,660
Financial assets at FVOCI	10,498	12,107	10,498	12,107
Others	7	197	7	197
	<u>53,962</u>	<u>40,629</u>	<u>53,962</u>	<u>40,629</u>

16. Interest expense

	1st Quarter ended		Three months ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Deposits and placements from financial institutions	19,943	5,276	19,943	5,276
Deposits from customers	11,026	8,244	11,026	8,244
Others	470	36	470	36
	<u>31,439</u>	<u>13,556</u>	<u>31,439</u>	<u>13,556</u>

17. Other operating income

	1st Quarter ended		Three months ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Fee income	1,479	1,781	1,479	1,781
Realised gain in fair value of derivative financial instruments	3,428	4,668	3,428	4,668
Unrealised loss in fair value of derivative financial instruments	(7,930)	(8,391)	(7,930)	(8,391)
Realised foreign exchange gain	8,734	4,506	8,734	4,506
Unrealised foreign exchange gain	14,375	16,313	14,375	16,313
Net unrealised gain/(loss) on revaluation of financial assets at FVTPL	1,754	(602)	1,754	(602)
Others	16	16	16	16
	<u>21,856</u>	<u>18,291</u>	<u>21,856</u>	<u>18,291</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****18. Other operating expenses**

	1st Quarter ended		Three months ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Personnel costs:				
Salaries, allowances and bonuses	8,304	8,322	8,304	8,322
Contribution to Employees Provident Fund	1,176	1,171	1,176	1,171
Other staff related costs	2,795	1,519	2,795	1,519
Establishment costs:				
Repair and maintenance	1,290	1,450	1,290	1,450
Depreciation of right of use assets	1,249	1,313	1,249	1,313
Depreciation of property and equipment	590	650	590	650
Amortisation of intangible assets	701	791	701	791
Rental of premises	5	5	5	5
Information technology expenses	763	711	763	711
Others	101	116	101	116
Marketing expenses:				
Advertisement and publicity	-	4	-	4
Others	150	93	150	93
Administration and general expenses:				
Communication expenses	238	267	238	267
Legal and professional fees	69	75	69	75
Others	2,097	4,465	2,097	4,465
	<u>19,528</u>	<u>20,952</u>	<u>19,528</u>	<u>20,952</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****19. (Writeback)/addition of allowance for expected credit losses**

	1st Quarter ended		Three months ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Deposits and placements with financial institutions	(18)	(99)	(18)	(99)
Loans, advances and financing	(3,731)	(12,309)	(3,731)	(12,309)
Credit commitments and contingencies	(4,037)	1,731	(4,037)	1,731
	<u>(7,786)</u>	<u>(10,677)</u>	<u>(7,786)</u>	<u>(10,677)</u>

20. Credit transactions and exposures with connected parties

	30 June 2022 RM'000	31 March 2022 RM'000
Outstanding credit exposures with connected parties	<u>56,169</u>	<u>55,652</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.15%</u>	<u>0.16%</u>

Currently, none of the exposures to connected parties 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 30 JUNE 2022****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 30 June 2022			
Direct credit substitutes	103,437	103,437	103,287
Transaction related contingent items	119,608	59,804	46,450
Short-term self-liquidating trade related contingencies	1,731	346	346
Foreign exchange related contracts			
- One year or less	2,349,693	36,692	21,372
- Over one year to five years	106,301	14,404	8,657
Interest related contracts			
- One year or less	2,502,760	132,716	56,502
- Over one year to five years	5,058,027	596,572	350,989
- Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	660,945	61,688	61,688
Any commitments that are unconditionally cancelled at any time without prior notice	4,842,573	-	-
Total	15,745,075	1,005,659	649,291

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****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 Mar 2022			
Direct credit substitutes	107,626	107,626	107,476
Transaction related contingent items	120,426	60,213	47,430
Short-term self-liquidating trade related contingencies	2,013	403	403
Foreign exchange related contracts			
- One year or less	976,967	25,897	18,939
- Over one year to five years	132,349	14,710	9,173
Interest related contracts			
- One year or less	2,224,680	71,590	42,797
- Over one year to five years	5,262,099	498,949	332,724
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	378,387	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,500	2,250	2,250
Any commitments that are unconditionally cancelled at any time without prior notice	4,677,604	-	-
Total	13,886,651	781,638	561,192

*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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The capital ratios are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 3 May 2019. 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, Tier 1 capital ratio and total 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:

	30 June 2022	31 March 2022
Capital ratios:		
CET1 capital ratio / Tier 1 capital ratio	31.036%	31.532%
Total capital ratio	<u>32.131%</u>	<u>32.677%</u>

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

	30 June 2022 RM'000	31 March 2022 RM'000
CET 1 capital		
Paid-up share capital	1,200,000	1,200,000
Retained profits	352,248	360,537
Other reserves	<u>(20,121)</u>	<u>(8,692)</u>
Total tier 1 capital	1,532,127	1,551,845
Tier 2 capital		
General provisions and regulatory reserve	<u>54,051</u>	<u>56,344</u>
Total capital	<u>1,586,178</u>	<u>1,608,189</u>

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

	30 June 2022 RM'000	31 March 2022 RM'000
Total RWA for credit risk	4,324,111	4,507,512
Total RWA for market risk	299,127	103,189
Total RWA for operational risk	313,376	310,805
Total RWA	<u>4,936,614</u>	<u>4,921,506</u>

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22. Capital adequacy (continued)

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

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
As at 30 June 2022				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	3,290,137	3,290,137	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	3,180,607	1,895,205	321,055	25,684
Corporates	6,570,024	4,257,432	3,328,918	266,313
Other assets	24,847	24,847	24,847	1,988
Total on-balance sheet exposures	<u>13,065,615</u>	<u>9,467,621</u>	<u>3,674,820</u>	<u>293,985</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	780,384	780,384	437,520	35,002
Off-balance sheet exposures other than OTC derivatives or credit derivatives	225,275	225,275	211,771	16,942
Total off-balance sheet exposures	<u>1,005,659</u>	<u>1,005,659</u>	<u>649,291</u>	<u>51,944</u>
Total on and off-balance sheet exposures	<u>14,071,274</u>	<u>10,473,280</u>	<u>4,324,111</u>	<u>345,929</u>
			Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Market risk				
Interest rate risk	7,651,285	7,634,076	75,965	6,077
Foreign currency risk	17,853	-	223,162	17,853
Operational risk				
			313,376	25,070
Total RWA and capital requirements			<u>4,936,614</u>	<u>394,929</u>

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22. Capital adequacy (continued)

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

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
As at 31 March 2022				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	2,508,011	2,508,011	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	2,899,912	1,853,709	396,762	31,741
Corporates	7,060,756	4,715,439	3,516,311	281,305
Other assets	33,247	33,247	33,247	2,660
Total on-balance sheet exposures	<u>12,501,926</u>	<u>9,110,406</u>	<u>3,946,320</u>	<u>315,706</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	611,146	611,146	403,633	32,291
Off-balance sheet exposures other than OTC derivatives or credit derivatives	170,492	170,492	157,559	12,605
Total off-balance sheet exposures	<u>781,638</u>	<u>781,638</u>	<u>561,192</u>	<u>44,896</u>
Total on and off-balance sheet exposures	<u>13,283,564</u>	<u>9,892,044</u>	<u>4,507,512</u>	<u>360,602</u>
			Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Market risk				
Interest rate risk	7,615,123	7,597,472	77,681	6,214
Foreign currency risk	2,041	-	25,508	2,041
Operational risk			310,805	24,864
Total RWA and capital requirements			<u>4,921,506</u>	<u>393,721</u>

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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 Institution MDBs RM'000	Corporates RM'000	Other Assets RM'000		
As at 30 June 2022						
0%	3,290,137	289,932	928,514	-	4,508,583	-
20%	-	1,879,894	-	-	1,879,894	375,979
50%	-	273,341	-	-	273,341	136,671
100%	-	-	3,786,615	24,847	3,811,462	3,811,462
	<u>3,290,137</u>	<u>2,443,167</u>	<u>4,715,129</u>	<u>24,847</u>	<u>10,473,280</u>	<u>4,324,111</u>
As at 31 March 2022						
0%	2,508,011	273,993	1,199,128	-	3,981,132	-
20%	-	1,465,389	-	-	1,465,389	293,078
50%	-	462,178	-	-	462,178	231,089
100%	-	-	3,950,098	33,247	3,983,345	3,983,345
	<u>2,508,011</u>	<u>2,201,560</u>	<u>5,149,226</u>	<u>33,247</u>	<u>9,892,044</u>	<u>4,507,512</u>