

MIZUHO BANK (MALAYSIA) BERHAD
(Company No. 923693-H)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

MIZUHO BANK (MALAYSIA) BERHAD

(Company No. 923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

		30 June 2019 RM'000	31 March 2019 RM'000
	Note		
Assets			
Cash and short-term funds		1,757,022	1,801,692
Deposits and placements with financial institutions		1,432,579	544,393
Financial assets at fair value through other comprehensive income ("FVOCI")	11	692,609	602,896
Loans, advances and financing	12	5,587,148	6,444,676
Derivative financial assets		159,644	166,782
Other assets		39,359	67,334
Right of use assets		8,225	-
Property and equipment		8,812	9,531
Intangible assets		12,771	12,422
Total assets		9,698,169	9,649,726
Liabilities			
Deposits from customers	13	2,392,632	2,397,678
Deposits and placements from financial institutions	14	6,096,701	6,082,687
Derivative financial liabilities		164,364	180,495
Lease liabilities		8,475	-
Other liabilities		120,736	97,748
Deferred tax liabilities		3,276	9,266
Total liabilities		8,786,184	8,767,874
Share capital		700,000	700,000
Reserves		211,985	181,852
Total equity attributable to owner of the bank		911,985	881,852
Total liabilities and equity		9,698,169	9,649,726
Commitments and contingencies	21	11,847,257	11,658,160

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019.

MIZUHO BANK (MALAYSIA) BERHAD

(Company No. 923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

		1st Quarter ended		Three months ended	
		30 June	30 June	30 June	30 June
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	15	79,776	64,730	79,776	64,730
Interest expense	16	(52,008)	(38,347)	(52,008)	(38,347)
Net interest income		27,768	26,383	27,768	26,383
Other operating income	17	19,070	14,485	19,070	14,485
Operating income		46,838	40,868	46,838	40,868
Other operating expenses	18	(19,948)	(19,696)	(19,948)	(19,696)
Operating profit		26,890	21,172	26,890	21,172
(Allowance)/Writeback for expected credit losses	19	(640)	(3,466)	(640)	(3,466)
Profit before taxation		26,250	17,706	26,250	17,706
Tax credit		1,882	110	1,882	110
Profit for the financial period		28,132	17,816	28,132	17,816
Other comprehensive income net of tax:					
Fair value changes of financial assets at FVOCI		2,632	(355)	2,632	(355)
Income tax effect		(631)	85	(631)	85
Other comprehensive income/(loss) for the financial period		2,001	(270)	2,001	(270)
Total comprehensive income for the financial period		30,133	17,546	30,133	17,546

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	← Non-distributable reserves →				Distributable reserves	Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Available-for-sale reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	
At 1 April 2019	700,000	28,595	-	1,759	151,498	881,852
Profit for the financial period	-	-	-	-	28,132	28,132
Other comprehensive income	-	-	-	2,001	-	2,001
Transfer to regulatory reserve	-	(12,406)	-	-	12,406	-
At 30 June 2019	700,000	16,189	-	3,760	192,036	911,985
At 1 April 2018	700,000	39,353	151	-	66,994	806,498
Impact of adopting MFRS 9	-	(8,338)	(151)	151	8,186	(152)
At 1 April 2018, as restated	700,000	31,015	-	151	75,180	806,346
Profit for the financial period	-	-	-	-	17,816	17,816
Other comprehensive loss	-	-	-	(270)	-	(270)
Transfer to regulatory reserve	-	4,605	-	-	(4,605)	-
At 30 June 2018	700,000	35,620	-	(119)	88,391	823,892

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	30 June 2019 RM'000	30 June 2018 RM'000
Profit before taxation	26,250	17,706
Adjustments for non-cash items	(3,364)	(1,593)
Operating profit before changes in working capital	<u>22,886</u>	<u>16,113</u>
Net changes in operating assets	<u>362,786</u>	<u>(309,685)</u>
Net changes in operating liabilities	<u>30,715</u>	<u>857,083</u>
	393,501	547,398
Cash flows generated from operating activities	<u>416,387</u>	<u>563,511</u>
Taxation paid	(4,739)	(2,400)
Net cash flows generated from operating activities	<u>411,648</u>	<u>561,111</u>
Net cash flows used in investing activities	(1,581)	(415)
Net increase in cash and cash equivalents during the financial period	410,067	560,696
Cash and cash equivalents at the beginning of the financial period	<u>1,703,745</u>	<u>1,208,718</u>
Cash and cash equivalents at the end of the financial period	<u><u>2,113,812</u></u>	<u><u>1,769,414</u></u>
Analysis of cash and cash equivalents:		
Cash and short-term funds	1,757,022	1,769,414
Deposits and placements with financial institutions	1,432,579	258,406
Less: Deposits and placements with financial institutions with contractual maturity more than 3 months	<u>(1,075,789)</u>	<u>(258,406)</u>
	<u><u>2,113,812</u></u>	<u><u>1,769,414</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019.

MIZUHO BANK (MALAYSIA) BERHAD

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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 2019. 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 2019.

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 2019 except for adoption of the following new Malaysian Financial Reporting Standards ("MFRSs"), amendments to MFRSs, annual improvements to MFRSs and IC Interpretations which are effective for annual periods beginning on or after 1 January 2019:

- i) MFRS 16 *Leases*
- ii) IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- iii) Amendments to MFRS 9 *Financial Instruments - Prepayment Features with Negative Compensation*
- iv) Amendments to MFRS 112 *Income Taxes (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)*
- v) Amendments to MFRS 119 *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- vi) Amendments to MFRS 123 *Borrowing Costs (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)*

The adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Bank, except as mentioned below:

MFRS 16 Leases ("MFRS 16")

MFRS 16 supersedes MFRS 117: *Leases* ("MFRS 117") and its related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on-balance sheet) or operating leases (off-balance sheet).

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

1. Basis of preparation (continued)

MFRS 16 Leases ("MFRS 16") (continued)

i) Lessee

At the commencement date of a lease, a lessee will recognise a lease liability to make lease payments and an asset representing the "right of use" of the underlying asset during the lease term. Subsequently, the "right of use" asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the profit or loss.

ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessor will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The change in accounting policies has been applied retrospectively from 1 April 2019. In accordance with the transition requirements, comparatives are not restated.

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 2019 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 2019.

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 2019.

5. Changes in estimates

There were no material changes in estimates during the first quarter ended 30 June 2019.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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 2019.

7. Dividend

No dividend was paid during the first quarter ended 30 June 2019.

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 registered higher profit before taxation for the financial period ended 30 June 2019 of RM26.3 million compared to RM17.7 million in the previous corresponding period, representing an increase of RM8.6 million or 48.3%. The profit growth was mainly driven by higher other operating income of RM4.6 million and lower allowance for expected credit losses of RM 2.8 million as compared to previous corresponding period.

Total assets stood at RM9,698.2 million as at 30 June 2019, compared against 31 March 2019 which was at RM9,649.7 million. The Bank's Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 26.048% and 27.144% respectively.

10. Prospects

The global economy is expected to grow at a moderate pace, with the potential risks on continuing trade tensions, slowing down in major economies, as well as volatility in the financial and commodity markets. Despite the downside risks affecting the global economy, the Malaysian economy is expected to remain steady with the continued expansion in domestic demand supported by private consumption.

Amidst the moderate economic growth, the Bank will remain focus on its customer-based business by leveraging its established global network and transaction banking capacity. Through the on-going collaboration effort, the Bank aims to sustain its stable growth in its customers' base and position itself as a reliable financial institution that contribute to the sound economic development of both Malaysia and Japan.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

11. Financial assets at FVOCI

	30 June 2019 RM'000	31 March 2019 RM'000
At fair value		
Government investment issues	280,777	310,199
Government guaranteed bond	411,832	292,697
	<u>692,609</u>	<u>602,896</u>

12. Loans, advances and financing

	30 June 2019 RM'000	31 March 2019 RM'000
(a) By type:		
At amortised cost:		
Term loans	2,883,329	4,113,862
Revolving credits	1,347,092	1,367,847
Bills receivable	15,515	15,211
	<u>4,245,936</u>	<u>5,496,920</u>
Less: Unearned interest	(44)	(77)
Gross loans, advances and financing at amortised cost	<u>4,245,892</u>	<u>5,496,843</u>
Less: Impairment allowance		
- Expected credit losses	(28,623)	(28,632)
Net loans, advances and financing at amortised cost	<u>4,217,269</u>	<u>5,468,211</u>
At fair value through profit or loss ("FVTPL"):		
Term loans	1,369,879	976,465
Total net loans, advances and financing	<u>5,587,148</u>	<u>6,444,676</u>
Total gross loans, advances and financing		
- At amortised cost	4,245,892	5,496,843
- At FVTPL	1,369,879	976,465
	<u>5,615,771</u>	<u>6,473,308</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019****12. Loans, advances and financing (continued)**

	30 June 2019 RM'000	31 March 2019 RM'000
(b) By geographical distribution:		
Within Malaysia	4,896,950	4,532,370
Outside Malaysia	718,821	1,940,938
	<u>5,615,771</u>	<u>6,473,308</u>
(c) By type of customer:		
Domestic business enterprises	2,818,168	2,487,557
Domestic non-bank financial institutions	2,078,782	2,044,813
Foreign business entities	718,821	1,940,938
	<u>5,615,771</u>	<u>6,473,308</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,350,525	1,355,247
Variable rate	4,265,246	5,118,061
	<u>5,615,771</u>	<u>6,473,308</u>
(e) By economic purpose:		
Construction	13,142	19,452
Purchase of fixed assets other than land and building	798,027	842,218
Purchase of non-residential property	80,884	82,032
Working capital	4,723,718	5,529,606
	<u>5,615,771</u>	<u>6,473,308</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

12. Loans, advances and financing (continued)

	30 June 2019 RM'000	31 March 2019 RM'000
(f) By economic sector:		
Mining and quarrying	45,890	116,976
Manufacturing	1,302,566	1,250,316
Electricity, gas and water supply	107,754	105,888
Construction	468,130	207,334
Wholesale and retail trade, and restaurants and hotels	286,219	338,534
Transport, storage and communication	6,349	4,947
Finance, insurance, real estate and business activities	3,281,737	4,332,687
Education, health and others	117,126	116,626
	5,615,771	6,473,308

(g) By maturity structure:

Maturing within one year	2,583,912	3,592,410
One year to three years	1,782,207	1,727,229
Three years to five years	903,145	800,540
Over five years	346,507	353,129
	5,615,771	6,473,308

(h) Movement 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 2019	3,039	25,593	-	28,632
Changes due to loans, advances and financing recognised as at 1 April 2019:				
Transfer to 12-Month ECL (Stage 1)	-	-	-	-
New financial assets originated	2,372	25,513	-	27,885
Financial assets derecognised	(2,309)	(25,593)	-	(27,902)
Net remeasurement during the period	8	-	-	8
At 30 June 2019	3,110	25,513	-	28,623

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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)**

	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 2018				
As previously stated - MFRS 139				31,156
Impact of adopting MFRS 9				2,589
At 1 April 2018, as restated	7,521	26,224	-	<u>33,745</u>
Changes due to loans, advances and financing recognised as at 1 April 2018:				
Transfer to 12-Month ECL (Stage 1)	22	(22)	-	-
New financial assets originated	2,438	25,593	-	28,031
Financial assets derecognised	(6,835)	(24,758)	-	(31,593)
Changes in model/risk parameters	(107)	(1,444)	-	(1,551)
At 31 March 2019	<u>3,039</u>	<u>25,593</u>	<u>-</u>	<u>28,632</u>

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

	30 June 2019	31 March 2019
	RM'000	RM'000
At 1 April	28,632	31,156
Impact of adopting MFRS 9	-	2,589
At 1 April, as restated	<u>28,632</u>	<u>33,745</u>
Writeback during the financial period	(9)	(5,113)
At end of the financial period	<u>28,623</u>	<u>28,632</u>
As percentage of total loan	<u>0.51%</u>	<u>0.44%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 June 2019.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019****13. Deposit from customers**

	30 June 2019 RM'000	31 March 2019 RM'000
(a) By type of deposit:		
Demand deposits	771,173	1,012,216
Fixed deposits	771,727	775,450
Short-term deposits	849,732	610,012
	<u>2,392,632</u>	<u>2,397,678</u>
(b) By type of customer:		
Domestic non-bank financial institutions	150,928	45,326
Domestic business enterprises	2,175,980	2,287,566
Foreign business enterprises	65,579	64,625
Domestic other enterprises	145	161
	<u>2,392,632</u>	<u>2,397,678</u>
(c) Maturity structure:		
On demand	771,173	1,012,216
Due within six months	1,616,459	1,380,962
Due over six months to one year	5,000	4,500
	<u>2,392,632</u>	<u>2,397,678</u>

14. Deposit and placements from financial institutions

	30 June 2019 RM'000	31 March 2019 RM'000
Licensed banks	<u>6,096,701</u>	<u>6,082,687</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019****15. Interest income**

	1st Quarter ended		Three months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	50,570	46,252	50,570	46,252
Money at call and deposits and placements with financial institutions	20,088	11,631	20,088	11,631
Net gain from interest rate swap and cross-currency interest rate swap	2,417	2,306	2,417	2,306
Financial assets at FVOCI	6,701	4,541	6,701	4,541
	<u>79,776</u>	<u>64,730</u>	<u>79,776</u>	<u>64,730</u>

16. Interest expense

	1st Quarter ended		Three months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	38,907	27,602	38,907	27,602
Deposits from customers	13,101	10,745	13,101	10,745
	<u>52,008</u>	<u>38,347</u>	<u>52,008</u>	<u>38,347</u>

17. Other operating income

	1st Quarter ended		Three months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Fee income	1,877	1,733	1,877	1,733
Net unrealised loss on revaluation of derivatives	4,205	(2,261)	4,205	(2,261)
Realised foreign exchange gain	10,128	5,994	10,128	5,994
Unrealised foreign exchange gain	4,004	10,423	4,004	10,423
Net unrealised gain on revaluation of loans, advances and financing at FVTPL	(1,144)	(1,404)	(1,144)	(1,404)
	<u>19,070</u>	<u>14,485</u>	<u>19,070</u>	<u>14,485</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019****18. Other operating expenses**

	1st Quarter ended		Three months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Personnel costs:				
Salaries, allowances and bonuses	7,358	7,332	7,358	7,332
Contribution to Employees Provident Fund	929	955	929	955
Other staff related costs	1,479	1,501	1,479	1,501
Establishment costs:				
Repair and maintenance	1,203	625	1,203	625
Depreciation of right of use assets	817	-	817	-
Depreciation of property and equipment	730	664	730	664
Amortisation of intangible assets	1,221	989	1,221	989
Rental of premises	58	586	58	586
Information technology expenses	320	138	320	138
Others	687	308	687	308
Marketing expenses:				
Advertisement and publicity	26	30	26	30
Others	235	171	235	171
Administration and general expenses:				
Collateral deposit fees	3,287	4,820	3,287	4,820
Communication expenses	225	205	225	205
Legal and professional fees	62	132	62	132
Others	1,311	1,240	1,311	1,240
	<u>19,948</u>	<u>19,696</u>	<u>19,948</u>	<u>19,696</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

19. Allowance/(Writeback) for expected credit losses

	1st Quarter ended		Three months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Deposits and placement with financial institutions	(1)	-	(1)	-
Loans, advances and financing	(9)	3,773	(9)	3,773
Credit commitments and contingencies	650	(307)	650	(307)
	<u>640</u>	<u>3,466</u>	<u>640</u>	<u>3,466</u>

20. Credit transactions and exposures with connected parties

	30 June 2019 RM'000	31 March 2019 RM'000
Outstanding credit exposures with connected parties	<u>41,951</u>	<u>31,927</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.12%</u>	<u>0.09%</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 30 JUNE 2019**

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 2019			
Direct credit substitutions	90,004	89,813	83,456
Transaction related contingent items	91,493	45,561	39,986
Short-term self-liquidating trade related contingencies	18,360	2,915	2,915
Foreign exchange related contracts			
- One year or less	1,317,859	27,159	15,192
- Over one year to five years	16,067	1,115	750
Interest related contracts			
- One year or less	1,774,598	97,901	45,550
- Over one year to five years	5,268,244	526,858	365,554
- Over five years	296,778	61,595	44,467
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	198,810	99,302	82,483
Any commitments that are unconditionally cancelled at any time without prior notice	2,775,044	-	-
Total	11,847,257	952,219	680,353
As at 31 March 2019			
Direct credit substitutions	21,251	21,186	21,036
Transaction related contingent items	82,412	41,045	35,239
Short-term self-liquidating trade related contingencies	3,484	677	677
Foreign exchange related contracts			
- One year or less	2,174,333	24,776	11,652
- Over one year to five years	26,672	2,086	1,346
Interest related contracts			
- One year or less	1,298,903	94,826	43,283
- Over one year to five years	5,005,541	519,029	369,558
- Over five years	319,031	65,787	47,452
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	279,524	139,421	139,421
Any commitments that are unconditionally cancelled at any time without prior notice	2,447,009	-	-
Total	11,658,160	908,833	669,664

*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 are 4.5% and 6.0% respectively for year 2019. 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 2019	31 March 2019
Capital ratios:		
CET1 capital ratio / Total tier 1 capital ratio	26.048%	29.641%
Total capital ratio	<u>27.144%</u>	<u>30.727%</u>

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

	30 June 2019 RM'000	31 March 2019 RM'000
CET 1 capital		
Paid-up share capital	700,000	700,000
Retained profits	163,904	151,498
Other reserves	(10,689)	(10,897)
Total tier 1 capital	<u>853,215</u>	<u>840,601</u>
Tier 2 capital		
General provisions and regulatory reserve	<u>35,893</u>	<u>30,804</u>
Total capital	<u>889,108</u>	<u>871,405</u>

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

	30 June 2019 RM'000	31 March 2019 RM'000
Total RWA for credit risk	2,871,464	2,464,310
Total RWA for market risk	124,637	101,986
Total RWA for operational risk	279,468	269,663
Total RWA	<u>3,275,569</u>	<u>2,835,959</u>

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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 30 June 2019				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	431,157	431,157	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	3,685,977	2,989,928	685,472	54,838
Corporates	5,380,625	1,894,619	1,479,811	118,385
Other assets	26,086	26,086	25,828	2,066
Total on-balance sheet exposures	<u>9,523,845</u>	<u>5,341,790</u>	<u>2,191,111</u>	<u>175,289</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	714,627	714,628	471,513	37,721
Off-balance sheet exposures other than OTC derivatives or credit derivatives	237,591	220,772	208,840	16,707
Total off-balance sheet exposures	<u>952,218</u>	<u>935,400</u>	<u>680,353</u>	<u>54,428</u>
Total on and off-balance sheet exposures	<u>10,476,063</u>	<u>6,277,190</u>	<u>2,871,464</u>	<u>229,717</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	7,164,562	7,138,461	88,617	7,089
Foreign currency risk	2,882	-	36,020	2,882
Operational risk			279,468	22,357
Total RWA and capital requirements			<u>3,275,569</u>	<u>262,045</u>

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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 March 2019				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	1,139,339	1,139,339	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	3,414,139	1,526,698	371,686	29,735
Corporates	4,891,266	1,700,445	1,404,307	112,344
Other assets	19,094	19,094	18,653	1,492
Total on-balance sheet exposures	<u>9,463,838</u>	<u>4,385,576</u>	<u>1,794,646</u>	<u>143,571</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	706,504	706,504	473,291	37,863
Off-balance sheet exposures other than OTC derivatives or credit derivatives	202,329	202,329	196,373	15,710
Total off-balance sheet exposures	<u>908,833</u>	<u>908,833</u>	<u>669,664</u>	<u>53,573</u>
Total on and off-balance sheet exposures	<u>10,372,671</u>	<u>5,294,409</u>	<u>2,464,310</u>	<u>197,144</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	6,438,554	6,415,611	83,541	6,683
Foreign currency risk	1,476	-	18,445	1,476
Operational risk			269,663	21,573
Total RWA and capital requirements			<u>2,835,959</u>	<u>226,876</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 Institution MDBs RM'000	Corporates RM'000	Other Assets RM'000		
As at 30 June 2019						
0%	431,157	-	414,808	259	846,224	-
20%	-	2,875,568	-	-	2,875,568	575,114
50%	-	518,096	-	-	518,096	259,048
100%	-	-	2,011,475	25,827	2,037,302	2,037,302
	<u>431,157</u>	<u>3,393,664</u>	<u>2,426,283</u>	<u>26,086</u>	<u>6,277,190</u>	<u>2,871,464</u>
As at 31 March 2019						
0%	1,139,339	6,366	296,139	441	1,442,285	-
20%	-	1,467,447	-	-	1,467,447	293,489
50%	-	427,713	-	-	427,713	213,857
100%	-	-	1,938,311	18,653	1,956,964	1,956,964
	<u>1,139,339</u>	<u>1,901,526</u>	<u>2,234,450</u>	<u>19,094</u>	<u>5,294,409</u>	<u>2,464,310</u>