

I. Scope of application

Pursuant to the issue of the Notification of the Bank of Thailand Re: Information Disclosure Regarding Capital Fund Maintenance for Commercial Banks which requires commercial banks to disclose bank information. The information disclosures contained in this document is related to the Mizuho Corporate Bank, Ltd. - Bangkok Branch (MHCB-BKK) (standalone basis).

Since Mizuho Corporate Bank, Ltd. - Bangkok Branch (MHCB-BKK) is a branch of Mizuho Corporate Bank, Ltd. (MHCB) and is managed under the group of Mizuho Financial Group (MHFG), Bangkok Branch's information disclosure policies and risk management will be based on the Disclosure Policy and Risk Management System set by the MHFG stated in the "www.mizuho-fg.co.jp". MHFG set the disclosure policy and maintains basic policies for risk management established by its board of directors that are applicable to the entire group.

II. Capital Structure

As at March 31, 2013 and March 31, 2012, assets maintained under section 32 for capital funds are government and state enterprise securities which funds remitted into Thailand from head office and borrowings from other branches under the same entity.

Table 2* : Capital of Foreign Banks Branches

Item	Amount in Million Baht	
	Mar-13	Mar-12
1. Assets required to be maintained under Section 32	47,678	37,162
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+ 2.2)	168,244	148,689
2.1 Capital for maintenance of assets under Section 32	46,288	38,942
2.2 Net balance of inter-office accounts which the branch is the debtor (the creditor) to the head office and other branches located in other countries, the parent company and subsidiaries of the head office	121,956	109,747
3. Total regulatory capital (3.1-3.2)	46,288	37,162
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	46,288	37,162
3.2 Deductions	-	-

Capital adequacy

As at March 31, 2013 and March 31, 2012, Mizuho Corporate Bank, Ltd - Bangkok Branch use the standardized approach for credit risk and market risk and the basic indicator approach for operational risk. The related information is presented in the following tables.

* Table number is arranged in same number indicated by The Bank of Thailand on "Minimum requirements of disclosed information by commercial banks".

Table 3 : Minimum capital requirement for credit risk classified by type of assets (SA)

Amount in Million Baht		
Minimum capital requirement for credit risk classified by type of assets under the SA	Mar-13	Mar-12
Performing claims		
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public section entities (PSEs) treated as claims on sovereigns	285	299
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	4,195	7,021
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate	18,526	14,249
4. Claims on retail portfolios	-	-
5. Claims on housing loans	-	-
6. Other assets	15	14
Non-performing claims	10	31
First-to-default credit derivatives and Securitisation	-	-
Total minimum capital requirement for credit risk under the SA	23,031	21,614

Table 6: Minimum capital requirement for market risk for positions in the trading book (Standardized measurement approach/Internal model approach)

Amount in Million Baht		
Minimum capital requirement for market risk (positions in the trading book)	Mar-13	Mar-12
1. Standardised approach	685	274
2. Internal model approach	-	-
Total minimum capital requirement for market risk	685	274

Table 7 Minimum capital requirement for operation risk (BIA)

Amount in Million Baht		
Minimum capital requirement for operational risk	Mar-13	Mar-12
1. Calculate by Basic Indicator Approach	599	414
2. Calculate by Standardised Approach	-	-
3. Calculate by Alternative Standardised Approach	-	-
Total minimum capital requirement for operational risk	599	414

Table 8: Total risk-weighted capital ratio and Tier 1 risk-weighted capital ratio

Unit : %		
Ratio	Mar-13	Mar-12
1. Total capital to risk-weighted assets	16.18	12.50
2. Tier 1 capital to risk-weighted assets*	n/a	n/a

* Disclosed only in case of locally incorporated commercial banks

III. Risk exposure and assessment

1. General

a. Risk Management Process

We classify our risk exposures according to various kinds of risk, including credit risk, market risk, liquidity risk and operational risk and manage each type of risk according to its characteristics. In addition to managing each type of risk individually, we have established a risk management structure to identify and evaluate overall risk and, where necessary, to devise appropriate responses to keep risk within limits that are managerially acceptable in both qualitative and quantitative terms. We are controlling risks with the branch's structure following to the head office policies and methods. Bangkok Branch identifies risk broadly and takes a proactive and sophisticated approach to risk management. We set the ALCM Market Risk Committee, Credit Risk Committee and Operational Risk Committee meeting in monthly basis.

b. The scope and nature of risk, and the structure and responsibilities of relevant risk management units

The scope and nature of the risk to be measured, monitored and reported are summarized below. We internally arrange divisions within the Branch to take responsibilities of individual risk management as follows:

Credit Risk: Credit Risk Management Division and Loan Risk Management Division

We defines credit risk as the exposure to the risk losses that may be incurred due to a decline in, or total loss of, the value of assets and off-balance-sheet instruments, as a result of deterioration in a counterparty's financial position.

Market Risk: Risk Management Division Asia Department

We define market risk as the risk of losses incurred due to fluctuations in interest rates and foreign exchange rates. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual. We define liquidity risk as the risk of losses arising from funding difficulties due to deterioration in our financial position that makes it difficult for us to raise necessary funds or that forces us to raise funds at significantly higher interest rates than usual.

Operational Risk: Risk Administration Division

We defines operational risk as the risk of loss that we may incur resulting from inadequate or failed internal processes, people and systems or from external events. We recognize that operational risk includes information technology risk, operations risk, legal risk, human resources risk, tangible asset risk, regulatory change risk and reputation risk.

c. The policies for hedging or mitigating risks

Credit Risk

The first approach is “credit management” in which we manage the process for each individual transaction and individual obligor from execution until collection, based on our assessment of the credit quality of the customer. Through this process, we curb losses in the case of a credit event. We use credit ratings to monitor the status of their obligors in a timely manner, reviewing these ratings whenever there is a change in an obligor’s credit status as well as on a regular basis.

The second is “credit portfolio management,” in which we utilize statistical methods to assess the potential for losses related to credit risk. Through this process, we identify credit risk and respond appropriately.

Market Risk

To manage market risk, we set limits that correspond to risk capital allocations according to the risk profiles of our Branch and thereby prevent market risk from exceeding our ability to withstand losses based on our financial strength represented by capital, etc. The amount of risk capital allocated to market risk corresponds to VaR and additional costs that may arise in order to close relevant positions. For banking activities, we set position limits based on interest rate sensitivity as needed.

Operational Risk

Mizuho has established and are strengthening management methods and systems to appropriately identify, assess, measure, monitor and control the operational risks which arise from the growing sophistication and diversification of financial operations and developments relating to information technology by utilizing control self-assessments and improving measurement methods.

d. Guidelines for setting risk controlling limits

We endeavor to obtain a clear grasp of overall risk exposure and have implemented measures to keep such risks within the financial base in accordance with the risk capital allocation framework. More specifically, Head Office allocates risk capital to all branches including us as the capital to control risk within the limits.

e. Roles and responsibilities of internal auditors

Head Office has established internal audit division and credit review division to conduct internal audits at overseas offices. Specifically, the internal audit division assesses the suitability and effectiveness of business activities associated with compliance and risk management. The credit review divisions audit credit ratings and the status of credit management in addition to auditing the self-assessment of assets to verify the accuracy and suitability of matters deemed necessary to assure the soundness of assets.

2. Disclosure by type of risk

2-1. Credit Risk Disclosure

a. General

Credit risk management policy

One of the most important elements of the risk management infrastructure is the use of an internal rating system that consists of credit ratings and pool allocations. Credit ratings consist of obligor ratings which represent the level of credit risk of the obligor, and transaction ratings which represent the possibility of ultimately incurring losses related to each individual claim by taking into consideration the nature of any collateral or guarantee and the seniority of the claim. In principle, obligor ratings apply to all obligors and are subject to regular reviews at least once a year to reflect promptly the fiscal period end financial results of the obligors, as well as special reviews as required whenever the obligor's credit standing changes. This enables us to monitor both individual obligors and the status of the overall portfolio in a timely fashion. Because we consider obligor ratings to be an initial phase of the self-assessment process regarding the quality of our loans and off-balance-sheet instruments, such obligor ratings are closely linked to the obligor classifications and are an integral part of the process for determining the reserves for loan losses and write-offs in our self-assessment of loans and off-balance-sheet instruments (Please refer to Connection between Obligor Ratings, Definition of Obligor Classifications of Self-Assessments, Claims Disclosed under the FRL and Non-Accrual, Past Due & Restructured Loans). Pool allocations are applied to small claims that are less than a specified amount by pooling customers and claims with similar risk characteristics and assessing and managing the risk for each such pool. We efficiently manage credit risk and credit screening by dispersing a sufficient number of small claims within each pool. We generally review the appropriateness and effectiveness of our approach to obligor ratings and pool allocations once a year in accordance with predetermined procedures.

Connection between Obligor Ratings, Definition of Obligor Classifications of Self-Assessments, Claims Disclosed under the FRL and Non-Accrual, Past Due & Restructured Loans

Definition of Obligor Classification of Self-Assessment	Obligor Ratings (Major Category)	Definition of Ratings	Category I (Non-Categorized)	Category II	Category III	Category IV (Non-Collateralized)	Claims Disclosed under the FRL	Non-Accrual, Past Due & Restructured Loans
Normal Obligors	A1 - A3	Obligors whose certainty of debt fulfillment is very high, hence their levels of credit risk is excellent.	All credit given to Normal Obligors.				Normal Claims	
	B1 - B2	Obligors whose certainty of debt fulfillment poses no problems for the foreseeable future, hence their level of credit risk is sufficient.						
	C1 - C3	Obligors whose certainty of debt fulfillment and their level of credit risk pose no problems for the foreseeable future.						
	D1 - D3	Obligors whose current certainty of debt fulfillment poses no problems however, their resistance to future environmental changes is low.						
Watch Obligors	E1	Obligors who require close watching going forward because there are problems with their borrowings, such as reduced or suspended interest payments, problems with fulfillment such as de facto postponements of principal or interest payments, or problems with their financial positions as a result of their poor or unstable business conditions.	Credit to obligors which has pledged collateral or is covered by guarantees, considered of high quality, such as deposit collateral.	Credit given to Watch Obligors other than those included in Category I.			Claims for Special Attention	Restructured Loans
	E2 - R							Loans Past Due for 3 Months or More
Intensive Control Obligors	F1	Obligors who are not yet bankrupt but are in financial difficulties and are deemed to be very likely to go bankrupt in the future because they are finding it difficult to make progress in implementing their management improvement plans (including obligors who are receiving ongoing support from financial institutions).	Credit to obligors which is covered by general collateral, such as real estate and guarantees.	Credit given to intensive Control Obligors other than those included in Category I and Category II.			Claims with Collection Risk	Non-Accrual Delinquent loans
Substantially Bankrupt Obligors	G1	Obligors who have not yet gone legally or formally bankrupt but who are substantially bankrupt because they are in serious financial difficulties and are not deemed to be capable of restructuring.						
Bankrupt Obligors	H1	Obligors who have already gone bankrupt, from both a legal and/or formal perspective.						

We manage credit risk based on analysis of the capability of debtors to make payment and their financial position by using the above internal rating system. In addition, we also manage the concentration of its loan portfolio by grading debtors by reliability and industry, and taking into consideration risk factors to ensure the effectiveness of the bank reserves.

Definition of past due and impairment / Guideline to calculate general provision and specific provision

The bank sets allowances for doubtful accounts in accordance with the notification of the bank of Thailand and adjusts these by the additional amounts which are expected not to be collectible, based on the analysis and evaluation of the current status of the debtors, taking into consideration the recovery risk, the value of collateral, and current economic conditions.

The Bank set provision at 1% and 2% of the loan balance (excluding accrued interest receivable) net of collateral value for normal loans and special mention loans, respectively, as required by the BOT's guidelines.

For non-performing loans and receivables which are classified as substandard, doubtful of loss, the Bank records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to the BOT's guideline.

Amounts written off as bad debts or bad debt recovery are deducted from or added to allowance for doubtful accounts.

General information on credit risk* (Table 9 -17)

Table 9 Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before adjusted by credit risk mitigation

(Show outstanding at the end of the month)**

Amount in Million Baht

Item	Mar-13	Mar-12
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	297,016	291,159
1.1 Net loans ^{1/}	215,150	231,842
1.2 Net Investment in debt securities ^{2/}	78,803	55,922
1.3 Deposits (including accrued interest receivables)	3,063	3,395
2. Off-balance sheet items ^{3/} (2.1 + 2.2 + 2.3)	441,522	403,721
2.1 Aval of bills, guarantees, and letter of credits	1,800	2,044
2.2 OTC derivatives ^{4/}	419,549	378,042
2.3 Un-drawn committed line	20,173	23,635

*Commercial banks shall disclose position in banking book and trading book. Assets on balance sheet not including equity exposures. Off-balance sheet items including equity exposures

**If the period-end outstanding amount is not significantly different from the average outstanding amount over the period, commercial banks need not disclose the average outstanding amount over the period

1/ Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of inter-bank and money market.

2/ Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities

3/ Before multiplying credit conversion factor

4/ Including equity-related derivatives

Table 10 Outstanding amounts of on-balance sheet assets and off-balance sheet items before adjusted credit risk mitigation classified by country or geographic area of debtor*

Mar-13

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items ^{3/}			
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Deposits (including accrued interest receivables)	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	294,511	213,589	78,803	2,119	378,697	1,800	357,596	19,301
2. Asia pacific (exclude Thailand)	1,592	1,561	-	31	46,915	-	46,043	872
3. North America and Latin America	317	-	-	317	14,434	-	14,434	-
4. Africa and Middle East	-	-	-	-	-	-	-	-
5. Europe	430	-	-	430	1,476	-	1,476	-
6. Australia	166	-	-	166	-	-	-	-
Total	297,016	215,150	78,803	3,063	441,522	1,800	419,549	20,173

Mar-12

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items ^{3/}			
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Deposits (including accrued interest receivables)	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	290,339	231,301	55,922	3,116	333,408	2,042	307,731	23,635
2. Asia pacific (exclude Thailand)	548	541	-	7	45,609	1	45,608	-
3. North America and Latin America	95	-	-	95	16,065	-	16,065	-
4. Africa and Middle East	-	-	-	-	1	1	-	-
5. Europe	133	-	-	133	8,638	-	8,638	-
6. Australia	44	-	-	44	-	-	-	-
Total	291,159	231,842	55,922	3,395	403,721	2,044	378,042	23,635

* Commercial banks shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons

^{1/} Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market.

^{2/} Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities

^{3/} Before multiplying credit conversion factor

Table 11 Outstanding amounts of on-balance sheet assets and off balance sheet items before credit risk mitigation classified by residual maturity

Amount in Million Baht

Item	Mar-13			Mar-12		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
1. On-balance sheet assets (1.1+1.2+1.3)	164,963	132,053	297,016	187,240	103,919	291,159
1.1 Net loans ^{1/}	145,643	69,507	215,150	174,991	56,851	231,842
1.2 Net Investment in debt securities ^{2/}	16,257	62,546	78,803	8,854	47,068	55,922
1.3 Deposits (including accrued interest receivables)	3,063	-	3,063	3,395	-	3,395
2. Off-balance sheet items^{3/} (2.1+2.2+2.3)	221,402	220,120	441,522	207,379	196,342	403,721
2.1 Aval of bills, guarantees, and letter of credits	1,800	-	1,800	2,044	-	2,044
2.2 OTC derivatives	211,551	207,998	419,549	190,548	187,494	378,042
2.3 Undrawn committed line	8,051	12,122	20,173	14,787	8,848	23,635

^{1/} Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market.

^{2/} Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities

^{3/} Before multiplying credit conversion factor

Table 12 Outstanding amounts of loans including accrued interest receivables and investment in debt securities before adjusted by credit risk mitigation classified by country or geographical area of debtor* and asset classification as prescribed by the Bank of Thailand

Mar-13

Amount in Million Baht

Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}						Specific provision for Investment in debt securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	210,134	4,994	200	81	-	215,409	4
2. Asia pacific (exclude Thailand)	1,575	-	-	-	-	1,575	-
3. North America and Latin America	-	-	-	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	211,709	4,994	200	81	-	216,984	4

Mar-12

Amount in Million Baht

Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}						Specific provision for Investment in debt securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	230,129	2,348	50	240	-	232,767	1,794
2. Asia pacific (exclude Thailand)	544	-	-	-	-	544	-
3. North America and Latin America	-	-	-	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	230,673	2,348	50	240	-	233,311	1,794

* Commercial banks shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons

^{1/} Including outstanding amounts of loans and interest receivable receivables of interbank and money market

Table 13 Provisions (General provision and Specific provision) and bad debt written-off during period for loan including accrued interest receivables and investment in debt securities classified by country or geographic area*

Mar-13

Amount in Million Baht

Country or geographic area of debtor	Loans including accrued interest receivables 1/			Specific provision for Investment in debt securities
	General provision ^{2/}	Specific provision	Bad debt written-off during period	
1. Thailand		1,821	-	4
2. Asia pacific (exclude Thailand)		14	-	-
3. North America and Latin America		-	-	-
4. Africa and Middle East		-	-	-
5. Europe		-	-	-
Total		1,835	-	4

Mar-12

Amount in Million Baht

Country or geographic area of debtor	Loans including accrued interest receivables 1/			Specific provision for Investment in debt securities
	General provision ^{2/}	Specific provision	Bad debt written-off during period	
1. Thailand		1,466	-	1,794
2. Asia pacific (exclude Thailand)		3	-	-
3. North America and Latin America		-	-	-
4. Africa and Middle East		-	-	-
5. Europe		-	-	-
Total		1,469	-	1,794

* Commercial banks shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons

^{1/} Including provision and bad debt written-off during period of loans including accrued interest receivables of interbank and money market

^{2/} Disclosed in total amount

Table 14 Outstanding amount of loans including accrued interests* before adjusted by credit risk mitigation classified by type of business
Mar-13

Amount in Million Baht

Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining	7,937	-	-	-	-	7,937
- Manufacturing and commerce	78,672	4,789	200	81	-	83,742
- Real estate business and construction	80	29	-	-	-	109
- Public utilities and services	19,599	176	-	-	-	19,775
- Housing loans	-	-	-	-	-	-
- Others (Commercial banks shall use their own discretion to determine significance)	48,085	-	-	-	-	48,085
- Inter-bank and money market item	57,336	-	-	-	-	57,336
Total	211,709	4,994	200	81	-	216,984

Mar-12

Amount in Million Baht

Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining	8,343	-	-	-	-	8,343
- Manufacturing and commerce	78,060	2,307	-	240	-	80,607
- Real estate business and construction	557	29	-	-	-	586
- Public utilities and services	13,018	11	50	-	-	13,079
- Housing loans	-	-	-	-	-	-
- Others (Commercial banks shall use their own discretion to determine significance)	38,948	-	-	-	-	38,948
- Inter-bank and money market item	91,748	-	-	-	-	91,748
Total	230,674	2,347	50	240	-	233,311

* Including outstanding amount of loans including accrued interest receivables of interbank and money market

Type of business	ISIC Codes/Personal Consumption Codes*
- Agriculture and mining	A000000 all B000000 all
- Manufacturing and commerce	C000000 all และ G000000 all
- Real estate business and construction	F000000 all และ L000000 all
- Public utilities and services	D000000 all E000000 all H000000 all I000000 all J000000 all M000000 all N000000 all P000000 all Q000000 all R000000 และ S000000 all
- Housing loans	cl personal consumption : 241002-3 241007-8 241010-11 and 241013-15
- Others (Commercial banks shall use their own discretion to determine significance)	K000000 all O000000 all T000000 all U000000 all and cl personal consumption : 241004, 241017-19 and 241021-26

* This is clarify business type classification for commercial banks and to ensure consistency of business type classification disclosure. Commercial banks need not to disclose the ISIC codes/Personal Consumption Codes

Table 15 Provisions (General provision and Specific provision) and bad debt written-off during period for loan including accrued interest receivables * classified by type of business

Type of business	Amount in Million Baht					
	Mar-13			Mar-12		
	General provision ^{1/}	Specific provision	Bad debt written-off during period	General provision ^{1/}	Specific provision	Bad debt written-off during period
- Agriculture and mining		79	-		83	-
- Manufacturing and commerce		1,007	-		799	-
- Real estate business and construction		1	-		2	-
- Public utilities and services		188	-		124	-
- Housing loans		-	-		-	-
- Others (Commercial banks shall use their own discretion to determine significance)		479	-		353	-
- Inter-bank and money market item		81	-		108	-
Total		1,835	-		1,469	-

* Including outstanding amount of loans including accrued interest receivables of interbank and money market

^{1/} Disclosed in total amount

Table 16 Reconciliation of change in provisions (General provision and Specific provision) for loans including accrued interest receivables*

Item	Amount in Million Baht					
	Mar-13			Mar-12		
	General provision ^{1/}	Specific provision	Total	General provision ^{1/}	Specific provision	Total
Provisions at the beginning of the period	-	1,469	1,469	-	1,311	1,311
Bad debt written-off during the period	-	-	-	-	-	-
Increases or Decreases of provisions during the period	-	395	395	-	152	152
Other provision (provision for losses from foreign exchange, provisions for merger and sale of businesses)	-	(29)	(29)	-	6	6
Provision at the end of the period	-	1,835	1,835	-	1,469	1,469

* Including outstanding amount of loans including accrued interest receivables of interbank and money market

^{1/} Disclosed in total amount

Table 17 Outstanding amounts of on-balance sheet assets and off-balance sheet items* classified by type of assets under the SA

Amount in Million Baht

Type of assets	Mar-13			Mar-12		
	On balance sheet assets	Off balance sheet item **	Total	On balance sheet assets	Off balance sheet item **	Total
1. Performing claims						
1.1 Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	52,237	-	52,237	36,471	-	36,471
1.2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions and securities firms	58,424	6,699	65,123	95,666	8,502	104,168
1.3 Claims on corporate, non-central government public sector entities (PSEs) treated as claims on corporate	188,344	29,608	217,952	160,533	29,444	189,977
1.4 Claims on retail portfolios	3	-	3	5	-	5
1.5 Housing loans	-	-	-	-	-	-
1.6 Other assets	6,968	-	6,968	5,715	-	5,715
2. Non-performing claims	77	-	77	240	34	274
3. First-to-default credit derivatives and Securitization	-	-	-	-	-	-
Total	306,053	36,307	342,360	298,630	37,980	336,610

* After multiplying with credit conversion factor and specific provision

** Including all Repo-style transactions (Including Reverse repo transactions)

b. Credit risk exposure under SA

Mizuho Corporate Bank, Ltd - Bangkok Branch discloses credit risk exposures classified by credit risk-weighted assets under method of standardized approach. We use rating assessed by Standard & Poor's and Moody's Investors Service in risk weighting on claims on debtors other than corporate. We assign 100% as the risk weighting to all claims on corporate.

The risk exposure is calculated by way of multiplying exposure and risk weighting of the debtors in accordance with ratings assigned by agency above (Table 19).

c. Credit risk mitigation under SA

We don't have eligible financial collateral that the Bank of Thailand allows to use for risk mitigation. At the same time, we don't have eligible guarantee and credit derivatives as the credit risk mitigation (Table 28).

2-2. Market risk Disclosure

a. General

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may effect the financial position of the bank.

VaR is used to calculate Market Risk in banking and trading activities based on the following for the purpose of internal control:

- historical simulation method;
- confidence interval: one-tailed 99.0%;
- holding period in banking ; one month, and in trading ; one day; and
- historical observation period of one year

We also conduct interest sensitivity analyses of interest risk, a main source of market risk.

Because the value-at-risk method is based on statistical assumptions, we conduct stress testing to simulate the levels of losses that could be incurred in cases where the market moves suddenly to levels that exceed these assumptions. The stress testing methods we use include the calculation of losses on the basis of hypothetical scenarios and the calculation of losses based on market fluctuations occurring during historical market events

The middle offices manage risk using additional risk indices (10BPV), carry out stress tests and set stop loss limits as needed. They monitor their market liquidity risk for individual financial products in the market while taking turnover and other factors into consideration.

Interest rate risk exposure

Interest rate risk is the risk that the value of financial instruments will fluctuate as a result of changes in market interest rate

We also conduct interest sensitivity analyses of interest risk, our main source of market risk. Interest rate sensitivity (1 BPV in trading, 10 BPV in banking) shows how much net present value varies when interest rates rise by 1 basis(0.01%) and 10 basis(0.1%), and it explains the impact of interest rate movements on net present value when short- and long-term interest rates be have differently.

Credit risk exposures under the SA*

Table 19 Outstanding amount of net on-balance sheet assets and off-balance sheet items** after adjusted by credit risk mitigation for each type of asset, classified by risk weight under the SA

Amount in Million Baht

Type of asset	Mar-13									Mar-12								
	Rate outstanding amount					Unrated outstanding amount				Rate outstanding amount					Unrated outstanding amount			
	0	20	50	100	150	35	75	100	0	20	50	100	150	35	75	100		
1. Performing claims	Risk weight (%)																	
1 Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	45,522	-	6,715	-	-	-	-	-	28,489	-	7,982	-	-	-	-	-		
2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions and securities firms	-	19,701	9	45,413	-	-	-	-	-	13,108	134	90,926	-	-	-	-		
3 Claims on corporate, non-central government public sector entities (PSEs) treated as claims on corporate	-	-	-	217,952	-	-	-	-	-	-	-	189,977	-	-	-	-		
4 Claims on retail portfolios	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
5 Housing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
6 Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Risk weight (%)																	
	-	-	50	100	150	-	-	-	-	-	50	100	150	-	-	-		
Non-performing claims^{1/}	-	-	-	-	77	-	-	-	-	-	-	-	274	-	-	-		
Capital deduction items prescribed by the Bank of Thailand																		

* Including insignificant credit portfolios using the SA of the commercial banks that use the IRB

** After multiplying with credit conversion factor

^{1/} For the portion claims with no credit risk mitigation of which risk weight are determined by the proportion of provision to total amount of claims

Credit risk mitigation* under SA

Table 28 Part of outstanding that is secured by collateral under SA classified by type of assets and collateral**

Type of asset	Amount in Million Baht			
	Mar-13		Mar-12	
	Eligible financial collateral ^{1/}	Guarantee and credit derivatives	Eligible financial collateral ^{1/}	Guarantee and credit derivatives
Performing assets Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms Claims on corporate, non-central government public sector entities (PSEs) treated as claims on corporate Claims on retail portfolios Housing loans Other assets				
Total				

* Excluding Securitization

** Values after on-balance sheets and off-balance sheets netting

^{1/} Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation. Commercial banks applying the comprehensive approach shall disclose the value after haircut

Note : The bank has not used credit risk mitigation

Foreign exchange risk

Foreign exchange risk is the risk that change in exchange rates will result in change in the value of financial instruments or fluctuations in revenues or in the values of financial assets and financial liabilities.

b. Market risk exposure under SA

We have already started to conduct risk assessment by using internal model approach as described above.

However we herein disclose minimum capital requirements for market risk under standardized approach. Such capital amount is calculated as a sum of required amount for net position amount which is risk-weighted by period as interest rate risk and net position amount by currency as FX risk amount, for all types of transactions including interest swap, currency swap and FX forward.

We have only exposure for interest risk and foreign exchange risk under standardized approach.

Table 30 Minimum capital requirements for each type of market risk under the Standardised Approach

Market risk under the Standardized Approach	Amount in Million Baht	
	Mar-13	Mar-12
Interest rate risk	646	250
Equity position risk	-	-
Foreign exchange rate risk	39	24
Commodity risk	-	-
Total minimum capital requirements	685	274

2-3. Operational Risk Exposure

The general information on operational risk is summarized on “1. General of III Risk exposure and assessment”. We herein disclose risk exposure calculated by using Basic Indicator Approach (Table 7).

2-4. Equity Exposure

We don't have the exposure (Table 32).

2-5. Interest Rate Risk Exposure in banking book

The general information on operational risk is summarized on “2-2. Market Risk Exposure of III Risk exposure and assessment”.

We calculated net effect on earnings as the result of change in interest rate classified by major currencies such as THB, USD, EURO and others. In accordance with guideline by The Bank of Thailand, we disclose the net effect on earnings with assumption of 100 bps interest rate change (Table 33).

Interest rate risk in the banking book**Table 33 The effect of changes in interest rates* to net earnings**

Currency	Amount in Million Baht	
	Mar-13 Effect to net earnings	Mar-12 Effect to net earnings
BAHT	78.38	41.10
USD	164.50	108.72
EURO	(2.27)	(0.88)
Others	44.46	65.72
Total effect	285.07	214.66

*Commercial banks shall use the percentage change in interest rates of 100 bps.

End