

Company No.

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2014**

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	Note	June 2014 RM'000	March 2014 RM'000
<b>ASSETS</b>			
Cash and short-term funds		995,220	1,203,637
Deposits and placements with financial institutions		251,321	222,000
Financial investments available-for-sale	12	149,769	143,471
Loans, advances and financing	13	470,468	424,168
Derivative financial assets		66,143	74,982
Other assets		10,434	6,751
Property and equipment		8,682	9,183
Intangible asset		3,017	2,777
<b>TOTAL ASSETS</b>		<u>1,955,054</u>	<u>2,086,969</u>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	14	841,795	971,160
Deposits and placements from financial institutions	15	301,893	293,754
Derivative financial liabilities		51,106	58,933
Other liabilities		48,350	53,784
Deferred tax liabilities		2,316	1,854
<b>TOTAL LIABILITIES</b>		<u>1,245,460</u>	<u>1,379,485</u>
Share capital		700,000	700,000
Retained profit		4,599	4,738
Other reserves		4,995	2,746
<b>TOTAL EQUITY</b>		<u>709,594</u>	<u>707,484</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>1,955,054</u>	<u>2,086,969</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	21	<u>4,222,009</u>	<u>4,348,033</u>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2014.*

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

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

		1st Quarter ended		Three months ended	
		30 June	30 June	30 June	30 June
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	16	14,070	7,659	14,070	7,659
Interest expense	17	<u>(5,526)</u>	<u>(3,043)</u>	<u>(5,526)</u>	<u>(3,043)</u>
Net interest income		8,544	4,616	8,544	4,616
Other operating income	18	<u>3,216</u>	<u>5,137</u>	<u>3,216</u>	<u>5,137</u>
Net operating income		11,760	9,753	11,760	9,753
Other operating expenses	19	<u>(7,691)</u>	<u>(7,143)</u>	<u>(7,691)</u>	<u>(7,143)</u>
Operating profit / (loss)		4,069	2,610	4,069	2,610
Impairment allowance for on loans, advances and financing		<u>(850)</u>	<u>(65)</u>	<u>(850)</u>	<u>(65)</u>
Profit / (loss) before taxation		3,219	2,545	3,219	2,545
Taxation		<u>(1,093)</u>	<u>(589)</u>	<u>(1,093)</u>	<u>(589)</u>
Profit / (loss) for the financial period		<u>2,126</u>	<u>1,956</u>	<u>2,126</u>	<u>1,956</u>
<b>Other comprehensive income:</b>					
Items that may be reclassified subsequently to profit or loss:					
Unrealised (loss) / gain on financial investments		(21)	(37)	(21)	(37)
Income tax effect		<u>5</u>	<u>9</u>	<u>5</u>	<u>9</u>
<b>Other comprehensive income for the period</b>		(16)	(28)	(16)	(28)
<b>Total comprehensive income for the financial period</b>		<u>2,110</u>	<u>1,928</u>	<u>2,110</u>	<u>1,928</u>
Profit attributable to:					
Owner of the Bank		<u>2,126</u>	<u>1,956</u>	<u>2,126</u>	<u>1,956</u>
Total comprehensive income attributable to:					
Owner of the Bank		<u>2,110</u>	<u>1,928</u>	<u>2,110</u>	<u>1,928</u>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2014.*

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

	Share capital RM'000	Statutory reserve RM'000	←Non-distributable → Available for-sale reserve RM'000	Distributable Retained profits RM'000	Total RM'000
<b>2015</b>					
<b>At 1 April 2014</b>	700,000	2,778	(32)	4,738	707,484
Profit for the period	-	-	-	2,126	2,126
Other comprehensive income	-	2,265	(16)	(2,265)	(16)
<b>At 30 June 2014</b>	<u>700,000</u>	<u>5,043</u>	<u>(48)</u>	<u>4,599</u>	<u>709,594</u>
<b>2014</b>					
<b>At 1 April 2013</b>	350,000	-	26	2,986	353,012
Issuance of shares	350,000	-	-	-	350,000
Profit for the financial year	-	-	-	4,530	4,530
Other comprehensive income	-	-	(58)	-	(58)
Transfer to statutory reserve	-	2,778	-	(2,778)	-
<b>At 31 March 2014</b>	<u>700,000</u>	<u>2,778</u>	<u>(32)</u>	<u>4,738</u>	<u>707,484</u>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2014.*

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

**STATEMENT OF CASH FLOWS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

	<b>30 June 2014 RM'000</b>	<b>30 June 2013 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	3,219	2,545
<i>Adjustment for:-</i>		
Depreciation of property and equipment	591	568
Amortisation of intangible asset	137	106
Impairment allowances on loans, advances and financing	850	65
Accretion of discount net of amortisation of premium	(1,015)	1,076
Unrealised gain on revaluation of derivatives	1,012	(67)
Unrealised foreign exchange gain	(1,154)	(723)
Operating profit/(loss) before changes in working capital changes	3,640	3,570
<i>(Increase)/decrease in operating assets</i>		
Deposits and placements with financial institutions	(29,321)	4,927
Loans, advances and financing	(47,150)	(57,642)
Other assets	(3,056)	235
Amount owing by holding company	451	-
<i>Increase/(decrease) in operating liabilities</i>		
Deposits from customers	(129,365)	(28,703)
Deposits and placements from financial institutions	8,139	22,265
Other liabilities	(5,434)	82
Purchase of financial investments available-for-sale	(5,303)	19,957
Cash generated from/(used in) operating activities	(207,399)	(35,309)
Taxation paid	(549)	(312)
Net cash generated from/(used in) operating activities	(207,948)	(35,622)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(91)	(126)
Purchase of intangible asset	(378)	(92)
Net cash generated from/(used in) investing activities	(469)	(218)

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2014.*

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

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

	<b>30 June 2014 RM'000</b>	<b>30 June 2013 RM'000</b>
Net increase / (decrease) in cash and cash equivalents	(208,417)	(35,840)
Cash and cash equivalents at beginning of quarter	<u>1,203,637</u>	<u>651,596</u>
Cash and cash equivalents at end of quarter	<u>995,220</u>	<u>615,756</u>
<b>Analysis of cash and cash equivalents</b>		
Cash and short-term funds	<u>995,220</u>	<u>615,756</u>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Bank for the year ended 31 March 2014.*

**MIZUHO BANK (MALAYSIA) BERHAD (923693-H)**  
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**1 BASIS OF PREPARATION**

The unaudited interim financial statements for the financial quarter ended 30 June 2014 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair value: financial investments available-for-sale 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 ("MASB") and Bank Negara Malaysia's Guidelines on Financial Reporting. The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 March 2014.

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

Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 - 2013 Cycle)</i>
Amendments to MFRS 2	<i>Share-based payment (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 3	<i>Business combination (Annual Improvements 2010 - 2012 Cycle and Annual Improvements 2011 - 2013 Cycle)</i>
Amendments to MFRS 8	<i>Operating Segments (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 13	<i>Fair Value Measurement (Annual Improvements 2010 - 2012 Cycle and Annual Improvements 2011 - 2013 Cycle)</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 119	<i>Employee Benefits - Defined Benefits Plans: Employee Contributions</i>
Amendments to MFRS 124	<i>Related Party Disclosures (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 138	<i>Intangible Assets (Annual Improvements 2010 - 2012 Cycle)</i>
Amendments to MFRS 140	<i>Investment Property (Annual Improvements 2011 - 2013 Cycle)</i>
MFRS 9	<i>Financial Instruments (2009)</i>
MFRS 9	<i>Financial Instruments (2010)</i>
MFRS 9	<i>Financial Instruments - Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures - Mandatory Effective Date of MFRS and Transition Disclosures</i>

**MIZUHO BANK (MALAYSIA) BERHAD (923693-H)**  
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**2 AUDIT REPORT**

The audit report on the audited annual financial statements for the financial year ended 31 March 2014 was not subject to any qualification.

**3 SEASONAL OR CYCLICAL FACTORS**

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

**4 EXCEPTIONAL OR EXTRAORDINARY ITEMS**

There were no exceptional or extraordinary items for the financial quarter ended 30 June 2014.

**5 CHANGES IN ESTIMATES**

There were no significant changes in estimates of amounts reported in the prior financial years that have a material effect on the financial results and position of the Bank for the financial quarter ended 30 June 2014.

**6 CHANGES IN DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt and equity securities during the financial quarter ended 30 June 2014.

**7 DIVIDEND PAID**

No dividend was declared or paid during the first financial quarter ended 30 June 2014.

**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 profit before taxation for the financial period ended 30 June 2014 of RM3.2 million compared to RM2.5 million profit before taxation in the previous corresponding period. Operating profit increased by RM1.5 million (55.9%) from RM2.6 million to RM4.1 million primarily on higher interest income of RM13.3 million against interest income of RM7.7 million in the previous corresponding period. Operating expenses increased marginally by RM0.5 million (7.6%) from RM7.1 million to RM7.6 million as the Bank continues to invest and support growth while ensuring compliance with regulatory requirements. The Bank's total assets registered a marginal decline to RM1.9 billion while remaining well capitalised with Tier 1 Common Equity ratio and Risk-weighted Capital ratio at 65.095% and 65.689% respectively.



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**11 PROSPECTS**

The Bank's strategy is to continue profit growth in the financial year by focusing on growing its corporate client portfolio asset base and managing capital efficiently to support business growth. Loan growth in corporate loans and syndicated loans will continue to be a component of this strategy through business expansion with both Japanese and non-Japanese clients. The Bank will also continue to offer fundamental commercial banking services such as deposit, foreign exchange, derivatives and cash management service to both Japanese and non-Japanese clients. In addition, the Bank will continue to leverage on its network of group companies - Mizuho Bank, Mizuho Securities, and Mizuho Trust & Banking - to offer a complete range of high quality financial products and services to the local market.

**12 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	<b>June 2014 RM'000</b>	<b>March 2014 RM'000</b>
<b>At fair value:</b>		
Malaysian Government Securities	-	10,015
Malaysian Government Treasury Bills	149,769	133,456
	149,769	143,471

**13 LOANS, ADVANCES AND FINANCING**

	<b>June 2014 RM'000</b>	<b>March 2014 RM'000</b>
(a) By type:		
At amortised cost:		
Term loans	188,853	177,894
Revolving credits	288,066	251,875
Gross loans, advances and financing	476,919	429,769
Less: Impairment allowance		
- Collective impairment allowance	(6,451)	(5,601)
Net loans, advances and financing	470,468	424,168
(b) By geographical distribution:		
Malaysia	476,919	429,769

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**13 LOANS, ADVANCES AND FINANCING (CONTINUED)**

	<b>June 2014 RM'000</b>	<b>March 2014 RM'000</b>
<b>(c) By type of customer:</b>		
Domestic business enterprise	350,634	317,378
Domestic non-bank financial institutions	84,540	92,788
Foreign business entity	41,745	19,603
	<u>476,919</u>	<u>429,769</u>
<b>(d) By interest/profit rate sensitivity:</b>		
Cost plus	<u>476,919</u>	<u>429,769</u>
<b>(e) By economic purpose:</b>		
Purchase of fixed assets other than land and building	118,311	120,826
Purchase of non-residential property	2,387	2,777
Working capital	356,221	306,166
	<u>476,919</u>	<u>429,769</u>
<b>(f) By economic sector:</b>		
Manufacturing	321,099	274,911
Construction	-	7,257
Wholesale and retail trade, and restaurants and hotels	15,813	22,412
Transport, storage and communication	12,510	12,798
Finance, insurance, real estate and business activities	127,497	112,391
	<u>476,919</u>	<u>429,769</u>
<b>(g) By residual contractual maturity:</b>		
Maturity within		
- one year	345,918	295,072
- one to five years	82,859	85,664
- after five years	48,142	49,033
	<u>476,919</u>	<u>429,769</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**13 LOANS, ADVANCES AND FINANCING (CONTINUED)**

	<b>June 2014 RM'000</b>	<b>March 2014 RM'000</b>
(h) Movements in collective impairment allowance for loans, advances and financing:		
Collective impairment allowance:		
At 1 April	5,601	1,833
Allowance made during the period	850	3,768
At end of the reporting period / year	6,451	5,601

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 June 2014.

**14 DEPOSITS FROM CUSTOMERS**

	<b>June 2014 RM'000</b>	<b>March 2014 RM'000</b>
(a) By type of deposit:		
- Demand deposits	354,755	318,188
- Fixed deposits	208,773	215,636
- Short-term deposits	278,267	437,336
	841,795	971,160
(b) By type of customer:		
- Domestic non-bank financial institutions	85,894	73,835
- Domestic business enterprises	751,961	858,875
- Foreign business enterprises	3,940	38,450
	841,795	971,160
(c) Maturity structure:		
- On demand	354,755	318,188
- Due within six months	457,902	625,659
- Due within six months to one year	29,138	27,313
	841,795	971,160

**15 DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS**

	<b>June 2014 RM'000</b>	<b>March 2014 RM'000</b>
Licensed banks	301,893	293,754

**MIZUHO BANK (MALAYSIA) BERHAD (923693-H)**  
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**16 INTEREST INCOME**

	1st Quarter ended		Three months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Loans, advances and financing	2,768	2,167	2,768	2,167
Money at call and deposits and placements with financial institutions	9,331	4,574	9,331	4,574
Net gain from cross-currency interest rate swap	913	918	913	918
Financial investments available-for-sale	1,058	-	1,058	-
	<u>14,070</u>	<u>7,659</u>	<u>14,070</u>	<u>7,659</u>

**17 INTEREST EXPENSE**

	1st Quarter ended		Three months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Deposits and placements from financial institutions	173	174	173	174
Deposits from customers	5,353	2,869	5,353	2,869
	<u>5,526</u>	<u>3,043</u>	<u>5,526</u>	<u>3,043</u>

**18 OTHER OPERATING INCOME**

	1st Quarter ended		Three months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Fee income	867	849	867	849
Net unrealised gain / (loss) on revaluation of derivatives	(1,012)	67	(1,012)	67
Realised foreign exchange gain	2,207	2,671	2,207	2,671
Unrealised foreign exchange gain	1,154	723	1,154	723
Other income	-	827	-	827
	<u>3,216</u>	<u>5,137</u>	<u>3,216</u>	<u>5,137</u>

**MIZUHO BANK (MALAYSIA) BERHAD (923693-H)**  
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**19 OTHER OPERATING EXPENSES**

	1st Quarter ended		Three months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Personnel costs:				
Salaries, allowances and bonuses	3,253	3,249	3,253	3,249
Contribution to Employees Provident Fund	292	289	292	289
Other staff related costs	951	805	951	805
Establishment costs:				
Repair and maintenance	317	270	317	270
Depreciation of property and equipment	591	568	591	568
Amortisation of intangible asset	137	106	137	106
Rental of premises	493	491	493	491
Information technology expenses	163	421	163	421
Others	258	49	258	49
Marketing expenses:				
Others	72	24	72	24
Administration and general expenses:				
Communication expenses	271	184	271	184
Legal and professional fees	309	149	309	149
Others	584	538	584	538
	<u>7,691</u>	<u>7,143</u>	<u>7,691</u>	<u>7,143</u>

**20 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING**

	1st Quarter ended		Three months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Collective impairment allowance made	<u>850</u>	<u>65</u>	<u>850</u>	<u>65</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**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:

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount* RM'000</b>	<b>Risk- weighted amount* RM'000</b>
<b>As at 30 June 2014</b>			
Direct credit substitutions	5,467	5,467	5,467
Transaction related contingent items	94,968	47,484	33,015
Short-term self-liquidating trade related contingencies	1,569	314	314
Foreign exchange related contracts			
- One year or less	890,916	23,908	15,377
Interest related contracts			
- One year or less	197,930	4,577	3,256
- Over one year to five years	2,355,821	306,543	227,386
- Over five years	327,887	64,738	47,722
Any commitments that are unconditionally cancelled at any time without prior notice	347,451	-	-
<b>Total</b>	<b>4,222,009</b>	<b>453,031</b>	<b>332,537</b>
<b>As at 31 March 2014</b>			
Direct credit substitutions	4,063	4,063	4,063
Transaction related contingent items	95,988	47,994	33,265
Short-term self-liquidating trade related contingencies	558	112	112
Foreign exchange related contracts			
- One year or less	1,039,305	21,220	13,156
Interest related contracts			
- One year or less	187,448	8,968	6,100
- Over one year to five years	2,388,706	316,857	234,327
- Over five years	320,901	63,732	46,631
Any commitments that are unconditionally cancelled at any time without prior notice	311,064	-	-
<b>Total</b>	<b>4,348,033</b>	<b>462,946</b>	<b>337,654</b>

\* 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 INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**22 CAPITAL ADEQUACY**

With effect from 1 January 2013, 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") issued on 28 November 2012. 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 4.0% and 5.5% respectively for year 2014. 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:

	<b>June 2014</b>	<b>March 2014</b>
<u>Capital ratios:</u>		
CET1 Capital Ratio / Total Tier 1 Capital Ratio	65.095%	65.877%
Total Capital Ratio	<u>65.689%</u>	<u>66.399%</u>

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

	<b>June 2014 RM'000</b>	<b>March 2014 RM'000</b>
<b>CET 1 Capital</b>		
Paid-up share capital	700,000	700,000
Retained profits	2,473	4,738
Other reserves (net of regulatory adjustments)	5,021	2,764
Total CET1 Capital, representing total Tier 1 Capital	<u>707,494</u>	<u>707,502</u>
<b>Tier 2 Capital</b>		
Collective impairment allowance	6,451	5,601
Total Capital	<u>713,945</u>	<u>713,103</u>

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

	<b>June 2014 RM'000</b>	<b>March 2014 RM'000</b>
Total RWA for Credit risk	940,849	945,263
Total RWA for Market risk	71,091	61,138
Total RWA for Operational risk	74,919	67,569
Total RWA	<u>1,086,859</u>	<u>1,073,970</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

**23 CAPITAL ADEQUACY**

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 Require- ments at 8% RM'000
<b>As at 30 June 2014</b>				
<b><u>Credit risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/central banks	881,042	881,042	-	-
Banks, development financial Institutions and MDBs	523,843	491,202	98,240	7,859
Corporates	476,919	476,919	476,919	38,154
Other assets	33,172	33,172	33,148	2,652
Total on-balance sheet exposures	<u>1,914,976</u>	<u>1,882,335</u>	<u>608,307</u>	<u>48,665</u>
Off-balance sheet exposures:				
OTC derivatives	399,766	399,766	293,746	23,500
Off-balance sheet exposures other than OTC derivatives or credit derivatives	53,265	53,265	38,796	3,104
Total off-balance sheet exposures	<u>453,031</u>	<u>453,031</u>	<u>332,542</u>	<u>26,603</u>
Total on and off-balance sheet exposures	<u>2,368,007</u>	<u>2,335,366</u>	<u>940,849</u>	<u>75,268</u>
<b><u>Market risk</u></b>				
	<b>Long Position RM'000</b>	<b>Short Position RM'000</b>		
Interest rate risk	2,826,214	2,810,384	69,242	5,539
Foreign currency risk	1,590	-	1,849	148
Operational risk			74,919	5,994
Total RWA and capital requirements			<u>1,086,859</u>	<u>86,949</u>



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**23 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 Require- ments at 8% RM'000
<b>As at 31 March 2014</b>				
<b><u>Credit risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/central banks	799,385	799,385	-	-
Banks, development financial Institutions and MDBs	774,279	725,728	145,146	11,612
Corporates	429,769	429,769	429,769	34,382
Other assets	32,705	32,705	32,694	2,615
Total on-balance sheet exposures	<u>2,036,138</u>	<u>1,987,587</u>	<u>607,609</u>	<u>48,609</u>
Off-balance sheet exposures:				
OTC derivatives	410,777	410,777	300,214	24,017
Off-balance sheet exposures other than OTC derivatives or credit derivatives	52,169	52,169	37,440	2,995
Total off-balance sheet exposures	<u>462,946</u>	<u>462,946</u>	<u>337,654</u>	<u>27,012</u>
Total on and off-balance sheet exposures	<u>2,499,084</u>	<u>2,450,533</u>	<u>945,263</u>	<u>75,621</u>
<b><u>Market risk</u></b>				
	<b>Long Position RM'000</b>	<b>Short Position RM'000</b>		
Interest rate risk	2,826,214	2,810,384	59,548	4,764
Foreign currency risk	1,590	-	1,590	127
Operational risk			67,569	5,406
Total RWA and capital requirements			<u>1,073,970</u>	<u>85,918</u>