

Company No.

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016**

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	31 Dec 2016 RM'000	31 Mar 2016 RM'000
ASSETS			
Cash and short-term funds		2,663,117	2,761,801
Deposits and placements with financial institutions		450,876	102,209
Financial investments available-for-sale	11	258,955	211,105
Loans, advances and financing	12	3,598,736	2,271,421
Derivative financial assets		657,663	430,134
Other assets		7,848	24,572
Property and equipment		9,159	9,178
Intangible assets		14,317	11,450
TOTAL ASSETS		<u>7,660,671</u>	<u>5,821,870</u>
LIABILITIES AND EQUITY			
Deposits from customers	13	2,066,017	1,637,598
Deposits and placements from financial institutions	14	3,582,033	2,717,126
Derivative financial liabilities		625,617	407,324
Other liabilities		621,169	325,830
Deferred tax liabilities		2,015	2,274
TOTAL LIABILITIES		<u>6,896,851</u>	<u>5,090,152</u>
Share capital		700,000	700,000
Retained profits		22,520	8,712
Other reserves		41,300	23,006
TOTAL EQUITY		<u>763,820</u>	<u>731,718</u>
TOTAL LIABILITIES AND EQUITY		<u>7,660,671</u>	<u>5,821,870</u>
COMMITMENTS AND CONTINGENCIES	20	<u>11,804,756</u>	<u>7,178,426</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 2016.

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2016

	Note	3rd Quarter ended		Nine months ended	
		31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Interest income	15	34,590	24,204	90,467	66,558
Interest expense	16	(17,198)	(13,302)	(45,704)	(31,850)
Net interest income		<u>17,392</u>	<u>10,902</u>	<u>44,763</u>	<u>34,708</u>
Other operating income	17	<u>8,979</u>	<u>13,166</u>	<u>29,990</u>	<u>30,350</u>
Net operating income		<u>26,371</u>	<u>24,068</u>	<u>74,753</u>	<u>65,058</u>
Other operating expenses	18	<u>(13,909)</u>	<u>(13,620)</u>	<u>(41,751)</u>	<u>(36,247)</u>
Operating profit		<u>12,462</u>	<u>10,448</u>	<u>33,002</u>	<u>28,811</u>
Writeback of allowance / (Allowance) for impairment on loans, advances and financing	19	<u>(1,372)</u>	<u>(1,356)</u>	<u>2,989</u>	<u>(11,874)</u>
Profit before taxation		<u>11,090</u>	<u>9,092</u>	<u>35,991</u>	<u>16,937</u>
Taxation		<u>(529)</u>	<u>(1,446)</u>	<u>(3,302)</u>	<u>(3,911)</u>
Profit for the financial period		<u><u>10,561</u></u>	<u><u>7,646</u></u>	<u><u>32,689</u></u>	<u><u>13,026</u></u>
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Unrealised loss on financial investments		(557)	264	(772)	111
Income tax effect		<u>133</u>	<u>(64)</u>	<u>185</u>	<u>(27)</u>
Other comprehensive loss for the period		<u>(424)</u>	<u>200</u>	<u>(587)</u>	<u>84</u>
Total comprehensive income for the financial period		<u><u>10,137</u></u>	<u><u>7,846</u></u>	<u><u>32,102</u></u>	<u><u>13,110</u></u>
Profit attributable to: Owner of the Bank		<u><u>10,561</u></u>	<u><u>7,646</u></u>	<u><u>32,689</u></u>	<u><u>13,026</u></u>
Total comprehensive income attributable to: Owner of the Bank		<u><u>10,137</u></u>	<u><u>7,846</u></u>	<u><u>32,102</u></u>	<u><u>13,110</u></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 2016.

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2016

	← Non-distributable			→ Distributable		Total RM'000
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available for-sale reserve RM'000	Retained profits RM'000	
2016						
At 1 April 2016	700,000	17,065	5,784	157	8,712	731,718
Profit for the period	-	-	-	-	32,689	32,689
Other comprehensive income	-	-	-	(587)	-	(587)
Transfer to regulatory reserve	-	-	18,881	-	(18,881)	-
At 31 December 2016	<u>700,000</u>	<u>17,065</u>	<u>24,665</u>	<u>(430)</u>	<u>22,520</u>	<u>763,820</u>
2015						
At 1 April 2015	700,000	11,484	-	31	8,915	720,430
Profit for the financial period	-	-	-	-	13,026	13,026
Other comprehensive income	-	-	-	84	-	84
Transfer to statutory reserve	-	-	6,257	-	(6,257)	-
At 31 December 2015	<u>700,000</u>	<u>11,484</u>	<u>6,257</u>	<u>115</u>	<u>15,684</u>	<u>733,540</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 2016.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2016

	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Cash flows from operating activities		
Profit before taxation	35,991	16,937
Adjustments for non-operating and non-cash items	(17,178)	(895)
Operating profit before working capital changes	18,813	16,042
Changes in working capital:		
Increase in operating assets	(1,287,232)	(1,373,923)
Increase in operating liabilities	1,588,666	2,370,952
Taxation paid	(3,375)	(3,787)
Net cash generated from operating activities	316,872	1,009,284
Net cash used in investing activities	(7,096)	(8,108)
Net increase in cash and cash equivalents	309,776	1,001,176
Cash and cash equivalents at beginning of financial year	2,803,814	1,768,067
Cash and cash equivalents at end of financial period	3,113,590	2,769,243
Analysis of cash and cash equivalents		
Cash and short-term funds	2,663,117	2,621,330
Deposits and placements with financial institutions	450,876	202,913
Less: Deposits and placements with financial institutions with contractual maturity more than 3 months	(403)	(55,000)
	3,113,590	2,769,243

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 2016.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

1 BASIS OF PREPARATION

The unaudited interim financial statements for the quarter ended 31 December 2016 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 2016. 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 2016.

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 5	<i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012 - 2014 Cycle)</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures (Annual Improvements 2012 - 2014 Cycle)</i>
Amendments to MFRS 119	<i>Employee Benefits - Defined Benefits Plans (Annual Improvements 2012 - 2014 Cycle)</i>
Amendments to MFRS 134	<i>Interim Financial Reporting (Annual Improvements 2012 - 2014 Cycle)</i>
Amendments to MFRS 116, and MFRS 138	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to MFRS 116 and MFRS 141	<i>Agriculture: Bearer Plants</i>
Amendments to MFRS 10, MFRS 12 and MFRS 128	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interest in Joint Operations</i>
Amendments to MFRS 101	<i>Disclosure Initiative</i>
Amendments to MFRS 127	<i>Equity Method in Separate Financial Statements</i>
MFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to MFRS 107	<i>Disclosure Initiatives</i>
Amendments to MFRS 112	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
MFRS 15	<i>Revenue from Contracts with Customers</i>
MFRS 9	<i>Financial Instruments</i>
MFRS 16	<i>Leases</i>

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture which was earlier announced to be effective for the financial year ending 31 March 2017 has been deferred to a date to be determined by MASB.

The adoption of these amendments is not expected to have any material impact on the financial statements of the Bank.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

2 AUDIT REPORT

The audit report on the audited annual financial statements for the financial year ended 31 March 2016 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 31 December 2016.

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 31 December 2016.

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial quarter ended 31 December 2016.

7 DIVIDEND PAID

No dividend was declared or paid during the financial quarter ended 31 December 2016.

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 higher profit before taxation for the financial period ended 31 December 2016 of RM36.0 million compared to RM16.9 million profit before taxation in the previous corresponding period, representing a increase of RM19.1 million or 112.5%. The improved profit was due to lower allowance for impairment on loans, advances and financing by RM14.9 million or 125.2%. Operating profit increased by RM4.2 million (14.6%) from RM28.8 million to RM33.0 million primarily due to higher net interest income earned compared to December 2015. Operating expenses increased by RM5.5 million (15.2%) from RM36.2 million to RM41.7 million, mainly due to personnel costs and establishment costs. The Bank's total assets stood at RM7,660.67 million as at 31 December 2016, where this is higher compared against 31 March 2016 which stood at RM5,821.87 million. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 23.720% and 24.862% respectively.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

10 PROSPECTS

The Bank's strategy is to continue growing its profit sustainably by focusing in the financial year by expanding its corporate client portfolio asset base and managing its capital efficiently to support loan growth. The Bank will continue to offer commercial banking services such as deposit, foreign exchange, derivatives, cash management services and Islamic Finance to both Japanese and non-Japanese clients. In addition, the Bank will further strengthen the leverage on its network of group companies - Mizuho Bank, Mizuho Securities, and Mizuho Trust & Banking - by offering complete range of high quality financial products and services to the local market.

11 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	31 Dec 2016 RM'000	31 Mar 2016 RM'000
At fair value:		
Government Investment Issues	60,000	-
Malaysian Government Securities	100,085	176,108
Malaysian Government Treasury Bills	98,870	34,997
	<u>258,955</u>	<u>211,105</u>

12 LOANS, ADVANCES AND FINANCING

	31 Dec 2016 RM'000	31 Mar 2016 RM'000
(a) By type:		
At amortised cost:		
Term loans	2,236,207	1,182,695
Revolving credits	1,274,356	1,110,447
Overdraft	-	13
Bills receivable	107,384	-
	<u>3,617,947</u>	<u>2,293,155</u>
Less: Unearned interest	(466)	-
Gross loans, advances and financing	<u>3,617,481</u>	<u>2,293,155</u>
Less: Impairment allowance		
- Collective impairment allowance	(18,745)	(21,734)
Net loans, advances and financing	<u>3,598,736</u>	<u>2,271,421</u>
(b) By geographical distribution:		
In Malaysia	3,509,813	2,175,619
Outside Malaysia	107,668	117,536
	<u>3,617,481</u>	<u>2,293,155</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016**

12 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31 Dec 2016 RM'000	31 Mar 2016 RM'000
(c) By type of customer:		
Domestic business enterprise	2,394,767	1,514,283
Domestic non-bank financial institutions	1,115,046	661,336
Foreign business entity	107,668	117,536
	<u>3,617,481</u>	<u>2,293,155</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,276,270	1,025,661
Variable rate - Cost plus	2,341,211	1,267,494
	<u>3,617,481</u>	<u>2,293,155</u>
(e) By economic purpose:		
Construction	85,376	93,188
Purchase of fixed assets other than land and building	1,124,556	325,527
Purchase of non-residential property	20,297	-
Working capital	2,387,252	1,874,440
	<u>3,617,481</u>	<u>2,293,155</u>
(f) By economic sector:		
Mining and quarrying	134,874	117,791
Manufacturing	1,117,546	1,015,013
Electricity, gas and water supply	48,121	7,398
Wholesale and retail trade, and restaurants and hotels	621,206	186,714
Transport, storage and communication	254,472	10,021
Finance, insurance, real estate and business activities	1,311,960	819,098
Education, health and others	21,634	19,584
Others	107,668	117,536
	<u>3,617,481</u>	<u>2,293,155</u>
(g) By residual contractual maturity:		
Maturity within		
- one year	1,432,652	1,030,851
- one to five years	1,556,690	972,659
- over five years	628,139	289,645
	<u>3,617,481</u>	<u>2,293,155</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016**

12 LOANS, ADVANCES AND FINANCING (CONTINUED)

	31 Dec 2016 RM'000	31 Mar 2016 RM'000
(h) Movements in collective impairment allowance for loans, advances and financing:		
Collective impairment allowance:		
At 1 April	21,734	8,786
(Writeback) / Allowance made during the period	<u>(2,989)</u>	<u>12,948</u>
At end of the reporting period / year	<u>18,745</u>	<u>21,734</u>
As percentage of total loan	<u>0.52%</u>	<u>0.95%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 31 December 2016.

13 DEPOSITS FROM CUSTOMERS

	31 Dec 2016 RM'000	31 Mar 2016 RM'000
(a) By type of deposit:		
- Demand deposits	840,673	583,000
- Fixed deposits	759,728	588,968
- Short-term deposits	465,616	465,630
	<u>2,066,017</u>	<u>1,637,598</u>
(b) By type of customer:		
- Domestic non-bank financial institutions	104,589	156,404
- Domestic business enterprises	1,923,761	1,476,778
- Foreign business enterprises	37,667	4,416
	<u>2,066,017</u>	<u>1,637,598</u>
(c) Maturity structure:		
- On demand	840,673	583,000
- Due within six months	1,012,701	932,598
- Due within six months to one year	212,643	122,000
	<u>2,066,017</u>	<u>1,637,598</u>

14 DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	31 Dec 2016 RM'000	31 Mar 2016 RM'000
Licensed banks	<u>3,582,033</u>	<u>2,717,126</u>

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016**

15 INTEREST INCOME

	3rd Quarter ended		Nine months ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Loans, advances and financing	16,012	7,569	39,428	19,063
Money at call and deposits and placements with financial institutions	17,276	18,958	45,927	47,829
Net gain from interest rate swap and cross-currency interest rate swap	(346)	(3,538)	402	(4,209)
Financial investments available-for-sale	1,648	1,215	4,710	3,875
	<u>34,590</u>	<u>24,204</u>	<u>90,467</u>	<u>66,558</u>

16 INTEREST EXPENSE

	3rd Quarter ended		Nine months ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Deposits and placements from financial institutions	8,245	2,360	19,385	5,721
Deposits from customers	8,953	10,942	26,319	26,129
	<u>17,198</u>	<u>13,302</u>	<u>45,704</u>	<u>31,850</u>

17 OTHER OPERATING INCOME

	3rd Quarter ended		Nine months ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Fee income	282	3,241	1,865	6,300
Net unrealised gain on revaluation of derivatives	830	1,631	9,237	6,144
Realised foreign exchange gain	3,919	3,195	8,663	11,616
Unrealised foreign exchange gain	3,948	5,099	10,224	6,288
Other income	-	-	1	2
	<u>8,979</u>	<u>13,166</u>	<u>29,990</u>	<u>30,350</u>

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016**

18 OTHER OPERATING EXPENSES

	3rd Quarter ended		Nine months ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Personnel costs:				
Salaries, allowances and bonuses	6,110	5,310	18,383	14,998
Contribution to Employees Provident Fund	657	588	2,192	1,764
Other staff related costs	1,429	1,599	4,195	4,590
Establishment costs:				
Repair and maintenance	1,274	673	3,572	1,891
Depreciation of property and equipment	536	850	2,050	2,203
Amortisation of intangible asset	774	483	2,197	910
Rental of premises	539	563	1,627	1,507
Information technology expenses	316	664	678	1,540
Others	355	351	1,077	909
Marketing expenses:				
Advertisement and publicity	78	85	99	85
Others	167	487	772	913
Administration and general expenses:				
Communication expenses	222	246	692	620
Legal and professional fees	290	613	953	1,327
Others	1,162	1,108	3,264	2,990
	<u>13,909</u>	<u>13,620</u>	<u>41,751</u>	<u>36,247</u>

**19 (WRITEBACK OF ALLOWANCE) / ALLOWANCE FOR IMPAIRMENT ON LOANS,
ADVANCES AND FINANCING**

	3rd Quarter ended		Nine months ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Collective impairment allowance				
- (writeback)/made during the year	<u>(1,372)</u>	<u>1,356</u>	<u>(2,989)</u>	<u>11,874</u>

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016**

20 COMMITMENTS AND CONTINGENCIES

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

	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
As at 31 December 2016			
Direct credit substitutions	13,871	13,871	13,847
Transaction related contingent items	87,704	43,852	37,396
Short-term self-liquidating trade related contingencies	12,252	2,450	2,450
Foreign exchange related contracts			
- One year or less	2,633,791	37,383	17,262
- Over one year to five years	124,890	10,651	7,184
Interest related contracts			
- One year or less	1,012,240	120,253	69,521
- Over one year to five years	5,488,078	1,053,160	646,941
- Over five years	486,428	103,702	77,534
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	526,826	263,413	263,413
Any commitments that are unconditionally cancelled at any time without prior notice	1,418,676	-	-
Total	11,804,756	1,648,735	1,135,548
As at 31 March 2016			
Direct credit substitutions	11,421	11,421	11,421
Transaction related contingent items	81,001	40,501	34,749
Short-term self-liquidating trade related contingencies	6,504	1,301	1,301
Foreign exchange related contracts			
- One year or less	597,366	18,412	12,734
Interest related contracts			
- One year or less	192,389	18,517	10,623
- Over one year to five years	4,286,966	773,332	519,953
- Over five years	570,119	143,270	109,861
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	431,239	215,619	215,619
Any commitments that are unconditionally cancelled at any time without prior notice	1,001,421	-	-
Total	7,178,426	1,222,373	916,261

* 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.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016**

21 CAPITAL ADEQUACY

The total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Bank has adopted Standardised Approach for credit risk and market risk and the Basic Indicator Approach for operational risk.

(i) The capital adequacy ratios of the Bank are as follows:

	31 Dec 2016	31 Mar 2016
<u>Capital ratios:</u>		
CET1 Capital Ratio / Total Tier 1 Capital Ratio	23.720%	23.539%
Total Capital Ratio	24.862%	24.431%

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

	31 Dec 2016 RM'000	31 Mar 2016 RM'000
CET 1 Capital		
Paid-up share capital	700,000	700,000
Retained (loss) / profits	(10,169)	8,712
Other reserves	16,635	17,137
Total CET1 Capital, representing total Tier 1 Capital	706,466	725,849
Tier 2 Capital		
Collective impairment allowance and regulatory reserve	34,024	27,518
Total Capital	740,490	753,367

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

	31 Dec 2016 RM'000	31 Mar 2016 RM'000
Total RWA for Credit risk	2,721,931	2,864,784
Total RWA for Market risk	108,528	99,316
Total RWA for Operational risk	147,955	119,523
Total RWA	2,978,414	3,083,623

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

21 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
As at 31 December 2016				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	2,229,758	2,229,758	-	-
Banks, development financial Institutions and Multilateral Development Banks ("MDBs")	1,146,380	539,131	107,825	8,626
Corporates	3,617,946	1,409,611	1,409,612	112,769
Other assets	69,025	69,025	68,946	5,516
Total on-balance sheet exposures	<u>7,063,109</u>	<u>4,247,525</u>	<u>1,586,383</u>	<u>126,911</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	1,325,149	1,325,149	818,442	65,475
Off-balance sheet exposures other than OTC derivatives or credit derivatives	323,586	323,586	317,106	25,368
Total off-balance sheet exposures	<u>1,648,735</u>	<u>1,648,735</u>	<u>1,135,548</u>	<u>90,843</u>
Total on and off-balance sheet exposures	<u>8,711,844</u>	<u>5,896,260</u>	<u>2,721,931</u>	<u>217,754</u>
Market risk				
	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Require- ments at 8% RM'000
Interest rate risk	6,791,648	6,761,134	107,971	8,638
Foreign currency risk	526	-	557	45
Operational risk			147,955	11,836
Total RWA and capital requirements			<u>2,978,414</u>	<u>238,273</u>

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21 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
As at 31 March 2016				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	2,414,107	2,414,107	-	-
Banks, development financial Institutions and Multilateral Development Banks ("MDBs")	680,551	369,233	73,847	5,908
Corporates	2,293,155	2,293,155	1,819,789	145,583
Other assets	54,898	54,898	54,887	4,391
Total on-balance sheet exposures	<u>5,442,711</u>	<u>5,131,393</u>	<u>1,948,523</u>	<u>155,882</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	953,531	953,531	653,171	52,254
Off-balance sheet exposures other than OTC derivatives or credit derivatives	268,842	268,842	263,090	21,047
Total off-balance sheet exposures	<u>1,222,373</u>	<u>1,222,373</u>	<u>916,261</u>	<u>73,301</u>
Total on and off-balance sheet exposures	<u>6,665,084</u>	<u>6,353,766</u>	<u>2,864,784</u>	<u>229,183</u>
Market risk				
	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Require- ments at 8% RM'000
Interest rate risk	5,266,324	5,243,892	52,907	4,233
Foreign currency risk	82,486	-	46,409	3,713
Operational risk			119,523	9,562
Total RWA and capital requirements			<u>3,083,623</u>	<u>246,691</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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21 CAPITAL ADEQUACY (CONTINUED)

The breakdown of credit risk exposures by risk weights for the respective balance sheet dates are as follows:

< ---- Exposures after Netting and Credit Risk Mitigation ---- >

Risk weights	Sovereigns/ central banks RM'000	Banks, Development Financial Institutions & MDBs RM'000	Corporates RM'000	Other Assets RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
As at 31 December 2016						
0%	2,229,758	-	-	79	2,229,837	-
20%	-	568,615	-	-	568,615	113,723
50%	-	979,200	-	-	979,200	489,600
100%	-	-	2,049,662	68,946	2,118,608	2,118,608
	<u>2,229,758</u>	<u>1,547,815</u>	<u>2,049,662</u>	<u>69,025</u>	<u>5,896,260</u>	<u>2,721,931</u>
As at 31 March 2016						
0%	2,414,107	-	-	11	2,414,118	-
20%	-	376,330	-	-	376,330	75,266
50%	-	600,869	946,731	-	1,547,600	773,800
100%	-	-	1,960,831	54,887	2,015,718	2,015,718
	<u>2,414,107</u>	<u>977,199</u>	<u>2,907,562</u>	<u>54,898</u>	<u>6,353,766</u>	<u>2,864,784</u>