

Company No.

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	30 Sep 2017 RM'000	31 Mar 2017 RM'000
ASSETS			
Cash and short-term funds		1,901,315	2,475,174
Deposits and placements with financial institutions		600,049	1,176,891
Financial investments available-for-sale	11	369,445	300,024
Loans, advances and financing	12	5,182,100	3,645,254
Derivative financial assets		468,705	593,387
Other assets		30,811	13,101
Property and equipment		10,149	8,651
Intangible assets		14,051	13,867
TOTAL ASSETS		8,576,625	8,226,349
LIABILITIES AND EQUITY			
Deposits from customers	13	2,090,446	2,636,143
Deposits and placements from financial institutions	14	4,854,774	3,686,803
Derivative financial liabilities		443,677	565,168
Other liabilities		392,433	587,846
Deferred tax liabilities		2,326	1,870
TOTAL LIABILITIES		7,783,656	7,477,830
Share capital		700,000	700,000
Retained profits		37,955	18,222
Other reserves		55,014	30,297
TOTAL EQUITY		792,969	748,519
TOTAL LIABILITIES AND EQUITY		8,576,625	8,226,349
COMMITMENTS AND CONTINGENCIES	20	12,350,045	11,641,250

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 2017.

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

		2nd Quarter ended		Six months ended	
		30 Sep	30 Sep	30 Sep	30 Sep
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	15	51,086	29,359	99,452	55,877
Interest expense	16	(25,569)	(14,722)	(50,971)	(28,506)
Net interest income		<u>25,517</u>	<u>14,637</u>	<u>48,481</u>	<u>27,371</u>
Other operating income	17	<u>16,543</u>	<u>7,402</u>	<u>26,713</u>	<u>23,411</u>
Net operating income		42,060	22,039	75,194	50,782
Other operating expenses	18	<u>(17,694)</u>	<u>(15,555)</u>	<u>(34,559)</u>	<u>(30,242)</u>
Operating profit		24,366	6,484	40,635	20,540
Allowance for impairment on loans, advances and financing	19	<u>1,297</u>	<u>13,437</u>	<u>5,783</u>	<u>4,361</u>
Profit before taxation		25,663	19,921	46,418	24,901
Taxation		<u>(1,017)</u>	<u>(1,155)</u>	<u>(2,529)</u>	<u>(2,773)</u>
Profit for the financial period		<u>24,646</u>	<u>18,766</u>	<u>43,889</u>	<u>22,128</u>
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Unrealised gain/(loss) on financial investments		454	(9)	738	(216)
Income tax effect		<u>(109)</u>	<u>2</u>	<u>(177)</u>	<u>52</u>
Other comprehensive gain/(loss) for the period		345	(7)	561	(164)
Total comprehensive income for the financial period		<u>24,991</u>	<u>18,759</u>	<u>44,450</u>	<u>21,964</u>
Profit attributable to: Owner of the Bank		<u>24,646</u>	<u>18,766</u>	<u>43,889</u>	<u>22,128</u>
Total comprehensive income attributable to: Owner of the Bank		<u>24,991</u>	<u>18,759</u>	<u>44,450</u>	<u>21,964</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 2017.

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	← 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	
2017 June						
At 1 April 2017	700,000	25,680	4,889	(272)	18,222	748,519
Profit for the period	-	-	-	-	43,889	43,889
Other comprehensive gain	-	-	-	561	-	561
Transfer to regulatory reserve	-	-	24,156	-	(24,156)	-
At 30 September 2017	<u>700,000</u>	<u>25,680</u>	<u>29,045</u>	<u>289</u>	<u>37,955</u>	<u>792,969</u>
2016 June						
At 1 April 2016	700,000	17,065	5,784	157	8,712	731,718
Profit for the period	-	-	-	-	22,128	22,128
Other comprehensive loss	-	-	-	(164)	-	(164)
Transfer from retained profits	-	-	11,843	-	(11,843)	-
At 30 September 2016	<u>700,000</u>	<u>17,065</u>	<u>17,627</u>	<u>(7)</u>	<u>18,997</u>	<u>753,682</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 2017.

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

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Cash flows from operating activities		
Profit before taxation	46,418	24,901
Adjustments for non-operating and non-cash items	(7,278)	(15,119)
Operating profit before working capital changes	39,140	9,782
Changes in working capital:		
Increase in operating assets	(1,820,278)	(617,315)
Increase/(Decrease) in operating liabilities	426,859	465,935
Taxation paid	(2,250)	(2,250)
Net cash used in operating activities	(1,356,529)	(143,848)
Net cash used in investing activities	(4,409)	(3,652)
Net decrease in cash and cash equivalents	(1,360,938)	(147,500)
Cash and cash equivalents at beginning of financial year	3,420,998	2,803,814
Cash and cash equivalents at end of financial period	2,060,060	2,656,314
Analysis of cash and cash equivalents		
Cash and short-term funds	1,901,315	2,427,696
Deposits and placements with financial institutions	600,049	283,183
Less: Deposits and placements with financial institutions with contractual maturity more than 3 months	(441,304)	(54,565)
	2,060,060	2,656,314

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 2017.

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

1 BASIS OF PREPARATION

The unaudited interim financial statements for the quarter ended 30 September 2017 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 2017. 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 2017.

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 107	<i>Statement of Cash Flows - Disclosure (Annual Improvements 2014 - 2016 Cycle)</i>
Amendments to MFRS 112	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to MFRS 2	<i>Share-based Payment - Classification and Measurement of Share-based Payment Transactions</i>
Amendments to MFRS 4	<i>Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to MFRS 140	<i>Investment Property - Transfers of Investment Property</i>
Amendments to 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)
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

2 AUDIT REPORT

The audit report on the audited annual financial statements for the financial year ended 31 March 2017 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 September 2017.

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 September 2017.

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial quarter ended 30 September 2017.

7 DIVIDEND PAID

No dividend was declared or paid during the financial quarter ended 30 September 2017.

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 30 September 2017 of RM46.4 million compared to RM24.9 million profit before taxation in the previous corresponding period, representing an increase of RM21.5 million or 86.4%. Operating profit increased by RM20.1 million (97.8%) from RM20.5 million to RM40.6 million primarily due to higher net interest income earned compared to September 2016. Operating expenses increased by RM4.3 million (14.27%) from RM30.2 million to RM34.6 million, mainly due to administrative costs.

The Bank's total assets increased marginally from RM8.2 billion to RM8.6 billion compared to 31 March 2017. The Bank's CET1/Tier 1 capital ratio and total capital ratio remained strong at 23.461% and 24.592% respectively.

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

10 PROSPECTS

The Bank's strategy is to continue growing its profit sustainably by focusing in the financial year to expand 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 services to both Japanese and non-Japanese clients. In addition, the Bank will further leverage on its network of group companies - Mizuho Bank, Mizuho Securities, and Mizuho Trust & Banking - by offering a comprehensive range of high quality financial products and services to the local market.

11 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 Sep 2017 RM'000	31 Mar 2017 RM'000
At fair value:		
Malaysian Government Securities	-	30,108
Malaysian Government Treasury Bills	-	99,626
Government Investment Issues	229,060	89,913
Government Guaranteed Bond	140,385	80,377
	<u>369,445</u>	<u>300,024</u>

12 LOANS, ADVANCES AND FINANCING

	30 Sep 2017 RM'000	31 Mar 2017 RM'000
(a) By type:		
At amortised cost:		
Term loans	3,710,348	2,236,952
Revolving credits	1,485,239	1,434,185
Overdraft	273	-
Banker Acceptances	19,891	13,537
	<u>5,215,751</u>	<u>3,684,674</u>
Less: Unearned interest	(108)	(94)
Gross loans, advances and financing	<u>5,215,643</u>	<u>3,684,580</u>
Less: Impairment allowance		
- Collective impairment allowance	(33,543)	(39,326)
Net loans, advances and financing	<u>5,182,100</u>	<u>3,645,254</u>
(b) By geographical distribution:		
In Malaysia	3,837,125	3,578,355
Outside Malaysia	1,378,518	106,225
	<u>5,215,643</u>	<u>3,684,580</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

12 LOANS, ADVANCES AND FINANCING (CONTINUED)

	30 Sep 2017 RM'000	31 Mar 2017 RM'000
(c) By type of customer:		
Domestic business enterprise	2,618,499	2,385,831
Domestic non-bank financial institutions	1,218,626	1,192,524
Foreign business entity	1,378,518	106,225
	<u>5,215,643</u>	<u>3,684,580</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,409,086	1,338,395
Variable rate - cost plus	3,806,557	2,346,185
	<u>5,215,643</u>	<u>3,684,580</u>
(e) By economic purpose:		
Construction	60,299	77,212
Purchase of fixed assets other than land and building	1,080,373	1,100,265
Purchase of non-residential property	45,094	33,659
Working capital	4,029,877	2,473,444
	<u>5,215,643</u>	<u>3,684,580</u>
(f) By economic sector:		
Agriculture	103,955	-
Mining and quarrying	76,181	79,981
Manufacturing	1,366,280	1,236,537
Electricity, gas and water supply	84,935	63,816
Construction	152,237	1,803
Wholesale and retail trade, and restaurants and hotels	591,381	614,304
Transport, storage and communication	141,549	145,748
Finance, insurance, real estate and business activities	2,574,009	1,415,609
Education, health and others	18,120	20,557
Others	106,996	106,225
	<u>5,215,643</u>	<u>3,684,580</u>
(g) By residual contractual maturity:		
Maturity within		
- one year	2,916,022	1,493,484
- one to five years	1,841,541	1,680,129
- over five years	458,080	510,967
	<u>5,215,643</u>	<u>3,684,580</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

12 LOANS, ADVANCES AND FINANCING (CONTINUED)

	30 Sep 2017 RM'000	31 Mar 2017 RM'000
(h) Movements in collective impairment allowance for loans, advances and financing:		
Collective impairment allowance:		
At 1 April	39,326	21,734
(Writeback) / Allowance made during the period	<u>(5,783)</u>	<u>17,592</u>
At end of the reporting period / year	<u>33,543</u>	<u>39,326</u>
As percentage of total loan	<u>0.64%</u>	<u>1.07%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 September 2017.

13 DEPOSITS FROM CUSTOMERS

	30 Sep 2017 RM'000	31 Mar 2017 RM'000
(a) By type of deposit:		
- Demand deposits	686,669	642,178
- Fixed deposits	827,694	1,353,471
- Short-term deposits	<u>576,083</u>	<u>640,494</u>
	<u>2,090,446</u>	<u>2,636,143</u>
(b) By type of customer:		
- Domestic non-bank financial institutions	38,908	93,637
- Domestic business enterprises	2,010,629	2,492,058
- Domestic other enterprises	173	-
- Foreign business enterprises	<u>40,736</u>	<u>50,448</u>
	<u>2,090,446</u>	<u>2,636,143</u>
(c) Maturity structure:		
- On demand	686,669	642,178
- Due within six months	1,379,960	1,933,977
- Due over six months to one year	<u>23,817</u>	<u>59,988</u>
	<u>2,090,446</u>	<u>2,636,143</u>

14 DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	30 Sep 2017 RM'000	31 Mar 2017 RM'000
Licensed banks	<u>4,854,774</u>	<u>3,686,803</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

15 INTEREST INCOME

	2nd Quarter ended		Six months ended	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	32,013	13,258	57,087	23,416
Money at call and deposits and placements with financial institutions	16,346	14,332	36,317	28,651
Net gain from interest rate swap and cross-currency interest rate swap	(677)	181	(152)	748
Financial investments available-for-sale	3,385	1,588	6,171	3,062
Others	19	-	29	-
	<u>51,086</u>	<u>29,359</u>	<u>99,452</u>	<u>55,877</u>

16 INTEREST EXPENSE

	2nd Quarter ended		Six months ended	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	14,906	5,744	29,270	11,140
Deposits from customers	10,663	8,978	21,701	17,366
	<u>25,569</u>	<u>14,722</u>	<u>50,971</u>	<u>28,506</u>

17 OTHER OPERATING INCOME

	2nd Quarter ended		Six months ended	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	RM'000	RM'000	RM'000	RM'000
Fee income	2,883	2,594	4,594	3,983
Net unrealised gain/(loss) on revaluation of derivatives	-	(447)	(3,192)	8,407
Realised foreign exchange gain	10,247	2,095	17,813	4,744
Unrealised foreign exchange gain	2,529	3,160	7,498	6,276
Other income	-	-	-	1
	<u>16,543</u>	<u>7,402</u>	<u>26,713</u>	<u>23,411</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

18 OTHER OPERATING EXPENSES

	2nd Quarter ended		Six months ended	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Personnel costs:				
Salaries, allowances and bonuses	6,224	5,943	13,021	12,273
Contribution to Employees Provident Fund	840	809	1,634	1,535
Other staff related costs	1,448	1,365	2,891	2,766
Establishment costs:				
Repair and maintenance	599	1,306	2,065	2,298
Depreciation of property and equipment	645	702	1,177	1,514
Amortisation of intangible asset	795	726	1,551	1,423
Rental of premises	530	565	1,084	1,088
Information technology expenses	176	160	324	362
Others	369	370	683	722
Marketing expenses:				
Advertisement and publicity	13	18	30	21
Others	241	346	387	605
Administration and general expenses:				
Collateral deposit fees	3,567	1,521	5,926	2,400
Communication expenses	212	231	425	470
Legal and professional fees	490	408	621	663
Others	1,545	1,085	2,740	2,102
	<u>17,694</u>	<u>15,555</u>	<u>34,559</u>	<u>30,242</u>

19 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	2nd Quarter ended		Six months ended	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Collective impairment allowance				
- (writeback)/made during the year	<u>(1,297)</u>	<u>(13,437)</u>	<u>(5,783)</u>	<u>(4,361)</u>

MIZUHO BANK (MALAYSIA) BERHAD (923693-H)
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

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 30 September 2017			
Direct credit substitutions	21,719	21,719	21,654
Transaction related contingent items	85,649	42,824	36,995
Short-term self-liquidating trade related contingencies	2,948	590	590
Foreign exchange related contracts			
- One year or less	3,062,260	35,291	16,692
- Over one year to five years	96,598	6,563	4,058
Interest related contracts			
- One year or less	929,816	132,449	70,461
- Over one year to five years	5,613,738	795,958	525,826
- Over five years	426,525	96,248	75,871
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	380,468	190,234	190,234
Any commitments that are unconditionally cancelled at any time without prior notice	1,730,324	-	-
Total	12,350,045	1,321,876	942,381
As at 31 March 2017			
Direct credit substitutions	15,593	15,593	15,583
Transaction related contingent items	112,128	56,064	44,208
Short-term self-liquidating trade related contingencies	6,019	1,204	1,204
Foreign exchange related contracts			
- One year or less	2,318,852	22,117	12,062
- Over one year to five years	117,786	10,357	7,170
Interest related contracts			
- One year or less	1,447,512	187,631	103,256
- Over one year to five years	5,101,785	869,860	542,628
- Over five years	481,207	98,305	73,961
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	448,390	224,195	224,195
Any commitments that are unconditionally cancelled at any time without prior notice	1,591,978	-	-
Total	11,641,250	1,485,326	1,024,267

* 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)
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

21 CAPITAL ADEQUACY

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 4.5% and 6.0% respectively for year 2017. 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 Sep 2017	31 Mar 2017
<u>Capital ratios:</u>		
CET1 Capital Ratio / Total Tier 1 Capital Ratio	23.461%	24.321%
Total Capital Ratio	24.592%	25.466%

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

	30 Sep 2017 RM'000	31 Mar 2017 RM'000
CET 1 Capital		
Paid-up share capital	700,000	700,000
Retained profits	(5,935)	18,222
Other reserves	26,602	26,563
Total CET1 Capital, representing total Tier 1 Capital	720,667	744,785
Tier 2 Capital		
Collective impairment allowance and regulatory reserve	34,760	35,066
Total Capital	755,427	779,851

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

	30 Sep 2017 RM'000	31 Mar 2017 RM'000
Total RWA for Credit risk	2,780,806	2,805,297
Total RWA for Market risk	108,252	104,229
Total RWA for Operational risk	182,748	152,814
Total RWA	3,071,806	3,062,340

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

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 30 Sep 2017				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	1,478,376	1,478,376	-	-
Banks, development financial Institutions and Multilateral Development Banks ("MDBs")	1,414,836	1,045,755	209,151	16,732
Corporates	5,215,752	1,564,775	1,564,775	125,182
Other assets	64,526	64,526	64,499	5,160
Total on-balance sheet exposures	<u>8,173,490</u>	<u>4,153,432</u>	<u>1,838,425</u>	<u>147,074</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	1,066,509	1,066,509	692,908	55,433
Off-balance sheet exposures other than OTC derivatives or credit derivatives	255,367	255,367	249,473	19,957
Total off-balance sheet exposures	<u>1,321,876</u>	<u>1,321,876</u>	<u>942,381</u>	<u>75,390</u>
Total on and off-balance sheet exposures	<u>9,495,366</u>	<u>5,475,308</u>	<u>2,780,806</u>	<u>222,464</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	7,055,703	7,030,978	101,044	8,083
Foreign currency risk	577	-	7,208	577
Operational risk			182,748	14,620
Total RWA and capital requirements			<u>3,071,806</u>	<u>245,744</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

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 2017				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	2,290,665	2,290,665	-	-
Banks, development financial Institutions and Multilateral Development Banks ("MDBs")	1,665,825	1,105,384	221,077	17,686
Corporates	3,684,674	1,493,667	1,493,667	119,493
Other assets	66,311	66,311	66,286	5,303
Total on-balance sheet exposures	<u>7,707,475</u>	<u>4,956,027</u>	<u>1,781,030</u>	<u>142,482</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	1,188,270	1,188,270	739,077	59,126
Off-balance sheet exposures other than OTC derivatives or credit derivatives	297,056	297,056	285,190	22,815
Total off-balance sheet exposures	<u>1,485,326</u>	<u>1,485,326</u>	<u>1,024,267</u>	<u>81,941</u>
Total on and off-balance sheet exposures	<u>9,192,801</u>	<u>6,441,353</u>	<u>2,805,297</u>	<u>224,423</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	6,803,624	6,774,830	95,379	7,630
Foreign currency risk	8,850	10	8,850	708
Operational risk			152,814	12,225
Total RWA and capital requirements			<u>3,062,340</u>	<u>244,986</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

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 30 September 2017						
0%	1,478,376	-	-	27	1,478,403	-
20%	-	1,072,135	-	-	1,072,135	214,427
50%	-	716,783	-	-	716,783	358,392
100%	-	-	2,143,488	64,499	2,207,987	2,207,987
	<u>1,478,376</u>	<u>1,788,918</u>	<u>2,143,488</u>	<u>64,526</u>	<u>5,475,308</u>	<u>2,780,806</u>
As at 31 March 2017						
0%	2,290,665	-	-	23	2,290,688	-
20%	-	1,121,937	-	-	1,121,937	224,387
50%	-	895,636	-	-	895,636	447,818
100%	-	-	2,066,804	66,288	2,133,092	2,133,092
	<u>2,290,665</u>	<u>2,017,573</u>	<u>2,066,804</u>	<u>66,311</u>	<u>6,441,353</u>	<u>2,805,297</u>