

Mizuho Bank (Malaysia) Berhad

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**Unaudited condensed interim financial statements
for the financial period ended 30 June 2021**

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

		30 June 2021 RM'000	31 March 2021 RM'000
	Note		
Assets			
Cash and short-term funds		985,548	1,068,070
Deposits and placements with financial institutions		705,253	282,343
Financial assets at fair value through other comprehensive income ("FVOCI")	11	1,992,797	1,903,042
Loans, advances and financing	12	7,960,327	8,011,411
Derivative financial assets		140,423	156,525
Other assets		67,276	102,404
Right of use assets		8,606	9,185
Property and equipment		4,741	5,235
Intangible assets		6,900	7,159
Current tax assets		7,242	8,699
Deferred tax assets		2,527	3,104
Total assets		11,881,640	11,557,177
Liabilities			
Deposits from customers	13	3,320,183	2,742,540
Deposits and placements from financial institutions	14	6,824,951	7,077,317
Derivative financial liabilities		131,175	153,581
Lease liabilities		8,737	9,276
Other liabilities		53,326	61,642
Total liabilities		10,338,372	10,044,356
Share capital		1,200,000	1,200,000
Reserves		343,268	312,821
Total equity attributable to owner of the bank		1,543,268	1,512,821
Total liabilities and equity		11,881,640	11,557,177
Commitments and contingencies	21	15,057,957	15,327,877

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021.

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

		1st Quarter ended		Three months ended	
		30 June	30 June	30 June	30 June
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
			Restated		Restated
Interest income	15	40,629	69,798	40,629	69,798
Interest expense	16	(13,556)	(37,679)	(13,556)	(37,679)
Net interest income		<u>27,073</u>	<u>32,119</u>	<u>27,073</u>	<u>32,119</u>
Other operating income	17	18,291	17,424	18,291	17,424
Operating income		<u>45,364</u>	<u>49,543</u>	<u>45,364</u>	<u>49,543</u>
Other operating expenses	18	(20,952)	(18,087)	(20,952)	(18,087)
Operating profit		<u>24,412</u>	<u>31,456</u>	<u>24,412</u>	<u>31,456</u>
Writeback of allowance for expected credit losses ("ECL")	19	10,677	8,211	10,677	8,211
Profit before taxation		<u>35,089</u>	<u>39,667</u>	<u>35,089</u>	<u>39,667</u>
Tax expense		(8,151)	(12,367)	(8,151)	(12,367)
Profit for the financial period		<u>26,938</u>	<u>27,300</u>	<u>26,938</u>	<u>27,300</u>
Other comprehensive income net of tax:					
Fair value changes of financial assets at FVOCI		4,617	4,445	4,617	4,445
Income tax effect		(1,108)	(1,067)	(1,108)	(1,067)
Other comprehensive income for the financial period		<u>3,509</u>	<u>3,378</u>	<u>3,509</u>	<u>3,378</u>
Total comprehensive income for the financial period		<u>30,447</u>	<u>30,678</u>	<u>30,447</u>	<u>30,678</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	← Non-distributable reserves →			Distributable reserves	Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	
At 1 April 2021	1,200,000	-	1,016	311,805	1,512,821
Profit for the financial period	-	-	-	26,938	26,938
Other comprehensive income	-	-	3,509	-	3,509
At 30 June 2021	<u>1,200,000</u>	<u>-</u>	<u>4,525</u>	<u>338,743</u>	<u>1,543,268</u>
At 1 April 2020	700,000	21,489	4,912	210,550	936,951
Issuance of shares	500,000	-	-	-	500,000
Profit for the financial period	-	-	-	27,300	27,300
Other comprehensive income	-	-	3,378	-	3,378
Transfer from regulatory reserve	-	(21,489)	-	21,489	-
At 30 June 2020	<u>1,200,000</u>	<u>-</u>	<u>8,290</u>	<u>259,339</u>	<u>1,467,629</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	30 June 2021 RM'000	30 June 2020 RM'000
Profit before taxation	35,089	39,667
Adjustments for non-cash items	(9,338)	(9,832)
Operating profit before changes in working capital	<u>25,751</u>	<u>29,835</u>
Net changes in operating assets	(252,809)	43,246
Net changes in operating liabilities	310,896	(84,564)
	58,087	(41,318)
Cash generated from/(used in) operating activities	<u>83,838</u>	<u>(11,483)</u>
Taxation paid	(7,276)	(4,740)
Net cash generated from/(used in) operating activities	<u>76,562</u>	<u>(16,223)</u>
Net cash used in investing activities	(689)	(225)
Net cash generated from financing activity	-	500,000
Net increase in cash and cash equivalents during the financial period	75,873	483,552
Cash and cash equivalents at the beginning of the financial period	<u>1,068,169</u>	<u>1,710,529</u>
Cash and cash equivalents at the end of the financial period	<u>1,144,042</u>	<u>2,194,081</u>
Analysis of cash and cash equivalents:		
Cash and short-term funds	985,548	1,166,377
Deposits and placements with financial institutions	705,253	1,889,918
Less: deposits and placements with financial institutions with original contractual maturity of more than 3 months	(546,759)	(862,214)
	<u>1,144,042</u>	<u>2,194,081</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

1. Basis of preparation

The unaudited condensed interim financial statements for the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: financial assets at fair value through other comprehensive income, financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board.

The unaudited condensed interim financial statements should be read in conjunction with the Bank's audited financial statements for the financial year ended 31 March 2021. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 March 2021.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2021 except for the adoption of the following during the current financial period:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- i) Amendments to MFRS 16 *Leases: Covid 19 - Related Rent Concessions*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- i) Amendments to MFRS 7, *Financial Instruments: Disclosures, Financial Instruments, Leases,*
Amendments to MFRS 9, *Financial Instruments: Recognition and Measurement - Interest Rate*
Amendments to MFRS 16, *Benchmark Reform - Phase 2*
and Amendments to MFRS
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MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- i) Amendments to MFRS 16 *Leases - Covid 19 - Related Rent Concessions beyond 30 June 2021*

The initial application of the abovementioned pronouncements are not expected to have any material impact to the financial statements of the Bank except for Amendments to MFRS 7, MFRS 9, MFRS 16 and MFRS 139: Interest Rate Benchmark Reform - Phase 2.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

1. Basis of preparation (continued)

Amendments to MFRS 7, MFRS 9, MFRS 16, MFRS 139: Interest Rate Benchmark Reform - Phase 2

The amendments address issues that arise from the implementation of interest rate benchmark reforms, focusing on issues that affect financial reporting when an existing interest rate benchmark is replaced with an alternative nearly risk-free rate.

The amendments, among others, include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. In applying the practical expedient, an entity is required to first identify and account for modifications to the instrument by updating the effective interest rate without adjusting the carrying amount. As a result, no immediate gain or loss is recognised.

The Bank is still in the midst of assessing the impact of the above amendments to published standards.

2. Auditors' report on preceding audited annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2021 was not qualified.

3. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the first quarter ended 30 June 2021.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the first quarter ended 30 June 2021.

5. Changes in estimates

There were no material changes in estimates during the first quarter ended 30 June 2021.

6. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the first quarter ended 30 June 2021.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

7. Dividend

No dividend was paid during the first quarter ended 30 June 2021.

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 a profit before taxation (“PBT”) of RM35.1 million for the financial period ended 30 June 2021, a decrease of RM4.6 million or 11.5% as compared to RM39.7 million in the previous corresponding period. The decrease in PBT in the current quarter was mainly due to a decrease of 15.7% in net interest income received compared to the previous corresponding period. Operating expenses increased by RM2.9 million or 15.8% mainly due to higher administration and general expenses; offset by higher writeback of allowance for expected credit losses (“ECL”) by RM2.5 million in the current quarter.

Total assets for the Bank stood at RM11.9 billion as at 30 June 2021, an increase of RM0.3 billion or 2.8% as compared against total assets of RM11.6 billion at 31 March 2021. The Bank’s Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 29.55% and 30.29% respectively.

10. Prospects

Looking forward, the Bank continues to anticipate an uneven but gradual recovery of the Malaysian economy underpinned by the successful roll-out of the national vaccination programme. However, given the ongoing resurgence of Covid-19 cases and ongoing cycle of opening and closing the economy in Malaysia and regionally, the Bank shall continue to be prudent in managing key business risks and cost optimisation efforts. The Bank expects to remain resilient and as part of Mizuho Financial Group, remains committed to fulfill its role as a financial institution, fully exercising its financial functions to support its customers.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****11. Financial assets at FVOCI**

	30 June 2021 RM'000	31 March 2021 RM'000
At fair value		
Government investment issues	813,347	607,183
Government guaranteed bond	1,179,450	1,295,859
	<u>1,992,797</u>	<u>1,903,042</u>

12. Loans, advances and financing

	30 June 2021 RM'000	31 March 2021 RM'000
(a) By type:		
At amortised cost:		
Term loans	5,312,233	5,225,246
Revolving credits	1,437,066	1,560,748
Bills receivable	26,004	20,310
	<u>6,775,303</u>	<u>6,806,304</u>
Less: Unearned interest	(48)	(36)
Gross loans, advances and financing at amortised cost	<u>6,775,255</u>	<u>6,806,268</u>
Less: Allowance for expected credit losses	(29,242)	(41,551)
Net loans, advances and financing at amortised cost	<u>6,746,013</u>	<u>6,764,717</u>
At fair value through profit or loss ("FVTPL"):		
Term loans	1,214,314	1,246,694
Total net loans, advances and financing	<u>7,960,327</u>	<u>8,011,411</u>
Total gross loans, advances and financing		
- At amortised cost	6,775,255	6,806,268
- At FVTPL	1,214,314	1,246,694
	<u>7,989,569</u>	<u>8,052,962</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****12. Loans, advances and financing (continued)**

	30 June 2021 RM'000	31 March 2021 RM'000
(b) By geographical distribution:		
Within Malaysia	6,110,741	6,122,916
Outside Malaysia	1,878,828	1,930,046
	<u>7,989,569</u>	<u>8,052,962</u>
(c) By type of customer:		
Domestic business enterprises	3,299,105	3,399,765
Domestic non-bank financial institutions	2,811,636	2,723,151
Foreign business entities	1,878,828	1,930,046
	<u>7,989,569</u>	<u>8,052,962</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,325,236	1,296,508
Variable rate	6,664,333	6,756,454
	<u>7,989,569</u>	<u>8,052,962</u>
(e) By economic purpose:		
Purchase of fixed assets other than land and building	1,269,324	1,313,498
Purchase of non-residential property	15,271	16,817
Working capital	6,704,974	6,722,647
	<u>7,989,569</u>	<u>8,052,962</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

12. Loans, advances and financing (continued)

	30 June 2021 RM'000	31 March 2021 RM'000
(f) By economic sector:		
Mining and quarrying	14,130	15,326
Manufacturing	1,698,563	1,721,334
Electricity, gas and water supply	817	810
Construction	574,440	650,536
Wholesale and retail trade, and restaurants and hotels	61,229	51,679
Transport, storage and communication	17,690	16,651
Finance, insurance, real estate and business activities	5,568,634	5,541,415
Education, health and others	54,066	55,211
	<u>7,989,569</u>	<u>8,052,962</u>
(g) By maturity structure:		
Maturing within one year	4,549,286	4,546,017
One year to three years	2,246,962	2,389,674
Three years to five years	1,184,155	1,098,648
Over five years	9,166	18,623
	<u>7,989,569</u>	<u>8,052,962</u>
(h) Movement in impairment allowance on loans, advances and financing which reflect the ECL model on impairment are as follows:		

	12-Month ECL	Lifetime ECL		
	Stage 1	Not credit- impaired Stage 2	Credit- impaired Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 April 2021	34,399	7,152	-	41,551
New financial assets originated	9,208	8,079	-	17,287
Financial assets derecognised	(18,861)	(5,297)	-	(24,158)
Net remeasurement during the financial period	(4,690)	(748)	-	(5,438)
At 30 June 2021	<u>20,056</u>	<u>9,186</u>	<u>-</u>	<u>29,242</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****12. Loans, advances and financing (continued)**

- (h) Movement in impairment allowance on loans, advances and financing which reflect the ECL model on impairment are as follows (continued):

	12-Month	Lifetime ECL		Total
	ECL	Not credit- impaired	Credit- impaired	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
At 1 April 2020	19,215	35,393	-	54,608
New financial assets originated	22,540	5,297	-	27,837
Financial assets derecognised	(17,963)	(35,393)	-	(53,356)
Net remeasurement during the financial year	10,607	1,855	-	12,462
At 31 March 2021	34,399	7,152	-	41,551

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

	30 June 2021 RM'000	31 March 2021 RM'000
At 1 April	41,551	54,608
Writeback during the financial period	(12,309)	(13,057)
At end of the financial period	29,242	41,551
As percentage of total loans, advances and financing	0.37%	0.52%

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 June 2021.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****13. Deposit from customers**

	30 June 2021 RM'000	31 March 2021 RM'000
(a) By type of deposit:		
Demand deposits	1,173,936	945,210
Fixed deposits	851,958	964,033
Short-term deposits	1,294,289	833,297
	<u>3,320,183</u>	<u>2,742,540</u>
(b) By type of customer:		
Domestic non-bank financial institutions	673,227	179,424
Domestic business enterprises	2,454,842	2,452,080
Foreign business enterprises	92,002	110,929
Domestic other enterprises	112	107
Government and statutory bodies	100,000	-
	<u>3,320,183</u>	<u>2,742,540</u>
(c) Maturity structure:		
On demand	1,173,936	945,210
Due within six months	2,088,167	1,700,790
Due over six months to one year	58,080	96,540
	<u>3,320,183</u>	<u>2,742,540</u>

14. Deposit and placements from financial institutions

	30 June 2021 RM'000	31 March 2021 RM'000
Licensed banks	<u>6,824,951</u>	<u>7,077,317</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****15. Interest income**

	1st Quarter ended		Three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Loans, advances and financing	22,665	45,085	22,665	45,085
Money at call and deposits and placements with financial institutions	5,660	14,377	5,660	14,377
Financial assets at FVOCI	12,107	10,279	12,107	10,279
Others	197	57	197	57
	<u>40,629</u>	<u>69,798</u>	<u>40,629</u>	<u>69,798</u>

16. Interest expense

	1st Quarter ended		Three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	5,276	28,270	5,276	28,270
Deposits from customers	8,244	9,021	8,244	9,021
Others	36	388	36	388
	<u>13,556</u>	<u>37,679</u>	<u>13,556</u>	<u>37,679</u>

17. Other operating income

	1st Quarter ended		Three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Fee income	1,781	2,142	1,781	2,142
Realised gain in fair value of derivative financial instruments	4,668	3,797	4,668	3,797
Unrealised loss in fair value of derivative financial instruments	(8,391)	(15,145)	(8,391)	(15,145)
Realised foreign exchange gain	4,506	3,988	4,506	3,988
Unrealised foreign exchange gain	16,313	22,320	16,313	22,320
Net unrealised (loss)/gain on revaluation of financial assets at FVTPL	(602)	306	(602)	306
Others	16	16	16	16
	<u>18,291</u>	<u>17,424</u>	<u>18,291</u>	<u>17,424</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****18. Other operating expenses**

	1st Quarter ended		Three months ended	
	30 June 2021 RM'000	30 June 2020 RM'000 Restated	30 June 2021 RM'000	30 June 2020 RM'000 Restated
Personnel costs:				
Salaries, allowances and bonuses	8,322	7,563	8,322	7,563
Contribution to Employees Provident Fund	1,171	898	1,171	898
Other staff related costs	1,519	1,613	1,519	1,613
Establishment costs:				
Repair and maintenance	1,450	1,348	1,450	1,348
Depreciation of right of use assets	1,313	1,259	1,313	1,259
Depreciation of property and equipment	650	708	650	708
Amortisation of intangible assets	791	1,219	791	1,219
Rental of premises	5	5	5	5
Information technology expenses	711	1,037	711	1,037
Others	116	160	116	160
Marketing expenses:				
Advertisement and publicity	4	23	4	23
Others	93	18	93	18
Administration and general expenses:				
Communication expenses	267	238	267	238
Legal and professional fees	75	51	75	51
Others	4,465	1,947	4,465	1,947
	<u>20,952</u>	<u>18,087</u>	<u>20,952</u>	<u>18,087</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****19. (Writeback)/addition of allowance for expected credit losses**

	1st Quarter ended		Three months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Deposits and placements with financial institutions	(99)	-	(99)	-
Loans, advances and financing	(12,309)	(12,900)	(12,309)	(12,900)
Credit commitments and contingencies	1,731	4,689	1,731	4,689
	<u>(10,677)</u>	<u>(8,211)</u>	<u>(10,677)</u>	<u>(8,211)</u>

20. Credit transactions and exposures with connected parties

	30 June 2021 RM'000	31 March 2021 RM'000
Outstanding credit exposures with connected parties	<u>53,002</u>	<u>50,908</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.06%</u>	<u>0.12%</u>

There are currently no exposures to connected parties which are classified as impaired.

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****21. Commitments and contingencies**

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

	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
As at 30 June 2021			
Direct credit substitutes	36,751	36,751	36,300
Transaction related contingent items	103,694	51,846	39,931
Short-term self-liquidating trade related contingencies	8,235	1,647	1,647
Foreign exchange related contracts			
- One year or less	2,867,338	40,302	21,693
- Over one year to five years	194,415	18,753	14,187
Interest related contracts			
- One year or less	2,794,946	117,956	74,349
- Over one year to five years	4,950,438	573,407	407,593
- Over five years	17,287	3,673	3,045
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	94,000	47,000	47,000
Any commitments that are unconditionally cancelled at any time without prior notice	3,990,853	-	-
Total	15,057,957	891,335	645,745

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****21. Commitments and contingencies (continued)**

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 (continued):

	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
As at 31 March 2021			
Direct credit substitutes	35,117	35,117	34,665
Transaction related contingent items	105,819	52,910	40,830
Short-term self-liquidating trade related contingencies	11,543	2,309	2,309
Foreign exchange related contracts			
- One year or less	1,838,982	44,107	24,931
- Over one year to five years	349,366	27,719	20,481
Interest related contracts			
- One year or less	3,231,541	134,203	90,198
- Over one year to five years	4,720,190	551,365	389,242
- Over five years	36,291	6,635	4,873
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,245,630	58,129	58,129
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	100,000	50,000	50,000
Any commitments that are unconditionally cancelled at any time without prior notice	3,653,398	-	-
Total	15,327,877	962,494	715,658

*The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights respectively as specified by Bank Negara Malaysia for regulatory capital adequacy purposes.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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22. 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") of which the latest version was issued on 3 May 2019. 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, Tier 1 capital ratio and total capital ratio including the capital conservation buffer are 7.0%, 8.5% and 10.5% on the risk-weighted assets ("RWA") respectively. The minimum regulatory capital adequacy requirement remains at 8% for total capital ratio.

(i) Based on the above, the capital adequacy ratios of the Bank are as follows:

	30 June 2021	31 March 2021
Capital ratios:		
CET1 capital ratio / Tier 1 capital ratio	29.549%	30.176%
Total capital ratio	30.288%	31.145%

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

	30 June 2021 RM'000	31 March 2021 RM'000
CET 1 capital		
Paid-up share capital	1,200,000	1,200,000
Retained profits	311,805	311,805
Other reserves	(6,377)	(8,645)
Total tier 1 capital	1,505,428	1,503,160
Tier 2 capital		
General provisions and regulatory reserve	37,636	48,313
Total capital	1,543,064	1,551,473

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

	30 June 2021 RM'000	31 March 2021 RM'000
Total RWA for credit risk	4,311,365	4,323,920
Total RWA for market risk	481,699	357,319
Total RWA for operational risk	301,596	300,152
Total RWA	5,094,660	4,981,391

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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22. 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 Requirements at 8% RM'000
As at 30 June 2021				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	1,043,679	1,043,679	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	3,381,461	1,768,189	464,390	37,151
Corporates	7,290,363	4,365,065	3,176,350	254,108
Other assets	24,922	24,922	24,880	1,990
Total on-balance sheet exposures	<u>11,740,425</u>	<u>7,201,855</u>	<u>3,665,620</u>	<u>293,249</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	754,091	754,091	520,867	41,669
Off-balance sheet exposures other than OTC derivatives or credit derivatives	137,244	137,244	124,878	9,990
Total off-balance sheet exposures	<u>891,335</u>	<u>891,335</u>	<u>645,745</u>	<u>51,659</u>
Total on and off-balance sheet exposures	<u>12,631,760</u>	<u>8,093,190</u>	<u>4,311,365</u>	<u>344,908</u>
	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Market risk				
Interest rate risk	8,014,083	7,992,147	95,486	7,639
Foreign currency risk	30,897	-	386,213	30,897
Operational risk			301,596	24,128
Total RWA and capital requirements			<u>5,094,660</u>	<u>407,572</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

22. 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 Requirements at 8% RM'000
As at 31 March 2021				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	1,298,696	1,298,696	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	2,670,849	1,057,571	230,187	18,415
Corporates	7,399,258	4,661,823	3,350,181	268,014
Other assets	27,935	27,935	27,894	2,232
Total on-balance sheet exposures	<u>11,396,738</u>	<u>7,046,025</u>	<u>3,608,262</u>	<u>288,661</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	764,029	764,029	529,725	42,378
Off-balance sheet exposures other than OTC derivatives or credit derivatives	198,465	198,465	185,933	14,875
Total off-balance sheet exposures	<u>962,494</u>	<u>962,494</u>	<u>715,658</u>	<u>57,253</u>
Total on and off-balance sheet exposures	<u>12,359,232</u>	<u>8,008,519</u>	<u>4,323,920</u>	<u>345,914</u>
	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Market risk				
Interest rate risk	7,871,687	7,849,570	89,956	7,196
Foreign currency risk	21,389	-	267,363	21,389
Operational risk			300,152	24,012
Total RWA and capital requirements			<u>4,981,391</u>	<u>398,511</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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22. Capital adequacy (continued)

The following tables present the credit exposures by risk weights and after credit risk mitigation of the Bank:

Risk weights	Exposures after Netting and Credit Risk Mitigation				Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns/ central banks RM'000	Banks, development Financial Institution MDBs RM'000	Corporates RM'000	Other Assets RM'000		
As at 30 June 2021						
0%	1,043,679	269,513	1,188,716	42	2,501,950	-
20%	-	1,112,417	-	-	1,112,417	222,483
50%	-	779,882	-	-	779,882	389,941
100%	-	-	3,674,061	24,880	3,698,941	3,698,941
	<u>1,043,679</u>	<u>2,161,812</u>	<u>4,862,777</u>	<u>24,922</u>	<u>8,093,190</u>	<u>4,311,365</u>
As at 31 March 2021						
0%	1,298,696	331,798	1,311,643	41	2,942,178	-
20%	-	616,834	-	-	616,834	123,366
50%	-	497,907	-	-	497,907	248,954
100%	-	-	3,923,706	27,894	3,951,600	3,951,600
	<u>1,298,696</u>	<u>1,446,539</u>	<u>5,235,349</u>	<u>27,935</u>	<u>8,008,519</u>	<u>4,323,920</u>