

Mizuho Bank (Malaysia) Berhad

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**Unaudited condensed interim financial statements
for the financial period ended 30 June 2023**

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 2023**

		30 Jun 2023	31 Mar 2023
	Note	RM'000	RM'000
Assets			
Cash and short-term funds		4,889,933	5,118,847
Deposits and placements with financial institutions		2,932,105	1,846,911
Financial assets at fair value through other comprehensive income ("FVOCI")	11	1,528,174	1,523,709
Loans, advances and financing	12	9,401,196	9,244,048
Derivative financial assets		466,968	260,094
Other assets		59,430	72,184
Right of use assets		5,287	6,449
Property and equipment		8,006	7,994
Intangible assets		4,762	4,911
Current tax assets		-	8,415
Deferred tax assets		15,375	3,578
Total assets		19,311,236	18,097,140
Liabilities			
Deposits from customers	13	3,960,343	3,661,331
Deposits and placements from financial institutions	14	12,740,552	12,247,566
Derivative financial liabilities		356,011	225,185
Lease liabilities		5,556	6,744
Other liabilities		547,855	287,062
Current tax liabilities		9,351	-
Total liabilities		17,619,668	16,427,888
Equity			
Share capital		1,200,000	1,200,000
Reserves		491,568	469,252
Total equity attributable to owners of the Bank		1,691,568	1,669,252
Total liabilities and equity		19,311,236	18,097,140
Commitments and contingencies	21	20,135,848	18,059,141

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2023.

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 2023**

		1st Quarter ended		Three months ended	
		30 Jun	30 Jun	30 Jun	30 Jun
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	15	225,065	53,962	225,065	53,962
Interest expense	16	(190,396)	(31,439)	(190,396)	(31,439)
Net interest income		34,669	22,523	34,669	22,523
Other operating income	17	22,763	21,856	22,763	21,856
Total net income		57,432	44,379	57,432	44,379
Other operating expenses	18	(21,220)	(19,528)	(21,220)	(19,528)
Operating profit		36,212	24,851	36,212	24,851
Writeback of allowance for expected credit losses ("ECL")	19	1,519	7,786	1,519	7,786
Profit before taxation		37,731	32,637	37,731	32,637
Tax expense		(14,597)	(9,648)	(14,597)	(9,648)
Profit for the financial period		23,134	22,989	23,134	22,989
Other comprehensive loss that will be reclassified to profit or loss in future periods:					
Fair value changes of financial assets at FVOCI		(1,076)	(10,170)	(1,076)	(10,170)
Income tax effect		258	2,441	258	2,441
Other comprehensive loss for the financial period		(818)	(7,729)	(818)	(7,729)
Total comprehensive income for the financial period		22,316	15,260	22,316	15,260

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2023.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	←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 2023	1,200,000	68,437	(2,741)	403,556	1,669,252
Profit for the financial period	-	-	-	23,134	23,134
Other comprehensive loss	-	-	(818)	-	(818)
Transfer to regulatory reserve	-	5,399	-	(5,399)	-
At 30 June 2023	<u>1,200,000</u>	<u>73,836</u>	<u>(3,559)</u>	<u>421,291</u>	<u>1,691,568</u>
At 1 April 2022	1,200,000	30,534	(2,720)	360,537	1,588,351
Profit for the financial period	-	-	-	22,989	22,989
Other comprehensive loss	-	-	(7,729)	-	(7,729)
Transfer to regulatory reserve	-	8,289	-	(8,289)	-
At 30 June 2022	<u>1,200,000</u>	<u>38,823</u>	<u>(10,449)</u>	<u>375,237</u>	<u>1,603,611</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2023.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Profit before taxation	37,731	32,637
Adjustments for non-cash items	(1,563)	(7,541)
Operating profit before changes in working capital	<u>36,168</u>	<u>25,096</u>
Net changes in operating assets	<u>1,538,618</u>	<u>249,112</u>
Net changes in operating liabilities	<u>1,052,672</u>	<u>555,406</u>
	2,591,290	804,518
Cash generated from operating activities	<u>2,627,458</u>	<u>829,614</u>
Taxation paid	(8,370)	(7,716)
Net cash generated from operating activities	<u>2,619,088</u>	<u>821,898</u>
Net cash (used in)/generated from investing activities	(10,026)	409,754
Net cash used in financing activity	(1,328)	(1,253)
Net increase in cash and cash equivalents during the financial period	2,607,734	1,230,399
Cash and cash equivalents at the beginning of the financial period	4,964,307	3,061,223
Cash and cash equivalents at the end of the financial period	<u>7,572,041</u>	<u>4,291,622</u>
Analysis of cash and cash equivalents:		
Cash and short-term funds	4,889,936	3,122,236
Deposits and placements with financial institutions	2,932,105	1,369,386
Less: deposits and placements with financial institutions with original contractual maturity of more than 3 months	(250,000)	(200,000)
	<u>7,572,041</u>	<u>4,291,622</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2023.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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 2023. 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 2023.

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 2023 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 January 2023

- i) Amendments to MFRS 101 *Presentation of Financial Statements - Disclosures of Accounting Policies*
- ii) Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- iii) Amendments to MFRS 112 *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two Model Rules*

The initial application of the abovementioned pronouncements are not expected to have any material impact to the financial statements of the Bank.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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 2023 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 2023.

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 2023.

5. Changes in estimates

There were no material changes in estimates during the first quarter ended 30 June 2023.

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 2023.

7. Dividend

No dividend was paid during the first quarter ended 30 June 2023.

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.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

9. Review of performance

The Bank recorded a profit before taxation (“PBT”) of RM37.7 million for the financial period ended 30 June 2023, a growth of RM5.1 million or 15.6% as compared to RM32.6 million in the previous corresponding period. The higher PBT was mainly attributable to the increase in net interest income by RM12.1 million, offset by lower writeback of allowance for expected credit losses (“ECL”) of RM1.5 million in this quarter, compared to RM7.8 million in the previous corresponding period. Operating expenses increased by RM1.7 million mainly due to higher establishment costs, personnel costs and administration and general expenses.

Total assets for the Bank stood at RM19.3 billion as at 30 June 2023, an increase of RM1.2 billion or 6.7% as compared against total assets of RM18.1 billion at 31 March 2023. The Bank’s Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 23.01% and 24.11% respectively.

10. Prospects

Malaysia registered a strong post-pandemic recovery in 2022, buoyed by strong domestic demand, improved labour market conditions, rebound in services as borders reopened and economic activity normalised. In 2023, the momentum of economic growth is projected to moderate. One significant factor is the anticipated decline in growth due to slower external demand, stemming from the weakening of global trade. Additionally, ongoing geopolitical tensions, elevated price pressures, and tighter financial conditions remain a persistent factor that will influence the world economic landscape.

The ringgit performance remain weak due to the impact of global phenomena and market dynamics, including political uncertainty and the corporate demand for foreign currency. These factors exert downward pressure on the ringgit’s outlook. Bank Negara Malaysia made no changes to the overnight policy rate (“OPR”) since the last hike at 3.00% in May 2023.

Despite the challenging economic environment, the Bank anticipates maintaining resilience and pursuing growth while undergoing business transformation. As part of Mizuho Financial Group, the Bank remains dedicated to fulfilling its role as a financial institution and fully leveraging its financial capabilities to support its customers.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023****11. Financial assets at FVOCI**

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
At fair value		
Malaysian government securities	252,372	253,635
Government investment issues	745,202	544,288
Government guaranteed bonds	480,855	676,503
Commercial papers	49,745	49,283
	<u>1,528,174</u>	<u>1,523,709</u>

12. Loans, advances and financing

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
(a) By type:		
At amortised cost:		
Term loans	5,701,654	5,450,540
Revolving credits	2,431,720	2,410,518
Bills receivable	16,576	14,714
Banker's acceptances	-	4,662
	<u>8,149,950</u>	<u>7,880,434</u>
Less: Unearned interest	(56)	(93)
Gross loans, advances and financing at amortised cost	<u>8,149,894</u>	<u>7,880,341</u>
Less: Allowance for expected credit losses	(24,675)	(26,262)
Net loans, advances and financing at amortised cost	<u>8,125,219</u>	<u>7,854,079</u>
At fair value through profit or loss ("FVTPL"):		
Term loans	1,275,977	1,389,969
Total net loans, advances and financing	<u>9,401,196</u>	<u>9,244,048</u>
Total gross loans, advances and financing		
- At amortised cost	8,149,894	7,880,341
- At FVTPL	1,275,977	1,389,969
	<u>9,425,871</u>	<u>9,270,310</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023****12. Loans, advances and financing (continued)**

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
(b) By geographical distribution:		
Within Malaysia	7,782,948	7,720,146
Outside Malaysia	1,642,923	1,550,164
	<u>9,425,871</u>	<u>9,270,310</u>
(c) By type of customer:		
Commercial banks	933,696	882,064
Domestic business enterprises	2,375,562	3,039,845
Domestic non-bank financial institutions	4,473,690	3,798,237
Foreign business entities	1,642,923	1,550,164
	<u>9,425,871</u>	<u>9,270,310</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,986,080	1,924,595
Variable rate	7,439,791	7,345,715
	<u>9,425,871</u>	<u>9,270,310</u>
(e) By economic purpose:		
Purchase of fixed assets other than land and building	100,647	129,096
Purchase of non-residential property	3,340	4,802
Working capital	7,581,681	7,449,364
Other purpose	1,740,203	1,687,048
	<u>9,425,871</u>	<u>9,270,310</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

12. Loans, advances and financing (continued)

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
(f) By economic sector:		
Manufacturing	985,125	974,826
Electricity, gas and water supply	17,581	25,603
Construction	100,146	621,084
Wholesale and retail trade, and restaurants and hotels	153,783	188,213
Transport, storage and communication	555,366	677,064
Finance, insurance, real estate and business activities	7,062,684	6,242,146
Education, health and others	551,186	541,374
	<u>9,425,871</u>	<u>9,270,310</u>
(g) By maturity structure:		
Maturing within one year	4,115,726	4,115,770
One year to three years	2,327,235	2,136,175
Three years to five years	2,982,910	3,018,365
	<u>9,425,871</u>	<u>9,270,310</u>
(h) Movement in impairment allowance on loans, advances and financing which reflect the ECL model on impairment are as follows:		

	Not credit-impaired		Credit- impaired	
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 April 2023	25,270	992	-	26,262
Changes due to loans, advances and financing recognised as at 1 April 2023:				
Transfer to lifetime ECL (Stage 2)	(7)	7	-	-
New financial assets originated	15,321	1,158	-	16,479
Financial assets derecognised	(15,695)	(881)	-	(16,576)
Net remeasurement during the financial period	(1,561)	71	-	(1,490)
At 30 June 2023	<u>23,328</u>	<u>1,347</u>	<u>-</u>	<u>24,675</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023****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):

	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
At 1 April 2022	13,418	616	-	14,034
New financial assets originated	17,943	992	-	18,935
Financial assets derecognised	(12,176)	(616)	-	(12,792)
Net remeasurement during the financial year	6,085	-	-	6,085
At 31 March 2023	<u>25,270</u>	<u>992</u>	<u>-</u>	<u>26,262</u>

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

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
At beginning of the financial period	26,262	14,034
(Writeback)/addition during the financial period	<u>(1,587)</u>	<u>12,228</u>
At end of the financial period	<u>24,675</u>	<u>26,262</u>
As percentage of total loans, advances and financing	<u>0.26%</u>	<u>0.28%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 June 2023.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023****13. Deposit from customers**

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
(a) By type of deposits:		
Demand deposits	1,388,815	1,322,256
Fixed deposits	1,345,938	1,216,744
Short-term deposits	1,223,173	1,119,920
Others	2,417	2,411
	<u>3,960,343</u>	<u>3,661,331</u>

The maturity structure of fixed deposits and short-term deposits are as follows:

Due within six months	2,541,111	2,217,978
Due over six months to one year	28,000	118,686
	<u>2,569,111</u>	<u>2,336,664</u>

(b) By type of customers:		
Domestic non-bank financial institutions	155,880	153,811
Domestic business enterprises	3,703,598	3,407,421
Foreign business enterprises	84,863	84,114
Domestic other enterprises	16,002	15,985
	<u>3,960,343</u>	<u>3,661,331</u>

14. Deposit and placements from financial institutions

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
Licensed banks	<u>12,740,552</u>	<u>12,247,566</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023****15. Interest income**

	1st Quarter ended		Three months ended	
	30 Jun 2023 RM'000	30 Jun 2022 RM'000	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Loans, advances and financing	128,027	29,589	128,027	29,589
Money at call and deposits and placements with financial institutions	86,235	13,868	86,235	13,868
Financial assets at FVOCI	10,770	10,498	10,770	10,498
Others	33	7	33	7
	<u>225,065</u>	<u>53,962</u>	<u>225,065</u>	<u>53,962</u>

16. Interest expense

	1st Quarter ended		Three months ended	
	30 Jun 2023 RM'000	30 Jun 2022 RM'000	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Deposits and placements from financial institutions	165,797	19,943	165,797	19,943
Deposits from customers	23,629	11,026	23,629	11,026
Others	970	470	970	470
	<u>190,396</u>	<u>31,439</u>	<u>190,396</u>	<u>31,439</u>

17. Other operating income

	1st Quarter ended		Three months ended	
	30 Jun 2023 RM'000	30 Jun 2022 RM'000	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Fee income	2,207	1,479	2,207	1,479
Realised gain in fair value of derivative financial instruments	3,939	3,428	3,939	3,428
Unrealised gain/(loss) in fair value of derivative financial instruments	25,927	(7,930)	25,927	(7,930)
Realised foreign exchange gain	10,631	8,734	10,631	8,734
Unrealised foreign exchange (loss)/gain	(18,189)	14,375	(18,189)	14,375
Net unrealised (loss)/gain on revaluation of financial assets at FVTPL	(1,770)	1,754	(1,770)	1,754
Others	18	16	18	16
	<u>22,763</u>	<u>21,856</u>	<u>22,763</u>	<u>21,856</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023****18. Other operating expenses**

	1st Quarter ended		Three months ended	
	30 Jun 2023 RM'000	30 Jun 2022 RM'000	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Personnel costs:				
Salaries, allowances and bonuses	9,790	8,304	9,790	8,304
Contribution to Employees Provident Fund	1,152	1,176	1,152	1,176
Other staff related costs	1,721	2,795	1,721	2,795
Establishment costs:				
Repair and maintenance	1,745	1,290	1,745	1,290
Depreciation of right of use assets	1,302	1,249	1,302	1,249
Depreciation of property and equipment	570	590	570	590
Amortisation of intangible assets	651	701	651	701
Rental of premises	59	5	59	5
Information technology expenses	1,207	763	1,207	763
Others	112	101	112	101
Marketing expenses:				
Others	169	150	169	150
Administration and general expenses:				
Communication expenses	234	238	234	238
Legal and professional fees	181	69	181	69
Others	2,327	2,097	2,327	2,097
	<u>21,220</u>	<u>19,528</u>	<u>21,220</u>	<u>19,528</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023****19. Writeback of allowance for expected credit losses**

	1st Quarter ended		Three months ended	
	30 Jun 2023 RM'000	30 Jun 2022 RM'000	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Deposits and placements with financial institutions	(20)	(18)	(20)	(18)
Loans, advances and financing	(1,587)	(3,731)	(1,587)	(3,731)
Credit commitments and contingencies	88	(4,037)	88	(4,037)
	<u>(1,519)</u>	<u>(7,786)</u>	<u>(1,519)</u>	<u>(7,786)</u>

20. Credit transactions and exposures with connected parties

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
Outstanding credit exposures with connected parties	<u>82,527</u>	<u>85,497</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.17%</u>	<u>0.20%</u>

Currently, none of the exposures to connected parties 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 2023****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 2023			
Direct credit substitutes	152,442	152,442	152,282
Transaction related contingent items	169,261	84,631	65,934
Short-term self-liquidating trade related contingencies	8,655	1,731	1,731
Foreign exchange related contracts			
- One year or less	4,450,738	135,613	61,248
- Over one year to five years	74,045	10,734	6,193
Interest related contracts			
- One year or less	3,591,651	251,849	124,825
- Over one year to five years	5,366,550	617,266	360,401
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,495,648	198,641	198,641
Any commitments that are unconditionally cancelled at any time without prior notice	4,826,858	-	-
Total	20,135,848	1,452,907	971,255

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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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 2023			
Direct credit substitutes	206,224	206,224	206,064
Transaction related contingent items	138,147	69,073	51,070
Short-term self-liquidating trade related contingencies	7,846	1,569	1,569
Foreign exchange related contracts			
- One year or less	3,138,123	56,642	31,239
- Over one year to five years	87,825	11,475	6,732
Interest related contracts			
- One year or less	3,748,054	219,055	116,770
- Over one year to five years	5,340,073	537,198	355,032
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,324,830	154,564	154,564
Any commitments that are unconditionally cancelled at any time without prior notice	4,068,019	-	-
Total	18,059,141	1,255,800	923,040

*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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The capital ratios are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework (Basel II - Risk Weighted Assets) 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 Jun 2023	31 Mar 2023
Capital ratios:		
CET1 capital ratio / Tier 1 capital ratio	23.014%	24.880%
Total capital ratio	<u>24.108%</u>	<u>26.019%</u>

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

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
CET 1 capital		
Paid-up share capital	1,200,000	1,200,000
Retained profits	398,157	403,556
Other reserves	<u>(24,045)</u>	<u>(11,230)</u>
Total tier 1 capital	1,574,112	1,592,326
Tier 2 capital		
General provisions and regulatory reserve	<u>74,866</u>	<u>72,910</u>
Total capital	<u>1,648,978</u>	<u>1,665,236</u>

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

	30 Jun 2023 RM'000	31 Mar 2023 RM'000
Total RWA for credit risk	5,989,266	5,832,824
Total RWA for market risk	502,687	224,140
Total RWA for operational risk	<u>347,976</u>	<u>343,045</u>
Total RWA	<u>6,839,929</u>	<u>6,400,009</u>

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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 2023				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	2,772,175	2,772,175	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	8,673,282	6,279,831	1,360,897	108,872
Corporates	7,448,435	4,171,801	3,637,407	290,992
Other assets	19,707	19,707	19,707	1,577
Total on-balance sheet exposures	<u>18,913,599</u>	<u>13,243,514</u>	<u>5,018,011</u>	<u>401,441</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	1,015,462	1,015,462	552,667	44,213
Off-balance sheet exposures other than OTC derivatives or credit derivatives	437,445	437,445	418,588	33,487
Total off-balance sheet exposures	<u>1,452,907</u>	<u>1,452,907</u>	<u>971,255</u>	<u>77,700</u>
Total on and off-balance sheet exposures	<u>20,366,506</u>	<u>14,696,421</u>	<u>5,989,266</u>	<u>479,141</u>
			Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Market risk				
Interest rate risk	8,940,070	8,920,671	79,462	6,357
Foreign currency risk	33,858	-	423,225	33,858
Operational risk			347,976	27,838
Total RWA and capital requirements			<u>6,839,929</u>	<u>547,194</u>

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22. Capital adequacy (continued)

Disclosures relating to credit risk and market risk are as below (continued):

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 2023				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	3,023,209	3,023,209	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	7,233,521	5,223,825	1,128,490	90,279
Corporates	7,585,441	4,486,645	3,753,954	300,317
Other assets	27,340	27,340	27,340	2,187
Total on-balance sheet exposures	<u>17,869,511</u>	<u>12,761,019</u>	<u>4,909,784</u>	<u>392,783</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	824,370	824,370	509,773	40,782
Off-balance sheet exposures other than OTC derivatives or credit derivatives	431,430	431,430	413,267	33,061
Total off-balance sheet exposures	<u>1,255,800</u>	<u>1,255,800</u>	<u>923,040</u>	<u>73,843</u>
Total on and off-balance sheet exposures	<u>19,125,311</u>	<u>14,016,819</u>	<u>5,832,824</u>	<u>466,626</u>
			Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Market risk				
Interest rate risk	9,078,399	9,057,616	82,103	6,568
Foreign currency risk	11,363	-	142,037	11,363
Operational risk				
			343,045	27,444
Total RWA and capital requirements			<u>6,400,009</u>	<u>512,001</u>

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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	Public Service Entities RM'000	Banks, development Financial Institution MDBs RM'000	Corporates RM'000	Other Assets RM'000		
As at 30 June 2023							
0%	2,772,175	-	310,862	534,394	-	3,617,431	-
20%	-	-	5,722,274	-	-	5,722,274	1,144,455
50%	-	-	1,023,809	-	-	1,023,809	511,904
100%	-	5,642	-	4,307,558	19,707	4,332,907	4,332,907
	<u>2,772,175</u>	<u>5,642</u>	<u>7,056,945</u>	<u>4,841,952</u>	<u>19,707</u>	<u>14,696,421</u>	<u>5,989,266</u>
As at 31 March 2023							
0%	3,023,209	-	313,656	732,690	-	4,069,555	-
20%	-	-	4,637,862	-	-	4,637,862	927,572
50%	-	-	808,301	-	-	808,301	404,151
100%	-	-	-	4,473,761	27,340	4,501,101	4,501,101
	<u>3,023,209</u>	<u>-</u>	<u>5,759,819</u>	<u>5,206,451</u>	<u>27,340</u>	<u>14,016,819</u>	<u>5,832,824</u>