

**Mizuho Bank (Malaysia) Berhad**

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**Unaudited condensed interim financial statements  
for the financial period ended 31 December 2022**

**MIZUHO BANK (MALAYSIA) BERHAD**

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022**

		<b>31 Dec 2022</b>	<b>31 Mar 2022</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds		3,271,261	1,930,307
Deposits and placements with financial institutions		1,431,222	1,397,000
Financial assets at fair value through other comprehensive income ("FVOCI")	11	1,458,071	1,990,351
Loans, advances and financing	12	8,038,899	7,114,388
Derivative financial assets		286,638	91,400
Other assets		49,539	32,167
Right of use assets		10,242	9,478
Property and equipment		3,659	5,158
Intangible assets		4,997	6,034
Current tax assets		9,722	13,787
<b>Total assets</b>		<b><u>14,564,250</u></b>	<b><u>12,590,070</u></b>
<b>Liabilities</b>			
Deposits from customers	13	3,307,736	4,024,231
Deposits and placements from financial institutions	14	9,063,166	6,789,195
Derivative financial liabilities		256,573	70,713
Lease liabilities		10,617	9,564
Other liabilities		263,438	105,397
Deferred tax liabilities		3,001	2,619
<b>Total liabilities</b>		<b><u>12,904,531</u></b>	<b><u>11,001,719</u></b>
<b>Equity</b>			
Share capital		1,200,000	1,200,000
Reserves		459,719	388,351
<b>Total equity attributable to owners of the Bank</b>		<b><u>1,659,719</u></b>	<b><u>1,588,351</u></b>
<b>Total liabilities and equity</b>		<b><u>14,564,250</u></b>	<b><u>12,590,070</u></b>
<b>Commitments and contingencies</b>	21	<b><u>16,175,163</u></b>	<b><u>13,886,651</u></b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022.*

**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 31 DECEMBER 2022**

		3rd Quarter ended		Nine months ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	15	143,937	34,930	287,155	113,674
Interest expense	16	(112,676)	(13,987)	(206,961)	(42,073)
<b>Net interest income</b>		<u>31,261</u>	<u>20,943</u>	<u>80,194</u>	<u>71,601</u>
Other operating income	17	29,596	16,455	57,193	54,909
Total net income		<u>60,857</u>	<u>37,398</u>	<u>137,387</u>	<u>126,510</u>
Other operating expenses	18	(18,523)	(18,593)	(55,830)	(57,022)
<b>Operating profit</b>		<u>42,334</u>	<u>18,805</u>	<u>81,557</u>	<u>69,488</u>
Writeback of allowance for expected credit losses ("ECL")	19	13,452	13,119	25,609	26,823
<b>Profit before taxation</b>		<u>55,786</u>	<u>31,924</u>	<u>107,166</u>	<u>96,311</u>
Tax expense		(16,236)	(8,027)	(31,223)	(23,838)
<b>Profit for the financial period</b>		<u>39,550</u>	<u>23,897</u>	<u>75,943</u>	<u>72,473</u>
<b>Other comprehensive income/(loss) net of tax:</b>					
Fair value changes of financial assets at FVOCI		2,714	(4,482)	(6,020)	(2,707)
Income tax effect		(651)	1,076	1,445	650
<b>Other comprehensive income/(loss) for the financial period</b>		<u>2,063</u>	<u>(3,406)</u>	<u>(4,575)</u>	<u>(2,057)</u>
<b>Total comprehensive income for the financial period</b>		<u>41,613</u>	<u>20,491</u>	<u>71,368</u>	<u>70,416</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	←Non-distributable reserves →			Distributable reserves	Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	
<b>At 1 April 2022</b>	1,200,000	30,534	(2,720)	360,537	1,588,351
Profit for the financial period	-	-	-	75,943	75,943
Other comprehensive loss	-	-	(4,575)	-	(4,575)
Transfer to regulatory reserve	-	32,802	-	(32,802)	-
<b>At 31 December 2022</b>	<u>1,200,000</u>	<u>63,336</u>	<u>(7,295)</u>	<u>403,678</u>	<u>1,659,719</u>
<b>At 1 April 2021</b>	1,200,000	-	1,016	311,805	1,512,821
Profit for the financial period	-	-	-	72,473	72,473
Other comprehensive loss	-	-	(2,057)	-	(2,057)
Transfer to regulatory reserve	-	45,719	-	(45,719)	-
<b>At 31 December 2021</b>	<u>1,200,000</u>	<u>45,719</u>	<u>(1,041)</u>	<u>338,559</u>	<u>1,583,237</u>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022.*

**MIZUHO BANK (MALAYSIA) BERHAD**

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	<b>31 Dec 2022 RM'000</b>	<b>31 Dec 2021 RM'000</b>
Profit before taxation	107,166	96,311
Adjustments for non-cash items	(14,031)	(18,537)
Operating profit before changes in working capital	<u>93,135</u>	<u>77,774</u>
Net changes in operating assets	<u>(1,168,964)</u>	<u>991,544</u>
Net changes in operating liabilities	<u>1,737,016</u>	<u>(435,847)</u>
	568,052	555,697
Cash generated from operating activities	<u>661,187</u>	<u>633,471</u>
Taxation paid	(25,337)	(21,828)
Net cash generated from operating activities	<u>635,850</u>	<u>611,643</u>
Net cash generated from/(used in) investing activities	508,939	(160,749)
Net cash used in financing activity	(3,479)	(3,756)
Net increase in cash and cash equivalents during the financial period	1,141,310	447,138
Cash and cash equivalents at the beginning of the financial period	<u>3,061,223</u>	<u>1,068,169</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u><b>4,202,533</b></u>	<u><b>1,515,307</b></u>
<b>Analysis of cash and cash equivalents:</b>		
Cash and short-term funds	3,271,311	1,233,680
Deposits and placements with financial institutions	1,431,222	705,085
Less: deposits and placements with financial institutions with original contractual maturity of more than 3 months	<u>(500,000)</u>	<u>(423,458)</u>
	<u><b>4,202,533</b></u>	<u><b>1,515,307</b></u>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022.*

**MIZUHO BANK (MALAYSIA) BERHAD**

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

**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 2022. 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 2022.

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 2022 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 2022

- i) Amendments to MFRS 9 *Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020 cycle)*
- ii) Amendments to Illustrative Examples accompanying MFRS 16 *Leases (Annual Improvements to MFRS Standards 2018 - 2020 cycle)*
- iii) Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*
- iv) Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*

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 31 DECEMBER 2022**

**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 2022 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 third quarter ended 31 December 2022.

**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 third quarter ended 31 December 2022.

**5. Changes in estimates**

There were no material changes in estimates during the third quarter ended 31 December 2022.

**6. Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the third quarter ended 31 December 2022.

## **MIZUHO BANK (MALAYSIA) BERHAD**

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### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

#### **9. Review of performance**

The Bank recorded a profit before taxation (“PBT”) of RM107.2 million for the financial period ended 31 December 2022, a growth of RM10.9 million or 11.3% as compared to RM96.3 million in the previous corresponding period. The higher PBT was mainly attributable to the increase in operating income by RM10.9 million or 8.6%, with the net interest income grew by RM8.6 million coupled with non-interest income grew by RM2.3 million in the current financial period. Operating expenses decreased by RM1.2 million or 2.1% mainly due to lower administration and general expenses, offset by higher personnel costs.

Total assets for the Bank stood at RM14.6 billion as at 31 December 2022, an increase of RM2.0 billion or 15.7% as compared against total assets of RM12.6 billion at 31 March 2022. The Bank’s Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 28.40% and 29.52% respectively.

#### **10. Prospects**

Malaysia’s economic activities has strengthened from the aftermath of pandemic, though threats of a global recession are still clouding the outlook. Domestic demand remains the key driver of growth, supported by the continued recovery in the labour market, solid exports and ongoing government policy support measures.

Malaysia’s Ringgit appreciated against the United States (“US”) dollar since mid-November 2022. The surge of ringgit is mainly due to the ease of political uncertainty and the weak US dollar following the Federal Open Market Committee’s (“FOMC”) minutes. To tame growing inflationary pressure and in line with hikes by US Federal Reserve (“US Fed”) monetary policy, Bank Negara Malaysia has fourth raise in overnight policy rate (“OPR”) in quarter 4 of 2022. The hike of a consecutive 25 basis points (“bps”) took the OPR to 2.75%.

Despite the improvement in Malaysia’s economy, the global growth outlook will continue to be weighed down by global tightening financial conditions and rising cost pressures. The ripple effects from global economic pressures will further soften external demand and dampen Malaysia’s export performance.

Nonetheless, the Bank expects to stand resilient in order to grow and transform its business under this challenging economic environment. As part of Mizuho Financial Group, the Bank will remain committed to fulfil its role as a financial institution and fully exercising its financial function to support its customer.



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022****11. Financial assets at FVOCI**

	<b>31 Dec 2022 RM'000</b>	<b>31 Mar 2022 RM'000</b>
<b>At fair value</b>		
Malaysian government securities	49,964	50,700
Malaysian government treasury bills	-	49,493
Government investment issues	542,466	701,891
Government guaranteed bonds	865,641	1,188,267
	<u>1,458,071</u>	<u>1,990,351</u>

**12. Loans, advances and financing**

	<b>31 Dec 2022 RM'000</b>	<b>31 Mar 2022 RM'000</b>
(a) By type:		
<b>At amortised cost:</b>		
Term loans	5,068,577	4,044,757
Revolving credits	1,926,925	1,951,497
Overdraft	-	545
Bills receivable	22,120	9,428
	<u>7,017,622</u>	<u>6,006,227</u>
Less: Unearned interest	(55)	(18)
Gross loans, advances and financing at amortised cost	<u>7,017,567</u>	<u>6,006,209</u>
Less: Allowance for expected credit losses	(9,999)	(14,034)
Net loans, advances and financing at amortised cost	<u>7,007,568</u>	<u>5,992,175</u>
<b>At fair value through profit or loss ("FVTPL"):</b>		
Term loans	1,031,331	1,122,213
<b>Total net loans, advances and financing</b>	<u>8,038,899</u>	<u>7,114,388</u>
<b>Total gross loans, advances and financing</b>		
- At amortised cost	7,017,567	6,006,209
- At FVTPL	1,031,331	1,122,213
	<u>8,048,898</u>	<u>7,128,422</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022****12. Loans, advances and financing (continued)**

	<b>31 Dec 2022 RM'000</b>	<b>31 Mar 2022 RM'000</b>
(b) By geographical distribution:		
Within Malaysia	6,721,640	5,866,418
Outside Malaysia	1,327,258	1,262,004
	<u>8,048,898</u>	<u>7,128,422</u>
(c) By type of customer:		
Commercial banks	879,856	-
Domestic business enterprises	2,192,496	2,733,901
Domestic non-bank financial institutions	3,649,288	3,132,517
Foreign business entities	1,327,258	1,262,004
	<u>8,048,898</u>	<u>7,128,422</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,366,433	1,751,279
Variable rate	6,682,465	5,377,143
	<u>8,048,898</u>	<u>7,128,422</u>
(e) By economic purpose:		
Purchase of fixed assets other than land and building	143,465	546,107
Purchase of non-residential property	6,430	10,792
Working capital	6,503,078	6,053,265
Other purpose	1,395,925	518,258
	<u>8,048,898</u>	<u>7,128,422</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

**12. Loans, advances and financing (continued)**

	<b>31 Dec 2022 RM'000</b>	<b>31 Mar 2022 RM'000</b>
(f) By economic sector:		
Manufacturing	911,829	1,404,721
Electricity, gas and water supply	27,588	33,439
Construction	583,163	573,972
Wholesale and retail trade, and restaurants and hotels	163,127	177,028
Transport, storage and communication	239,198	275,101
Finance, insurance, real estate and business activities	5,868,014	4,410,413
Education, health and others	255,979	253,748
	<u>8,048,898</u>	<u>7,128,422</u>
(g) By maturity structure:		
Maturing within one year	4,600,751	4,542,640
One year to three years	1,790,711	2,113,728
Three years to five years	1,657,436	472,054
	<u>8,048,898</u>	<u>7,128,422</u>
(h) Movement in impairment allowance on loans, advances and financing which reflect the ECL model on impairment are as follows:		

	<b>Not credit-impaired</b>		<b>Credit- impaired</b>	
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 April 2022</b>	13,418	616	-	14,034
New financial assets originated	6,789	836	-	7,625
Financial assets derecognised	(11,587)	(616)	-	(12,203)
Net remeasurement during the financial period	543	-	-	543
<b>At 31 December 2022</b>	<u>9,163</u>	<u>836</u>	<u>-</u>	<u>9,999</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022****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
<b>At 1 April 2021</b>	34,399	7,152	-	41,551
New financial assets originated	11,967	616	-	12,583
Financial assets derecognised	(22,015)	(7,152)	-	(29,167)
Net remeasurement during the financial year	(10,933)	-	-	(10,933)
<b>At 31 March 2022</b>	<b>13,418</b>	<b>616</b>	<b>-</b>	<b>14,034</b>

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

	31 Dec 2022	31 Mar 2022
	RM'000	RM'000
At beginning of the financial period	14,034	41,551
Writeback during the financial period	(4,035)	(27,517)
At end of the financial period	<b>9,999</b>	<b>14,034</b>
As percentage of total loans, advances and financing	<b>0.12%</b>	<b>0.20%</b>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 31 December 2022.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022****13. Deposit from customers**

	<b>31 Dec 2022 RM'000</b>	<b>31 Mar 2022 RM'000</b>
(a) By type of deposits:		
Demand deposits	1,035,931	972,770
Fixed deposits	1,255,591	1,049,072
Short-term deposits	1,013,809	2,002,389
Others	2,405	-
	<u>3,307,736</u>	<u>4,024,231</u>

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

Due within six months	2,141,829	2,933,060
Due over six months to one year	127,571	118,401
	<u>2,269,400</u>	<u>3,051,461</u>

(b) By type of customers:		
Domestic non-bank financial institutions	163,158	368,319
Domestic business enterprises	3,043,506	3,394,697
Foreign business enterprises	85,120	71,780
Domestic other enterprises	15,952	94
Government and statutory bodies	-	189,341
	<u>3,307,736</u>	<u>4,024,231</u>

**14. Deposit and placements from financial institutions**

	<b>31 Dec 2022 RM'000</b>	<b>31 Mar 2022 RM'000</b>
Licensed banks	<u>9,063,166</u>	<u>6,789,195</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022****15. Interest income**

	3rd Quarter ended		Nine months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	86,485	15,564	168,347	57,413
Money at call and deposits and placements with financial institutions	48,698	6,962	90,405	19,443
Financial assets at FVOCI	8,754	12,303	28,392	36,382
Others	-	101	11	436
	<u>143,937</u>	<u>34,930</u>	<u>287,155</u>	<u>113,674</u>

**16. Interest expense**

	3rd Quarter ended		Nine months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	91,087	3,932	158,102	13,633
Deposits from customers	18,793	10,007	44,133	28,221
Others	2,796	48	4,726	219
	<u>112,676</u>	<u>13,987</u>	<u>206,961</u>	<u>42,073</u>

**17. Other operating income**

	3rd Quarter ended		Nine months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Fee income	1,574	2,616	5,420	7,361
Realised gain in fair value of derivative financial instruments	3,408	4,133	10,108	12,649
Unrealised loss in fair value of derivative financial instruments	(9,139)	(793)	(19,258)	(11,847)
Realised foreign exchange gain	14,147	5,607	29,541	15,437
Unrealised foreign exchange gain	16,618	5,890	37,788	32,353
Net unrealised gain/(loss) on revaluation of financial assets at FVTPL	2,944	(1,014)	(6,483)	(1,092)
Others	44	16	77	48
	<u>29,596</u>	<u>16,455</u>	<u>57,193</u>	<u>54,909</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022****18. Other operating expenses**

	3rd Quarter ended		Nine months ended	
	31 Dec 2022 RM'000	31 Dec 2021 RM'000	31 Dec 2022 RM'000	31 Dec 2021 RM'000
<b>Personnel costs:</b>				
Salaries, allowances and bonuses	8,245	8,079	24,266	23,738
Contribution to Employees Provident Fund	1,113	1,081	3,394	3,286
Other staff related costs	1,630	1,380	6,063	4,754
<b>Establishment costs:</b>				
Repair and maintenance	1,421	1,328	3,955	4,149
Depreciation of right of use assets	1,245	1,186	3,768	3,685
Depreciation of property and equipment	439	593	1,499	2,014
Amortisation of intangible assets	674	741	2,098	2,307
Rental of premises	26	5	38	15
Information technology expenses	741	772	2,299	2,285
Others	436	154	717	456
<b>Marketing expenses:</b>				
Advertisement and publicity	51	82	54	86
Others	168	93	554	215
<b>Administration and general expenses:</b>				
Communication expenses	281	297	792	772
Legal and professional fees	73	156	274	314
Others	1,980	2,646	6,059	8,946
	<u>18,523</u>	<u>18,593</u>	<u>55,830</u>	<u>57,022</u>

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	<b>3rd Quarter ended</b>		<b>Nine months ended</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements with financial institutions	22	89	5	(10)
Loans, advances and financing	1,022	(10,876)	(4,035)	(23,493)
Credit commitments and contingencies	(14,496)	(2,332)	(21,579)	(3,320)
	<u>(13,452)</u>	<u>(13,119)</u>	<u>(25,609)</u>	<u>(26,823)</u>

**20. Credit transactions and exposures with connected parties**

	<b>31 Dec 2022</b>	<b>31 Mar 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<u>88,868</u>	<u>55,652</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.22%</u>	<u>0.16%</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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In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions. The risk-weighted exposures of the Bank are as follows:

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount* RM'000</b>	<b>Risk- weighted amount* RM'000</b>
<b>As at 31 December 2022</b>			
Direct credit substitutes	137,797	137,797	137,637
Transaction related contingent items	136,062	68,031	49,452
Short-term self-liquidating trade related contingencies	16,285	3,257	3,257
Foreign exchange related contracts			
- One year or less	3,073,281	77,666	37,453
- Over one year to five years	131,341	14,553	8,443
Interest related contracts			
- One year or less	3,410,350	182,478	87,816
- Over one year to five years	5,168,609	545,294	347,477
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	22,032	11,016	11,016
Any commitments that are unconditionally cancelled at any time without prior notice	4,079,406	-	-
<b>Total</b>	<b>16,175,163</b>	<b>1,040,092</b>	<b>682,551</b>

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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):

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount* RM'000</b>	<b>Risk- weighted amount* RM'000</b>
<b>As at 31 March 2022</b>			
Direct credit substitutes	107,626	107,626	107,476
Transaction related contingent items	120,426	60,213	47,430
Short-term self-liquidating trade related contingencies	2,013	403	403
Foreign exchange related contracts			
- One year or less	976,967	25,897	18,939
- Over one year to five years	132,349	14,710	9,173
Interest related contracts			
- One year or less	2,224,680	71,590	42,797
- Over one year to five years	5,262,099	498,949	332,724
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	378,387	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,500	2,250	2,250
Any commitments that are unconditionally cancelled at any time without prior notice	4,677,604	-	-
<b>Total</b>	<b>13,886,651</b>	<b>781,638</b>	<b>561,192</b>

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

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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:

	<b>31 Dec 2022</b>	<b>31 Mar 2022</b>
<b>Capital ratios:</b>		
CET1 capital ratio / Tier 1 capital ratio	28.396%	31.532%
Total capital ratio	<u>29.521%</u>	<u>32.677%</u>

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

	<b>31 Dec 2022 RM'000</b>	<b>31 Mar 2022 RM'000</b>
<b>CET 1 capital</b>		
Paid-up share capital	1,200,000	1,200,000
Retained profits	327,735	360,537
Other reserves	<u>(12,244)</u>	<u>(8,692)</u>
Total tier 1 capital	1,515,491	1,551,845
<b>Tier 2 capital</b>		
General provisions and regulatory reserve	<u>60,064</u>	<u>56,344</u>
Total capital	<u>1,575,555</u>	<u>1,608,189</u>

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

	<b>31 Dec 2022 RM'000</b>	<b>31 Mar 2022 RM'000</b>
Total RWA for credit risk	4,805,084	4,507,512
Total RWA for market risk	210,268	103,189
Total RWA for operational risk	321,700	310,805
Total RWA	<u>5,337,052</u>	<u>4,921,506</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
<b>As at 31 December 2022</b>				
<b>Credit risk</b>				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	2,619,523	2,619,523	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	4,916,661	3,094,024	676,211	54,097
Corporates	6,739,540	4,289,449	3,415,538	273,243
Other assets	30,784	30,784	30,784	2,463
Total on-balance sheet exposures	<u>14,306,508</u>	<u>10,033,780</u>	<u>4,122,533</u>	<u>329,803</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	819,991	819,991	481,189	38,495
Off-balance sheet exposures other than OTC derivatives or credit derivatives	220,101	220,101	201,362	16,109
Total off-balance sheet exposures	<u>1,040,092</u>	<u>1,040,092</u>	<u>682,551</u>	<u>54,604</u>
Total on and off-balance sheet exposures	<u>15,346,600</u>	<u>11,073,872</u>	<u>4,805,084</u>	<u>384,407</u>
			<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirements at 8% RM'000</b>
<b>Market risk</b>				
Interest rate risk	8,487,592	8,470,917	74,007	5,921
Foreign currency risk	10,901	-	136,261	10,901
<b>Operational risk</b>			321,700	25,736
Total RWA and capital requirements			<u>5,337,052</u>	<u>426,965</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
<b>As at 31 March 2022</b>				
<b>Credit risk</b>				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	2,508,011	2,508,011	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	2,899,912	1,853,709	396,762	31,741
Corporates	7,060,756	4,715,439	3,516,311	281,305
Other assets	33,247	33,247	33,247	2,660
Total on-balance sheet exposures	<u>12,501,926</u>	<u>9,110,406</u>	<u>3,946,320</u>	<u>315,706</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	611,146	611,146	403,633	32,291
Off-balance sheet exposures other than OTC derivatives or credit derivatives	170,492	170,492	157,559	12,605
Total off-balance sheet exposures	<u>781,638</u>	<u>781,638</u>	<u>561,192</u>	<u>44,896</u>
Total on and off-balance sheet exposures	<u>13,283,564</u>	<u>9,892,044</u>	<u>4,507,512</u>	<u>360,602</u>
			<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirements at 8% RM'000</b>
<b>Market risk</b>				
Interest rate risk	7,615,123	7,597,472	77,681	6,214
Foreign currency risk	2,041	-	25,508	2,041
<b>Operational risk</b>			310,805	24,864
Total RWA and capital requirements			<u>4,921,506</u>	<u>393,721</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	Banks, development Financial Institution MDBs RM'000	Corporates RM'000	Other Assets RM'000		
<b>As at 31 December 2022</b>						
0%	2,619,523	291,778	873,911	-	3,785,212	-
20%	-	2,670,316	-	-	2,670,316	534,063
50%	-	694,646	-	-	694,646	347,323
100%	-	-	3,892,914	30,784	3,923,698	3,923,698
	<u>2,619,523</u>	<u>3,656,740</u>	<u>4,766,825</u>	<u>30,784</u>	<u>11,073,872</u>	<u>4,805,084</u>
<b>As at 31 March 2022</b>						
0%	2,508,011	273,993	1,199,128	-	3,981,132	-
20%	-	1,465,389	-	-	1,465,389	293,078
50%	-	462,178	-	-	462,178	231,089
100%	-	-	3,950,098	33,247	3,983,345	3,983,345
	<u>2,508,011</u>	<u>2,201,560</u>	<u>5,149,226</u>	<u>33,247</u>	<u>9,892,044</u>	<u>4,507,512</u>