

Mizuho Bank (Malaysia) Berhad

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**Unaudited condensed interim financial statements
for the financial period ended 30 September 2020**

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

		30 Sep 2020 RM'000	31 Mar 2020 RM'000
	Note		
Assets			
Cash and short-term funds		2,456,728	1,556,301
Deposits and placements with financial institutions		1,018,138	1,420,480
Financial assets at fair value through other comprehensive income ("FVOCI")	11	1,579,926	1,134,913
Loans, advances and financing	12	8,483,277	8,966,896
Derivative financial assets		171,516	199,572
Other assets		144,611	33,195
Right of use assets		10,778	12,146
Property and equipment		5,567	6,841
Intangible assets		8,371	10,338
Current tax assets		-	205
Deferred tax assets		8,795	1,758
Total assets		<u>13,887,707</u>	<u>13,342,645</u>
Liabilities			
Deposits from customers	13	3,149,571	2,826,487
Deposits and placements from financial institutions	14	8,994,063	9,221,487
Derivative financial liabilities		193,411	142,154
Lease liabilities		10,839	12,240
Other liabilities		74,971	203,326
Current tax liabilities		9,511	-
Total liabilities		<u>12,432,366</u>	<u>12,405,694</u>
Equity			
Share capital		1,200,000	700,000
Reserves		255,341	236,951
Total equity attributable to owner of the bank		<u>1,455,341</u>	<u>936,951</u>
Total liabilities and equity		<u>13,887,707</u>	<u>13,342,645</u>
Commitments and contingencies	21	<u>14,806,134</u>	<u>13,799,485</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020.

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 SEPTEMBER 2020**

		2nd Quarter Ended		Six Months Ended	
		30 Sep	30 Sep	30 Sep	30 Sep
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	15	52,545	93,736	126,390	171,193
Interest expense	16	(19,787)	(64,407)	(57,466)	(116,803)
Net interest income		32,758	29,329	68,924	54,390
Other operating income	17	10,787	22,060	28,211	43,837
Total net income		43,545	51,389	97,135	98,227
Other operating expenses	18	(24,270)	(19,895)	(46,404)	(39,843)
Operating profit		19,275	31,494	50,731	58,384
Addition of allowance for expected credit losses ("ECL")	19	(37,458)	(2,371)	(29,247)	(3,011)
Profit before taxation		(18,183)	29,123	21,484	55,373
Tax credit/(expense)		2,415	(5,387)	(9,952)	(3,505)
Profit for the financial period		(15,768)	23,736	11,532	51,868
Other comprehensive income net of tax:					
Fair value changes of financial assets at FVOCI		4,579	446	9,024	3,078
Income tax effect		(1,099)	(108)	(2,166)	(739)
Other comprehensive income for the financial period		3,480	338	6,858	2,339
Total comprehensive income for the financial period		(12,288)	24,074	18,390	54,207

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020.

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	← 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 2020	700,000	21,489	4,912	210,550	936,951
Issuance of shares	500,000	-	-	-	500,000
Profit for the financial period	-	-	-	11,532	11,532
Other comprehensive income	-	-	6,858	-	6,858
Transfer to regulatory reserve	-	(21,489)	-	21,489	-
At 30 September 2020	1,200,000	-	11,770	243,571	1,455,341
At 1 April 2019	700,000	28,595	1,759	151,498	881,852
Profit for the financial period	-	-	-	51,868	51,868
Other comprehensive income	-	-	2,339	-	2,339
Transfer to regulatory reserve	-	9,079	-	(9,079)	-
At 30 September 2019	700,000	37,674	4,098	194,287	936,059

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020.

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Profit before taxation	21,484	55,373
Adjustments for non-cash items	36,106	(6,981)
Operating profit before changes in working capital	<u>57,590</u>	<u>48,392</u>
Net changes in operating assets	197,629	(2,145,796)
Net changes in operating liabilities	(82,173)	4,146,081
	115,456	2,000,285
Cash generated from operating activities	<u>173,046</u>	<u>2,048,677</u>
Taxation paid	(9,480)	(9,480)
Net cash flows generated from operating activities	<u>163,566</u>	<u>2,039,197</u>
Net cash flows used in investing activities	(469)	(2,081)
Net cash flows generated from financing activities	500,000	-
Net increase in cash and cash equivalents during the financial period	663,097	2,037,116
Cash and cash equivalents at the beginning of the financial period	<u>1,710,529</u>	<u>1,703,745</u>
Cash and cash equivalents at the end of the financial period	<u><u>2,373,626</u></u>	<u><u>3,740,861</u></u>
Analysis of cash and cash equivalents:		
Cash and short-term funds	2,456,728	3,590,605
Deposits and placements with financial institutions	1,018,138	986,635
Less: Deposits and placements with financial institutions with original contractual maturity more than 3 months	(1,101,240)	(836,379)
	<u>2,373,626</u>	<u>3,740,861</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020.

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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 2020. 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 2020.

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 2020 except for the following:

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

- i) Amendments to MFRS 101 *Presentation of Financial Statements and Accounting Policies, Changes and Amendments to MFRS 108* and Amendments to MFRS 108 *in Accounting Estimates and Errors - Definition of Material*
- ii) Amendments to MFRS 7, *Financial Instrument: Disclosures, Financial Instruments, Financial* Amendments to MFRS 9, *Instruments: Recognition and Measurement - Interest Rate Benchmark* and Amendments to MFRS 139 *Reform*

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*

The adoption of the above amendments to MFRSs are not expected to give rise to any significant impact on the financial results of the Bank.

MIZUHO BANK (MALAYSIA) BERHAD
Company No. 201001039768 (923693-H)
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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 2020 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 second quarter ended 30 September 2020.

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 second quarter ended 30 September 2020.

5. Changes in estimates

There were no material changes in estimates during the second quarter ended 30 September 2020.

6. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the second quarter ended 30 September 2020.

7. Dividend

No dividend was paid during the second quarter ended 30 September 2020.

8. Subsequent events

There were no material events subsequent to the reporting date that require disclosure or adjustments to the unaudited condensed interim financial statements.

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

9. Review of performance

The Bank recorded a lower profit before taxation ("PBT") of RM21.5 million for the financial period ended 30 September 2020, a decrease of RM33.9 million (or 61.2%) compared to RM55.4 million in the previous corresponding period. The decrease in PBT was mainly due to higher allowance for expected credit losses in the current financial period of RM29.2 million compared to RM3.0 million in the previous corresponding period. Operating income declined slightly by 1.1% to RM97.1 million with the increase in net interest income of RM14.5 million (or 26.7%) being offset by a decrease in non interest income of RM15.6 million (or 35.7%) in the current financial period. Operating expenses increased by RM6.6 million (or 16.5%) mainly due to the increase in administration and general expenses (RM3.7 million) and establishment costs (RM2.2 million).

Total assets stood at RM13.9 billion as at 30 September 2020, a slight increase of 4.5% compared against total assets of RM13.3 billion at 31 March 2020. The Bank's Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 25.686% and 26.787% respectively.

10. Prospects

The impact of COVID-19 on the global economy is severe and unprecedented with global economic conditions expected to remain weak and global growth projected to be negative for the year. In Malaysia, even though there has been a gradual reopening of the local economy since May 2020, the pace and strength of the recovery process is still subject to downside risks emanating from both domestic and external factors. These include the prospect of the resurgence of the pandemic leading to reimpositions of containment measures, persistent weakness in labour market conditions, and a weaker-than-expected recovery in global economic growth.

Despite these considerable uncertainties in the economy and financial markets, Mizuho Bank Malaysia as part of Mizuho Financial Group remain committed to fulfilling our mission as a financial institution, fully exercising our financial functions to support our customers. At the same time, the Bank will tackle this unprecedented crisis by maintaining a strong defence, expand our business foundations with an eye towards the world after COVID-19 and deepen structural reforms.

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****11. Financial assets at FVOCI**

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
At fair value		
Government Investment Issues	535,011	484,626
Government Guaranteed Bond	1,044,915	650,287
	<u>1,579,926</u>	<u>1,134,913</u>

12. Loans, advances and financing

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
(a) By type:		
At amortised cost:		
Term loans	5,672,052	6,240,295
Revolving credits	1,495,229	1,404,350
Bills receivable	31,268	33,946
	<u>7,198,549</u>	<u>7,678,591</u>
Less: Unearned interest	(63)	(107)
Gross loans, advances and financing at amortised cost	<u>7,198,486</u>	<u>7,678,484</u>
Less: Impairment allowance		
- Expected credit losses	(42,092)	(54,608)
Net loans, advances and financing at amortised cost	<u>7,156,394</u>	<u>7,623,876</u>
At fair value through profit or loss ("FVTPL"):		
Term loans	1,326,883	1,343,020
Total net loans, advances and financing	<u>8,483,277</u>	<u>8,966,896</u>
Total gross loans, advances and financing		
- At amortised cost	7,198,486	7,678,484
- At FVTPL	1,326,883	1,343,020
	<u>8,525,369</u>	<u>9,021,504</u>

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****12. Loans, advances and financing (continued)**

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
(b) By geographical distribution:		
Within Malaysia	6,657,254	7,079,461
Outside Malaysia	1,868,115	1,942,043
	<u>8,525,369</u>	<u>9,021,504</u>
(c) By type of customer:		
Domestic business enterprises	3,950,225	4,077,681
Domestic non-bank financial institutions	2,707,029	3,001,780
Foreign business entities	1,868,115	1,942,043
	<u>8,525,369</u>	<u>9,021,504</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,540,456	1,413,597
Variable rate	6,984,913	7,607,907
	<u>8,525,369</u>	<u>9,021,504</u>
(e) By economic purpose:		
Purchase of fixed assets other than land and building	1,497,929	1,810,406
Purchase of non-residential property	19,914	23,885
Working capital	7,007,526	7,187,213
	<u>8,525,369</u>	<u>9,021,504</u>

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

12. Loans, advances and financing (continued)

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
(f) By economic sector:		
Mining and quarrying	43,831	46,686
Manufacturing	2,040,234	2,266,051
Electricity, gas and water supply	109,158	113,082
Construction	569,177	575,328
Wholesale and retail trade, and restaurants and hotels	90,885	168,890
Transport, storage and communication	178,082	18,957
Finance, insurance, real estate and business activities	5,434,118	5,807,275
Education, health and others	59,884	25,235
	<u>8,525,369</u>	<u>9,021,504</u>
(g) By maturity structure:		
Maturing within one year	5,050,555	5,243,151
One year to three years	2,018,840	1,899,394
Three years to five years	1,245,172	1,664,204
Over five years	210,802	214,755
	<u>8,525,369</u>	<u>9,021,504</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 2020	19,215	35,393	-	54,608
New financial assets originated	23,615	5,045	-	28,660
Financial assets derecognised	(15,092)	(35,393)	-	(50,485)
Net remeasurement during the financial period	9,309	-	-	9,309
At 30 September 2020	<u>37,047</u>	<u>5,045</u>	<u>-</u>	<u>42,092</u>

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****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 ECL	Lifetime ECL Not Credit- Impaired	Credit- Impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
At 1 April 2019	3,039	25,593	-	28,632
New financial assets originated	17,491	35,393	-	52,884
Financial assets derecognised	(2,735)	(25,593)	-	(28,328)
Net remeasurement during the financial period	1,420	-	-	1,420
At 31 March 2020	<u>19,215</u>	<u>35,393</u>	<u>-</u>	<u>54,608</u>

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

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
At 1 April	54,608	28,632
(Writeback)/Allowance made during the financial period	(12,516)	25,976
At end of the financial period	<u>42,092</u>	<u>54,608</u>
As percentage of total loans	<u>0.49%</u>	<u>0.61%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 September 2020.

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****13. Deposits from customers**

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
(a) By type of deposit:		
Demand deposits	959,026	945,365
Fixed deposits	1,190,293	1,185,021
Short-term deposits	1,000,252	696,101
	<u>3,149,571</u>	<u>2,826,487</u>
(b) By type of customer:		
Domestic non-bank financial institutions	260,070	173,984
Domestic business enterprises	2,770,487	2,573,056
Foreign business enterprises	118,890	79,341
Domestic other enterprises	124	106
	<u>3,149,571</u>	<u>2,826,487</u>
(c) Maturity structure:		
On demand	959,026	945,365
Due within six months	2,116,915	1,795,892
Due over six months to one year	73,630	85,230
	<u>3,149,571</u>	<u>2,826,487</u>

14. Deposits and placements from financial institutions

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
Licensed banks	<u>8,994,063</u>	<u>9,221,487</u>

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****15. Interest income**

	2nd Quarter Ended		Six Months Ended	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	31,749	62,271	80,881	112,841
Money at call and deposits and placements with financial institutions	8,908	24,382	23,285	44,470
Financial assets at FVOCI	11,656	6,955	21,935	13,656
Others	232	128	289	226
	<u>52,545</u>	<u>93,736</u>	<u>126,390</u>	<u>171,193</u>

16. Interest expense

	2nd Quarter Ended		Six Months Ended	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	11,256	50,863	39,526	89,770
Deposits from customers	8,414	12,950	17,435	26,051
Others	117	594	505	982
	<u>19,787</u>	<u>64,407</u>	<u>57,466</u>	<u>116,803</u>

17. Other operating income

	2nd Quarter Ended		Six Months Ended	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Fee income	4,173	3,370	6,315	5,247
Realised gain in fair value of derivative financial instruments	4,237	3,207	8,034	5,914
Unrealised (loss)/gain in fair value of derivative financial instruments	(2,342)	4,710	(17,487)	8,915
Realised foreign exchange gain	3,905	5,596	7,893	15,724
Unrealised foreign exchange gain	1,579	3,621	23,899	7,625
Net unrealised (loss)/gain on revaluation of financial assets at FVTPL	(811)	1,556	(505)	412
Others	46	-	62	-
	<u>10,787</u>	<u>22,060</u>	<u>28,211</u>	<u>43,837</u>

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****18. Other operating expenses**

	2nd Quarter Ended		Six Months Ended	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Personnel costs:				
Salaries, allowances and bonuses	6,960	6,740	14,523	14,098
Contribution to Employees Provident Fund	958	930	1,856	1,859
Other staff related costs	1,740	1,206	3,353	2,685
Establishment costs:				
Repair and maintenance	1,446	1,051	2,794	2,254
Depreciation of right of use assets	1,176	1,535	2,435	2,352
Depreciation of property and equipment	630	733	1,338	1,463
Amortisation of intangible assets	1,153	1,228	2,372	2,449
Rental of premises	5	58	10	116
Information technology expenses	1,380	288	2,417	608
Others	194	(370)	354	317
Marketing expenses:				
Advertisement and publicity	-	41	23	67
Others	139	275	157	510
Administration and general expenses:				
Collateral deposit fees	6,655	4,137	10,702	7,424
Communication expenses	245	275	483	500
Legal and professional fees	55	269	106	331
Others	1,534	1,499	3,481	2,810
	<u>24,270</u>	<u>19,895</u>	<u>46,404</u>	<u>39,843</u>

MIZUHO BANK (MALAYSIA) BERHAD
 Company No. 201001039768 (923693-H)
 (Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

19. Addition/(Writeback) of allowance for expected credit losses

	2nd Quarter Ended		Six Months Ended	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Deposits and placements with financial institutions	-	-	-	(1)
Loans, advances and financing	384	295	(12,516)	286
Credit commitments and contingencies	37,074	2,076	41,763	2,726
	<u>37,458</u>	<u>2,371</u>	<u>29,247</u>	<u>3,011</u>

20. Credit transactions and exposures with connected parties

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
Outstanding credit exposures with connected parties	<u>55,801</u>	<u>35,620</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.13%</u>	<u>0.10%</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.

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****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 September 2020			
Direct credit substitutions	79,265	79,265	78,400
Transaction related contingent items	104,423	52,211	39,438
Short-term self-liquidating trade related contingencies	18,836	3,767	3,767
Foreign exchange related contracts			
- One year or less	1,979,394	36,597	24,888
- Over one year to five years	108,899	8,215	6,745
Interest related contracts			
- One year or less	3,849,228	141,749	97,546
- Over one year to five years	4,289,012	570,138	426,825
- Over five years	41,812	8,212	6,103
Other commitments, such as formal standby facilities and credit lines, with an original maturity up to one year	20,000	10,000	10,000
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,101,101	29,086	-
Any commitments that are unconditionally cancelled at any time without prior notice	3,214,164	-	-
Total	14,806,134	939,240	693,712

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

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****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 2020			
Direct credit substitutions	36,157	36,157	29,766
Transaction related contingent items	80,667	40,333	35,497
Short-term self-liquidating trade related contingencies	9,574	1,915	1,915
Foreign exchange related contracts			
- One year or less	2,004,631	48,357	20,557
- Over one year to five years	144,555	11,902	9,876
Interest related contracts			
- One year or less	3,630,854	165,621	92,151
- Over one year to five years	4,894,057	586,088	407,071
- Over five years	46,100	8,899	6,260
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	35,000	17,500	17,500
Any commitments that are unconditionally cancelled at any time without prior notice	2,917,890	-	-
Total	<u>13,799,485</u>	<u>916,772</u>	<u>620,593</u>

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

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****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 2 February 2018. The Bank has adopted Standardised Approach for credit risk and market risk and the Basic Indicator Approach for operational risk. In line with transitional arrangements under BNM's Capital Adequacy Framework (Capital Components), the minimum regulatory capital adequacy requirement for common equity Tier 1 ("CET1") capital ratio and Tier 1 capital ratio 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 Sep 2020	31 Mar 2020
Capital ratios:		
CET1 capital ratio / Total tier 1 capital ratio	25.686%	27.076%
Total capital ratio	<u>26.787%</u>	<u>28.162%</u>

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

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
CET 1 capital		
Paid-up share capital	1,200,000	700,000
Retained profits	232,039	210,550
Other reserves	(9,689)	(7,415)
Total tier 1 capital	<u>1,422,350</u>	<u>903,135</u>
Tier 2 capital		
General provisions and regulatory reserve	<u>60,989</u>	<u>36,210</u>
Total capital	<u>1,483,339</u>	<u>939,345</u>

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

	30 Sep 2020 RM'000	31 Mar 2020 RM'000
Total RWA for credit risk	4,879,148	2,896,763
Total RWA for market risk	330,491	124,663
Total RWA for operational risk	327,800	314,087
Total RWA	<u>5,537,439</u>	<u>3,335,513</u>

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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 Require- ments at 8%
				RM'000
As at 30 September 2020				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/Central banks	2,187,277	2,187,277	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	3,815,774	2,216,726	487,177	38,974
Corporates	7,667,750	4,732,188	3,674,844	293,988
Other assets	23,467	23,467	23,415	1,873
Total on-balance sheet exposures	<u>13,694,268</u>	<u>9,159,658</u>	<u>4,185,436</u>	<u>334,835</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	764,911	764,911	562,107	44,968
Off-balance sheet exposures other than OTC derivatives or credit derivatives	174,329	174,329	131,605	10,528
Total off-balance sheet exposures	<u>939,240</u>	<u>939,240</u>	<u>693,712</u>	<u>55,496</u>
Total on and off-balance sheet exposures	<u>14,633,508</u>	<u>10,098,898</u>	<u>4,879,148</u>	<u>390,331</u>
				Minimum Capital Require- ments at 8%
	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	RM'000
Market risk				
Interest rate risk	8,083,000	8,061,577	91,329	7,306
Foreign currency risk	19,133	-	239,162	19,133
Operational risk			327,800	26,224
Total RWA and capital requirements			<u>5,537,439</u>	<u>442,994</u>

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

22. Capital adequacy (continued)

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

Exposure class	Gross	Net	Risk-	Minimum
	Exposures	Exposures	Weighted	Capital
	RM'000	RM'000	Assets	Require-
			RM'000	ments
				at 8%
				RM'000
As at 31 March 2020				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/Central banks	1,338,653	1,338,653	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	4,083,445	2,006,839	580,785	46,463
Corporates	7,755,711	2,329,314	1,670,903	133,672
Other assets	24,511	24,511	24,482	1,959
Total on-balance sheet exposures	<u>13,202,320</u>	<u>5,699,317</u>	<u>2,276,170</u>	<u>182,094</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	820,867	820,867	535,915	42,873
Off-balance sheet exposures other than OTC derivatives or credit derivatives	95,905	95,905	84,678	6,774
Total off-balance sheet exposures	<u>916,772</u>	<u>916,772</u>	<u>620,593</u>	<u>49,647</u>
Total on and off-balance sheet exposures	<u>14,119,092</u>	<u>6,616,089</u>	<u>2,896,763</u>	<u>231,741</u>
				Minimum
				Capital
			Risk-	Require-
	Long	Short	Weighted	ments
	Position	Position	Assets	at 8%
	RM'000	RM'000	RM'000	RM'000
Market risk				
Interest rate risk	8,532,490	8,508,314	103,238	8,259
Foreign currency risk	1,714	-	21,425	1,714
Operational risk			314,087	25,127
Total RWA and capital requirements			<u>3,335,513</u>	<u>266,841</u>

MIZUHO BANK (MALAYSIA) BERHAD

Company No. 201001039768 (923693-H)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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 Institutions MDBs RM'000	Corporates RM'000	Other Assets RM'000		
As at 30 September 2020						
0%	2,187,277	298,152	1,057,344	52	3,542,825	-
20%	-	1,778,217	-	-	1,778,217	355,643
50%	-	508,702	-	-	508,702	254,351
100%	-	-	4,245,739	23,415	4,269,154	4,269,154
	<u>2,187,277</u>	<u>2,585,071</u>	<u>5,303,083</u>	<u>23,467</u>	<u>10,098,898</u>	<u>4,879,148</u>
As at 31 March 2020						
0%	1,338,653	1,589	658,411	29	1,998,682	-
20%	-	1,618,047	-	-	1,618,047	323,609
50%	-	852,413	-	-	852,413	426,207
100%	-	-	2,122,465	24,482	2,146,947	2,146,947
	<u>1,338,653</u>	<u>2,472,049</u>	<u>2,780,876</u>	<u>24,511</u>	<u>6,616,089</u>	<u>2,896,763</u>