

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**MIZUHO BANK (MALAYSIA) BERHAD**

(Company No. 923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

		<b>30 Sep 2019</b>	<b>31 Mar 2019</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds		3,590,605	1,801,692
Deposits and placements with financial institutions		986,635	544,393
Financial assets at fair value through other comprehensive income ("FVOCI")	11	875,602	602,896
Loans, advances and financing	12	8,132,618	6,444,676
Derivative financial assets		134,048	166,782
Other assets		48,577	67,334
Right of use assets		11,980	-
Property and equipment		8,269	9,531
Intangible assets		11,853	12,422
<b>Total assets</b>		<b>13,800,187</b>	<b>9,649,726</b>
<b>Liabilities</b>			
Deposits from customers	13	2,458,517	2,397,678
Deposits and placements from financial institutions	14	10,130,286	6,082,687
Derivative financial liabilities		118,842	180,495
Lease liabilities		12,047	-
Other liabilities		140,406	97,748
Deferred tax liabilities		4,030	9,266
<b>Total liabilities</b>		<b>12,864,128</b>	<b>8,767,874</b>
Share capital		700,000	700,000
Reserves		236,059	181,852
<b>Total equity attributable to owner of the bank</b>		<b>936,059</b>	<b>881,852</b>
<b>Total liabilities and equity</b>		<b>13,800,187</b>	<b>9,649,726</b>
<b>Commitments and contingencies</b>	21	<b>13,808,569</b>	<b>11,658,160</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019.*

**MIZUHO BANK (MALAYSIA) BERHAD**

(Company No. 923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

		2nd Quarter ended		Six months ended	
		30 Sep	30 Sep	30 Sep	30 Sep
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	15	96,349	72,633	176,125	137,363
Interest expense	16	(63,813)	(44,783)	(115,821)	(83,130)
<b>Net interest income</b>		<b>32,536</b>	<b>27,850</b>	<b>60,304</b>	<b>54,233</b>
Other operating income	17	18,853	14,416	37,923	28,900
Operating income		51,389	42,266	98,227	83,133
Other operating expenses	18	(19,895)	(20,121)	(39,843)	(39,817)
Operating profit		31,494	22,145	58,384	43,316
(Allowance)/Writeback for expected credit losses	19	(2,371)	5,423	(3,011)	1,958
<b>Profit before taxation</b>		<b>29,123</b>	<b>27,568</b>	<b>55,373</b>	<b>45,274</b>
Tax expense		(5,387)	(4,682)	(3,505)	(4,572)
<b>Profit for the financial period</b>		<b>23,736</b>	<b>22,886</b>	<b>51,868</b>	<b>40,702</b>
<b>Other comprehensive income net of tax:</b>					
Fair value changes of financial assets at FVOCI		446	1,529	3,078	1,174
Income tax effect		(108)	(367)	(739)	(282)
<b>Other comprehensive income/(loss) for the financial period</b>		<b>338</b>	<b>1,162</b>	<b>2,339</b>	<b>892</b>
<b>Total comprehensive income for the financial period</b>		<b>24,074</b>	<b>24,048</b>	<b>54,207</b>	<b>41,594</b>

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**MIZUHO BANK (MALAYSIA) BERHAD**

(Company No. 923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	← Non-distributable reserves →				Distributable reserves	
	Share capital RM'000	Regulatory reserve RM'000	Available-for-sale reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
<b>At 1 April 2019</b>	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)	-
<b>At 30 September 2019</b>	<b>700,000</b>	<b>37,674</b>	<b>-</b>	<b>4,098</b>	<b>194,287</b>	<b>936,059</b>
<b>At 1 April 2018</b>	700,000	39,353	151	-	66,994	806,498
Impact of adopting MFRS 9	-	(8,338)	(151)	151	8,186	(152)
<b>At 1 April 2018, as restated</b>	<b>700,000</b>	<b>31,015</b>	<b>-</b>	<b>151</b>	<b>75,180</b>	<b>806,346</b>
Profit for the financial period	-	-	-	-	40,702	40,702
Other comprehensive income	-	-	-	892	-	892
Transfer to regulatory reserve	-	11,244	-	-	(11,244)	-
<b>At 30 September 2018</b>	<b>700,000</b>	<b>42,259</b>	<b>-</b>	<b>1,043</b>	<b>104,638</b>	<b>847,940</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019.*

**MIZUHO BANK (MALAYSIA) BERHAD**

(Company No. 923693-H)

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	<b>30 Sep 2019 RM'000</b>	<b>30 Sep 2018 RM'000</b>
Profit before taxation	55,373	45,274
Adjustments for non-cash items	(6,981)	(9,446)
Operating profit before changes in working capital	<u>48,392</u>	<u>35,828</u>
Net changes in operating assets	<u>(2,145,796)</u>	<u>(307,663)</u>
Net changes in operating liabilities	<u>4,146,081</u>	<u>844,850</u>
	2,000,285	537,187
Cash flows generated from operating activities	<u>2,048,677</u>	<u>573,015</u>
Taxation paid	(9,480)	(4,822)
Net cash flows generated from operating activities	<u>2,039,197</u>	<u>568,193</u>
Net cash flows used in investing activities	(2,081)	(3,785)
<b>Net increase in cash and cash equivalents during the financial period</b>	2,037,116	564,408
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>1,703,745</u>	<u>1,208,718</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>3,740,861</u></u>	<u><u>1,773,126</u></u>
<b>Analysis of cash and cash equivalents:</b>		
Cash and short-term funds	3,590,605	1,664,154
Deposits and placements with financial institutions	986,635	463,678
Less: Deposits and placements with financial institutions with contractual maturity more than 3 months	(836,379)	(354,706)
	<u>3,740,861</u>	<u>1,773,126</u>

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**MIZUHO BANK (MALAYSIA) BERHAD**

(Company No. 923693-H)

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**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 2019. 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 2019.

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 2019 except for adoption of the following new Malaysian Financial Reporting Standards (“MFRSs”), amendments to MFRSs, annual improvements to MFRSs and IC Interpretations which are effective for annual periods beginning on or after 1 January 2019:

- i) MFRS 16 *Leases*
- ii) IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- iii) Amendments to MFRS 9 *Financial Instruments - Prepayment Features with Negative Compensation*
- iv) Amendments to MFRS 112 *Income Taxes (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)*
- v) Amendments to MFRS 119 *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- vi) Amendments to MFRS 123 *Borrowing Costs (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)*

The adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Bank, except as mentioned below:

**MFRS 16 Leases ("MFRS 16")**

MFRS 16 supersedes MFRS 117: *Leases* ("MFRS 117") and its related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on-balance sheet) or operating leases (off-balance sheet).

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**1. Basis of preparation (continued)**

**MFRS 16 Leases ("MFRS 16") (continued)**

i) Lessee

At the commencement date of a lease, a lessee will recognise a lease liability to make lease payments and an asset representing the "right of use" of the underlying asset during the lease term. Subsequently, the "right of use" asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the profit or loss.

ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessor will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The change in accounting policies has been applied retrospectively from 1 April 2019. In accordance with the transition requirements, comparatives are not restated.

**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 2019 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 2019.

**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 2019.

**5. Changes in estimates**

There were no material changes in estimates during the second quarter ended 30 September 2019.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**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 2019.

**7. Dividend**

No dividend was paid during the second quarter ended 30 September 2019.

**8. Subsequent events**

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

**9. Review of performance**

The Bank's profit before taxation for the financial period ended 30 September 2019 was RM55.4 million, representing a rise of 22.3% or RM10.1 million as compared to RM45.3 million in the previous corresponding period. Operating income improved 18.2% to RM98.23 million, where net interest income increased by RM6.1 million (or 11.2%) and non-interest income increased by RM9.0 million (or 31.2%) in the current financial period respectively. Operating expenses remained stable at RM39.84 million, a slight increase of 0.1% compared to the previous corresponding period.

Total assets increased from RM9.6 billion to RM13.8 billion as at 30 September 2019, representing an increase of 43.0% or RM4.2 billion mainly due to increase in cash and short-term funds, deposits and placements with financial institutions as well as loans, advances and financing. The Bank's Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 23.827% and 24.913% respectively.

**10. Prospects**

Considering the impact of global economic slowdown, potential further rate-cuts and the ongoing trade tensions between major economies, the Bank remains cautious in the face of an uncertain outlook for the global economy.

On the domestic front, the Malaysian economy is expected to grow by 4.7 percent in 2019 and 4.8 percent in 2020 amid external headwinds, underpinned by resilient domestic demand, particularly household spending following stable labor market and low inflation.

Amid the challenging business environment, the Bank will continue to focus on the fundamentals which include maintaining a sustainable earnings base, striving for operational excellence, compliance with local and global regulations whilst putting our customers at the centre.



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**11. Financial assets at FVOCI**

	<b>30 Sep 2019 RM'000</b>	<b>31 Mar 2019 RM'000</b>
<b>At fair value</b>		
Government investment issues	382,618	310,199
Government guaranteed bond	492,984	292,697
	<u>875,602</u>	<u>602,896</u>

**12. Loans, advances and financing**

	<b>30 Sep 2019 RM'000</b>	<b>31 Mar 2019 RM'000</b>
<b>(a) By type:</b>		
<b>At amortised cost:</b>		
Term loans	5,472,312	4,113,862
Revolving credits	1,330,349	1,367,847
Bills receivable	21,818	15,211
	<u>6,824,479</u>	<u>5,496,920</u>
Less: Unearned interest	(86)	(77)
Gross loans, advances and financing at amortised cost	<u>6,824,393</u>	<u>5,496,843</u>
Less: Impairment allowance		
- Expected credit losses	(28,918)	(28,632)
Net loans, advances and financing at amortised cost	<u>6,795,475</u>	<u>5,468,211</u>
<b>At fair value through profit or loss ("FVTPL"):</b>		
Term loans	1,337,143	976,465
<b>Total net loans, advances and financing</b>	<u>8,132,618</u>	<u>6,444,676</u>
<b>Total gross loans, advances and financing</b>		
- At amortised cost	6,824,393	5,496,843
- At FVTPL	1,337,143	976,465
	<u>8,161,536</u>	<u>6,473,308</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019****12. Loans, advances and financing (continued)**

	<b>30 Sep 2019 RM'000</b>	<b>31 Mar 2019 RM'000</b>
<b>(b) By geographical distribution:</b>		
Within Malaysia	6,268,424	4,532,370
Outside Malaysia	1,893,112	1,940,938
	<u>8,161,536</u>	<u>6,473,308</u>
<b>(c) By type of customer:</b>		
Domestic business enterprises	4,051,265	2,487,557
Domestic non-bank financial institutions	2,217,159	2,044,813
Foreign business entities	1,893,112	1,940,938
	<u>8,161,536</u>	<u>6,473,308</u>
<b>(d) By interest/profit rate sensitivity:</b>		
Fixed rate	1,339,190	1,355,247
Variable rate	6,822,346	5,118,061
	<u>8,161,536</u>	<u>6,473,308</u>
<b>(e) By economic purpose:</b>		
Construction	6,649	19,452
Purchase of fixed assets other than land and building	1,863,121	842,218
Purchase of non-residential property	79,663	82,032
Working capital	6,212,103	5,529,606
	<u>8,161,536</u>	<u>6,473,308</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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

	<b>30 Sep 2019 RM'000</b>	<b>31 Mar 2019 RM'000</b>
<b>(f) By economic sector:</b>		
Mining and quarrying	45,740	116,976
Manufacturing	2,453,273	1,250,316
Electricity, gas and water supply	109,498	105,888
Construction	517,642	207,334
Wholesale and retail trade, and restaurants and hotels	313,957	338,534
Transport, storage and communication	4,948	4,947
Finance, insurance, real estate and business activities	4,695,380	4,332,687
Education, health and others	21,098	116,626
	<u>8,161,536</u>	<u>6,473,308</u>
<b>(g) By maturity structure:</b>		
Maturing within one year	4,010,270	3,592,410
One year to three years	1,691,823	1,727,229
Three years to five years	2,109,487	800,540
Over five years	349,956	353,129
	<u>8,161,536</u>	<u>6,473,308</u>

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

	<b>12-Month ECL</b>	<b>Lifetime ECL</b>		
	<b>Stage 1 RM'000</b>	<b>Not credit- Impaired Stage 2 RM'000</b>	<b>Credit- Impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>At 1 April 2019</b>	3,039	25,593	-	28,632
Changes due to loans, advances and financing recognised as at 1 April 2019:				
Transfer to Lifetime ECL not credit-impaired (Stage 2)	(41)	41	-	-
New financial assets originated	2,159	26,257	-	28,416
Financial assets derecognised	(2,567)	(25,593)	-	(28,160)
Net remeasurement during the period	30	-	-	30
<b>At 30 September 2019</b>	<u>2,620</u>	<u>26,298</u>	<u>-</u>	<u>28,918</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**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)**

	<b>12-Month ECL</b>	<b>Lifetime ECL Not credit- Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 April 2018</b>				
As previously stated - MFRS 139				31,156
Impact of adopting MFRS 9				2,589
<b>At 1 April 2018, as restated</b>	7,521	26,224	-	<u>33,745</u>
Changes due to loans, advances and financing recognised as at 1 April 2018:				
Transfer to 12-Month ECL (Stage 1)	22	(22)	-	-
New financial assets originated	2,438	25,593	-	28,031
Financial assets derecognised	(6,835)	(24,758)	-	(31,593)
Changes in model/risk parameters	(107)	(1,444)	-	(1,551)
<b>At 31 March 2019</b>	<u>3,039</u>	<u>25,593</u>	<u>-</u>	<u>28,632</u>

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

	<b>30 Sep 2019</b>	<b>31 Mar 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 April	28,632	31,156
Impact of adopting MFRS 9	-	2,589
At 1 April, as restated	<u>28,632</u>	<u>33,745</u>
Allowance/(Writeback) during the financial period	286	(5,113)
At end of the financial period	<u>28,918</u>	<u>28,632</u>
As percentage of total loan	<u>0.35%</u>	<u>0.44%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 30 September 2019.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019****13. Deposits from customers**

	<b>30 Sep 2019 RM'000</b>	<b>31 Mar 2019 RM'000</b>
<b>(a) By type of deposit:</b>		
Demand deposits	871,748	1,012,216
Fixed deposits	831,274	775,450
Short-term deposits	755,495	610,012
	<u>2,458,517</u>	<u>2,397,678</u>
<b>(b) By type of customer:</b>		
Domestic non-bank financial institutions	76,283	45,326
Domestic business enterprises	2,309,216	2,287,566
Foreign business enterprises	72,865	64,625
Domestic other enterprises	153	161
	<u>2,458,517</u>	<u>2,397,678</u>
<b>(c) Maturity structure:</b>		
On demand	871,748	1,012,216
Due within six months	1,539,372	1,380,962
Due over six months to one year	47,397	4,500
	<u>2,458,517</u>	<u>2,397,678</u>

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

	<b>30 Sep 2019 RM'000</b>	<b>31 Mar 2019 RM'000</b>
Licensed banks	<u>10,130,286</u>	<u>6,082,687</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019****15. Interest income**

	2nd Quarter ended		Six months ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	62,271	50,732	112,841	96,984
Money at call and deposits and placements with financial institutions	24,382	15,979	44,470	27,610
Net gain from interest rate swap and cross-currency interest rate swap	2,741	1,147	5,158	3,453
Financial assets at FVOCI	6,955	4,775	13,656	9,316
	<u>96,349</u>	<u>72,633</u>	<u>176,125</u>	<u>137,363</u>

**16. Interest expense**

	2nd Quarter ended		Six months ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	50,863	32,281	89,770	59,883
Deposits from customers	12,950	12,502	26,051	23,247
	<u>63,813</u>	<u>44,783</u>	<u>115,821</u>	<u>83,130</u>

**17. Other operating income**

	2nd Quarter ended		Six months ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	RM'000	RM'000	RM'000	RM'000
Fee income	3,370	3,178	5,247	4,911
Net unrealised gain/(loss) on revaluation of derivatives	4,710	(197)	8,915	(2,458)
Realised foreign exchange gain	5,596	7,048	15,724	13,042
Unrealised foreign exchange gain	3,621	5,819	7,625	16,242
Net unrealised gain/(loss) on revaluation of loans, advances and financing at FVTPL	1,556	(1,432)	412	(2,837)
	<u>18,853</u>	<u>14,416</u>	<u>37,923</u>	<u>28,900</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019****18. Other operating expenses**

	2nd Quarter ended		Six months ended	
	30 Sep 2019 RM'000	30 Sep 2018 RM'000	30 Sep 2019 RM'000	30 Sep 2018 RM'000
<b>Personnel costs:</b>				
Salaries, allowances and bonuses	6,740	6,490	14,098	13,822
Contribution to Employees Provident Fund	930	899	1,859	1,854
Other staff related costs	1,206	1,767	2,685	3,268
<b>Establishment costs:</b>				
Repair and maintenance	1,051	748	2,254	1,373
Depreciation of right of use assets	1,535	-	2,352	-
Depreciation of property and equipment	733	687	1,463	1,351
Amortisation of intangible assets	1,228	1,108	2,449	2,097
Rental of premises	58	587	116	1,173
Information technology expenses	288	250	608	388
Others	(370)	356	317	664
<b>Marketing expenses:</b>				
Advertisement and publicity	41	3	67	33
Others	275	254	510	425
<b>Administration and general expenses:</b>				
Collateral deposit fees	4,137	5,080	7,424	9,900
Communication expenses	275	223	500	428
Legal and professional fees	269	180	331	312
Others	1,499	1,489	2,810	2,729
	<u>19,895</u>	<u>20,121</u>	<u>39,843</u>	<u>39,817</u>

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**19. Allowance/(Writeback) for expected credit losses**

	<b>2nd Quarter ended</b>		<b>Six months ended</b>	
	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements with financial institutions	-	-	(1)	-
Loans, advances and financing	295	(5,625)	286	(1,853)
Credit commitments and contingencies	2,076	202	2,726	(105)
	<u>2,371</u>	<u>(5,423)</u>	<u>3,011</u>	<u>(1,958)</u>

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

	<b>30 Sep 2019</b>	<b>31 Mar 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<u>40,872</u>	<u>31,927</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.12%</u>	<u>0.09%</u>

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

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



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**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:

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount* RM'000</b>	<b>Risk- weighted amount* RM'000</b>
<b>As at 30 September 2019</b>			
Direct credit substitutions	88,006	87,825	81,460
Transaction related contingent items	84,342	39,764	34,347
Short-term self-liquidating trade related contingencies	12,941	1,863	1,863
Foreign exchange related contracts			
- One year or less	2,306,668	32,638	15,673
- Over one year to five years	51,840	3,094	2,347
Interest related contracts			
- One year or less	2,006,091	98,563	53,132
- Over one year to five years	4,960,988	483,557	331,717
- Over five years	1,096,704	183,206	117,950
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	29,033	14,516	-
Any commitments that are unconditionally cancelled at any time without prior notice	3,171,956	-	-
<b>Total</b>	<b>13,808,569</b>	<b>945,026</b>	<b>638,489</b>
<b>As at 31 March 2019</b>			
Direct credit substitutions	21,251	21,186	21,036
Transaction related contingent items	82,412	41,045	35,239
Short-term self-liquidating trade related contingencies	3,484	677	677
Foreign exchange related contracts			
- One year or less	2,174,333	24,776	11,652
- Over one year to five years	26,672	2,086	1,346
Interest related contracts			
- One year or less	1,298,903	94,826	43,283
- Over one year to five years	5,005,541	519,029	369,558
- Over five years	319,031	65,787	47,452
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	279,524	139,421	139,421
Any commitments that are unconditionally cancelled at any time without prior notice	2,447,009	-	-
<b>Total</b>	<b>11,658,160</b>	<b>908,833</b>	<b>669,664</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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**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) 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 are 4.5% and 6.0% respectively for year 2019. 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>30 Sep 2019</b>	<b>31 Mar 2019</b>
<b>Capital ratios:</b>		
CET1 capital ratio / Total tier 1 capital ratio	23.827%	29.641%
Total capital ratio	<u>24.913%</u>	<u>30.727%</u>

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

	<b>30 Sep 2019 RM'000</b>	<b>31 Mar 2019 RM'000</b>
<b>CET 1 capital</b>		
Paid-up share capital	700,000	700,000
Retained profits	142,419	151,498
Other reserves	(9,645)	(10,897)
Total tier 1 capital	<u>832,774</u>	<u>840,601</u>
<b>Tier 2 capital</b>		
General provisions and regulatory reserve	<u>37,962</u>	<u>30,804</u>
Total capital	<u>870,736</u>	<u>871,405</u>

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

	<b>30 Sep 2019 RM'000</b>	<b>31 Mar 2019 RM'000</b>
Total RWA for credit risk	3,036,921	2,464,310
Total RWA for market risk	161,993	101,986
Total RWA for operational risk	296,176	269,663
Total RWA	<u>3,495,090</u>	<u>2,835,959</u>

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**22. Capital adequacy (continued)**

Disclosures relating to credit risk and market risk are as below:

Exposure class	Gross	Net	Risk-	Minimum
	Exposures	Exposures	Weighted	Capital
	RM'000	RM'000	Assets	Require-
			RM'000	ments
				at 8%
				RM'000
<b>As at 30 September 2019</b>				
<b>Credit risk</b>				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	1,263,117	1,263,117	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	5,612,368	3,647,831	805,272	64,422
Corporates	6,760,305	2,046,029	1,561,233	124,898
Other assets	32,099	32,099	31,927	2,554
Total on-balance sheet exposures	<u>13,667,889</u>	<u>6,989,076</u>	<u>2,398,432</u>	<u>191,874</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	801,058	801,058	520,819	41,665
Off-balance sheet exposures other than OTC derivatives or credit derivatives	143,968	143,968	117,670	9,414
Total off-balance sheet exposures	<u>945,026</u>	<u>945,026</u>	<u>638,489</u>	<u>51,079</u>
Total on and off-balance sheet exposures	<u>14,612,915</u>	<u>7,934,102</u>	<u>3,036,921</u>	<u>242,953</u>
				<b>Minimum</b>
				<b>Capital</b>
			<b>Risk-</b>	<b>Require-</b>
	<b>Long</b>	<b>Short</b>	<b>Weighted</b>	<b>ments</b>
	<b>Position</b>	<b>Position</b>	<b>Assets</b>	<b>at 8%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Market risk</b>				
Interest rate risk	8,709,249	8,682,607	134,431	10,754
Foreign currency risk	2,205	-	27,562	2,205
<b>Operational risk</b>			296,176	23,694
Total RWA and capital requirements			<u>3,495,090</u>	<u>279,606</u>

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**22. Capital adequacy (continued)**

Disclosures relating to credit risk and market risk are as below:

Exposure class	Gross	Net	Risk-	Minimum
	Exposures	Exposures	Weighted	Capital
	RM'000	RM'000	Assets	Require-
			RM'000	ments
				at 8%
				RM'000
<b>As at 31 March 2019</b>				
<b>Credit risk</b>				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	1,139,339	1,139,339	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	3,414,139	1,526,698	371,686	29,735
Corporates	4,891,266	1,700,445	1,404,307	112,344
Other assets	19,094	19,094	18,653	1,492
Total on-balance sheet exposures	<u>9,463,838</u>	<u>4,385,576</u>	<u>1,794,646</u>	<u>143,571</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	706,504	706,504	473,291	37,863
Off-balance sheet exposures other than OTC derivatives or credit derivatives	202,329	202,329	196,373	15,710
Total off-balance sheet exposures	<u>908,833</u>	<u>908,833</u>	<u>669,664</u>	<u>53,573</u>
Total on and off-balance sheet exposures	<u>10,372,671</u>	<u>5,294,409</u>	<u>2,464,310</u>	<u>197,144</u>
				<b>Minimum</b>
				<b>Capital</b>
			<b>Risk-</b>	<b>Require-</b>
	<b>Long</b>	<b>Short</b>	<b>Weighted</b>	<b>ments</b>
	<b>Position</b>	<b>Position</b>	<b>Assets</b>	<b>at 8%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Market risk</b>				
Interest rate risk	6,438,554	6,415,611	83,541	6,683
Foreign currency risk	1,476	-	18,445	1,476
<b>Operational risk</b>			269,663	21,573
Total RWA and capital requirements			<u>2,835,959</u>	<u>226,876</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 30 September 2019</b>						
0%	1,263,117	2,000	499,313	172	1,764,602	-
20%	-	3,614,152	-	-	3,614,152	722,830
50%	-	482,514	-	-	482,514	241,257
100%	-	-	2,040,907	31,927	2,072,834	2,072,834
	<u>1,263,117</u>	<u>4,098,666</u>	<u>2,540,220</u>	<u>32,099</u>	<u>7,934,102</u>	<u>3,036,921</u>
<b>As at 31 March 2019</b>						
0%	1,139,339	6,366	296,139	441	1,442,285	-
20%	-	1,467,447	-	-	1,467,447	293,489
50%	-	427,713	-	-	427,713	213,857
100%	-	-	1,938,311	18,653	1,956,964	1,956,964
	<u>1,139,339</u>	<u>1,901,526</u>	<u>2,234,450</u>	<u>19,094</u>	<u>5,294,409</u>	<u>2,464,310</u>