

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

MIZUHO BANK (MALAYSIA) BERHAD

(Company No. 923693-H)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

		31 Dec 2019 RM'000	31 Mar 2019 RM'000
	Note		
Assets			
Cash and short-term funds		2,397,927	1,801,692
Deposits and placements with financial institutions		1,545,088	544,393
Financial assets at fair value through other comprehensive income ("FVOCI")	11	1,017,033	602,896
Loans, advances and financing	12	8,636,599	6,444,676
Derivative financial assets		141,883	166,782
Other assets		78,264	67,334
Right of use assets		11,662	-
Property and equipment		7,545	9,531
Intangible assets		11,062	12,422
Total assets		13,847,063	9,649,726
Liabilities			
Deposits from customers	13	2,507,239	2,397,678
Deposits and placements from financial institutions	14	10,122,400	6,082,687
Derivative financial liabilities		174,455	180,495
Lease liabilities		11,758	-
Other liabilities		70,406	97,748
Deferred tax liabilities		11,011	9,266
Total liabilities		12,897,269	8,767,874
Share capital		700,000	700,000
Reserves		249,794	181,852
Total equity attributable to owner of the bank		949,794	881,852
Total liabilities and equity		13,847,063	9,649,726
Commitments and contingencies	21	14,103,807	11,658,160

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 31 DECEMBER 2019**

		3rd Quarter ended		Nine months ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	15	99,524	75,690	275,649	213,053
Interest expense	16	(65,601)	(47,094)	(181,422)	(130,224)
Net interest income		33,923	28,596	94,227	82,829
Other operating income	17	17,440	16,444	55,363	45,344
Operating income		51,363	45,040	149,590	128,173
Other operating expenses	18	(27,685)	(22,425)	(67,528)	(62,242)
Operating profit		23,678	22,615	82,062	65,931
Writeback/(Allowance) for expected credit losses	19	2,159	(1,486)	(852)	472
Profit before taxation		25,837	21,129	81,210	66,403
Tax expense		(11,867)	(6,621)	(15,372)	(11,193)
Profit for the financial period		13,970	14,508	65,838	55,210
Other comprehensive (loss)/income net of tax:					
Fair value changes of financial assets at FVOCI		(310)	(220)	2,768	954
Income tax effect		75	53	(664)	(229)
Other comprehensive (loss)/income for the financial period		(235)	(167)	2,104	725
Total comprehensive income for the financial period		13,735	14,341	67,942	55,935

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	← Non-distributable reserves →				Distributable reserves	Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Available-for-sale reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	
At 1 April 2019	700,000	28,595	-	1,759	151,498	881,852
Profit for the financial period	-	-	-	-	65,838	65,838
Other comprehensive income	-	-	-	2,104	-	2,104
Transfer to regulatory reserve	-	16,418	-	-	(16,418)	-
At 31 December 2019	700,000	45,013	-	3,863	200,918	949,794
At 1 April 2018	700,000	39,353	151	-	66,994	806,498
Impact of adopting MFRS 9	-	(8,338)	(151)	151	8,186	(152)
At 1 April 2018, as restated	700,000	31,015	-	151	75,180	806,346
Profit for the financial period	-	-	-	-	55,210	55,210
Other comprehensive income	-	-	-	725	-	725
Transfer to regulatory reserve	-	13,481	-	-	(13,481)	-
At 31 December 2018	700,000	44,496	-	876	116,909	862,281

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

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Profit before taxation	81,210	66,403
Adjustments for non-cash items	(11,849)	(15,320)
Operating profit before changes in working capital	<u>69,361</u>	<u>51,083</u>
Net changes in operating assets	<u>(3,309,057)</u>	<u>(345,903)</u>
Net changes in operating liabilities	<u>4,117,739</u>	<u>1,260,881</u>
	808,682	914,978
Cash flows generated from operating activities	<u>878,043</u>	<u>966,061</u>
Taxation paid	(13,481)	(11,712)
Net cash flows generated from operating activities	<u>864,562</u>	<u>954,349</u>
Net cash flows used in investing activities	(2,510)	(5,175)
Net increase in cash and cash equivalents during the financial period	862,052	949,174
Cash and cash equivalents at the beginning of the financial period	<u>1,703,745</u>	<u>1,208,718</u>
Cash and cash equivalents at the end of the financial period	<u><u>2,565,797</u></u>	<u><u>2,157,892</u></u>
Analysis of cash and cash equivalents:		
Cash and short-term funds	2,397,927	1,405,594
Deposits and placements with financial institutions	1,545,088	1,226,153
Less: Deposits and placements with financial institutions with contractual maturity more than 3 months	<u>(1,377,218)</u>	<u>(473,855)</u>
	<u><u>2,565,797</u></u>	<u><u>2,157,892</u></u>

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 31 DECEMBER 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 third quarter ended 31 December 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 third quarter ended 31 December 2019.

5. Changes in estimates

There were no material changes in estimates during the third quarter ended 31 December 2019.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

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 2019.

7. Dividend

No dividend was paid during the third quarter ended 31 December 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 registered profit before taxation of RM81.2 million for the financial period ended 31 December 2019, an increase of RM14.8 million or 22.3% compared to the corresponding period last year. Operating income improved 16.7% to RM149.6 million, where net interest income increased by RM11.4 million (or 13.8%) and non-interest income increased by RM10.0 million (or 22.1%) in the current financial period respectively. Operating expenses increased by RM5.3 million (or 8.5%) mainly driven by establishment costs.

Total assets increased from RM9.6 billion to RM13.8 billion as at 31 December 2019, representing an increase of 43.5% or RM4.2 billion mainly due to increase in loans and interbank placements. The Bank's Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 22.665% and 23.707% respectively.

10. Prospects

The Bank continues to remain cautious in the face of lingering uncertainties in the global economic environment arising from various factors such as the United States-China trade negotiations, Brexit, civil unrest in Hong Kong and worsening Middle East geopolitical tensions.

On the domestic front, Malaysia's 2019 economic growth was expected to be in the range of 4.3% and 4.8% by Bank Negara Malaysia. Growth is expected to be within projections for the year and the pace sustained going into 2020, mainly underpinned by private sector activities, particularly household spending, supported by continued expansion in employment and income.

Amid the challenging business environment, the Bank will continue to focus in building a sustainable business whilst striving for operational excellence and compliance with local and global regulations.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019****11. Financial assets at FVOCI**

	31 Dec 2019 RM'000	31 Mar 2019 RM'000
At fair value		
Government investment issues	382,529	310,199
Government guaranteed bond	634,504	292,697
	<u>1,017,033</u>	<u>602,896</u>

12. Loans, advances and financing

	31 Dec 2019 RM'000	31 Mar 2019 RM'000
(a) By type:		
At amortised cost:		
Term loans	6,127,640	4,113,862
Revolving credits	1,132,957	1,367,847
Bills receivable	47,677	15,211
	<u>7,308,274</u>	<u>5,496,920</u>
Less: Unearned interest	(157)	(77)
Gross loans, advances and financing at amortised cost	<u>7,308,117</u>	<u>5,496,843</u>
Less: Impairment allowance		
- Expected credit losses	(28,903)	(28,632)
Net loans, advances and financing at amortised cost	<u>7,279,214</u>	<u>5,468,211</u>
At fair value through profit or loss ("FVTPL"):		
Term loans	1,357,385	976,465
Total net loans, advances and financing	<u>8,636,599</u>	<u>6,444,676</u>
Total gross loans, advances and financing		
- At amortised cost	7,308,117	5,496,843
- At FVTPL	1,357,385	976,465
	<u>8,665,502</u>	<u>6,473,308</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019****12. Loans, advances and financing (continued)**

	31 Dec 2019 RM'000	31 Mar 2019 RM'000
(b) By geographical distribution:		
Within Malaysia	6,820,266	4,532,370
Outside Malaysia	1,845,236	1,940,938
	<u>8,665,502</u>	<u>6,473,308</u>
(c) By type of customer:		
Domestic business enterprises	3,926,109	2,487,557
Domestic non-bank financial institutions	2,894,157	2,044,813
Foreign business entities	1,845,236	1,940,938
	<u>8,665,502</u>	<u>6,473,308</u>
(d) By interest/profit rate sensitivity:		
Fixed rate	1,157,303	1,355,247
Variable rate	7,508,199	5,118,061
	<u>8,665,502</u>	<u>6,473,308</u>
(e) By economic purpose:		
Construction	-	19,452
Purchase of fixed assets other than land and building	1,859,010	842,218
Purchase of non-residential property	77,551	82,032
Working capital	6,728,941	5,529,606
	<u>8,665,502</u>	<u>6,473,308</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

12. Loans, advances and financing (continued)

	31 Dec 2019 RM'000	31 Mar 2019 RM'000
(f) By economic sector:		
Mining and quarrying	45,226	116,976
Manufacturing	2,287,687	1,250,316
Electricity, gas and water supply	107,452	105,888
Construction	575,177	207,334
Wholesale and retail trade, and restaurants and hotels	249,417	338,534
Transport, storage and communication	26,882	4,947
Finance, insurance, real estate and business activities	5,353,415	4,332,687
Education, health and others	20,246	116,626
	<u>8,665,502</u>	<u>6,473,308</u>

(g) By maturity structure:

Maturing within one year	4,567,434	3,592,410
One year to three years	1,083,866	1,727,229
Three years to five years	2,809,332	800,540
Over five years	204,870	353,129
	<u>8,665,502</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:

	12-Month ECL Stage 1 RM'000	Lifetime ECL Not credit- Impaired Stage 2 RM'000	Credit- Impaired Stage 3 RM'000	Total RM'000
At 1 April 2019	3,039	25,593	-	28,632
Changes due to loans, advances and financing recognised as at 1 April 2019:				
New financial assets originated	2,625	25,807	-	28,432
Financial assets derecognised	(2,584)	(25,593)	-	(28,177)
Net remeasurement during the period	16	-	-	16
At 31 December 2019	<u>3,096</u>	<u>25,807</u>	<u>-</u>	<u>28,903</u>

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

	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 2018				
As previously stated - MFRS 139				31,156
Impact of adopting MFRS 9				2,589
At 1 April 2018, as restated	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)
At 31 March 2019	<u>3,039</u>	<u>25,593</u>	<u>-</u>	<u>28,632</u>

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

	31 Dec 2019	31 Mar 2019
	RM'000	RM'000
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	271	(5,113)
At end of the financial period	<u>28,903</u>	<u>28,632</u>
As percentage of total loan	<u>0.33%</u>	<u>0.44%</u>

The Bank has no impaired loans, advances and financing and no individual impairment allowance was deemed required as at 31 December 2019.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019****13. Deposits from customers**

	31 Dec 2019 RM'000	31 Mar 2019 RM'000
(a) By type of deposit:		
Demand deposits	789,421	1,012,216
Fixed deposits	1,149,779	775,450
Short-term deposits	568,039	610,012
	<u>2,507,239</u>	<u>2,397,678</u>
(b) By type of customer:		
Domestic non-bank financial institutions	119,622	45,326
Domestic business enterprises	2,314,959	2,287,566
Foreign business enterprises	72,528	64,625
Domestic other enterprises	130	161
	<u>2,507,239</u>	<u>2,397,678</u>
(c) Maturity structure:		
On demand	789,421	1,012,216
Due within six months	1,639,936	1,380,962
Due over six months to one year	77,882	4,500
	<u>2,507,239</u>	<u>2,397,678</u>

14. Deposits and placements from financial institutions

	31 Dec 2019 RM'000	31 Mar 2019 RM'000
Licensed banks	<u>10,122,400</u>	<u>6,082,687</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019****15. Interest income**

	3rd Quarter ended		Nine months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	63,115	51,554	175,956	148,538
Money at call and deposits and placements with financial institutions	24,344	18,633	68,814	46,243
Net gain from interest rate swap and cross-currency interest rate swap	3,057	542	8,215	3,995
Financial assets at FVOCI	9,008	4,961	22,664	14,277
	<u>99,524</u>	<u>75,690</u>	<u>275,649</u>	<u>213,053</u>

16. Interest expense

	3rd Quarter ended		Nine months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	52,083	33,870	141,853	93,753
Deposits from customers	13,518	13,224	39,569	36,471
	<u>65,601</u>	<u>47,094</u>	<u>181,422</u>	<u>130,224</u>

17. Other operating income

	3rd Quarter ended		Nine months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Fee income	2,205	2,410	7,452	7,321
Net unrealised (loss)/gain on revaluation of derivatives	(22,683)	2,920	(13,768)	462
Realised foreign exchange gain	8,245	4,976	23,969	18,018
Unrealised foreign exchange gain	29,592	5,048	37,217	21,290
Net unrealised gain/(loss) on revaluation of loans, advances and financing at FVTPL	23	1,090	435	(1,747)
Other income	58	-	58	-
	<u>17,440</u>	<u>16,444</u>	<u>55,363</u>	<u>45,344</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019****18. Other operating expenses**

	3rd Quarter ended		Nine months ended	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Personnel costs:				
Salaries, allowances and bonuses	7,262	7,131	21,360	20,953
Contribution to Employees Provident Fund	890	857	2,749	2,711
Other staff related costs	1,501	2,020	4,186	5,288
Establishment costs:				
Repair and maintenance	1,955	1,794	4,209	3,167
Depreciation of right of use assets	1,317	-	3,669	-
Depreciation of property and equipment	726	759	2,189	2,110
Amortisation of intangible assets	1,218	962	3,667	3,059
Rental of premises	4	590	120	1,763
Information technology expenses	3,018	376	3,626	764
Others	170	355	487	1,019
Marketing expenses:				
Advertisement and publicity	36	87	103	120
Others	261	228	771	653
Administration and general expenses:				
Collateral deposit fees	7,364	5,126	14,788	15,026
Communication expenses	242	294	742	722
Legal and professional fees	191	558	522	870
Others	1,530	1,288	4,340	4,017
	<u>27,685</u>	<u>22,425</u>	<u>67,528</u>	<u>62,242</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019****19. (Writeback)/Allowance for expected credit losses**

	3rd Quarter ended		Nine months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements with financial institutions	-	11	(1)	11
Loans, advances and financing	(15)	1,325	271	(528)
Credit commitments and contingencies	(2,144)	150	582	45
	<u>(2,159)</u>	<u>1,486</u>	<u>852</u>	<u>(472)</u>

20. Credit transactions and exposures with connected parties

	31 Dec 2019	31 Mar 2019
	RM'000	RM'000
Outstanding credit exposures with connected parties	<u>42,374</u>	<u>31,927</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.13%</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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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

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 31 December 2019			
Direct credit substitutions	87,136	86,943	80,594
Transaction related contingent items	82,521	41,092	35,658
Short-term self-liquidating trade related contingencies	15,134	2,220	2,220
Foreign exchange related contracts			
- One year or less	2,196,350	26,114	16,001
- Over one year to five years	83,967	5,164	4,010
Interest related contracts			
- One year or less	2,845,853	130,861	99,491
- Over one year to five years	5,352,023	641,889	456,345
- Over five years	244,291	39,555	25,317
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	35,015	17,500	17,500
Any commitments that are unconditionally cancelled at any time without prior notice	3,161,517	-	-
Total	14,103,807	991,338	737,136
As at 31 March 2019			
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	-	-
Total	11,658,160	908,833	669,664

*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:

	31 Dec 2019	31 Mar 2019
Capital ratios:		
CET1 capital ratio / Total tier 1 capital ratio	22.665%	29.641%
Total capital ratio	<u>23.707%</u>	<u>30.727%</u>

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

	31 Dec 2019 RM'000	31 Mar 2019 RM'000
CET 1 capital		
Paid-up share capital	700,000	700,000
Retained profits	135,080	151,498
Other reserves	(8,398)	(10,897)
Total tier 1 capital	<u>826,682</u>	<u>840,601</u>
Tier 2 capital		
General provisions and regulatory reserve	<u>38,027</u>	<u>30,804</u>
Total capital	<u>864,709</u>	<u>871,405</u>

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

	31 Dec 2019 RM'000	31 Mar 2019 RM'000
Total RWA for credit risk	3,042,192	2,464,310
Total RWA for market risk	298,081	101,986
Total RWA for operational risk	307,158	269,663
Total RWA	<u>3,647,431</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
As at 31 December 2019				
Credit risk				
<u>On-balance sheet exposures:</u>				
Sovereigns/central banks	778,035	778,035	-	-
Banks, development financial institutions and Multilateral Development Banks ("MDBs")	5,453,723	3,598,971	831,712	66,537
Corporates	7,423,143	2,086,050	1,445,647	115,651
Other assets	27,710	27,710	27,697	2,216
Total on-balance sheet exposures	<u>13,682,611</u>	<u>6,490,766</u>	<u>2,305,056</u>	<u>184,404</u>
<u>Off-balance sheet exposures:</u>				
Over-the-counter ("OTC") derivatives	843,583	843,583	601,164	48,093
Off-balance sheet exposures other than OTC derivatives or credit derivatives	147,763	147,755	135,972	10,878
Total off-balance sheet exposures	<u>991,346</u>	<u>991,338</u>	<u>737,136</u>	<u>58,971</u>
Total on and off-balance sheet exposures	<u>14,673,957</u>	<u>7,482,104</u>	<u>3,042,192</u>	<u>243,375</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	8,526,353	8,499,114	121,749	9,740
Foreign currency risk	-	14,107	176,332	14,107
Operational risk			307,158	24,573
Total RWA and capital requirements			<u>3,647,431</u>	<u>291,795</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
As at 31 March 2019				
Credit risk				
<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>
				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	6,438,554	6,415,611	83,541	6,683
Foreign currency risk	1,476	-	18,445	1,476
Operational risk			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		
As at 31 December 2019						
0%	778,035	1,547	640,403	13	1,419,998	-
20%	-	3,397,395	-	-	3,397,395	679,479
50%	-	603,995	-	-	603,995	301,997
100%	-	-	2,033,019	27,697	2,060,716	2,060,716
	<u>778,035</u>	<u>4,002,937</u>	<u>2,673,422</u>	<u>27,710</u>	<u>7,482,104</u>	<u>3,042,192</u>
As at 31 March 2019						
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>