

I. Scope of application

Pursuant to the issue of the Notification of the Bank of Thailand Re: Information Disclosure Regarding Capital Fund Maintenance for Commercial Banks which requires commercial banks to disclose bank information. The information disclosures contained in this document is related to the Mizuho Corporate Bank, Ltd. – Bangkok Branch (standalone basis).

Since Mizuho Corporate Bank, Ltd. - Bangkok Branch (MHCB-BKK) is a branch of Mizuho Corporate Bank, Ltd. (MHCB) and is managed under the group of Mizuho Financial Group (MHFG), Bangkok Branch's information disclosure policies and risk management will be based on the Disclosure Policy and Risk Management System set by the MHFG stated in the "www.mizuho-fg.co.jp". MHFG set the disclosure policy and maintains basic policies for risk management established by its board of directors that are applicable to the entire group.

II. Capital Structure

As at March 31, 2010 and September 30, 2009, assets maintained under section 32 for capital funds are government and state enterprise securities which funds remitted into Thailand from head office and borrowings from other branches under the same entity.

Table 2* : Capital of Foreign Banks Branches

Item	Amount in Million Baht	
	Mar-10	Sep-09
1. Assets required to be maintained under Section 32	25,958	24,427
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+ 2.2)	46,684	31,169
2.1 Capital for maintenance of assets under Section 32	26,125	27,632
2.2 Net balance of inter-office accounts which the branch is the debtor (the creditor) to the head office and other branches located in other countries, the parent company and subsidiaries of the head office	20,559	3,537
3. Total regulatory capital (3.1-3.2)	25,958	24,427
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	25,958	24,427
3.2 Deductions	-	-

Capital adequacy

As at March 2010 and September 2009, Mizuho Corporate Bank, Ltd - Bangkok Branch use the standardized approach for credit risk and market risk and the basic indicator approach for operational risk. The related information is presented in the following tables.

* Table number is arranged in same number indicated by The Bank of Thailand on "Minimum requirements of disclosed information by commercial banks".

Table 3 : Minimum capital requirement for credit risk classified by type of assets (SA)

Amount in Million Baht		
Minimum capital requirement for credit risk classified by type of assets under the SA	Mar-10	Sep-09
Performing claims		
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public section entities (PSEs) treated as claims on sovereigns	249	262
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	445	632
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate	8,680	8,016
4. Claims on retail portfolios	-	-
5. Claims on housing loans	-	-
6. Other assets	35	36
Non-performing claims	38	25
First-to-default credit derivatives and Securitisation	-	-
Total minimum capital requirement for credit risk under the SA	9,447	8,971

Table 6: Minimum capital requirement for market risk for positions in the trading book (Standardized measurement approach/Internal model approach)

Amount in Million Baht		
Minimum capital requirement for market risk (positions in the trading book)	Mar-10	Sep-09
1. Standardised approach	100	104
2. Internal model approach	-	-
Total minimum capital requirement for market risk	100	104

Table 7 Minimum capital requirement for operation risk (BIA)

Amount in Million Baht		
Minimum capital requirement for operational risk	Mar-10	Sep-09
1. Calculate by Basic Indicator Approach	353	310
2. Calculate by Standardised Approach	-	-
3. Calculate by Alternative Standardised Approach	-	-
Total minimum capital requirement for operational risk	353	310

Table 8: Total risk-weighted capital ratio and Tier 1 risk-weighted capital ratio

Unit : %		
Ratio	Mar-10	Sep-09
1. Total capital to risk-weighted assets	19.67	19.52
2. Tier 1 capital to risk-weighted assets*	n/a	n/a

* Disclosed only in case of locally incorporated commercial banks

III. Risk exposure and assessment

1. General

a. Risk Management Process

We classify our risk exposures according to various kinds of risk, including credit risk, market risk, liquidity risk and operational risk and manage each type of risk according to its characteristics. In addition to managing each type of risk individually, we have established a risk management structure to identify and evaluate overall risk and, where necessary, to devise appropriate responses to keep risk within limits that are managerially acceptable in both qualitative and quantitative terms. We are controlling risks with the branch's structure following to the head office policies and methods. Bangkok Branch identifies risk broadly and takes a proactive and sophisticated approach to risk management. We set the ALM committee and Credit committee meeting in monthly basis.

b. The scope and nature of risk, and the structure and responsibilities of relevant risk management units

The scope and nature of the risk to be measured, monitored and reported are summarized below. We internally arrange divisions within the Branch to take responsibilities of individual risk management as follows:

Credit Risk: Credit Risk Management Division and Loan Risk Management Division

We defines credit risk as the exposure to the risk losses that may be incurred due to a decline in, or total loss of, the value of assets and off-balance-sheet instruments, as a result of deterioration in a counterparty's financial position.

Market Risk: Market Risk Management Division

We define market risk as the risk of losses incurred due to fluctuations in interest rates and foreign exchange rates. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual. We define liquidity risk as the risk of losses arising from funding difficulties due to deterioration in our financial position that makes it difficult for us to raise necessary funds or that forces us to raise funds at significantly higher interest rates than usual.

Operational Risk: Operation Planning Division

We defines operational risk as the risk of loss that we may incur resulting from inadequate or failed internal processes, people and systems or from external events. We recognize that operational risk includes information technology risk, operations risk, legal risk, human resources risk, tangible asset risk, regulatory change risk and reputation risk.

c. The policies for hedging or mitigating risks**Credit Risk**

The first approach is “credit management” in which we manage the process for each individual transaction and individual obligor from execution until collection, based on our assessment of the credit quality of the customer. Through this process, we curb losses in the case of a credit event. We use credit ratings to monitor the status of their obligors in a timely manner, reviewing these ratings whenever there is a change in an obligor’s credit status as well as on a regular basis.

The second is “credit portfolio management,” in which we utilize statistical methods to assess the potential for losses related to credit risk. Through this process, we identify credit risk and respond appropriately.

Market Risk

To manage market risk, we set limits that correspond to risk capital allocations according to the risk profiles of our Branch and thereby prevent market risk from exceeding our ability to withstand losses based on our financial strength represented by capital, etc. The amount of risk capital allocated to market risk corresponds to VaR and additional costs that may arise in order to close relevant positions. For banking activities, we set position limits based on interest rate sensitivity as needed.

Operational Risk

Mizuho has established and are strengthening management methods and systems to appropriately identify, assess, measure, monitor and control the operational risks which arise from the growing sophistication and diversification of financial operations and developments relating to information technology by utilizing control self-assessments and improving measurement methods.

d. Guidelines for setting risk controlling limits

We endeavor to obtain a clear grasp of overall risk exposure and have implemented measures to keep such risks within the financial base in accordance with the risk capital allocation framework. More specifically, Head Office allocates risk capital to all branches including us as the capital to control risk within the limits.

e. Roles and responsibilities of internal auditors

Head Office has established internal audit division and credit review division to conduct internal audits at overseas offices. Specifically, the internal audit division assesses the suitability and effectiveness of business activities associated with compliance and risk management. The credit review divisions audit credit ratings and the status of credit management in addition to auditing the self-assessment of assets to verify the accuracy and suitability of matters deemed necessary to assure the soundness of assets.

2. Disclosure by type of risk

2-1. Credit Risk Disclosure

a. General

Credit risk management policy

One of the most important elements of the risk management infrastructure is the use of an internal rating system that consists of credit ratings and pool allocations. Credit ratings consist of obligor ratings which represent the level of credit risk of the obligor, and transaction ratings which represent the possibility of ultimately incurring losses related to each individual claim by taking into consideration the nature of any collateral or guarantee and the seniority of the claim. In principle, obligor ratings apply to all obligors and are subject to regular reviews at least once a year to reflect promptly the fiscal period end financial results of the obligors, as well as special reviews as required whenever the obligor's credit standing changes. This enables us to monitor both individual obligors and the status of the overall portfolio in a timely fashion. Because we consider obligor ratings to be an initial phase of the self-assessment process regarding the quality of our loans and off-balance-sheet instruments, such obligor ratings are closely linked to the obligor classifications and are an integral part of the process for determining the reserves for loan losses and write-offs in our self-assessment of loans and off-balance-sheet instruments (Please refer to Connection between Obligor Ratings, Definition of Obligor Classifications of Self-Assessments, Claims Disclosed under the FRL and Non-Accrual, Past Due & Restructured Loans). Pool allocations are applied to small claims that are less than a specified amount by pooling customers and claims with similar risk characteristics and assessing and managing the risk for each such pool. We efficiently manage credit risk and credit screening by dispersing a sufficient number of small claims within each pool. We generally review the appropriateness and effectiveness of our approach to obligor ratings and pool allocations once a year in accordance with predetermined procedures.

Connection between Obligor Ratings, Definition of Obligor Classifications of Self-Assessments, Claims Disclosed under the FRL and Non-Accrual, Past Due & Restructured Loans

Definition of Obligor Classification of Self-Assessment	Obligor Ratings (Major Category)	Definition of Ratings	Category I (Not-Categorized)	Category II	Category III	Category IV (Non-Collateralized)	Claims Disclosed under the FRL	Non-Accrual, Past Due & Restructured Loans
Normal Obligor	A1 - A3	Obligors whose certainty of debt fulfillment is very high, hence their levels of credit risk is excellent	All credit given to Normal Obligor.	[Shaded]	[Shaded]	[Shaded]	Normal Claims	[Shaded]
	B1 - B2	Obligors whose certainty of debt fulfillment poses no problems for the foreseeable future, hence their level of credit risk is sufficient.						
	C1 - C3	Obligors whose certainty of debt fulfillment and their level of credit risk pose no problems for the foreseeable future.						
	D1 - D3	Obligors whose current certainty of debt fulfillment poses no problems however, their resistance to future environmental changes is low.						
Watch Obligor	E1	Obligors who require close watching going forward because there are problems with their borrowings, such as reduced or suspended interest payments, problems with fulfillment such as de facto postponements of principal or interest payments, or problems with their financial positions as a result of their poor or unstable business conditions.	Credit to obligors which has pledged collateral or is covered by guarantees, considered of high quality, such as deposit collateral.	Credit given to Watch Obligor other than those included in Category I.	[Shaded]	[Shaded]	Claims for Special Attention	Restructured Loans Loans Past Due for 3 Months or More
	E2							
Intensive Control Obligor	F1	Obligors who are not yet bankrupt but are in financial difficulties and are deemed to be very likely to go bankrupt in the future because they are finding it difficult to make progress in implementing their management improvement plans (including obligors who are receiving ongoing support from financial institutions).	Credit to obligors which is covered by general collateral, such as real estate and guarantees.	Credit to obligors which is covered by general collateral, such as real estate and guarantees.	The difference between the assessed value and market value of collateral on credit to Bankrupt and Substantially Bankrupt Obligor (i.e., the portion of loans for which final collection problems of losses are anticipated).	Credit to Bankrupt and Substantially Bankrupt Obligor, other than those in Category I, Category II and Category III (credit that is judged to be unrecoverable or without value).	Claims with Collection Risk	Non-Accrual Delinquent loans
Substantially Bankrupt Obligor	G1	Obligors who have not yet gone legally or formally bankrupt but who are substantially bankrupt because they are in serious financial difficulties and are not deemed to be capable of restructuring.						
Bankrupt Obligor	H1	Obligors who have already gone bankrupt, from both a legal and/or formal perspective.						

We manage credit risk based on analysis of the capability of debtors to make payment and their financial position by using the above internal rating system. In addition, we also manage the concentration of its loan portfolio by grading debtors by reliability and industry, and taking into consideration risk factors to ensure the effectiveness of the bank reserves.

Definition of past due and impairment / Guideline to calculate general provision and specific provision

The bank sets allowances for doubtful accounts in accordance with the notification of the bank of Thailand and adjusts these by the additional amounts which are expected not to be collectible, based on the analysis and evaluation of the current status of the debtors, taking into consideration the recovery risk, the value of collateral, and current economic conditions.

The Bank set provision at 1% and 2% of the loan balance (excluding accrued interest receivable) net of collateral value for normal loans and special mention loans, respectively, as required by the BOT's guidelines.

For non-performing loans and receivables which are classified as substandard, doubtful of loss, the Bank records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to the BOT's guideline.

Amounts written off as bad debts or bad debt recovery are deducted from or added to allowance for doubtful accounts.

General information on credit risk* (Table 9 -17)

Table 9 Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before adjusted by credit risk mitigation

Item	Amount in Million Baht	
	Mar-10	Sep-09
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	140,153	122,814
1.1 Net loans ^{1/}	102,193	92,981
1.2 Net Investment in debt securities ^{2/}	34,328	28,266
1.3 Deposits (including accrued interest receivables)	3,632	1,567
2. Off-balance sheet items ^{3/} (2.1 + 2.2 + 2.3)	256,211	225,492
2.1 Aval of bills, guarantees, and letter of credits	2,022	1,999
2.2 OTC derivatives ^{4/}	243,203	218,945
2.3 Un-drawn committed line	10,986	4,548

*Commercial banks shall disclose position in banking book and trading book. Assets on balance sheet not including equity exposures. Off-balance sheet items including equity exposures

**If the period-end outstanding amount is not significantly different from the average outstanding amount over the period, commercial banks need not disclose the average outstanding amount over the period

1/ Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of inter-bank and money market.

2/ Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities

3/ Before multiplying credit conversion factor

4/ Including equity-related derivatives

Table 10 Outstanding amounts of on-balance sheet assets and off-balance sheet items before adjusted credit risk mitigation classified by country or geographic area of debtor*
Mar-10

Amount in Million Baht

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items ^{3/}			
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Deposits (including accrued interest receivables)	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	139,298	101,760	34,328	3,210	198,526	1,984	185,556	10,986
2. Asia pacific (exclude Thailand)	436	433	-	3	42,177	28	42,149	-
3. North America and Latin America	175	-	-	175	15,063	-	15,063	-
4. Africa and Middle East	-	-	-	-	10	10	-	-
5. Europe	97	-	-	97	435	-	435	-
6. Australia	147	-	-	147	-	-	-	-
Total	140,153	102,193	34,328	3,632	256,211	2,022	243,203	10,986

Sep-09

Amount in Million Baht

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items ^{3/}			
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Deposits (including accrued interest receivables)	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	120,205	91,116	28,266	823	180,576	1,976	174,052	4,548
2. Asia pacific (exclude Thailand)	897	894	-	3	24,587	12	24,575	-
3. North America and Latin America	180	-	-	180	20,043	-	20,043	-
4. Africa and Middle East	-	-	-	-	11	11	-	-
5. Europe	1,387	971	-	416	275	-	275	-
6. Australia	145	-	-	145	-	-	-	-
Total	122,814	92,981	28,266	1,566	225,492	1,999	218,945	4,548

* Commercial banks shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons

^{1/} Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market.

^{2/} Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities

^{3/} Before multiplying credit conversion factor

Table 11 Outstanding amounts of on-balance sheet assets and off balance sheet items before credit risk mitigation classified by residual maturity

Amount in Million Baht

Item	Mar-10			Sep-09		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
1. On-balance sheet assets (1.1+1.2+1.3)	84,358	55,795	140,153	44,776	78,038	122,814
1.1 Net loans ^{1/}	70,896	31,297	102,193	36,491	56,490	92,981
1.2 Net Investment in debt securities ^{2/}	9,830	24,498	34,328	6,718	21,548	28,266
1.3 Deposits (including accrued interest receivables)	3,632	-	3,632	1,567	-	1,567
2. Off-balance sheet items ^{3/} (2.1+2.2+2.3)	142,793	113,418	256,211	119,313	106,179	225,492
2.1 Aval of bills, guarantees, and letter of credits	1,765	257	2,022	1,970	29	1,999
2.2 OTC derivatives	140,281	102,922	243,203	116,570	102,375	218,945
2.3 Undrawn committed line	747	10,239	10,986	773	3,775	4,548

^{1/} Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market.

^{2/} Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities

^{3/} Before multiplying credit conversion factor

Table 12 Outstanding amounts of loans including accrued interest receivables and investment in debt securities before adjusted by credit risk mitigation classified by country or geographical area of debtor* and asset classification as prescribed by the Bank of Thailand
Mar-10

Amount in Million Baht

Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}						Specific provision for Investment in debt securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	96,555	5,755	402	238	-	102,950	838
2. Asia pacific (exclude Thailand)	438	-	-	-	-	438	-
3. North America and Latin America	-	-	-	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	96,993	5,755	402	238	-	103,388	838

Sep-09

Amount in Million Baht

Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}						Specific provision for Investment in debt securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	84,666	7,057	1,120	34	-	92,877	1,041
2. Asia pacific (exclude Thailand)	903	-	-	-	-	903	-
3. North America and Latin America	-	-	-	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	981	-	-	-	-	981	-
Total	86,550	7,057	1,120	34	-	94,761	1,041

* Commercial banks shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons

^{1/} Including outstanding amounts of loans and interest receivable receivables of interbank and money market

Table 13 Provisions (General provision and Specific provision) and bad debt written-off during period for loan including accrued interest receivables and investment in debt securities classified by country or geographic area*

Mar-10

Amount in Million Baht

Country or geographic area of debtor	Loans including accrued interest receivables 1/			Specific provision for Investment in debt securities
	General provision 2/	Specific provision	Bad debt written-off during period	
1. Thailand		1,190	-	838
2. Asia pacific (exclude Thailand)		4	-	-
3. North America and Latin America		-	-	-
4. Africa and Middle East		-	-	-
5. Europe		-	-	-
Total		1,194	-	838

Sep-09

Amount in Million Baht

Country or geographic area of debtor	Loans including accrued interest receivables 1/			Specific provision for Investment in debt securities
	General provision 2/	Specific provision	Bad debt written-off during period	
1. Thailand		1,761	-	1,041
2. Asia pacific (exclude Thailand)		9	-	-
3. North America and Latin America		-	-	-
4. Africa and Middle East		-	-	-
5. Europe		10	-	-
Total		1,780	-	1,041

* Commercial banks shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons

^{1/} Including provision and bad debt written-off during period of loans including accrued interest receivables of interbank and money market

^{2/} Disclosed in total amount

Table 14 Outstanding amount of loans including accrued interests* before adjusted by credit risk mitigation classified by type of business
Mar-10

Type of business	Amount in Million Baht					
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining	1,004	-	-	-	-	1,004
- Manufacturing and commerce	43,824	5,637	402	238	-	50,101
- Real estate business and construction	22	29	-	-	-	51
- Public utilities and services	11,369	89	-	-	-	11,458
- Housing loans	-	-	-	-	-	-
- Others (Commercial banks shall use their owns discretion to determine significance)	19,742	-	-	-	-	19,742
- Inter-bank and money market item	21,032	-	-	-	-	21,032
Total	96,993	5,755	402	238	-	103,388

Sep-09

Type of business	Amount in Million Baht					
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining	1,150	-	-	-	-	1,150
- Manufacturing and commerce	48,994	6,935	1,120	34	-	57,083
- Real estate business and construction	115	29	-	-	-	144
- Public utilities and services	7,258	93	-	-	-	7,351
- Housing loans	-	-	-	-	-	-
- Others (Commercial banks shall use their owns discretion to determine significance)	11,358	-	-	-	-	11,358
- Inter-bank and money market item	17,675	-	-	-	-	17,675
Total	86,550	7,057	1,120	34	-	94,761

* Including outstanding amount of loans including accrued interest receivables of interbank and money market

Type of business	ISIC Codes/Personal Consumption Codes*
- Agriculture and mining	A000000 all B000000 all and C000000 all
- Manufacturing and commerce	D000000 all and G000000 all
- Real estate business and construction	K000000 all and F000000 all
- Public utilities and services	E000000 all I000000 all H000000 all K710000 all K720000 all
- Housing loans	K730000 all K740000 all M000000 all N000000 all and O000000 all cl personal consumption : 241002-3 241007-8 241010-11 and 241013-15
- Others (Commercial banks shall use their owns discretion to determine significance)	J000000 all L000000 all P000000 all Q000000 all and cl personal consumption : 241004, 241017-19 and 241021-26

* This is clarify business type classification for commercial banks and to ensure consistency of business type classification disclosure. Commercial banks need not to disclose the ISIC codes/Personal Consumption Codes

Table 15 Provisions (General provision and Specific provision) and bad debt written-off during period for loan including accrued interest receivables * classified by type of business

Type of business	Amount in Million Baht					
	Mar-10			Sep-09		
	General provision ^{1/}	Specific provision	Bad debt written-off during period	General provision ^{1/}	Specific provision	Bad debt written-off during period
- Agriculture and mining		10	-		11	-
- Manufacturing and commerce		818	-		1,505	-
- Real estate business and construction		1	-		2	-
- Public utilities and services		112	-		73	-
- Housing loans		-	-		-	-
- Others (Commercial banks shall use their own discretion to determine significance)		196	-		113	-
- Inter-bank and money market item		57	-		76	-
Total		1,194	-		1,780	-

* Including outstanding amount of loans including accrued interest receivables of interbank and money market

^{1/} Disclosed in total amount

Table 16 Reconciliation of change in provisions (General provision and Specific provision) for loans including accrued interest receivables*

Item	Amount in Million Baht					
	Mar-10			Sep-09		
	General provision ^{1/}	Specific provision	Total	General provision ^{1/}	Specific provision	Total
Provisions at the beginning of the period	-	1,780	1,780	-	993	993
Bad debt written-off during the period	-	- 10	- 10	-	- 2	- 2
Increases or Decreases of provisions during the period	-	- 576	- 576	-	789	789
Other provision (provision for losses from foreign exchange, provisions for merger and sale of businesses)	-	-	-	-	-	-
Provision at the end of the period	-	1,194	1,194	-	1,780	1,780

* Including outstanding amount of loans including accrued interest receivables of interbank and money market

^{1/} Disclosed in total amount

Table 17 Outstanding amounts of on-balance sheet assets and off-balance sheet items* classified by type of assets under the SA

Type of assets	Amount in Million Baht					
	Mar-10			Sep-09		
	On balance sheet assets	Off balance sheet item **	Total	On balance sheet assets	Off balance sheet item **	Total
1. Performing claims						
1.1 Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	34,571	3,000	37,571	23,099	-	23,099
1.2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions and securities firms	6,309	4,116	10,425	8,542	5,584	14,126
1.3 Claims on corporate, non-central government public sector entities (PSEs) treated as claims on corporate	99,991	15,738	115,729	91,963	14,911	106,874
1.4 Claims on retail portfolios	-	-	-	-	-	-
1.5 Housing loans	-	-	-	-	-	-
1.6 Other assets	4,588	-	4,588	5,940	-	5,940
2. Non-performing claims	304	35	339	204	18	222
3. First-to-default credit derivatives and Securitization	-	-	-	-	-	-
Total	145,763	22,889	168,652	129,748	20,513	150,261

* After multiplying with credit conversion factor and specific provision

** Including all Repo-style transactions (Including Reverse repo transactions)

b. Credit risk exposure under SA

Mizuho Corporate Bank Bangkok Branch discloses credit risk exposures classified by credit risk-weighted assets under method of standardized approach. We use rating assessed by Standard & Poor's and Moody's Investors Service in risk weighting on claims on debtors other than corporate. We assign 100% as the risk weighting to all claims on corporate.

The risk exposure is calculated by way of multiplying exposure and risk weighting of the debtors in accordance with ratings assigned by agency above (Table 19).

c. Credit risk mitigation under SA

We don't have eligible financial collateral that the Bank of Thailand allows to use for risk mitigation. At the same time, we don't have eligible guarantee and credit derivatives as the credit risk mitigation (Table 28).

2-2. Market risk Disclosure**a. General**

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may effect the financial position of the bank.

VaR is used to calculate Market Risk in Banking activities based on the following:

- variance co-variance model for linear risk and monte-carlo simulation for non-linear risk;
- confidence interval: one-tailed 99.0%;
- holding period of one month; and
- historical observation period of one year

We also conduct interest sensitivity analyses of interest risk, a main source of market risk.

Because the value-at-risk method is based on statistical assumptions, we conduct stress testing to simulate the levels of losses that could be incurred in cases where the market moves suddenly to levels that exceed these assumptions. The stress testing methods we use include the calculation of losses on the basis of the largest fluctuations occurring over a period of more than five years and the calculation of losses based on market fluctuations occurring during historical market events

When VaR is not adequate to control risk, the middle offices manage risk using additional risk indices (10BPV), carry out stress tests and set stop loss limits as needed. They monitor their market liquidity risk for individual financial products in the market while taking turnover and other factors into consideration.

Interest rate risk exposure in banking book

Interest rate risk is the risk that the value of financial instruments will fluctuate as a result of changes in market interest rate

We also conduct interest sensitivity analyses of interest risk, our main source of market risk. Interest rate sensitivity (10 BPV) shows how much net present value varies when interest rates rise by 10 basis (0.1%), and it explains the impact of interest rate movements on net present value when short- and long-term interest rates behave differently.

Credit risk exposures under the SA*

Table 19 Outstanding amount of net on-balance sheet assets and off-balance sheet items** after adjusted by credit risk mitigation for each type of asset, classified by risk weight under the SA

Amount in Million Baht

Type of asset	Mar-10									Sep-09								
	Rate outstanding amount					Unrated outstanding amount				Rate outstanding amount					Unrated outstanding amount			
	0	20	50	100	150	35	75	100	0	20	50	100	150	35	75	100		
Risk weight (%)	0	20	50	100	150	35	75	100	0	20	50	100	150	35	75	100		
1. Performing claims																		
1 Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	30,933	-	6,638	-	-			-	16,103	-	6,996	-	-			-		
2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions and securities firms	-	5,433	284	4,708	-			-	-	6,821	474	6,831	-			-		
3 Claims on corporate, non-central government public sector entities (PSEs) treated as claims on corporate	-	-	-	115,729	-			-	-	-	-	106,874	-			-		
4 Claims on retail portfolios							-								-			
5 Housing loans																		
6 Other assets								-								-		
Risk weight (%)			50	100	150	-	-	-			50	100	150	-	-	-		
Non-performing claims^{1/}			-	-	339						-	-	222					
Capital deduction items prescribed by the Bank of Thailand																		

* Including insignificant credit portfolios using the SA of the commercial banks that use the IRB

** After multiplying with credit conversion factor

^{1/} For the portion claims with no credit risk mitigation of which risk weight are determined by the proportion of provision to total amount of claims

Credit risk mitigation* under SA

Table 28 Part of outstanding that is secured by collateral under SA classified by type of assets and collateral**

Type of asset	Amount in Million Baht			
	Mar-10		Sep-09	
	Eligible financial collateral ^{1/}	Guarantee and credit derivatives	Eligible financial collateral ^{1/}	Guarantee and credit derivatives
Performing assets Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms Claims on corporate, non-central government public sector entities (PSEs) treated as claims on corporate Claims on retail portfolios Housing loans Other assets				
Total				

* Excluding Securitization

** Values after on-balance sheets and off-balance sheets netting

^{1/} Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation. Commercial banks applying the comprehensive approach shall disclose the value after haircut

Note : The bank has not used credit risk mitigation

Foreign exchange risk

Foreign exchange risk is the risk that change in exchange rates will result in change in the value of financial instruments or fluctuations in revenues or in the values of financial assets and financial liabilities.

b. Market risk exposure under SA

We have already started to conduct risk assessment by partially using internal model approach as described above.

However we herein disclose minimum capital requirements for market risk under standardized approach. Such capital amount is calculated as a sum of required amount for net position amount which is risk-weighted by period as interest rate risk and net position amount by currency as FX risk amount, for all types of transactions including interest swap, currency swap and FX forward.

We have only exposure for interest risk and foreign exchange risk under standardized approach.

Table 30 Minimum capital requirements for each type of market risk under the Standardised Approach

Market risk under the Standardized Approach	Amount in Million Baht	
	Mar-10	Sep-09
Interest rate risk	90	85
Equity position risk	-	-
Foreign exchange rate risk	10	19
Commodity risk	-	-
Total minimum capital requirements	100	104

2-3. Operational Risk Exposure

The general information on operational risk is summarized on “1. General of III Risk exposure and assessment”. We herein disclose risk exposure calculated by using Basic Indicator Approach (Table 7).

2-4. Equity Exposure

We don't have the exposure (Table 32).

2-5. Interest Rate Risk Exposure in banking book

The general information on operational risk is summarized on “2-2. Market Risk Exposure of III Risk exposure and assessment”.

We calculated net effect on earnings as the result of change in interest rate classified by major currencies such as THB, USD, EURO and others. In accordance with guideline by The Bank of Thailand, we disclose the net effect on earnings with assumption of 100 bps interest rate change (Table 33).

Interest rate risk in the banking book

Table 33 The effect of changes in interest rates* to net earnings

Currency	Amount in Million Baht	
	Mar-10 Effect to net earnings	Sep-09 Effect to net earnings
BAHT	(6.99)	(45.56)
USD	42.79	57.86
EURO	(0.70)	0.00
Others	(22.19)	(21.17)
Total effect	12.91	(8.87)

*Commercial banks shall use the percentage change in interest rates of 100 bps.

End