

October 28, 2013
Mizuho Bank, Ltd.

Submission of Business Improvement Plan

Mizuho Bank, Ltd. (MHBK; Yasuhiro Sato, President and CEO) today submitted a business improvement plan to the Japanese Financial Services Agency based on the business improvement order (No. 2094) that we received on September 27, 2013.

We would like to take this opportunity to express our most sincere apologies to our valued customers and other stakeholders for the inconvenience and concern that we have caused in relation to the recent incident concerning transactions with anti-social elements under a captive loan scheme (also referred to as "joint loans" and "tie-up loans").

The Mizuho Code of Conduct pledges to confront anti-social elements, and we have always positioned severing ties with anti-social elements as one of our most important management challenges. We have accomplished this to date through close cooperation between our head office and marketing offices.

Nevertheless, we gravely accept the highly regrettable fact that our framework to prevent and sever relationships with anti-social elements was inadequate for certain captive loans.

In addition to the improvement measures that we formulated based on the results of the Financial Services Agency inspection received in June 2013, this business improvement plan also incorporates measures based on the fact-finding and identification of causes of the internal designated committee, which we established after receiving the business improvement order, and the recommendations of the Special Investigation Committee on Improvement of Joint Loan Business ("Third-party Committee"), which we also established after receiving the business improvement order. It is a plan that we have formulated with a focus on the increasing expectations of society regarding severing ties with anti-social elements.

MHBK intends to regain trust from our customers, shareholders, and the wider society by thoroughly implementing this business improvement plan. As a financial institution representing Japan and a member of the global financial community, we will enhance our framework to eliminate anti-social elements and fulfill our responsibility to society.

Please refer to the attachment for an overview of the business improvement plan and our handling of persons involved in this incident.

Overview of Business Improvement Plan

(Note 1) {Recommendation} indicates improvement measures based on the recommendations of the Third-party Committee
(Note 2) [] Indicates implementation timeframes

1. Measures to improve and address elimination of transactions with anti-social elements in the four party captive loan scheme

(1) Response to transactions with anti-social elements

MHBK has executed guarantee claims against Orient Corporation (Orico) for all transactions within the Orico four-party captive loan scheme ("Captive Loan Scheme") that have been determined through the results of screening existing transactions to involve anti-social elements. [already completed]

As a result of this, all transactions identified as involving anti-social elements under the Captive Loan Scheme have been terminated.

(2) Strengthening of entry checks for anti-social elements

As well as providing Orico with information held by MHBK to further enhance their database, we have commenced operations that enable Orico to refuse transactions in the event that anti-social elements are detected by Orico in entry checks at the time of loan application. [already completed]

MHBK will continue to provide information on anti-social elements to Orico periodically and aim to continuously improve their database.

In addition, we will further strengthen entry checks by improving the framework for these checks to a system that uses the latest information held by MHBK. [to be systemized in November 2013]

(3) Strengthening post-execution checks for anti-social elements

As well as shortening the post-execution check cycle for existing claims under the Captive Loan Scheme, MHBK has also reviewed measures to quickly terminate transactions by shortening the timeframe until subrogation from Orico for claims that are newly determined to involve anti-social elements. [already completed]

(4) Considering introduction of a clause to exclude anti-social elements in loan agreements used in the Captive Loan Scheme {Recommendation}

Under the basic contract between MHBK and Orico for the Captive Loan Scheme, it is possible for MHBK to seek execution of guarantees in the event transactions involving anti-social elements are detected and for Orico to then aim to terminate such transactions based on clauses excluding anti-social elements. However, from the perspective of ensuring management of anti-social elements that is equivalent to other MHBK claims, we will consider introducing a clause to exclude anti-social elements into loan agreements used in the Captive Loan Scheme. [December 2013]

- (5) Proactive participation in enhancement of Orico's framework for collection of claims involving anti-social elements

We will establish a new committee as a framework to cooperate with Orico in considering and promoting sophistication of measures to eliminate transactions with anti-social elements.

[November 2013]

2. Establishment of measures to comply with laws regarding elimination of transactions with anti-social elements

- (1) Strengthening frameworks to eliminate transactions with anti-social elements reflecting social changes

- (i) Review of the Compliance Group

- A) Reorganization of the Compliance Division

As various risks become increasingly sophisticated and expectations of society strengthen, we must respond in even more detail than we have to date. We have decided to increase management involvement in Compliance Division functions by separating (1) overall compliance and compliance framework functions and (2) crisis management and individual and urgent response functions.

We will create a new division responsible for elimination of transactions with anti-social elements by elevating the status of the existing department to a division. The new division will specialize and focus on severing relationships with anti-social elements by promptly responding to the latest trends and topics. [November 2013]

In addition, we will enhance planning functions for severing relationships with anti-social elements and increase personnel in the new division. We will also accelerate efforts to eliminate transactions with anti-social elements through effective monitoring of products and services, research on the latest trends, collection of specialized information, and collaboration with law enforcement headquarters throughout Japan and external specialists such as lawyers. [November 2013]

- B) Deployment of a Deputy President as Chief Compliance Officer

With renewed strength in our awareness of thorough compliance including severing ties with anti-social elements being at the fundamental core of the management of a financial institution that is built on foundations of trust, we believe that restoring the trust of our customers, shareholders, and the wider society through thorough compliance going forward is one of our most important management challenges. Accordingly, we have deployed a Deputy President as Chief Compliance Officer. [already completed]

- (ii) Strengthening governance toward elimination of transactions with anti-social elements

A) Establishment of the Anti-social Elements Elimination Committee

Until now, matters related to anti-social elements have been discussed and decided in the Compliance Committee as a critical compliance item. We have now established the separate Anti-social Elements Elimination Committee, chaired by the President and CEO, which will be responsible for items related to addressing anti-social elements from the perspective of further strengthening our response.

This new committee will monitor the status of actions toward eliminating anti-social elements as well as our products and services. It will research the latest trends in the banking industry, collect specialized information, and provide recommendations.

In order to ensure that the committee is sensitive to changes in social attitudes and conducts appropriate debate and adjustments toward building robust measures, we are scheduled to select an external expert as a special committee member so that we receive objective opinions and suggestions from a third-party perspective.

[November 2013]

B) Initiatives to ensure effective debate in the Anti-social Elements Elimination Committee {Recommendation}

We will clarify operational rules for the new Anti-social Elements Elimination Committee and for the Compliance Committee to improve the effectiveness of debate, such as distribution of materials prior to meetings, detailed descriptions and explanations of the issues and key points in the materials, and securing sufficient time for debate and reporting depending on content. [November 2013]

C) Appointment of an external director to the Board of Directors

From the perspectives of increasing management transparency and further strengthening compliance, we are scheduled to appoint an external director who is a specialist in compliance, governance, and crisis management. [November 2013]

D) Strengthening of management reporting and contact structure regarding information on anti-social elements {Recommendation}

In order to ensure continuous reporting of important matters related to our response to anti-social elements to the management, we will strengthen the reporting and contact structure for management reporting by clarifying details (including items for approval) that must be reported to the Compliance Committee, the Anti-social Elements Elimination Committee, and the President and CEO through the establishment of procedures.

Further, we will clarify procedures for prompt reporting to the members of the newly established Anti-social Element Elimination Committee via email or other appropriate means whenever credit transactions with anti-social elements are identified. [November 2013]

- (2) Further improvement in executive and employee awareness regarding severing ties with anti-social elements
- (i) Improvement in executive awareness regarding eliminating transactions with anti-social elements
- We will establish an independent compliance training topic regarding the elimination of anti-social elements. We will improve the awareness of executives by providing thorough information on MHBK's policy as well as social and law-enforcement trends. [first session in January 2014]
- (ii) Further improvement in employee awareness regarding severing ties with anti-social elements
- A) Targeted training for general managers regarding elimination of anti-social elements
- We will conduct targeted training for general managers regarding elimination of anti-social elements including MHBK's policy on severing ties with anti-social elements, key points when developing products and services, and the importance of cooperating with specialist divisions. [from December 2013]
- B) Enhancement of compliance training regarding anti-social element elimination
- We will enhance content of compliance training on anti-social element elimination and provide periodic training to personnel in the head office and marketing offices. [from November 2013]
- (iii) Further strengthening of cooperation between the Compliance Group and law enforcement agencies, other related bodies, and legal professionals
- The Compliance Group has maintained close relationships with law enforcement agencies, other related bodies, and legal professionals, and received various guidance and advice regarding elimination of transactions with anti-social elements to date; however, from the perspective of strengthening development of timely countermeasures based on environmental changes, we will further strengthen our day-to-day exchange of information with specialists such as law enforcement agencies, other related bodies, and legal professionals.
- Further, we will conduct periodic training sessions with these kinds of specialists as lecturers including examples of the most recent cases, sharing of information with law enforcement agencies, and trends in other industries. [December 2013]
- (3) Strengthening frameworks for eliminating transactions with anti-social elements for products and services
- (i) Comprehensive review of credit products
- We have conducted a review of all MHBK credit products where there is any possibility that they may be connected to provision of funds to anti-social elements. This review included checks for anti-social elements and management of eliminating transactions in

the event involvement with anti-social elements is detected. In doing this, we have confirmed that there are no deficiencies in our measures to eliminate transactions with anti-social elements in any credit products other than the Captive Loan Scheme that we are currently working to improve. [already completed]

- (ii) Strengthening of measures to eliminate transactions with anti-social elements when considering new products

When handling new businesses or products, we conduct verifications from various perspectives including risk management, compliance, and customer protection. We have further strengthened measures to eliminate transactions with anti-social elements when considering new products such as further clarifying points that must be confirmed in relation to prevention of transactions with anti-social elements. [already completed]

- (4) Considering follow-up structures for compliance programs and business plans
{Recommendation}

We will consider effective operations to ensure no omissions in setting of topics in our structures for continuous management and follow-up of organizational issues in our compliance programs and business planning. [December 2013]

- (5) Improving corporate culture

- (i) Improving awareness by revising the Mizuho Code of Conduct

Based on the increasing expectations of society in relation to severing ties with anti-social elements, we will review the Mizuho Code of Conduct, as well as conducting a further clarification both internally and externally of MHBK's approach toward severing ties with anti-social elements, and we will aim to further improve awareness among all executives and employees. [December 2013]

- (ii) Promotion of continued actions in cooperation with the One MIZUHO Promotion Project Team*

We will change the culture of habitual and silo-based behaviors that have been observed within a small part of the organization and share a sense of common values in which each and every employee takes a flexible approach to changes in society and proactively steps up to the challenges they face. We will also promote further strengthening of the following ongoing initiatives in collaboration with the project team at Mizuho Financial Group, from the perspective of driving the self-starting actions of each and every employee:

- We have commenced discussion sessions with senior management at all head office divisions and marketing offices. [already completed]
- We will hold off-site meetings for general managers of head office divisions and marketing offices. [November 2013]

- * The One MIZUHO Promotion Project Team was established to promote actions to disseminate the medium-term business plan and Mizuho corporate philosophy throughout the group toward realization of the Mizuho group vision.

3. Establishment of checks and balances in relation to FSA inspections etc.

(1) Establishment of double-checking frameworks for important reports in the head office

When filing reports related to important facts to respond to FSA inspections etc. and making important reports to administrative agencies, we will be thorough in ensuring that general managers give instructions to reconfirm evidence such as past documentation and that an appropriate reconfirmation process has been conducted. [November 2013]

4. Measures to enhance and strengthen internal auditing functions

(1) Strengthening of consideration frameworks in relation to findings and recommendations for improvement

We have established a new review committee and set key audit points based on our recognition of each risk across the organization in order to conduct appropriate operations in the event that serious risk circumstances related to elimination of transactions with anti-social elements are detected in the process of on-site audits. [already completed]

(2) Penetration of cooperative efforts toward internal audit {Recommendation}

From the perspective of conducting more effective audits through the Internal Audit Department, we will periodically raise the obligation to respond cooperatively at times of internal audit at meetings such as head office general manager meetings to improve awareness and ensure an appropriate response by divisions being audited when requested to disclose documents etc. by the Internal Audit Division. [November 2013]

(3) Increasing the awareness of audit members

We will clarify the audit process and aim to improve the awareness of each and every member of the audit team regarding our stance toward eliminating anti-social elements and key points in this audit process. [November 2013 onward]

Clarification of Where Responsibility Lies

MHBK considers responsibility for this incident to be extremely serious. We clarify where responsibility lies in the attachment.