

Investigation Report

(Summary)

October 28, 2013

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I Background Leading to the Investigation and Composition of the Committee

1 Background Leading to the Investigation

The Japanese Financial Services Agency (“FSA”) issued to Mizuho Bank Co., Ltd. (“Mizuho Bank”) a business improvement administrative order (the “Order”) on September 27, 2013 pursuant to the provisions of Article 26(1) of Banking Act due to reasons such as the fact that no substantial steps were taken for no less than two years after it was ascertained that sales joint loans had been provided to many anti-social elements and information on the existence of numerous transactions with anti-social elements went no further than the executive officer(s) in charge.

In response to the Order, Mizuho Bank established the “Special Investigation Committee in relation to Improvement of Joint Loan Business” (the “Committee”) as described in 2 below, which is a third-party committee comprised of external specialists who do not have any vested interest in Mizuho Bank, and asked the Committee to conduct an investigation.

On October 8, 2013, when Mizuho Bank decided to establish the Committee, it announced the fact it discovered through Mizuho Bank’s internal investigation that “certain information had been reported to the management of Mizuho Bank,” contrary to the report previously made to the FSA. Mizuho Bank also announced that, during a certain period, related statements were included in reports submitted to the Compliance Committee and the Board of Directors of Mizuho Financial Group, Inc. (“Mizuho Financial Group”), which is the parent company of Mizuho Bank.

As a result, on October 9, 2013, Mizuho Bank and Mizuho Financial Group each received a new order for submission of a report from the FSA.

2 Composition of the Committee and Delegated Matters

(1) Committee Members

Chairman	Mr. Hideki Nakagome	(Lawyer; Fuji Godo Horitsujimusho)
Member	Mr. Shiro Shida	(Lawyer; Shiro Shida Law Office)
Member	Mr. Gaku Ishiwata	(Lawyer; Mori Hamada & Matsumoto)

(2) Delegated Matters

- (a) Confirm facts related to the matter concerning the Order (including dealing with anti-social elements) and identify causes
- (b) Evaluate soundness of improvement measures and make recommendations

II Method, Scope, and Period of the Investigation

The investigation has been conducted by questioning numerous concerned persons (meaning current and former directors, company auditors, executive officers and employees of Mizuho Bank, and directors, company auditors, executive officers and employees of its affiliates who are considered by the Committee to have had a role or been involved in this matter; the same applies hereinafter), reviewing and considering e-mails and electronic files of concerned persons and related documents (including minutes of meetings, approval documents, memos, communication documents, etc.) that were available at the time of the investigation, and by repeated discussions and considerations at the Committee meetings.

The investigation was conducted from October 8, 2013 through October 27, 2013, and the Committee was convened 24 times during that period.

III Facts Found through the Investigation

1 Status of Development of a Management System for Anti-Social Elements at the Mizuho Group

A certain period after 2010, when Mizuho Bank made Orient Corporation (“**Orico**”) its affiliate, was precisely the time when there was a rapidly growing push in Japanese society to eliminate anti-social elements.

During that period, the group consisting of Mizuho Financial Group and its subsidiaries (collectively, the “**Mizuho Group**”) set a goal of resolutely opposing anti-social elements in its Corporate Code of Conduct, and it took various measures to achieve that.

(1) Gathering, Registration, and Utilization of Information of Persons with Undesirable Attributes

The Mizuho Group established an information category called “persons with undesirable attributes” that encompasses a broader concept than the concept of so-called “anti-social elements,” which includes organized crime group members and corporate extortionists, in order to eliminate undesirable persons from transactions with the Mizuho Group and prevent nonperforming loans and trouble from arising, and the Compliance Division of Mizuho Financial Group gathers and manages information on those persons with undesirable attributes in an integrated manner and has created a database containing an enormous amount of such information (the “**Database**”).

(2) Entry Checks and Post-Entry Checks

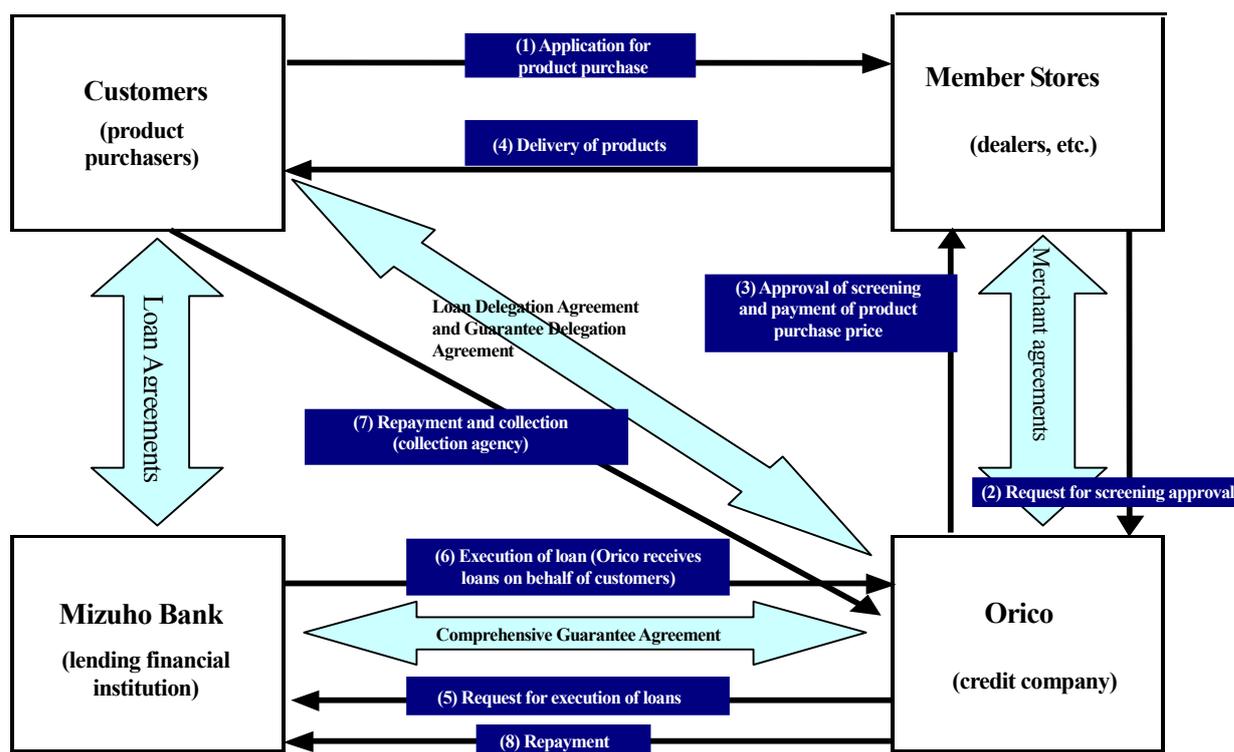
Mizuho Bank conducts attribute checks (“**Undesirable Attribute Checks**”) to confirm whether a customer has undesirable attributes and “**Anti-Social Element Checks**” to confirm whether a customer belongs to an anti-social element; collectively referred to as “**Attribute Checks**”) for new transactions by checking the attributes of customers against the information in the Database. If as the result of the Attribute Checks, a new customer is considered an anti-social element, Mizuho Bank will not conduct any business with that customer, and even if a new customer is a person with undesirable attributes but not an anti-social element, in principle, Mizuho Bank will not conduct any business with that person (“**Entry Checks**”).

Mizuho Bank also continuously conducts Anti-Social Element Checks regarding its customers after the commencement of business with them. Particularly, if the circumstances surrounding an existing customer change, a banking office, etc. of Mizuho Bank will conduct an Attribute Check and, in addition, the Compliance Division is regularly conducting Anti-Social Element Checks (“**Post-Entry Checks**”).

Any customer newly designated as an anti-social element as the result of the Post-Entry Checks will be managed as a designated anti-social element customer, and measures will be taken to terminate the relationship with that customer.

2 Structure of the Sales Joint Loans at Issue in this Matter

The following chart describes in the form of a diagram the structure of the sales joint loans (the “**Captive Loans**”) for which Orico is a guarantee company.



The following are specific methods by which customers purchase products by using the Captive Loans.

- (1) The customer fills in the necessary matters in Orico's loan agreement and applies for a loan at member stores.
- (2) The member store sends the loan agreements submitted in (1) above to Orico by facsimile, and Orico conducts screening [including checking whether the customer is an anti-social element, etc.] of the customer by using its own database.
- (3) If it is determined that the customer is not an anti-social element by Orico's screening, and the application is approved, Orico provides funds for the purchase of the products to the member store.
- (4) The member store receives a screening approval notice from Orico and sells the products to the customer.
- (5) Orico chooses from dozens of designated affiliated financial institutions one affiliated financial institution from which the customer will receive a loan, and requests that affiliated financial institution to make the loan. Orico does not make a request for a loan for each transaction, it submits to Mizuho Bank a written request for loans in a lump sum for the transactions for which Mizuho Bank is chosen as the lending financial institution generally six times a month. (Normally, there are several thousand transactions in one request, and the total amount of the transactions comes to several billion yen.)
- (6) Mizuho Bank executes loans in a lump sum to Orico (as a recipient on behalf of customers) pursuant to a written request for the loans. The loan agreements between individual customers and Mizuho Bank become effective at the time of the payment of the loan funds by Mizuho Bank to Orico. Orico jointly and severally guarantees the debt obligations of the customers pursuant to the comprehensive guarantee agreement with Mizuho Bank.
- (7) Orico receives from the customers the money to be repaid to Mizuho Bank monthly by wire transfer in principle. (Orico responds to balance inquiries, issues balance statements, and otherwise liaises with customers on behalf of Mizuho Bank.)
- (8) Orico repays to Mizuho Bank in a lump sum the repayment money for the current month received from customers as stated in (7) above.

As described above, the Captive Loans have the following distinctive characteristics:

- (i) **Randomness of transactions** (The customers (borrowers) cannot choose the financial institution with which they execute agreements, and the financial institution cannot choose individual borrowers.)
- (ii) **No direct contact** (Orico liaises with customers from the credit assessment stage through to collection, and Mizuho Bank does not have any direct contact with customers.)
- (iii) **Nature of bulk loans** (Mizuho Bank executes loans for transactions with thousands of customers in a lump sum based on simple customer information.)
- (iv) **Loan receivables of Mizuho Bank** (Based on the legal form, loan agreements become effective between Mizuho Bank and individual customers.)
- (v) **Tied purchases** (The funds are only used for the payment of the purchase price of specific products or the payment for specific services.)

Judging from the structure of the Captive Loans described above, the former Mizuho Bank (the former Mizuho Bank, Ltd. before the merger on July 1, 2013 is hereinafter referred to as the “**Former Mizuho Bank**”) did not have any right to choose the counterparties to the transactions from the start. Even if some of the customers to which the Former Mizuho Bank executed the Captive Loans happened to be anti-social elements, that does not mean the Former Mizuho Bank came to have any close personal relationships with those anti-social elements, and it is unthinkable that any close personal relationships would arise between the Former Mizuho Bank and those customers during the term of the Captive Loans. Even if any of the customers of the Captive Loans belonged to an anti-social element, there was no indication in the process of the investigation by the Committee that any employees of the Former Mizuho Bank had a close personal relationship with those customers.

3 Handling of the Captive Loans at Mizuho Bank and Strengthening of Relationship with Orico

The former Dai-Ichi Kangyo Bank, Limited (“**DKB**”), which was the predecessor of the Former Mizuho Bank, started handling the Captive Loans in March 1997.

DKB, the former Fuji Bank, Limited, and the former Industrial Bank of Japan, Limited announced a management integration of the three banks in 1999. Upon the merger and company split of each bank in April 2002, personal sales, domestic general business corporate sales, and other sales of the above three banks were consolidated in the Former Mizuho Bank and large company and financial corporate sales, international sales, and other sales were consolidated in the former Mizuho Corporate Bank, Ltd. (the “**Former Mizuho Corporate Bank**”). Orico continued to be a large corporate borrower of the Former Mizuho Corporate Bank, and it was decided that the Former Mizuho Bank would govern the joint loans performed with Orico as personal loan products.

The Former Mizuho Bank agreed with Orico to the comprehensive business partnership in the area of retail business on July 27, 2004, and it subsequently expanded the handling of the joint loans with Orico including the Captive Loans.

The Mizuho Group decided to make Orico an affiliate on May 14, 2010, and Orico became an affiliate of the Mizuho Group on September 22, 2010.

4 Attribute Check System for Captive Loan Customers

(1) Status of Consideration before Orico became an Affiliate

As the requirements for the elimination of anti-social elements grew, the Mizuho Group

considered in September 2003 whether Attribute Checks of sales joint loan borrowers performed with credit companies (partnership companies) including Orico were necessary. At that time, the Compliance Division of the Mizuho Financial Group concluded that it was not necessary for the Mizuho Group to implement Attribute Checks on the condition that Orico conducts independent credit screening, and it notified the relevant divisions of that decision.

Although the Mizuho Group continued to consider after that whether it was necessary for the Mizuho Group to implement its own Attribute Checks of customers of sales joint loans such as the Captive Loans independent of credit companies, the Mizuho Group adhered to the above conclusion it reached in 2003 until Orico actually became an affiliate.

(2) Status of Consideration during the Transition Period in which Orico became an Affiliate

A Commencement of Consideration Aimed at Orico becoming an Affiliate

The Mizuho Group started considering the main issues to be dealt with upon Orico becoming an affiliate in or around the summer of 2008 at the latest. After it became possible to exercise conversion rights of preferred stock in February 2009, the Former Mizuho Bank established an internal working group to consider making Orico an affiliate in March 2009.

With respect to Attribute Checks for the Captive Loans, as a result of the ongoing consideration up to that point, the “gradual establishment of a system to implement Undesirable Attribute Checks when making captive loans” was recognized as a task at that time.

The working group concluded that the Personal Banking Coordination Division would organize that matter, each relevant division would be responsible for specifically considering the measures to be taken for each task, and the Compliance Division would be in charge of considering the issue of Attribute Checks.

B Obtaining Lawyers’ Opinion

The responsible people of the Compliance Division of Mizuho Financial Group and the Former Mizuho Bank met and consulted with attorneys on the necessity of Attribute Checks for the Captive Loans on March 16, 2009.

As a result, the Compliance Division of Mizuho Financial Group determined that it would be necessary after Orico became an affiliate for the Mizuho Group to implement Attribute Checks for the Captive Loans by itself due to an increase in reputational risk, decrease in risks of breaches of confidentiality obligations, and demands for consistency in the classification of the Former Mizuho Bank’s borrowers and Orico’s borrowers. The Compliance Division of Mizuho Financial Group also recognized that it would be satisfactory if the level of elimination of anti-social elements was strengthened to a level of action that was in accordance with industry practice, industry self-regulatory rules, and relevant laws and ordinances in light of the merchantability of the Captive Loans.

C Implementation of Sample Tests

Nishibori, who was President and CEO of the Former Mizuho Bank at that time, received a report from the Compliance Division of the Former Mizuho Bank indicating that at the least Post-Entry Checks would be necessary, and he gave an instruction to perform a sample

test in order to ascertain the status of the elimination of anti-social elements by Orico at that time.

The Compliance Division of the Former Mizuho Bank obtained 3,000 pieces of sample data of borrowers of the Captive Loans from Orico, and it considered whether that data could be cross-checked with the information on persons with undesirable attributes held by Mizuho Financial Group, and the extent to which the sample data includes persons with undesirable attributes.

As a result of that consideration, it was discovered that that data could be cross-checked, and that the ratios of customers with undesirable attributes and designated anti-social element customers were slightly higher than in other loans of the Former Mizuho Bank.

D Status of Subsequent Consideration

Attribute Checks for the Captive Loans can generally be implemented using the following three methods.

Type	Time of Screening	Prevention of New Loan (By Group)	Prevention of New Loan (By Bank)	Database Sharing
Entry Checks	Before advance payment by Orico	Possible	Possible	Necessary
	Before execution of a bank loan	Impossible	Possible	Not necessary
Post-Entry Checks	After execution of a bank loan	Impossible	Impossible	Not necessary

The Compliance Division of the Former Mizuho Bank performed further consideration based on the lawyers’ opinion, the results of the sample test, and other matters described above, and it was determined that at that time the Former Mizuho Bank would only implement Post-Entry Checks once Orico became an affiliate, and it would consider how to handle that issue in the future based on the status of the preparation of Orico’s anti-social elements elimination system and information management system and developments in the credit card industry.

E Policy Decisions

In the Mizuho Group, the Mizuho Financial Group, the Former Mizuho Bank, and the Former Mizuho Corporate Bank each held an executive management committee meeting and a Board of Directors meeting on May 14, 2010 and approved the Orico becoming an affiliate, and the Mizuho Group announced that Orico would become an affiliate.

With respect to the measures to be taken for undesirable attribute customers of the Captive Loans, the materials submitted to those meetings explained the “commencement of Post-Entry Checks for anti-social elements of the captive loans, and future gradual expansion of their scope,” and described the “confirmation and verification of the current anti-social elements elimination system, and Post-Entry Checks for anti-social elements of captive loans” as major tasks.

Following that, the Former Mizuho Bank decided pursuant to the circulated approval form from the Compliance Division dated July 26, 2010 that it would implement Post-Entry

Checks for existing borrowers of the Captive Loans. At the time of that circulated approval form, the “consideration of whether it is possible to implement Entry Checks of anti-social elements” was described as a future task.

The document pertaining to the above circulated approval form was circulated to and approved by Ueno and Kuranaka, who were executive officers in charge of the Compliance Group of the Former Mizuho Bank at that time, and others.

5 Implementation and Results Reporting of First Post-Entry Checks After Orico Became an Affiliate

(1) Implementation of Post-Entry Checks; Finding of Results

Based on the circulated approval form in 4(2)E above, it was necessary to develop an information management system at Orico in order to implement Post-Entry Checks relating to Captive Loans, so coordination proceeded between the Former Mizuho Bank and Orico in order to realize this.

On the Former Mizuho Bank side, an employee (“C”) of the Public Relations Compliance Department of the Compliance Division repeatedly discussed with the persons in charge on the Orico side so as to finalize details such as necessary measures for conducting Post-Entry Checks and the method of returning to Orico customer information found as a result of such Post-Entry Checks.

As a result of these discussions, in September 2010 the Orico side provided to the Former Mizuho Bank Captive Loan customer information necessary for conducting Database checks, and the Post-Entry Checks by the Former Mizuho Bank were completed in December 2010 as initially scheduled. The result thereof was that 228 of approximately 1,080,000 transactions constituted transactions with designated anti-social element customers based on the criteria of Mizuho Financial Group.

After that, in January 2011 the Former Mizuho Bank returned to the Orico side the results obtained through the Post-Entry Checks (228 instances of designated anti-social element customer information), and the database registration on the Orico side was completed. It was decided that the information was to be managed by the Orico side, and that Entry Checks were also to be used in Orico’s future transactions (i.e., that new applications were to be rejected).

In coordinating on the return of such results, the Former Mizuho Bank requested that Orico also record on its database information, obtained by the Post-Entry Checks, of customers with undesirable attributes other than designated anti-social element customers, but the Orico side was unable to accept this on grounds such as that the scope of undesirable attribute customer information of the Mizuho Group was extremely broad and would restrict transactions more than necessary, and that it was necessary to take separate action due to their IT systems.

(2) Status of Reporting of Results of Post-Entry Checks

A Reporting to Executive Officers in Charge of Compliance

The content of the results found through the first Post-Entry Checks for the Captive Loans was compiled into a written report dated December 27, 2010 by the Compliance Division, and after being confirmed by C, the written report received the approval of the General Manager of the Public Relations Compliance Department of the Compliance Division and

then the approval of the General Manager of the Compliance Division. The content of this written report was also reported to Ueno and Kuranaka who were the executive officers in charge of Compliance at the time, and the written report was also sent to Nishibori although he was not part of the approval route.

In addition to stating the Post-Entry Check results, the written report contained a section titled “Future Action,” in which it stated, “According to Orico, Orico is also fully aware of the importance of managing information on ‘undesirable attribute persons who do not constitute anti-social elements,’ and is currently also considering system measures going forward.”

B Reporting to the Compliance Committee and Board of Directors of the Former Mizuho Bank

The results of the first Post-Entry Checks were reported to the meeting of the Compliance Committee of the Former Mizuho Bank on February 16, 2011. The attendees of such meeting were five directors Nishibori, Ueno, Yoshidome, Hagiwara, and Kuranaka, two managing executive officers, two company auditors Mitsuma and Hirota, and two special outside committee members.

In the report materials distributed at the meeting, under the heading “Status of handling of regular reports related to compliance in the FY 2010 third quarter,” the results of the first round of Post-Entry Checks as set out in (1) above are stated, and it is also stated as a future plan that “it is planned to conduct follow-up on this matter, including the handling of undesirable attribute persons who are not anti-social elements.

In the minutes of the meeting, it is stated that an explanation of the proposal was given by executive officer D of the Former Mizuho Bank who was the General Manager of the Compliance Division at the time, and that Nishibori remarked to the effect that he would report on this matter to the Board of Directors.

In advance of the meeting, a prior explanation was given about the report content to the President & CEO, Deputy President, and the two special committee members.

After that, on February 22, a report was made at the meeting of the Board of Directors of the Former Mizuho Bank with the same content as that reported to the above meeting of the Compliance Committee. All members of the Board of Directors at the time attended that Board of Directors meeting—the six directors (Nishibori, Ueno, Yoshidome, Nakamura, Hagiwara, and Kuranaka) and the four company auditors (Mitsuma, Hirota, Nozaki, and Hasegawa). The minutes of the meeting of the Board of Directors state that Kuranaka made the above regular report, and the minutes contain no record of any remark from any of the attendees about the Captive Loans.

C Reporting to the Compliance Committee and Board of Directors of Mizuho Financial Group

The content of the first round of Post-Entry Checks was also reported at the meeting of the Compliance Committee of Mizuho Financial Group on June 17, 2011. The attendees of such meeting were three directors of Mizuho Financial Group Tsukamoto, Tsuchiya, and Kono, and two outside special committee members.

Among the report materials distributed at the meeting, there is a document titled “Status of termination of transactions with anti-social elements,” in which the results of the first round of Post-Entry Checks as set out in (1) above are stated in the lower part of a chart showing the number of anti-social element customers in credit transactions of the Former Mizuho Bank. There is no record of any particular discussion being had at the meeting in relation to

the Captive Loans.

On July 15, 2011, a report was made at the meeting of the Board of Directors of Mizuho Financial Group with the same content as that reported to the above meeting of the Compliance Committee. The attendees of meeting were nine directors of Mizuho Financial Group (Tsukamoto, Sato, Tsuchiya, Nishizawa, Nakano, Kono, Nomiya, Ohashi, and Anraku) and four company auditors (Iyoda, Seki, Ishizaka, and Imai) at the time.

6 Status of Negotiations with Orico after Return of Post-Entry Check Results (Anti-Social Element Customers)

Going by the response policy and task setting in 4(2) above that was determined in July 2010, it was necessary, after the implementation of the first Post-Entry Checks and the return to Orico of the results thereof, to consider the expansion of the anti-social check system for the Captive Loans, including introducing Entry Checks.

Although C continued, even after the completion of the first Post-Entry Checks, to negotiate with the Orico side so that Orico would register in the database it used for its screening Mizuho Group's undesirable attribute person information too (whether or not such customers constitute anti-social elements), by around May 2011 C became aware that it would be difficult for the Former Mizuho Bank even to return to Orico for its use undesirable attribute person information of Captive Loan customers found through the Post-Entry Checks, let alone the sharing of all of the above undesirable attribute person information.

In March 2011, C obtained an opinion on the shared use of personal information that an official in charge at the Ministry of Economy, Trade and Industry had presented to Orico (it was a response relating to the shared use of customer information of Orico, and did not take into account any Anti-Social Element Checks), and after confirming the content of the opinion, and became aware that it would be difficult to realize the creation of a framework for returning undesirable attribute person information of the Mizuho Group to Orico from the perspective of the Personal Information Protection Act as well.

7 Response by and Change of Directors, Executive Officers and Employees in Charge of Compliance after the System Malfunction in March 2011

(1) System Malfunction that Occurred in March 2011 and Exceptional Payment Issue

For ten days from the 15th to 24th of March 2011, there was a major system malfunction at Mizuho Bank with exchange processing delays, banking office business transaction start delays and transaction suspensions, and ATM use suspensions and use restrictions, and each related Mizuho Bank department was occupied with responding to that system malfunction.

Mizuho Bank made so-called exceptional payments because of factors such as ATM use suspensions in connection with that system malfunction where it paid to customers who wished to withdraw cash from their deposit accounts the amounts those customers requested if those customers just had their passbooks and identification without confirming the current balances of their accounts. Those exceptional payments resulted in many cases where customers received payments that exceeded their actual balances, and from April 2011 collections from persons with undesirable attributes including anti-social elements as a subsequent response were concentrated at the Public Relations Compliance Department from banking offices.

Hence, while Mizuho Bank attempted to deal with the system malfunction and the exceptional payment issue, the relative priority of the task of gradual expansion of the scope

of Attribute Checks of Captive Loans fell down at the Compliance Division (Public Relations Compliance Department).

(2) Change of Directors, Executive Officers and Employees in the Wake of the System Malfunction, Etc.

As Mizuho Financial Group and the Former Mizuho Bank continued to respond to the system malfunction and the exceptional payment issue, in May 2011, they conducted a fundamental reform of their “management system,” “personnel” and “business” as measures to prevent a recurrence of such an incident, and Nishibori, who was the President & CEO of the Former Mizuho Bank at that time, and Hagiwara, who was a managing executive officer at that time, resigned on June 20, 2011, and the Compliance Division also underwent drastic personnel changes. To be specific, in June 2011, General Manager D of the Compliance Division became a managing executive officer (executive in charge of retail sales) and the General Manager of the Public Relations Compliance Department of the Compliance Division was also replaced by K. Yano was replaced by Kuranaka as the executive officer mainly in charge of Compliance, and Kuranaka was replaced by D (5(2)B above) as the executive officer in charge of Compliance. In the confusion following the system malfunction, procedures were not taken for organizational succession with respect to the issue of Attribute Checks of Captive Loans, and Nishibori’s successor, Tsukamoto (the President & CEO of Mizuho Financial Group at that time), was therefore unaware of that issue.

Hence, as a result of the personnel changes described above, most of the people who were involved in considering matters such as Anti-Social Element Check methods of Captive Loans in connection with Orico becoming an affiliate left the Compliance Division.

8 Changes in Report Content and Report Recipients relating to Results of Post-Entry Checks

(1) Changes in Content of Results Report of Second Post-Entry Check

A Reporting to Executive Officers in Charge of Compliance

Even in the confusion caused by the system malfunction and the exceptional payment issue during and after March 2011, the Former Mizuho Bank continued to conduct anti-social element customer designation work through Post-Entry Checks once every six months, and the second anti-social element customer designation included in the Captive Loan customers as of the end of March 2011 (approximately 1 million customers) was completed in June 2011.

A report on the results of that work was confirmed by C and approved by the Manager, Assistant General Manager, and General Manager of the Public Relations Compliance Department (after the personnel changes described in 7(2) above) on June 29, 2011.

In the previous checks (first check) the number of customers considered customers with undesirable attributes and the number of customers considered designated anti-social element customers with respect to all of the borrowers at the time of the record date were subject to the report, but in that check (second check), only the number of new and additional customers was subject to the report.

In the second report, all of the statements concerning “future measures” that were stated in the first report (statements such as “According to Orico, Orico is also fully aware of the importance of managing information on ‘undesirable attribute persons who do not constitute

anti-social elements,' and is currently also considering system measures going forward.") were deleted.

The contents of the second report were reported to the executive officers in charge of Compliance at that time, Kuranaka (main) and D (sub), and neither Kuranaka nor D raised any questions or concerns about the changes to the contents of that report.

B Reporting to the Former Mizuho Bank's Compliance Committee and Board of Directors

The results of the second Post-Entry Checks were reported to the Former Mizuho Bank's Compliance Committee on July 28, 2011. Five directors (Tsukamoto, Yoshidome, Yano, Tanehashi, and Kuranaka), four managing executive officers, two company auditors (Mitsuma and Chiba), and two outside special committee members attended that committee meeting.

The statements regarding designated anti-social element customers of the Captive Loans in the report materials distributed at that committee meeting were drastically reduced compared to those statements in the materials distributed at the previous Compliance Committee meeting, and there were only two lines at the end of the distributed materials stating "as a result of the Anti-Social Element Checks of Orico's Captive Loans handled by the Bank ([*intentionally redacted*] number of cases), [*intentionally redacted*] number of cases were newly designated as anti-social elements as of the end of March."

In fact, even though the Captive Loans are loans of the Former Mizuho Bank itself (credit transactions), they were described in the section for "status of credit transactions and fund provision transactions other than credit transactions in group companies as of the end of March 2011" rather than the section for general credit transactions of the Former Mizuho Bank.

Given those changes to the contents of those statements, there was already a high likelihood that there would be a lack of awareness of the importance of the issue of management of anti-social elements of the Captive Loans at the Public Relations Compliance Department of the Compliance Division of the Former Mizuho Bank as of July 2011.

Following that, the same contents as those reported to the Compliance Committee above were reported to the Board of Directors of the Former Mizuho Bank on July 29, 2011. All seven directors (Tsukamoto, Yoshidome, Yano, Tanehashi, Furutani, Kuranaka, and Sato) and all four company auditors (Mitsuma, Chiba, Nozaki, and Hasegawa) at that time attended that Board of Directors meeting.

There is no sign of any particular discussions about the Captive Loans at that committee meeting or Board of Directors meeting.

C Reporting to Mizuho Financial Group's Compliance Committee and Board of Directors

The results of the second Post-Entry Checks were reported to Mizuho Financial Group's Compliance Committee on December 26, 2011. Four directors of Mizuho Financial Group (Sato, Tsuchiya, Nishizawa, and Kono) and two outside special committee members attended that committee meeting.

A document called "report materials" that was distributed to that committee meeting stated the results of the second Post-Entry Checks in A above, like the first report, under the table showing changes of the number of designated anti-social element customers in the Former Mizuho Bank's credit transactions.

Following that, the same contents as those reported to the Compliance Committee above were reported to the Board of Directors of Mizuho Financial Group on January 20, 2012. Nine directors (Tsukamoto, Sato, Nishizawa, Tsuchiya, Kono, Nakano, Nomiyama, Ohashi, and Anraku) and five company auditors (Shigeji, Iyoda, Seki, Ishizaka, and Imai) of Mizuho Financial Group at that time attended that Board of Directors meeting.

There is no sign of any particular discussions about the Captive Loans at that committee meeting or Board of Directors meeting.

(2) Discontinuation of Reporting to the Compliance Committee, etc. in relation to Post-Entry Checks

A Reporting to Executive Officers in Charge of Compliance

In the third and subsequent checks, Post-Entry Check anti-social element designation work (by the method of ascertaining the number of new and additional cases in the second check) continued to be conducted once every six months, and by a report dated December 26, 2011 on circumstances as of the end of September 2011, a report dated June 28, 2012 on circumstances as of the end of March 2012, a report dated December 25, 2012 on circumstances as of the end of September 2012, and a report dated June 26, 2013 on circumstances as of the end of March 2013, reports were made to the executive officers in charge of Compliance (Kuranaka and D of the third check, Koike for the fourth and subsequent checks) at those respective times.

B Discontinuation of Reporting to the Compliance Committees, etc. of the Former Mizuho Bank and Mizuho Financial Group

The results of the third and subsequent Post-Entry Checks were not reported to the Compliance Committee or the Board of Directors of the Former Mizuho Bank or the Compliance Committee or the Board of Directors of Mizuho Financial Group.

From 2011, the integration of Mizuho Financial Group, the Former Mizuho Bank and the Former Mizuho Corporate Bank proceeded as along with the promotion of the One MIZUHO strategy, and at the time the results of the third Post-Entry Check were reported, in principle, the personnel of the Public Relations Compliance Department of the Compliance Division concurrently responsible for all three companies. With respect to the materials of the Compliance Committee of Mizuho Financial Group, C prepared the first draft of the parts pertaining to the status of transactions with designated anti-social element customers and those materials were approved by the General Manager of the Public Relations Compliance Department at that time.

By around that time, at the latest, C became aware that in reality it was difficult to introduce Entry Checks at Orico and to effectively use undesirable attribute person information at Orico, which were designated as issues to be considered at the time of the circulated approval form dated July 26, 2010 (see 4(2)E above), and also given that it was difficult to say that the response to Entry Checks and other issues with respect to the Captive Loans had been clearly organized as tasks that should be handled by the Public Relations Compliance Department of the Compliance Division, C and K misunderstood the importance of the issue of managing anti-social elements in the Captive Loans and it cannot be denied that it is possible C and K determined that it was no longer necessary to report to the Compliance Committee on the results of Post-Entry Checks that had come to be routine work for the most part.

9 Lack of Task Awareness of Action aimed at Gradual Expansion of the Scope of Attribute Checks

The business plan for the latter half of 2010 prepared by the Compliance Division of the Former Mizuho Bank after Orico became an affiliate stated “commence Anti-Social Element Checks for the Captive Loans handled by the bank in connection with Orico becoming a member of the group.” However, there is no description of any measures taken against anti-social elements with respect to the Captive Loans in the business plan for the first half of 2011 or subsequent business plans.

With respect to the business plan prepared by the Public Relations Compliance Department of the Compliance Division as a basis of the above business plan by the Compliance Division, the business plan for the latter half of 2010 stated “commence Anti-Social Element Checks for the Captive Loans handled by the bank in connection with Orico becoming a member of the group,” and the business plan for the first half of 2011 stated “follow up on the use of information on persons with undesirable attributes other than anti-social elements.” However, the business plan for the latter half of 2011 only stated “properly follow up the establishment of Orico’s internal system and provide support as needed.”

As described above, even in the business plans of the Public Relations Compliance Department of the Compliance Division there was a lack of task awareness of the consideration aimed at realizing Orico using the information on persons with undesirable attributes other than designated anti-social element customer.

10 Status of Internal Audits (Business Audits) relating to this Matter

The Former Mizuho Bank executed a theme based audit by focusing on the “loan business management system” as the theme for the period from July 7, 2011 to September 30, 2011.

In the process of that theme based audit, the responsible auditors at that time became aware that the Anti-Social Checks for the Captive Loans were an issue, and they obtained the circulated approval form dated July 26, 2010 (see 4(2)E above) and a report on the results of the first Post-Entry Checks (as indicated in 5(2)A, although the auditors asked the Public Relations Compliance Department of the Compliance Division to disclose evidence, because the Public Relations Compliance Department of the Compliance Division failed to make that disclosure, the auditors received the relevant evidence from the Personal Banking Coordination Division), and they acknowledged that the Post-Entry Check system had already been implemented and that the implementation of the Entry Checks had been reviewed.

While the individual audit manual prepared by the responsible auditors describes the Captive Loans in relative detail, the audit report simply states that “all of the Anti-Social Checks for the existing transactions were subsequently conducted, and the Compliance Division is reviewing the policy of measures to be taken for new transactions.”

11 Status of Response by Mizuho Bank to the Inspection by the FSA

The FSA conducted a financial inspection, including a number of interviews, of the Former Mizuho Bank for the period from December 2012 to March 2013 (the inspection of the Captive Loans was conducted from late January 2013).

At the time of the FSA inspection, although the responsible inspectors asked whether the results of the Post-Entry Checks for the Captive Loans had been reported to the Board of Directors and the Compliance Committee, the Former Mizuho Bank gave a false response stating that those reports had not been made.

Even when the FSA demanded a report after the end of that inspection, Mizuho Bank gave a report based on the assumption that those reports had not been given to the Board of Directors or the Compliance Committee.

At that time, although interviews with employees currently belonging to the Compliance Division were conducted within Mizuho Bank, interviews with employees who belonged to the Compliance Division in the past were not conducted, and the relevant materials such as minutes of past meetings of the Compliance Committee were not closely considered. According to the results of the interviews with the concerned persons, Mizuho Bank easily believed what C said was true because it was C, who had been at the Compliance Division since Orico became an affiliate, who was the most familiar with the Anti-Social Element Checks for the Captive Loans, and Mizuho Bank's response relied solely on the recollection of C, who is effectively no more than one of the responsible persons. It appears that a lack of an organizational response system that relied on the awareness and memory of that specific individual resulted in the false report at the time of the inspection by the FSA, and nothing in the materials of the Compliance Committee described above indicates that any concerned person of Mizuho Bank deliberately concealed the relevant issues.

IV Causal Analysis

1 Identifying the Issues in this Matter

The Captive Loans are ultimately nothing more than direct loan transactions to individual customers of the Former Mizuho Bank. It is therefore necessary for the Former Mizuho Bank to conduct anti-social element management with respect to the Captive Loans as loans provided by the Former Mizuho Bank itself.

With Orico becoming an affiliate, the immediate work of the Former Mizuho Bank was the prevention of anti-social element transactions by conducting Post-Entry Checks of all Captive Loan borrowers based on the criteria of the Mizuho Group and returning the results of those checks to Orico, and the Former Mizuho Bank also set the gradual expansion of the scope of Anti-Social Element Checks as an issue to be considered. When the first Post-Entry Checks were conducted after Orico became an affiliate, it was confirmed that there were a considerable number of transactions with anti-social elements among the Captive Loans.

However, the following occurred at the Former Mizuho Bank.

- (1) The reports of results of regular Post-Entry Checks for the Captive Loans which had been initially made to the Board of Directors and the Compliance Committee ceased to be made despite there being internal regulations requiring such reports be made to the President & CEO,
- (2) The issues initially recognized as issues to be considered such as whether to introduce Entry Checks or whether it was necessary to return to Orico anti-social element information of Mizuho Financial Group that was not limited to Captive Loan borrowers, ceased to become recognized as issues to be considered in subsequent written reports to the executive officers in charge or business plans.
- (3) The Internal Audit Division, which is required to verify the status of the achievement of management tasks, was aware of the issue of the Captive Loans but it failed to make sufficient comments in the audit reports.
- (4) Until the FSA raised its concerns, no further drastic action was taken towards terminating the transactions with anti-social elements.

The following is a consideration of the causes of those issues.

2 Causes of this Matter

(1) Inadequate Awareness that the Captive Loans were Mizuho's Loan Receivables

As stated in 1 above, because the Captive Loans are loan receivables of the Former Mizuho Bank itself, it was necessary to conduct anti-social element management with respect to the Captive Loans as the Former Mizuho Bank's loan receivables. However, there was inadequate awareness among the directors, company auditors, executive officers and employees of the Former Mizuho Bank that the Captive Loans constituted financing by the Former Mizuho Bank and that the Captive Loan customers were credit customers of the Former Mizuho Bank.

The fact that there was inadequate awareness among the directors, company auditors, executive officers and employees of the Former Mizuho Bank that the Captive Loans were loan receivables of the Former Mizuho Bank can be considered to have caused outcomes such as the discontinuation of reporting the results of Post-Entry Checks to the Compliance Committee and the Board of Directors, the lack of awareness that that was an issue, the acceptance that the existing business flow should continue, and the failure to take the drastic measures that should have been taken in order to terminate the transactions with anti-social elements.

(2) Lack of Awareness among Directors, Company Auditors, Executive Officers and Employees of the Importance of Making Efforts as an Organization to Sever Relationships with Anti-Social Elements

The management of anti-social element transactions for the Captive Loans at the Former Mizuho Bank primarily fell under the jurisdiction of the Compliance Division, but it is difficult to say that the Compliance Division, with respect to action aimed at preventing or terminating transactions with anti-social elements, performed its primary duty because, among other things, it failed to make reports to the President & CEO even though that was required by internal regulations and it failed to conduct further consideration.

However, it must be said that there was also a serious issue in that the Former Mizuho Bank had fallen into a system whereby the organization as a whole disregarded the fact that the Compliance Division was not performing its duty.

Aside from the Compliance Division and the executive officers in charge of Compliance, there were many directors, company auditors, executive officers and employees who were aware or could have been aware of the status of the anti-social element transactions pertaining to the Captive Loans. Nevertheless, those people who had contact with the status of the anti-social element transactions pertaining to the Captive Loans complacently assumed that the issue of anti-social element management must be being dealt with without any problem by the Compliance Division, which was the division assigned to deal with that, and they failed to recognize that as an issue.

(3) Task Awareness was Interrupted due to the Retirement/Change of Directors, Company Auditors, Executive Officers and Employees

At the Former Mizuho Bank, after the system malfunction in March 2011, there was a wide-ranging reform of the management structure, as well as widespread changes of the directors, company auditors, executive officers and employees involved in the issue of dealing with anti-social elements. At the time of those personnel changes, no procedures were carried out for each predecessor to pass on to his or her successor specifically tasks

related to the anti-social element issue for the Captive Loans. Although some members of management attended meetings of the Compliance Committee, etc. where reports were made in relation to anti-social element management for the Captive Loans before those changes, that did not lead to those members of management becoming aware of the issue at these meetings.

As a result, after the above changes in the directors, company auditors, executive officers and employees, in effect D and C were the only personnel who participated in the consideration of the management of anti-social elements for the Captive Loans in connection with Orico becoming an affiliate in 2010 and who were aware of the issue and understood the future tasks. However, even for D and C, who were at the time inundated with matters such as dealing with the system malfunction and the exceptional payments issue, the issue of Anti-Social Element Checks for the Captive Loans fell to a relatively low level of priority and they came to lack task awareness.

Hence, because the initial awareness of the issue was not passed on as an organization, and a situation arose where excessive reliance was placed on specific individuals, the FSA investigation ultimately commenced without the scheduled gradual expansion of the scope of the Anti-Social Element Checks having been conducted.

(4) The System for Ensuring the Continuation of Task Action as an Organization did not Function

The discussion materials for the Board of Directors meetings and executive management committee meetings that decided to make Orico an affiliate stated that, with regard to the Anti-Social Element Checks for the Captive Loans, Mizuho Financial Group would initially commence the Post-Entry Checks and then gradually expand its checks into other areas as well. By July 2010, an approval form circulated among executive officers in charge of Compliance stated “whether to adopt the Entry Checks” and “returning anti-social information other than that of captive loans at issue to Orico and utilization of that information” as future tasks.

Mizuho Bank also had a system, based on the Plan-Do-Check-Act (PDCA) point of view, to establish compliance programs and prepare business plans to ensure its action toward achieving task recognition. (However, the preparation of business plans at each department level seems to have come to an end since 2012.)

However, the task recognition in the first place was not necessarily clear and the business plan of the Public Relations Compliance Department of the Compliance Division failed to discuss in its task recognition the practical utilization of undesirable attribute person information other than that of the designated anti-social element customers at Orico. In this way, the system for ensuring the continuation of task action as an organization at the Former Mizuho Bank did not function. This failure to function is one reason the discontinuation of the task recognition due to retirements/changes were not prevented.

(5) Bank Rules for Reporting to Management about Anti-Social Element Issues Lacked Clarity and had not Adequately Penetrated throughout the Bank

At the Former Mizuho Bank, there were regulations requiring its employees to report any transactions with anti-social elements that involve the Former Mizuho Bank to the Compliance Division, Group Leader and President & CEO (Article 3(iii) of the Detailed Rules for Compliance Policy (anti-social elements), as well as requiring the Compliance Committee to deliberate and coordinate on any “matters relating to responses against

anti-social elements” (Appendix to the Regulations of the Business Planning Committee).

Of these, the specific content of the Appendix to the Regulations of the Business Planning Committee is not necessarily clear, such as regarding what matters were to be deliberated and coordinated on in relation to the response to anti-social elements

Meanwhile, the provisions of the Detailed Rules for Compliance Policy (anti-social elements) are comparatively clear, and in this matter as well, the fact that the status of transactions with designated anti-social customers for the Captive Loans was being reported to the President & CEO of the Former Mizuho Bank for the third Post-Entry Checks onwards does not excuse the breaches of such regulations. On this point, the Public Relations Department department rules of the Anti-Social Elements Manual contains no mention of the rule of reporting to the President & CEO under the above regulations, and the possibility cannot be denied that such rules had not adequately penetrated throughout the Public Relations Department.

(6) There was a Lack of Cooperation and Communication between the Public Relations Compliance Department of the Compliance Division and Other Related Departments

There was a strong sense at the Former Mizuho Bank that since the issue of anti-social element management involved sensitive information, it was a matter for the exclusive jurisdiction of the Public Relations Compliance Department of the Compliance Division, and there was a tendency among other departments to treat issues relating to anti-social elements as if they were the sacred territory of the Compliance Division.

In relation also to the anti-social elements management for the Captive Loans, there was not always necessarily any adequate cooperation with other relevant departments, and the degree of concern of the other departments was lacking in relation to the issue of Post-Entry Checks conducted by the Public Relations Department.

Even the Public Relations Department tended to operate in a closed-off manner, as is symbolized by the fact that it was not always necessarily cooperative with audits by the Internal Audit Division.

It can be said that this lack of cooperation and communication between the Public Relations Compliance Department of the Compliance Division and other relevant departments was one of the factors for the fact that anti-social element management for the Captive Loans did not proceed for the company as a whole.

(7) Internal Auditing did not Function Adequately

In the theme based audit implemented from July to September 2011, the auditors in charge and the Internal Audit Supervisor had an understanding of the identification of the issues in this matter, adding their consideration about the status quo in which only Post-Entry Checks were being implemented for the Captive Loans.

Yet, the Internal Audit Supervisor at the time judged that the Compliance Division had an issue awareness and that the Deputy President also understood about the issue, and so in the audit report only an extremely terse mention was made of the issue. Further, in reaching such judgment, the Internal Audit Supervisor did not conduct adequate consultations and consideration with the General Manager of Internal Audit Division and the executive officer in charge of Internal Audit.

However, simply because reports were made to the Deputy President, there was no reason to automatically judge that such handling was in line with management’s intentions, and the personnel in charge of the audit should have been aware of the gravity of the issue of anti-social element management and submitted a carefully considered conclusion after

adequate consultation with the General Manager of Internal Audit Division and the executive officer in charge of Internal Audit.

(8) There was a Lack of Confirmation or Thorough Response when Reporting to the FSA

In the course of the FSA investigation, when an employee in charge at the Former Mizuho Bank was asked by an official in charge from the FSA whether he had reported the status of anti-social management for the Captive Loans to the Compliance Committee, the employee in charge at the Former Mizuho Bank made an inaccurate response to the effect that he had not conducted adequate confirmation about this and there had been no reporting.

In making the above response to the FSA, all that occurred was that interviews were conducted with the employees who belonged to the Compliance Division at the time of the investigation, and no interviews were conducted with employees who belonged to the Compliance Division at the time of Orico becoming an affiliate or the commencement of the Post-Entry Checks thereafter. Further, no inspection was made of the minutes of past Compliance Committee meetings or other relevant materials.

As a result, all that was provided in effect was a response based on only the recollections of person in charge (“C”) who belonged to the Compliance Division from the time when Orico became an affiliate, and although we do not find that there was any intention of concealment or the like, this does not excuse the fact that this was careless as a response to an investigation by the authorities.

V Assessment of Preventive Measures of Mizuho Bank and the Committee's Suggestions relating to Preventive Measures

In response to the Order, Mizuho Bank will submit a business improvement plan to the FSA on October 28, 2013 (the Committee confirmed the draft thereof as of October 27, 2013).

While the plan indicates preventive measures in “III. Designation of Viable and Specific Measures for Prevention of the Transactions at Issue, and Establishment of Company-Wide Measures to Comply with Laws (Including the Generation and Thoroughness of Executive and Employee Awareness of Compliance)” and “IV. Enhancement and Strengthening of Internal Auditing Functions,” the assessment of preventive measures and further suggestions relating to preventive measures by the Committee are as follows.

1 Assessment by the Committee of the Preventive Measures of Mizuho Bank

(1) Correspondence between Causal Analysis and Preventive Measures of Mizuho Bank

The relationship between the background and root causes analyzed on the issue of the Anti-Social Element Management of the Captive Loans (the “**Captive Loan Issue**”), and the preventive measures for the Captive Loan Issue, can be organized as follows.

Background and Root Causes	Preventive Measures
A. Low awareness of captive loans as loan receivables of Mizuho Bank	(1) Measures to improve and address elimination of transactions with anti-social elements in the four party joint loans (2) Strengthening framework to eliminate transactions with anti-social elements for products and services (3) Further improvement in director, company auditor, executive officer and employee awareness regarding severance of relationships with anti-social elements (4) Improving the corporate culture—improving awareness by revising the

	Mizuho Corporate Code of Conduct
B. Reliance on specific organizations in relation to measures for anti-social elements	(1) Strengthening systems aimed at severing relationships with anti-social elements reflecting social changes (2) Improving the corporate culture—promotion of continued action in cooperation with the One MIZUHO Promotion Project Team (3) Establishment of check framework in relation to inspections, etc. by FSA (4) Measures to enhance and strengthen internal auditing functions (5) Implementation of monitoring, etc. of preventive measures by executive divisions

(2) Assessment of Preventive Measures with respect to the Background and Root Cause of Each Issue

The preventive measures of Mizuho Bank can be assessed as reasonable in the light of the background and root causes of the Captive Loan Issue analyzed by Mizuho Bank. However, the Committee considers that it is necessary to consider the introduction of anti-social element rejection clauses in the agreements on the Captive Loans, and it is also necessary to establish more specific preventive measures to strengthen the reporting and communicating system for anti-social element related information to management.

Therefore, the Committee suggests to take the following preventive measures for the above two issues as well.

(3) Assessment in Light of Causal Analysis of the Committee

When considering the reasonableness of the preventive measures to be taken by Mizuho Bank in light of the causal analysis of the Committee stated in Section IV above, it is considered that measures have been put in place for the following issues and the Committee is able to assess such measures as reasonable: the “inadequate awareness that the Captive Loans were Mizuho’s loan receivables” (Section IV.2(1)); the “lack of awareness among directors, company auditors, executive officers and employees of the importance of making efforts as an organization to sever relationships with anti-social elements” (Section IV.2(2)); with respect to “task awareness was interrupted due to the retirement/change of directors, company auditors, executive officers and employees,” the failure of management attending the Board of Directors’ meetings and the Compliance Meetings to become aware of the issues (Section IV.2(3)); “there was a lack of cooperation and communication between the Public Relations Compliance Department of the Compliance Division and other related departments” (Section IV.2(6)); “internal auditing did not function adequately” (Section IV.2(7)); and “there was a lack of confirmation or thorough response when reporting to the FSA” (Section IV.2(8)). However, it is necessary to continue to consider the issues that specific measures have not been put in place to secure substantial deliberation at the Compliance Committee, etc. and that no measure has been put in place to encourage the audited departments including the Public Relations Department to cooperate in internal auditing.

On the other hand, the preventive measures taken by Mizuho Bank do not include specific measures for the following issues and the Committee believes that preventive measures should be put in place for these issues: “task awareness was interrupted due to the retirement/change of directors, company auditors, executive officers and employees” (Section IV.2(3)); the “system for ensuring the continuation of task action as an organization did not function (Section IV.2(4)); and “bank rules for reporting to management about anti-social element issues lacked clarity and had not adequately penetrated throughout the Bank” (Section IV.2(5)).

2 Recommendations by the Committee regarding Preventative Measures

As explained in 1 above, the Committee believes that the preventative measures to be taken by Mizuho Bank based on the causal analysis by the Committee are basically covered in Mizuho Bank's Business Improvement Plan draft dated October 27, 2013 that has been presented. The following are some recommendations regarding matters that are not included in the above draft.

(1) Clarification of Matters to be Reported (Matters to be Deliberated and Coordinated) to the Compliance Committee

As explained in IV.2(5) above, the specific details of the matters subject to deliberation and coordination by the Compliance Committee are not necessarily clear in regulations at the Former Mizuho Bank and Mizuho Bank (Appendix to the Regulations of the Business Planning Committee), and even in the rules of the Anti-Social Element Manual at the Public Relations Compliance Department, there are no explicit provisions regarding what should be reported to the President & CEO. The ambiguity of those provisions is one factor that led to circumstances where the results of the third and subsequent Post-Entry Checks regarding the Captive Loans were not reported to the Compliance Committee.

Hence, in order to prevent a recurrence of those circumstances, the Committee believes it would be reasonable to include as one of its preventative measures consideration of amendments to those provisions (or alternative measures) including clarifying "matters regarding dealing with anti-social elements," which are matters to be reported (matters to be deliberated and coordinated) to the Compliance Committee.

(2) Establishment of a Method to Ensure Substantive Deliberation by the Compliance Committee and the Anti-Social Elements Elimination Committee

In this matter, Anti-Social Element Checks for the Captive Loans, which is an important task, were raised as a matter to be reported to bodies that deliberate and determine matters that are important for the bank such as the Board of Directors and the Compliance Committee, but that report was only mentioned in a few lines at the end of an enormous batch of meeting materials, and it was not mentioned orally by any executive officers in charge at the meetings, so in reality nobody noticed that issue. Meeting materials concerning matters related to anti-social elements are distributed to attendees and then collected back when meetings are finished from the perspective of managing sensitive information, and given that there are many matters for deliberation raised at meetings, the time allocated to matters related to anti-social elements at meetings is extremely limited. As a result, it is not possible to ensure a decision after substantive deliberations with respect to anti-social element management, which is an extremely important issue in bank management.

In the preventative measures in the above draft, it is proposed that a Management Planning Committee that is exclusively in charge of "matters concerning dealing with anti-social elements" (the "**Anti-Social Elements Elimination Committee**" (chaired by the President & CEO)) be newly established and responses be further strengthened as part of the "enhancement of governance to shut out anti-social elements." The Committee assesses those actions themselves as being reasonable as preventative measures, and believes it would be reasonable to include as one of its preventive measures a measure aimed at enhancing deliberations by that committee in the Compliance Committee and the newly established

Anti-Social Elements Elimination Committee.

(3) Making the Follow-Up Structure including Compliance Programs and Business Plans Effective

With respect to Anti-Social Element Checks for the Captive Loans, despite the materials submitted to the Board of Directors and the Executive Management Committee and the fact that action to gradually expand the scope of Attribute Checks was stated in the circulated approval forms circulated to the executive officers in charge of Compliance, that action was not maintained or, from the business plan of the Public Relations Compliance Department of the Compliance Division there came to be a lack of task awareness with respect to consideration aimed at having Orico use information on undesirable attribute person other than designated anti-social element customers, and it can be said that the fact that the system to ensure the continuation of task action as an organization did not function at the Former Mizuho Bank was a cause of the Captive Loan Issue. If that system had functioned, it would have been possible to prevent the interruption of task awareness due to the retirement/change of the directors, company auditors, executive officers and employees.

Based on that, the Committee believes it would be reasonable to include as one of its preventative measures consideration aimed at making the follow-up structure including compliance programs and business plans effective (creation of a structure where there are no delays or omissions).

(4) Penetration of Cooperative Attitude towards Internal Audits

As explained in III.10 above, the Public Relations Compliance Department tends to have a closed aspect where, for example, it did not respond to requests to disclose materials from the Internal Audit Division in theme based audits of the loan business management system.

In this regard, although at Mizuho Bank there are supposedly provisions on cooperation with internal audits in the basic policy on internal auditing and other documents, the Committee believes that in order to make those provisions more effective, it would be reasonable to include as one of its preventative measures consideration on a method aimed at enhancing the awareness of the side undergoing internal auditing.

(5) Introduction of Anti-Social Element Rejection Clauses in Captive Loan Agreements

From the viewpoint of implementing the same anti-social element transaction management as that implemented for Mizuho Bank's loan receivables, it is considered inadequate that, in the preventive measures prepared by Mizuho Bank, Mizuho Bank has not considered introducing anti-social element rejection clauses equivalent to the ones generally used in Mizuho Bank's loan agreements into the agreements for the Captive Loans.

In the existing agreements, it is stipulated that Mizuho Bank may, in certain cases, conduct liquidation procedures (performance of the guarantee obligations by Orico (i.e., subrogation) or transfer of loan receivables held by Mizuho Bank to Orico (i.e., transfer of loan receivables)) through prescribed procedures. However, as long as Mizuho Bank acknowledges the Captive Loans as its own loan receivables and takes measures to implement the same anti-social element transaction management as that implemented for its own loan receivables, it is difficult to find reasonable cause to treat the Captive Loans as an exception to the introduction of anti-social element rejection clauses, and the Committee considers it reasonable to include as one of its preventive measures the consideration of such introduction of anti-social element rejection clauses into the existing clauses of its loan

[Translation]

agreements for the Captive Loans.

End.