Matters Related to Elimination of Transactions with Anti-Social Elements

Matters Based on the Business Improvement Order Concerning the Transactions with Anti-Social Elements

On September 27, 2013, a business improvement order was issued by The Japanese Financial Services Agency (“FSA”) to Mizuho Bank (“MHBK”) for reasons such as the fact that no substantial steps were taken for more than two years after it was ascertained that joint loans had been provided to many anti-social elements.

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 this business improvement order.

The Mizuho Code of Conduct pledges to confront anti-social elements, and Mizuho Financial Group (“MHFG”) has always positioned severing ties with anti-social elements as one of its most important management issues. We have been focusing on preventing and terminating such transactions as those with anti-social elements by making use of accumulated data and continually gathering information, as well as enhancing the framework for improving the awareness of executives and employees regarding changes in social conditions.

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.

MHFG considers this incident to be extremely serious, and immediately established an internal investigation committee that is responsible for thorough fact-finding, as well as formulating and carrying out major improvement measures. We have also established the Special Investigation Committee on Improvement of Joint Loan Business (“Third-party Committee”) with three legal professionals in order to fact-find and identify causes from an objective perspective, and to provide recommendations for improvement measures.

Based on the consideration in the internal investigation committee as well as the results of investigations and suggestions provided by the Third-party Committee, MHBK has formulated a business improvement plan, which was submitted to the FSA on October 28, 2013. The focus of this plan is on the increasing expectations of society regarding severing ties with anti-social elements.

We will further enhance measures to sever ties with anti-social elements, and fulfill our responsibility to society, through ensuring sound products and services on a group basis, and by thoroughly implementing this business improvement plan.

Business Improvement Plan Prepared by MHBK and an Overview of Actions Being Taken by MHFG

The business improvement plan submitted to the FSA on October 28, 2013, and an overview of actions to be taken by MHFG in order to sever ties with anti-social elements, which was announced on the same day, are as follows, and the business improvement plan is progressing as planned.

1. Measures to Prevent Recurrence
   —Elimination of anti-social element transactions for the captive loans (loans through captive affiliates)—
   ◼ Termination of captive loans with anti-social elements
   ◼ Increase stringency of entry checks of anti-social elements
   ◼ Increase stringency of post-entry checks of anti-social elements

2. Structural Enhancements
   —Increase management level participation and reorganize management of divisions—
   ◼ Establishment of the Anti-Social Elements Elimination Committee
   ◼ Appointment of an external director to the Board of Directors at MHBK
   ◼ Deployment of a Deputy President as the Group Chief Compliance Officer
   ◼ Review of the Compliance Group

3. Reforming awareness, etc.
   —Improving awareness among executives and employees, and improving corporate culture—
   ◼ Improve awareness of elimination of anti-social elements
   ◼ Strengthen cooperation (with law enforcement agencies, legal professionals, etc.)
   ◼ Enhance checks and balances
   ◼ Improve corporate culture
Concerning the Administrative Order to MHFG and MHBK by the FSA

On December 26, 2013, MHFG and MHBK received an administrative order by the FSA pursuant to article 52-33, paragraph 1 and article 26, paragraph 1* of the Banking Act.

We gravely accept and regret such order and would like to take this opportunity to express our most sincere apologies to our valued customers and other stakeholders for the inconvenience that we have caused.

We steadily implement the business improvement plan that has been submitted to the FSA (dated October 28, 2013) and will also be implementing additional measures based on the administrative order received this time.

* Cease new credit transactions under the four-party captive loan scheme from January 20, 2014 to February 19, 2014.

Thoroughly implement measures relating to the four-party tie-up loans, including training all executive officers and employees involved in the scheme during the period set forth above.

Measures for the Enhancement of Group Governance

As set forth in the “One MIZUHO New Frontier Plan—Stepping up to the Next Challenge—,” dated February 26, 2013, MHFG aims to strengthen group governance and improve group management efficiency as well as advance Mizuho’s business model towards the new frontier of finance through the transition to the single bank and single securities structure, transformation into the new group capital structure and group management structure, and implementation of various measures such as the enhancement of group governance which supports unified group strategies. In order to fulfill our social responsibilities as a member of the global financial community, we have made decisions as set forth in the details below in relation to establishing a strong governance system and strengthening our crisis management capabilities, with an aim to further strengthen our group governance and to further facilitate the progress of our business model.

1. Establishment of a strong governance system

Mizuno has decided to conduct necessary studies and preparations in relation to the following draft measures for the establishment of a strong governance system based on the following three basic policies: 1) fundamentally strengthen supervisory function of the Board of Directors against the execution (particularly the active use of check-and-balance function by external persons); 2) ensure optimal placement of human resources that support the governance system; and 3) the adoption of a global and advanced governance framework.

We plan to conduct necessary studies and preparations with an aim to execute various measures at MHFG in April 2014, provided that they will be approved at the general meeting of shareholders, and at MHBK, Mizuho Trust & Banking (“MHTB”) and Mizuho Securities (“MHSC”) around first half of fiscal 2014.

1. Consideration of the transformation into a Company with Committees (MHFG)

MHFG plans to further enhance corporate governance, including strengthening the supervisory function against execution and improving transparency of management processes, and enhance the flexibility of management process by facilitating swifter decision making. It aims to transform into a Company with Committees and will conduct specific studies and preparations accordingly, provided that such plans will be approved at the general meeting of the shareholders.

2. Separation of the chairman of the Board of Directors from the general execution of business operations (MHFG)

In order to clarify the supervisory function of the Board of Directors, MHFG and MHBK will consider separating the chairman of the Board of Directors from the general execution of business operations and appointing external directors as the chairman of the Board in principle.

3. Additional appointment of external directors (MHFG, MHBK, MHTB and MHSC)

MHFG, MHBK, MHTB and MHSC will consider appointing additional external directors with expert knowledge of and experience in corporate governance, compliance with laws and regulations and crisis management and risk management of financial institutions, etc.

4. Clarification of the rules concerning directors of the execution line serving concurrent positions (MHFG, MHBK, MHTB and MHSC)

MHFG, MHBK, MHTB and MHSC will consider appointing Board of Director and Executive Officer (MHFG) or Executive Directors (MHBK, MHTB and MHSC) based on areas of responsibilities (Head of Compliance Group, etc.) rather than titles (Deputy President, Managing Executive Officers, etc.).

5. Establishment of optional committees, etc. (MHFG and MHBK)

MHFG and MHBK will consider establishing the following
optional committees, etc. (the majority of each committee or meeting’s members will be external directors), as advisory bodies of the Board of Directors.

- Risk Committee (MHFG and MHBK): matters related to general risk management
- Audit and Compliance Committee (MHBK): matters related to internal audit and compliance with laws and regulations
- Human Resources Review Meeting (MHFG): verification of executive officers and candidates of the Groups’ executive officers with titles, and assessment of executive officers, etc.

We will also establish the External Director Session in order to achieve more effective communication among external directors.

(6) Establishment of the Board of Directors Office (tentative name) (MHFG and MHBK)
MHFG and MHBK will consider newly establishing an organization that supports the governance system consisting mainly of external directors.

The structure chart of MHFG before and after the implementation of various measures set forth in (1), (5) and (6) above will be as follows:
(For illustrative purposes)

2. Strengthening crisis management capabilities
In addition to strengthening the ability to respond to emergency situations or events of emergency, we will establish systems that will respond appropriately to crises by detecting signs and indicators of crises in advance.

(1) Establishment of “Crisis Management Department” (MHFG and MHBK)
MHFG and MHBK have decided to establish “Crisis Management Departments” that will be responsible for responses in the event of emergency and business continuity management within Corporate Planning Divisions of MHFG and MHBK (established in January 2014).

The departments will comprehensively handle a series of responses in the event of emergency that may materially impact business management, including information collection and analysis, implementation of countermeasures, etc., and will function as a controller during MHFG’s and MHBK’s crisis responses, etc., including collecting and analyzing signs and indicators of the crisis and reporting to the management without delay.

MHFG and MHBK intend to actively take in a wide range of knowledge through strengthening relationships with
external institutions, accumulate know-how through the collection, research and analysis of past events, etc., and internalize such knowledge and know-how.

In addition to increasing the number of personnel, Mizuho will strengthen its crisis management capabilities as a group by establishing and implementing similar designated organizations in MHTB and MHSC.

(2) Implementation of the system to collect signs and indicators of crises (MHFG and MHBK)
MHFG and MHBK have developed and strengthened systems based on each cause of emergencies. As the change of social conditions further accelerates in recent years, MHFG and MHBK have decided to enhance the system applicable to the pre-emergency stage, such as implementing rules concerning the collection and dissemination of signs and indicators of crises, in order to respond appropriately at an early timing and to minimize the impact of the event.

(3) Establishment of a special sub-committee (MHFG)
From the perspective of preparing in ordinary times for strengthening the ability to respond to events as a group that may materially impact the management, MHFG has decided to newly establish, under its “Business Continuity Management Committee,” the “Sub-Committee to Strengthen Responses to Crisis” that exclusively handles themes and topics focused on the strengthening of the crisis management capabilities (established in January 2014).

MHFG intends to establish a group-wide crisis response system that may appropriately respond to the increasingly drastic changes in social conditions by internalizing information relating to events that occurred at other companies including those other than financial companies and know-how of crisis management from external experts.