



Strategic Capital

This campaign website is an abbreviated reference translation of the original in Japanese.

In the event of any differences between the original Japanese version and the English translation, the original Japanese version shall prevail

Correcting the Mizuho FG – Orico Misalignment

On Paper: No Consolidation, No Control

In Reality: Risk Consolidation, Effective Control



Executive Summary

Strategic Capital, Inc.'s (SC) goal is to unlock enterprise and shareholder value through dialogue with the company management team and the exercise of shareholder rights.

SC and the funds managed by our company are shareholders of Orient Corp. ("Orico" or "the Company"), an equity-method affiliate of Mizuho Financial Group, Inc. ("Mizuho FG") which indirectly holds 48% of the voting rights. In order to increase shareholder value, we have submitted the following proposals to

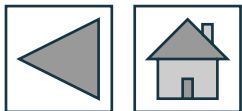
Mizuho FG

- ~~i. Disclose the impact if Orico were to become a consolidated subsidiary~~

The proposal to Mizuho FG was withdrawn as of May 28, 2026

And Orico

- i. Disclose Mizuho FG shares held by Orico directors
- ii. Appoint an outside director as chair of Orico's Board of Directors





Mizuho FG – Justifying the status quo while lacking objectivity

Mizuho FG is Orico's largest shareholder, holding 48.8% of its voting rights. However, it classifies Orico as a company that it "does not exercise effective control" and discloses it as an "equity-method affiliate" instead of a "consolidated subsidiary."

What should be examined here, however, is not the form but the substance.

Can Mizuho FG truly assert that it "does not exercise effective control" over Orico?

It is widely recognized that Mizuho FG exerts extremely strong influence over Orico and it would only be natural for the market and general shareholders including SC as well creditors and auditors to view that relationship as one of "effective control."

This is not merely a governance issue. The distorted relationship between Mizuho FG and Orico could even be interpreted as an attempt to circumvent international regulations imposed on financial institution, namely the Basel Accords.



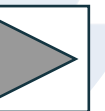
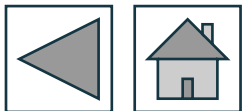


Mizuho FG – Justifying the status quo while lacking objectivity cont'd

We expect Mizuho FG to act with the awareness befitting a leading Japanese financial group. Instead of justifying its distorted relationship with Orico, it should objectively assess the distortions and reevaluate the risks.

More fundamentally, Mizuho FG's retail business, including Orico, remains in a chaotic state, with multiple business lines offering similar services. In contrast, Sumitomo Mitsui Financial Group has already begun consolidating its retail operations, and in February 2026 Mizuho FG's partner Rakuten announced that it would begin consolidating its fintech business.

Mizuho needs to objectively assess the current situation and arrive at a proper course of action. If consolidation is the goal, then make Orico a wholly owned subsidiary; if not, then divest its stake in Orico. In either case, this will both resolve the chaos in its retail business and end the unhealthy relationship that exists due to the parent-subsidary listing.





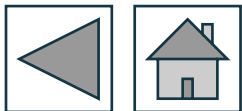
What's New

04.15.2026

Submitted Formal Shareholder Proposal to Orico and Mizuho FG

05.28.2026

Withdrew the shareholder proposal to Mizuho FG





Who Appoints the President?

Who controls the AGM?

Who's on the Board?

Both Mizuho FG and Orico assert that “Orico makes its own decisions independent from Mizuho FG” and “Mizuho FG does not control Orico.” But is that really the case?

Does Mizuho FG control appointment of Orico's president?

Since 1983, all nine of Orico's presidents, including current president, Makoto Umemiya, have come from Mizuho Bank or Mizuho FG.

If Orico were truly independent, could a situation like this really have continued for more than 40 years?”

Since 1983, all nine presidents of Orico formerly worked at Mizuho Bank or Mizuho FG

President from	Name	Background and position	Former Affiliation
1973~	Yoshitaka Kitani	--	--
Listed on Hiroshima Stock Exchange in October 1974			
① 1983~	Yoshio Abe	Ex-Mizuho Bank: Deputy President	Dai-ichi Kangyo Bank
② 1993~	Hiroshi Arai	Ex-Mizuho Bank: Deputy President	Dai-ichi Kangyo Bank
③ 1999~	Hisashi Kanai	Ex-Mizuho Bank: Exec MD	Dai-ichi Kangyo Bank
④ 2003~	Ikuo Kaminishi	Ex-Mizuho Bank: Exec MD	Industrial Bank of Japan
⑤ 2007~	Yoshimasa Nishida	Ex-Mizuho Bank: Managing Exec Officer	Dai-ichi Kangyo Bank
⑥ 2011~	Masayuki Saito	Ex-Mizuho FG: Managing Exec Officer	Dai-ichi Kangyo Bank
⑦ 2016~	Masaaki Kono	Ex-Mizuho FG: Deputy President	Dai-ichi Kangyo Bank
⑧ 2020~	Tetsu Iimori	Ex-Mizuho FG: Managing Exec Officer	Fuji Bank
⑨ 2025~ (current)	Makoto Umemiya	Ex-Mizuho FG: Deputy President	Fuji Bank

Mizuho FG does not control the appointment of Orico's president



(Source: Annual Securities Report. The positions at Mizuho listed under “Background and Position” refer to positions held at either Dai-ichi Kangyo Bank, Industrial Bank of Japan, Mizuho Corporate Bank, or Mizuho Bank.)





Does Mizuho FG control Orico's AGM?

Mizuho FG holds approx. 48% of the total voting rights, which is less than a majority. However, since there are always some shareholders who do not exercise their voting rights, they have **effectively secured more than 50% of the voting rights for over a decade.**

Based on the number of voting rights actually exercised, Mizuho FG's voting rights have exceeded 50% for more than 10 years

Voting rights held by Mizuho FG

Year (as of June)	Voting right held/exercised (①)	Total voting rights (②)	Actual voting rights exercised at AGM (③)	Mizuho FG voting rights/total voting rights (= ① ÷ ②)	Mizuho FG voting rights/actual votes exercised (= ① ÷ ③)
2016	8,364,031	17,177,880	15,420,508	48.69 %	54.24 %
2017	8,364,031	17,180,024	15,176,825	48.68 %	55.11 %
2018	8,364,031	17,181,844	15,077,353	48.68 %	55.47 %
2019	8,364,031	17,182,201	15,238,571	48.68 %	54.89 %
2020	8,364,031	17,183,293	15,441,815	48.68 %	54.16 %
2021	8,364,031	17,185,565	15,457,899	48.67 %	54.11 %
2022	8,364,031	17,185,664	15,479,880	48.67 %	54.03 %
2023	836,403	1,713,210	1,540,221	48.82 %	54.30 %
2024	836,403	1,713,630	1,498,375	48.81 %	55.82 %
2025	836,403	1,713,759	1,444,574	48.81 %	57.90 %

(Source: QUICK Workstation; extraordinary report)

Less than 50% of voting rights
But more than 50% when compared to votes actually exercised

Mizuho FG does not control Orico's AGM
















Does Mizuho FG control Orico's Board?

Orico's Board consists of 11 members, five of whom are non-outside ("in-house") directors. **Of those five, three are former employees of Mizuho Bank/FG, and key positions** such as Chairman, meeting chair, and President **are all held by them.**


Former Mizuho Bank / FG executives hold key board positions at Orico, including the top posts of President and Chairperson

Composition of Orico's Board of Directors

	Inside				Outside		
Directors	 Iimori Chairperson & Board Chair	 Umemiya President and Representative Director	 Matsuoka Senior Managing Executive Officer	 Baba Managing Executive Officer	 Nishino Director	 Honjo Director	 Hirayama Director
Directors (Audit and Supervisory Committee Members)	 Fukasawa Director (Audit and Supervisory Committee Member)				 Sakurai Director (Audit and Supervisory Committee Member)	 Matsui Director (Audit and Supervisory Committee Member)	 Ogasawara Director (Audit and Supervisory Committee Member)


Former Mizuho Bank / FG Executives


Orico Insiders


Non-affiliated

(Source: Annual Securities Report)



Mizuho FG does not control Orico's Board of Directors





So why do Mizuho FG and Orico assert that “Mizuho FG does not control Orico”? This may be influenced by certain circumstances facing Mizuho FG.

What are the Basel Accords

As a bank holding company, Mizuho FG is required to comply with the regulations designed to prevent the failure of financial institutions. Known as the “Basel Accords”, they were strengthened following the events of the Global Financial Crisis.

Under Basel, there are restrictions on the level of “capital to risk-weighted assets (RWA).” For Mizuho FG, if it were deemed to control Orico and **Orico is included in the consolidated financial statements, what is considered RWA would change significantly.**

If Orico consolidated, Mizuho FG must include risks assets held by Orico in its RWA

Estimation of RWA (Equity method vs consolidated subsidiary)

$$\text{Capital Adequacy Ratio} = \frac{\text{Capital}}{\text{RWA}} \geq 8\%$$



RWA calculation differs between equity-method affiliates and consolidated subsidiaries

(Source: Financial Services Agency and Bank of Japan's "Finalization of Basel III")





JPY 3.6 trillion in RWA from Orico Consolidation

If Orico is consolidated into Mizuho FG –

RWA will increase by JPY 3.6 trillion

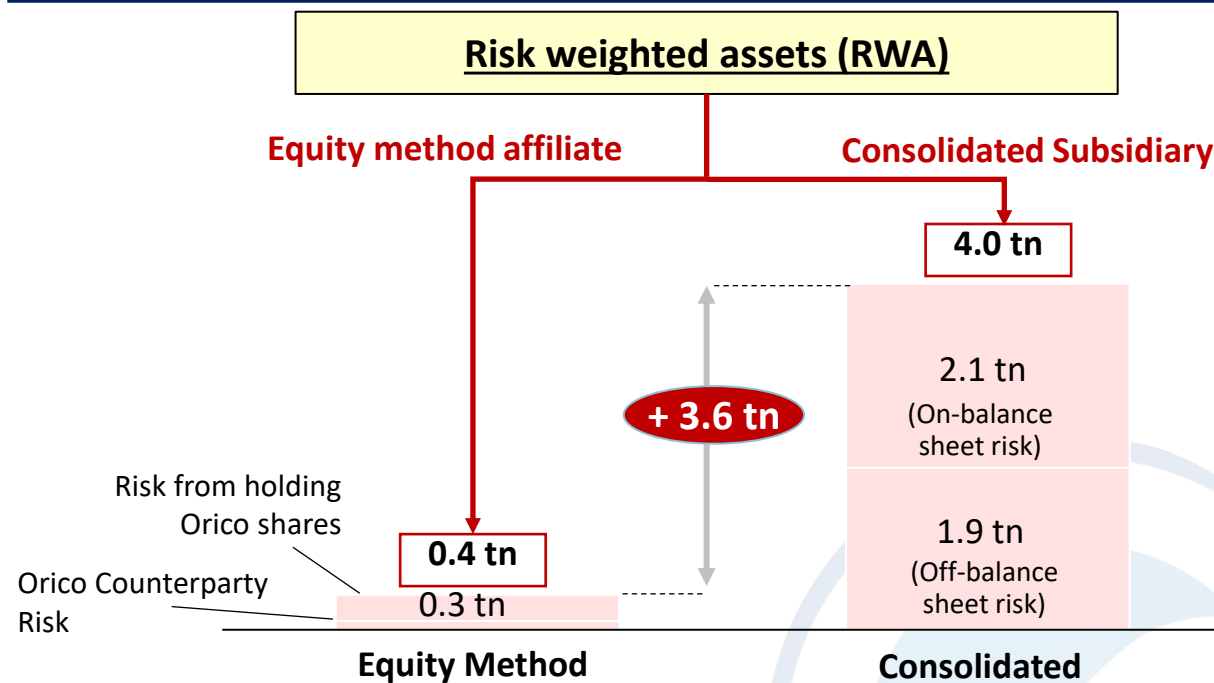
Worsen Mizuho FG's Basel risk metrics

Lead to a deterioration in Mizuho FG's credit risk

Is it less a matter of Mizuho FG “choosing not” to acknowledge that it controls Orico, and more that it “cannot” acknowledge such control?

If Orico consolidated, Mizuho FG must include risks assets held by Orico in its RWA

Estimation of RWA (Equity method vs consolidated subsidiary)



Mizuho FG's RWA increases by JPY 3.6 tn if Orico consolidated

(Source: FSA/BOJ, “Finalization of Basel III”, Annual Securities Report (FY2024). RWA amounts are our estimates. The risk associated with the holding of Orico shares is estimated by multiplying Orico's consolidated net assets by Mizuho FG's ownership stake. Other risks are estimated by applying risk weights in accordance with standard methodologies for each item.)





the “unexpected”

the “expected”

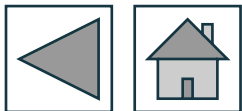
Prepare for “unexpected”, ignoring “expected”

There is another problem with Mizuho FG's claim that it 'does not control Orico,' simply beyond the fact that it “does not reflect reality.”

Basel regulations: Designed to prepare for the unexpected

The Basel regulations are “internationally recognized standards for assessing the soundness of the management of banks and similar institutions (including capital adequacy ratios and liquidity ratios.)” (Japan's Financial Services Agency). In response to the Global Financial Crisis in 2008, “capital adequacy requirements were tightened so that banks would not fall into a management crisis even if they faced unexpected losses” (BOJ website Q&A, Japanese only), resulting in the current Basel framework.

Put simply, Mizuho FG is required to comply with capital adequacy ratio requirements (= capital / RWA) so that it will not collapse even in the face of “**unexpected losses.**”





the "unexpected"

the "expected"

Prepare for "unexpected", ignoring "expected"

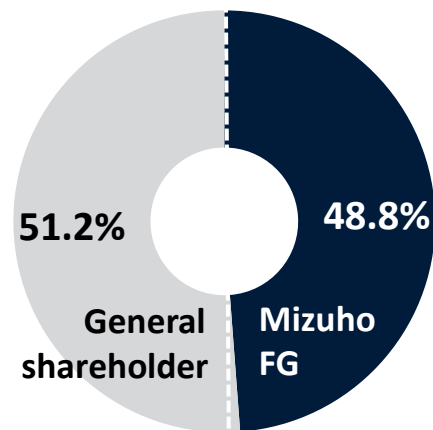
Mizuho FG ignoring risks that can be "expected"

As long as Mizuho FG does not control the Company, Orico could, for example, independently carry out a share buyback of 2.5% of its outstanding shares and become a consolidated subsidiary regardless of Mizuho FG's intentions.

This is a clear risk that is "within expectations".

Orico could become a consolidated subsidiary with a small share buyback

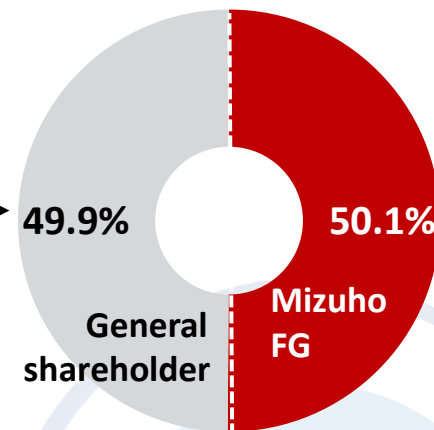
Shareholder breakdown (before)



Buyback 2.5% shares from general shareholders

* Since Mizuho FG does not hold a controlling interest, it only receives ex-post reports

Shareholder breakdown (after)



Orico becomes a consolidated subsidiary without any conditions





the "unexpected"

the "expected"

Prepare for "unexpected", ignoring "expected"

Preparing for "unexpected" risks while ignoring "expected" risks

Mizuho FG is presumably calculating its RWA in line with Basel so that it will not fail even in the face of "unexpected" losses.

At the same time, it is ignoring an "expected" risk, namely an unintended consolidation which would result in approx. JPY3.6 T in RWA.

If share buyback possible, can't ignore consolidation risk, if not, then should have consolidated from the outset

Can Mizuho FG ignore risk from consolidation?

- If Orico **cannot** do a share buyback without Mizuho FG's approval ▶ × Mizuho FG controls Orico's decision making. **Should be consolidated from the outset**
- If Orico can do a share buyback without Mizuho FG's approval ▶ × Orico could suddenly become a consolidated subsidiary. **Such risk cannot be ignored**
- If Orico will never do a shareback against Mizuho FG's wishes ▶ × Orico cannot act "against Mizuho FG's wishes" constitutes "does not have control". If it is controlled then **should be consolidated from the outset**

It is difficult to justify Mizuho FG's failure to reflect the risk it may have to consolidate Orico in its RWA calculation.

Accordingly, we have submitted a proposal requesting that Mizuho FG **estimate and disclose how Orico's treatment as a consolidated subsidiary would affect the key indicators under the Basel regulations.**





Put an end to the chaos and distorted relationships in the retail business

Mizuho FG's retail business is in disarray. Within its retail segment, three companies related to credit cards, Orico, UC Card, and Rakuten Card coexist in an awkward group structure, and there is no visible group-wide strategy.

While Rakuten and Sumitomo Mitsui Financial Group are strengthening their competitiveness by consolidating their retail businesses, Mizuho FG has fallen behind, and its presence in the segment is declining.

Mizuho FG should fundamentally resolve its distorted relationship with Orico, either by making it a wholly owned subsidiary or by fully divesting its stake, while also clearly defining the direction of its chaotic retail business.

Finally, shouldn't Mizuho FG be looking to unwind such a parent-subsidiary dual listing?

Mizuho FG's retail business, even just credit cards in disarray. Strategy unclear

Card companies associated with Mizuho FG

		Orico	UC Card	Rakuten Card
Partner card issuers	Electronics	<ul style="list-style-type: none"> Kojima Edion 	<ul style="list-style-type: none"> Yamada Denki 	
	Transportation	<ul style="list-style-type: none"> Keisei Electric Railway Nagoya Municipal Subway 	<ul style="list-style-type: none"> Keikyu Kintetsu Tokyo Metro 	
	Airline	<ul style="list-style-type: none"> Jetstar 	<ul style="list-style-type: none"> United Airlines ANA 	<ul style="list-style-type: none"> ANA
Mizuho Partner Card		<ul style="list-style-type: none"> Mizuho Mileage Club Card THE POINT 	<ul style="list-style-type: none"> Mizuho Mileage Club 	<ul style="list-style-type: none"> Mizuho Rakuten
Corporate Card		<ul style="list-style-type: none"> Orico Business Aeon Business Neos Business 	<ul style="list-style-type: none"> UC Corporate 	<ul style="list-style-type: none"> Rakuten Business





Six consecutive business targets missed

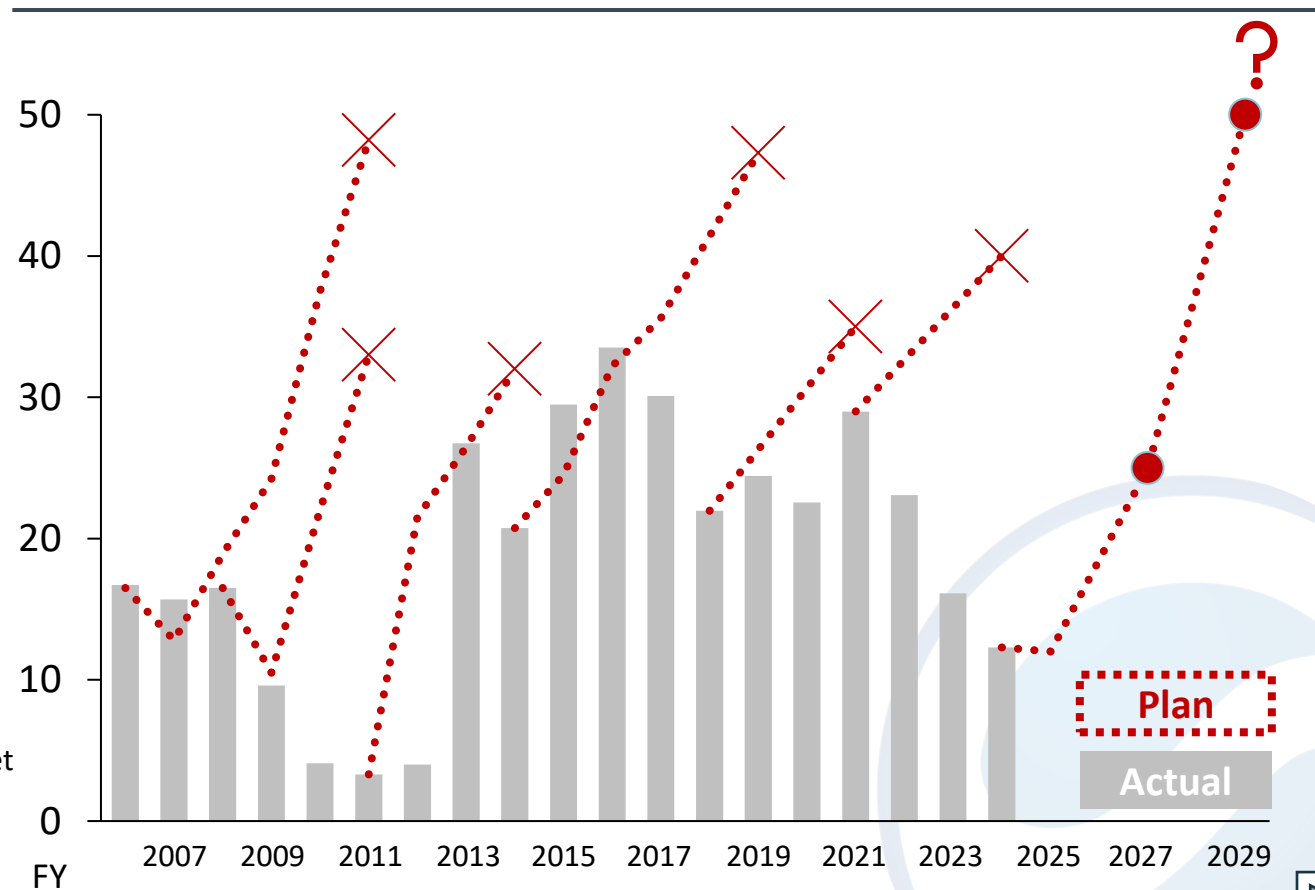
Orico has failed to achieve its business plan over the past 20 years. Although things sometimes go well for the first year or two after a plan is formulated, it has repeatedly fallen far short of its goals.

(Source: Based on securities reports and disclosure materials. Target figures for the FY not disclosed in MTBPs are our estimates.)



Missing targets has become the norm

Ordinary Profit (in billion of yen)



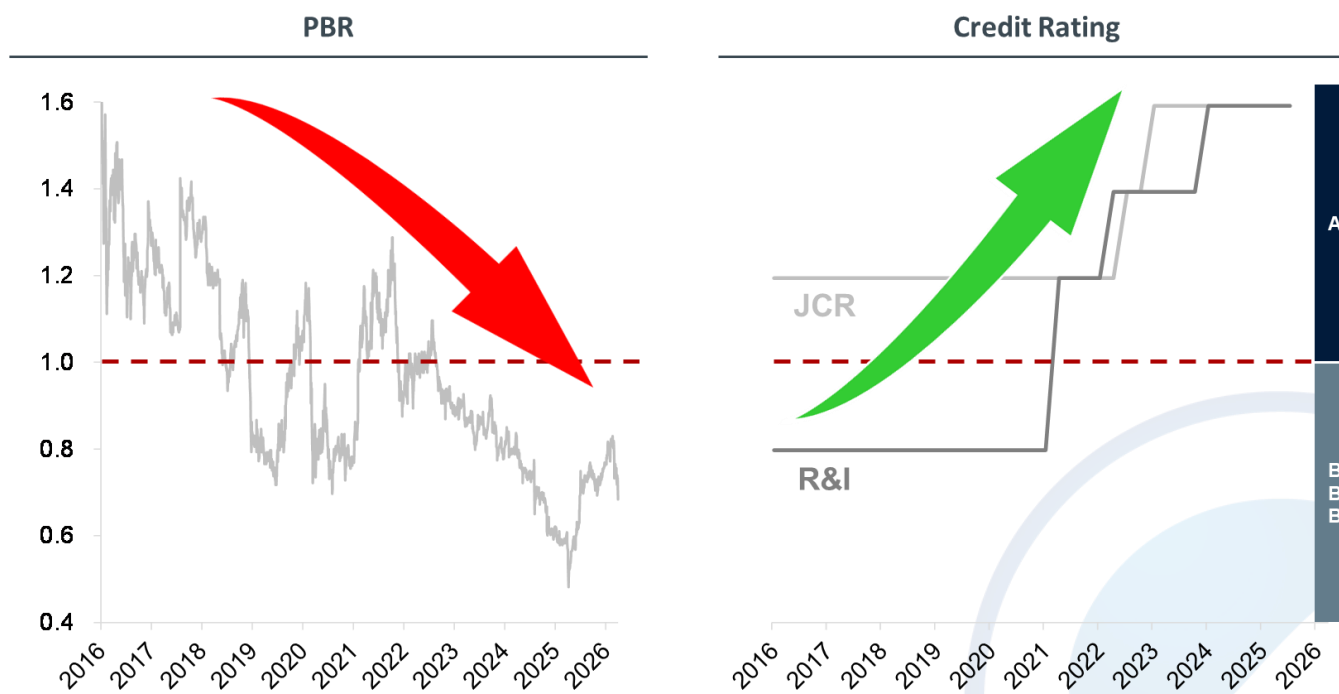


Good management for the bank / Bad management for shareholders

Against this backdrop, shareholder value has continued to be destroyed, and Orico's share price has fallen to a PBR below 1x. However, in contrast, the credit rating risen from BBB to A.

As a result, it can be said that Orico has been managed in a way that is favorable for Mizuho FG as a creditor, but unfavorable for general shareholders.

PBR and shareholder value has eroded but credit rating improved



Has benefitted main bank, Mizuho FG

(Source: Quick Workstation)





Mizuho FG tolerates failure by its former employees

Normally, executives who damage shareholder value are held accountable, which helps deter further damage.

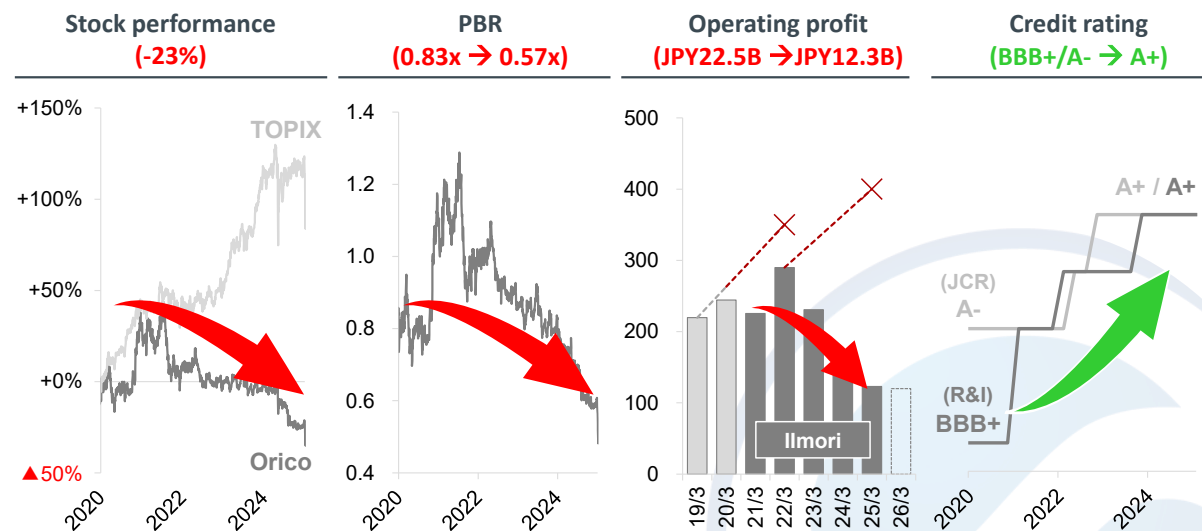
However, for example, current Chairman Imori was appointed to that position despite having damaged shareholder value during his tenure as president, based on his “superior managerial judgment based on his extensive experience and track record as a top executive of the Company” (*).

Even when Imori, a former Senior Managing Executive Officer of Mizuho FG, destroyed shareholder value as Orico’s president, Mizuho FG, as an Orico shareholder, did nothing to hold him accountable.

Therefore, to ensure independence from Mizuho FG, and to prevent individuals like Imori, who should be held accountable for decisions, from dominating the Board, we are submitting a **shareholder proposal that the chair of the board be served by an outside director.**

(*) Quoted from the proposal to appoint Imori in the reference materials for the [Notice of the 65th Annual General Meeting of Shareholders](#).

While Chairman Imori was president shareholder value eroded in every respect



(Source: QUICK Workstation (Astra Manager), securities reports, and disclosure materials. Stock price represents the percentage change in the dividend-adjusted stock price index from Mar 31, 2020., to Mar 31, 2025. PBR from March 31, 2020, to March 31, 2025.)





Mizuho FG shares held by Orico's top executives

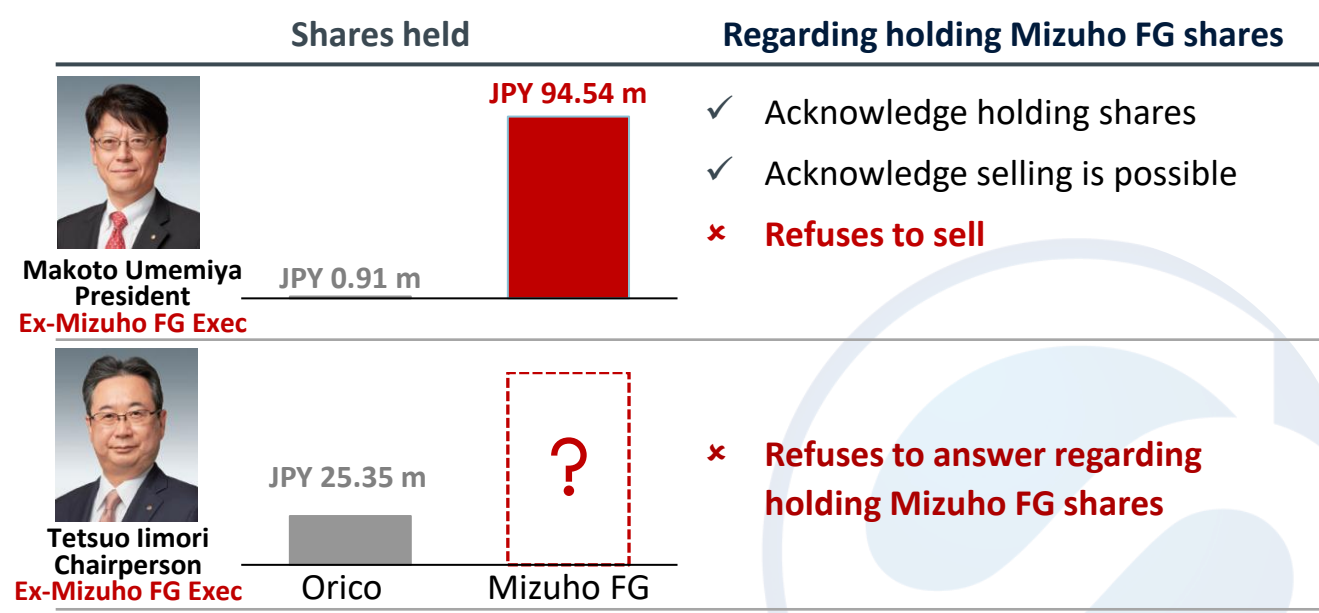
Orico has a duty to correct its distorted relationship with Mizuho FG and enhance shareholder value. However, President Umemiya, a former Deputy President of Mizuho FG, owns more Mizuho FG shares than Orico shares, while Chairman Iimori, a former Senior Managing Executive Officer of Mizuho FG, has not even disclosed whether he holds any Mizuho FG shares.

As an investor, SC cannot overlook a situation in which the management of a listed company holds shares in another company with which there is a structural conflict of interest.

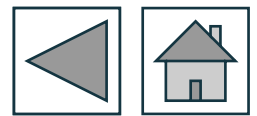
SC requests, in principle, that Orico's directors dispose of all Mizuho FG shares they hold. And as a **shareholder proposal, when directors are elected, they disclose their holdings of Mizuho FG shares.**

As an Orico shareholder, SC believes that Orico's management should hold as much Orico stock as possible and devote themselves to managing the Company from the same perspective as shareholders.

Concerns the president and chairman, both ex-Mizuho executives, still hold Mizuho shares



(Source: Annual Securities Reports. Market value of shares as of March 31, 2026. Number of Orico shares held as of the end of March 2025; number of Mizuho FG shares held by President Umemiya as of the end of March 2023.)

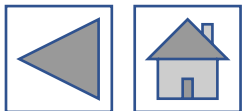




Revisions

05.28.2026

Withdrew the shareholder proposal to Mizuho FG





Important Legal Disclaimer

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