Progress of the Business Improvement Plan

July 15, 2022

Mizuho Financial Group, Inc.
Mizuho Bank, Ltd.

MIZUHO

✓ By the end of June, IT and user departments have finished inspections and training concerning contingency plans for 30 main operations, including domestic/foreign exchange and market settlement and other. We conducted advanced inspections for the prevention of system failures and installed cameras in ATM booths and other, as planned. We also completed release for a large-scale development project that was scheduled for between April and June 2022.

✓ In and after July, we will deliberate more advanced measures to respond to system failures such as the introduction of a tool, as well as verifying the effectiveness, and dissemination of completed measures, and flexibly reviewing actions.

✓ The specific details of initiatives (☐) for the "prevention of system failures," "enhancement of system failure response capabilities," and "reforming corporate culture" are explained in the subsequent pages.

Main measures for improvement			Actions taken by Mar-22	Progress (as of end of Jun-22)
Prevention of system failures	Recurrence prevention	Improvement related to the location of system failures	Completed inspecting and modifying systems regarding the direct causes of IT system failures.	(Actions have been taken for improvement continuously)
		Improvement related to similar locations	Completed inspecting and modifying systems by expanding the scope to locations where similar events could occur	
	Prevention	Inspection of important infrastructure platforms	Completed inspecting and improving MINORI, foreign exchange settlement, and the BOJ settlement systems to ensure that there is no significant failure risk	• Completed preventive maintenance for systems on shared platforms
		Inspection of applications	Completed inspecting the limit management status for foreign exchange settlement (1 operation and 4 systems)	• Completed inspecting the limit management status for 16 operations and 13 systems for domestic and market settlement
Enhancement of system failure response capabilities		Customer support in which system and business contingency plans are working in conjunction	Completed checking and training concerning contingency plans for 9 operations including foreign exchange settlement and market settlement operations and other	• Completed checking and tabletop exercises for contingency plans concerning 21 operations including domestic exchange operations and other • Completed checking and exercises for all target 30 operations were done and will continue to take actions
		ATM specification changes and the enhancement of customer support capability	Completed releasing of change in specifications to prevent ATM cards and bankbooks from being stuck and to introduce specifications to display information to customers on statements	(Have taken actions continuously to change specifications in order not to keep customers waiting in case of trouble)
			Completed preparations to install cameras with speakers in ATM booths	• Installed cameras with speakers in 632 ATM booths (about 30% of the total)
Governance		Business operations based on on-site feedback from IT departments and appropriate personnel allocation	Visualized the operations and personnel required for the maintenance and operation phases and secured personnel Developed a framework to understand and verify the actual situation of frontline offices	• Based on the developed framework, started operations and verifications based on the actual situation of frontline office; will continue to take actions
		Enhancement of IT system risk management	Reviewed management items and details in order to comprehend and analyze IT system risks appropriately Started to take actions to enhance risk awareness to enrich in-depth discussions about countermeasures against risks	• Developed a framework to advance system risk management • Started full-fledged discussion about risk awareness and countermeasures against risks
		Legal compliance	Developed procedures and structures related to foreign exchange laws and regulations. Conducted and expanded training for management and employees to further enhance overall legal compliance	• Will further develop and enhance procedures and structures mainly related to foreign exchange laws and regulations. • Started monitoring and training concerning the procedures.
Personnel and organizations		Reforming corporate culture	Started to take actions to improve business operations and communication throughout the organizations sequentially	• Have promoted specific actions, including the review of business operations and communication measures, sequentially

Main measures for improvement			Until end of Mar-22	Current status (from Apr-Jun 22)	From Jul-Sep 22	From Oct-Dec 22	From Jan-Mar 23	From Apr-23
Prevention of system failures	Inspection of important infrastructure platforms	Maintenance deadline	Inspection completed	Will continue checking as regular inspection.				
		Preventive maintenance	MINORI Foreign exchange settlement BOJ settlement	Shared platform (private cloud)	Other shared platforms and transaction channels	(Are considering whether to add inspection targets)	Will continue checking as regular inspection	
		Operation when a system failure occurs	MINORI (Main HUB) Foreign exchange settlement BOJ settlement	MINORI (deposits/foreign exchange, etc.) and transaction channels (ATM)		Modification, etc.		Will continue checking as regular inspection
					Transaction channels and market/external settlement		Modification, etc.	
						Overseas and others		
	Inspection of applications	Re-examination of services that have not yet been put into use	Inspection completed					
		Limit management/ operation volume & processing deadlines	Foreign exchange settlement	Deposits, domestic exchange, ATMs, and market/external settlement	Will continue checking as regular inspection based on changes in operations			
		Regular inspection based on changes in operations			Deposits, domestic/foreign exchange, ATMs, and market/external settlement			Taxes/public funds, and others
Enhancement of system failure response capabilities	Customer support in which system and business contingency plans are working in conjunction		Foreign exchange settlement Market (foreign currencies)	Deposits, domestic exchange, ATMs, and market/external settlement (JPY), taxes/public funds, and others	Will continue to take actions			
	ATM	Introduction of specifications that do not keep customers waiting	Release completed	Will continue to work on improving specifications				
		Installation of cameras with speakers	Preparation for installation completed	Completed at 632 office (about 30%)	Expanding incrementally		Completing at all 1,809 offices	

Governance	Business operations based on on-site feedback from IT departments and appropriate personnel allocation	Development of operations and structure	Are conducting and continuing operations and verifications			Will continue to take actions
	Enhancement of IT system risk management	Have reviewed management items and operations	Are conducting and continuing operations and verifications			
	Legal compliance	Have developed and enhanced procedures, structures, and training programs	Will conduct and verify compliance monitoring and training			
Personnel and organizations	Reforming corporate culture	Are starting to implement and clarify measures (reviewing operations, developing organizations, forming employees' working groups, etc.) and are developing infrastructures	Will promote and continue measures and utilize infrastructures			

			Actions	Until end of Mar-22	Current status (as of end of Jun-22)
Inspection of important infrastructure platforms	Objective	Inspecting the risk of material failure risk of important systems	**Inspection details** — **1. Maintenance deadline (Target: 109 systems)** · Check the maintenance support expiration dates of system equipment. · Clarify the risks related to equipment of which maintenance support has expired and develop policies to address the risks	✓ **Inspection completed (109 systems)**	(Will continue checking as regular inspection)
	Target	Systems that support operations that need continuous service, even in an emergency such as a disaster or a system failure (109 systems)	**2. Preventive maintenance (Target: 80 systems)** · Conduct replacement before a failure occurs or the maintenance support expires (preventive maintenance), by expanding the inspection standards, detecting signs of errors, etc.	✓ **MINORI** ✓ **Foreign exchange settlement** ✓ **BOJ settlement (41 systems)**	✓ **Completed inspections and replacement of systems on shared platforms (private cloud) (24 systems)** — Will inspect other platform and channel systems (15 systems) by Sep-22
			3. Operation when a system failure occurs (Target: 87 systems) · Clarify policies to address failures of the infrastructure platforms in the case of a system failure (backup switching, etc.) by checking whether there is no problem or point to be improved in the operation of each equipment and function.	✓ **MINORI (Main HUB)** ✓ **Foreign exchange settlement** ✓ **BOJ settlement (6 systems)**	✓ Currently inspecting MINORI (deposits, foreign exchange, etc.) (34 systems) (until Sep-22) — Will start inspections of other remaining 47 systems in Q2 sequentially (until Mar-23)
Inspection of applications	Objective	Inspection of important systems to ensure stable operation (Inspecting the appropriateness of settings in light of any increase/decrease in transaction volume, etc.)	**Inspection details** — **1. Re-examination of MINORI services that have not yet been put into use** · Confirm that MINORI transaction services that have not yet been put into use can be properly processed using the latest data.	✓ **Inspection completed**	—
	Target	Systems that support settlement operations which require the prompt activation of the contingency plan, assuming impact on customers, market transactions, etc. (27 systems)	**2. Limit management/operation volume & processing deadlines (Target: 17 systems in FY22 and 10 systems in FY23)** · Appropriately control the threshold of the resource use rate and the risk of system processing time exceeding the operation deadlines by comprehending changes in the operation volume and system resource use rates.	✓ **Foreign exchange settlement (1 operation and 4 systems)**	✓ **Completed inspections of limit management status for 16 operations and 13 systems, including domestic and market settlement operations and others, that have significant impacts on customers** — Will start regular inspection based on changes in operations from Q2 (until Mar-23)
			3. Regular inspection based on changes in operations (Target: 17 systems in FY22 and 10 systems in FY23) User and IT departments shall regularly share the necessity of renewing running systems and the readiness of the contingency plan, etc., based on changes in operations in the future, and shall appropriately control risks.		

			Actions	Until end of Mar-22	Current status (as of end of Jun-22)
Customer support in which system and business contingency plans are working in conjunction	Objective	IT and user departments working in collaboration to ensure prompt customer support in the event of system failure	**1. Visualize the system configuration and operation flows and reconfirm the impact of system failures on customers** • Visualize data and operation flows from systems to service provision to customers, utilizing system configuration diagrams and data maps, etc., and reconfirm the scope and details of the impact of a system failure. **2. Confirm the contingency plan, considering service provision deadlines** • Both IT and user departments shall understand service provision deadlines and confirm the series of response flow, including the deadline of contingency plan activation, etc. **3. Ensure prompt customer support in the event of a failure through the above and via training in collaboration between IT and user departments**	✓ **Foreign exchange settlement** ✓ **Market (foreign currencies) (9 operations)**	✓ **Completed confirmation of the contingency plan and tabletop exercises assuming the event of a system failure for other remaining 21 operations, including domestic exchange operations** – Checked the following items as well as the inspection details in the column at left • Internal communication structure in the event of a system failure being detected • Data, procedures, methods of informing customers, etc., that are required when a contingency plan is activated Will continue to take these actions regularly
	Target	Settlement operations that require the prompt activation of the contingency plan, assuming impact on customers and market transactions, etc. (30 main operations)			
ATM specification change and the enhancement of customer support capability	Objective	Developing functions and structures that enable us to promptly provide information and support to customers, without keeping them waiting, in the event of an ATM system failure, etc.	**1. Introduce specifications that do not keep customers waiting** • Change specifications to prevent ATM cards and bankbooks from becoming captured so as not to keep customers waiting in case of trouble. • Introduce specifications to display information to customers on the ATM screen and in statements.	✓ **Release completed**	(Will continue to work on improving specifications)
	Target	Mizuho Bank ATM (1,809 offices) *As of end of June-22	**2. Enhance customer support capabilities in case of trouble** • Install cameras with speakers in ATM booths so as to promptly provide customer support in case of trouble.	✓ **Preparation for installation completed**	✓ **Installed cameras with speakers at 632 offices (about 30% of the total)** Will increase the number of ATM booths having cameras with speaker (until March 2023)

Note: "Inspection details" label appears vertically between the Target/Objective column and the Actions column for both sections.

	Actions	Until end of Mar-22	Current status (as of end of Jun-22)
Business operations based on on-site feedback from IT departments and appropriate personnel allocation	• **Visualized the operations and personnel required for the maintenance and operation phases and allocated necessary personnel appropriately**	✓ **Established new control department in Apl-22, and specified a framework to understand the actual situation of frontline office of each group company.** ✓ **Strategy planning and appropriate resource allocation based on the actual situation.** ✓ **Specify measures to enhance on-site capability of IT departments and improve morale.**	✓ Start initiatives such as organization monitoring, communication session with the management, survey and etc. ✓ Verify and review 22/1Q situation and adjust appropriate personnel allocation considering demand-supply in 22/2Q
Enhancement of IT system risk management	• **Appropriately comprehend and analyze IT system risks by improving management items and details and enrich in-depth discussions on risk awareness and countermeasures at the senior management level**	✓ **Established a policy for reviewing meeting structure and content** – Deepened and expanded the discussion to develop IT governance, such as risk recognition and counter-measures, appropriate resource allocation, and others related to IT strategy direction and its implementation ✓ **Started reporting for status of multi-layered monitoring on IT system risks, at various committees and others.**	✓ Clarifies meeting frequency and agendas, such as direction of IT strategy, and corresponding status for both risk warning signals and risk realizing events. ✓ Continues reporting for status of multi-layered monitoring on IT system risks, at various committees and others.
Legal Compliance	• **Developed procedures and structures related to foreign exchange laws and regulations, conducted training for management and employees to further improve overall legal compliance.**	✓ **Developed procedures and structures related to foreign exchange laws and regulations** – Expansion of BCP related to AML, enhancement of emergency structure – Be firm for process of fulfillment of checking duties / established inspection structure of compliance status – Established professional team for foreign exchange laws and regulations, and working committee of promotion of AML/CFT. ✓ **Conducted training for management and employees to further improve overall legal compliance.**	✓ Started compliance training with new contents ✓ Started monitoring of compliance of procedure related to foreign exchange laws and regulations ✓ Continue further enhancement of compliance of foreign exchange laws and regulations.

■ Through actions to "reform corporate culture," we will aim to create an organization where everyone can act autonomously and hold productive discussions.
  – To fulfil the aim, management and employees will take specific actions and will start reviewing business operations and infrastructures that support the actions.

Communication

✓ **Foster interactive communication at various layers and create an open-minded atmosphere everywhere**

◆ **Interactive communication with management**

✓ **Held GCEO dialogue sessions (13 sessions in total)**
→ **Key questions and answers are disclosed to employees on the Group's website.**

✓ **Have posted a message from GCEO and actions to reform corporate culture and have provided a contact point to receive direct messages to GCEO on the internal website**

◆ **Strengthening communication between frontlines and the Head Office**

✓ **Strengthened ties between communicators at administrative frontlines and Head Office instructors who consider administrative processes**

◆ **Create inclusive organization**

✓ **Provided training utilizing results of the engagement survey targeted at General Managers and promotion members; nine offices have taken trial actions to promote teamwork based on direct opinions from employees.**

Opinions as exchanged freely at GCEO dialogue sessions

"I wonder if we can increase opportunities to get to know the frontlines, the Head Office, and other departments for deeper mutual understandings within the Group."

"Please tell us what you think about comfortable working environment for each employee and improvement measures of job satisfactions."

Examples of opinions posted at GCEO's Room

"I would like you to send more messages such as what you felt when you visited a frontline."

"As there are still a lot of operations relying on manual work, I would like you to invest more in IT systems."

United action by management and employees

✓ **Employees that perform daily operations will achieve reform by themselves from their standpoint**

◆ **Attempting to reform corporate culture by soliciting ideas from employees**

✓ **Have initiated four working groups where about 160 persons in total, including about 40 core members, are having vigorous discussions based on what they notice during their daily work**

✓ **Under the four themes of "Values/ Action principles," "Communication transformation," "Business style transformation," and "Support in proactive actions," employees had discussions with management (three times in total).**

→ **Employees can watch the videos of the discussions on the internal website**

Employees' opinions as heard during working group discussions

Values/ Action principles

What do you think about corporate philosophy?
"We need to find ways to be more conscious about it daily."
"I would like to dig deeper about purpose." (Plus others)

What is the improvement plan for in-house communications?
"I would like to increase contact with other departments."
"I would like to make more use of digital tools." (Plus others)

Communication transformation

Business style transformation

How can we decrease "inward-looking operations"?
"Let's stop to prepare just-in-case materials."
"We should understand significance and background of each operation/business" (Plus others)

How can we promote proactive actions of employees?
"Creating an atmosphere to welcome new challenges."
"Share good actions." (Plus others)

Support in proactive actions

Business operations for serving customers and society

✓ **Aim to achieve business operations that enable us to utilize frontline findings for initiatives and to make employees feel change**

◆Actions to abolish internal operations

✓ **Since launch in February, more than 600 proposals were submitted from employees. Decided to abolish or improve internal operations and shared the decision with employees, based on around 90 proposals**

✓ **Will regularly share the progress with employees about other proposals**

◆ Review of Head Office's internal meetings

✓ **Took actions such as abolishing some meetings, holding meetings on paper instead of in-person, reviewing the frequency of meetings, as well as radically reducing meeting materials and changing the person in charge of explaining the materials from management to the general managers.**

Examples of internal operations to be abolished or improved

◆Shifting to paperless and digitalizing
- Digitalizing 74 paper-based forms including HR related application forms
- Reviewing all operations requiring a stamp/seal
- Publishing the internal PR magazine online
- Reviewing the procedures of paying expenses

◆Reducing the burden of making internal materials
- Abolishing some performance reporting by front offices
- Reducing the burden of establishing an office management plan
- Changing the process of establishing a business plan

◆Simplifying and abolishing administrative works
- Abolishing the checklist of the time when the last employee left the office
- Simplifying business logs and security logs
- Changing the method of posting official circulars and notes
- Reviewing general affairs operations, etc.

Improvement of infrastructures

✓ **Improve digital infrastructures to create a working environment where employees can communicate with each other closely and easily**

◆ Providing additional digital devices

✓ **Provided mainly front offices with additional smartphones for flexible communication**

✓ **Will provide additional remote work devices, tablets, and mobile PCs to expand the environment where employees can work efficiently**

◆ Strengthening communication tools

✓ **Initiated upgrading the online meeting tools (e.g., making functions available on smartphones) to increase convenience (to be released during FY22)**

✓ **Will introduce an internal SNS, as an easy-to-use communication tool between management and employees, (trial to be started in September)**

Providing additional digital devices

◆ 10,000 smartphones (additionally provided)

◆ 2,000 remote work devices (during FY22)

◆ 2,000 tablets (during FY22)

◆ 2,000 mobile PCs (during FY22)