

Business Improvement Plan – Progress Report

October 13, 2023

**Mizuho Financial Group, Inc.
Mizuho Bank, Ltd.**

MIZUHO

The Mizuho logo consists of the word "MIZUHO" in a bold, white, sans-serif font, positioned above a thin, white, curved line that resembles a stylized wave or a bridge.

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Business Improvement Plan - Current Status

- **Improvement measures have been established in the workplace, and their effectiveness is maintainable going forward.**
 - Measures have been stably implemented, and their continuous contribution to improvement has been confirmed, compared with the end of June, when the previous progress report was prepared. It has been confirmed that improvement measures have been more established, expanded, and permeated as routine work.
- **The effectiveness of the improvement measures has been confirmed based on the assessment of external experts.**
 - The effectiveness has been confirmed for respective areas described in the following pages, including in the prevention of system failures and timely recovery.

Where we stand

September 2023



- **Establishment of improvement measures in the workplace**
- **Timely recovery in the event of system failure**
- **Continuous improvement using customers and employee feedback**
- **Governance and corporate culture supporting the above initiatives**

Establishment of structures to consistently prevent large-scale system failures while grasping changes in the future environment

System Failures - Prevention and Response Enhancement

Systems

- Continuing inspections and measures to prevent system failures and ensuring timely response and recovery should they occur
- Continuously preventing major system failures

	Actions taken	Improvement status ¹
System failures prevention	<ul style="list-style-type: none"> • Finished all of the following inspections by the end of FY2022 (continuing in FY2023) 	<ul style="list-style-type: none"> • No. of major failures: 0 (FY2021:11, FY2022: 2)
Hardware inspections	<ul style="list-style-type: none"> • Finished the replacement of parts that could cause failures: Approx. 380 (continuing) 	<ul style="list-style-type: none"> • Incl. no. of hardware-related failures: 0 (FY2021: 5; FY2022: 1)
Software release inspections	<ul style="list-style-type: none"> • Thoroughly reviewed software releases and knock-on effects (continuing) 	<ul style="list-style-type: none"> • Incl. no. of release-related failures: 0 (FY2021: 2, FY2022: 0)
Application inspections	<ul style="list-style-type: none"> • Finished system performance inspection for all 17 operations (expanding and continuing) 	<ul style="list-style-type: none"> • Incl. no. of performance-related failures: 0 (FY2021: 2, FY2022: 1)
Timely recovery	<ul style="list-style-type: none"> • Finished inspection of recovery methods for all 95 systems (continuing) 	<ul style="list-style-type: none"> • No. of cases taking >3 hours: 0 (FY2021: 7, FY2022: 0)

Enhancement of response capabilities

- Minimized customer impact through timely initial response and recovery in the event of a system failure
- Improved ATM functionalities for safe & reliable customer use

	Actions taken	Improvement status ¹
Timely initial response and recovery	<ul style="list-style-type: none"> • Rigorous initial response operations (continuing) • Completed the visualization of systems and operations for all 30 operations (expanding and continuing) • Implemented practical training (continuing) • Completed the formulation of the announcement text and the preparation of the announcement posting location (continuing) 	<ul style="list-style-type: none"> • Generally, within 30 minutes from the preliminary report Target range: Within 1 hour • No. of failures causing a transaction to be processed the next day²: 0 (FY2021: 7, FY2022: 2) • A structure that allows for timely notification has been developed. Most recently, there were no events that should be announced.
ATM response	<ul style="list-style-type: none"> • Finished the installation of cameras with speakers at all offices: 1,801 offices • Completed improvements to prevent the capture of bankbooks/ATM cards 	<ul style="list-style-type: none"> • No. of ATMs out of service³: 12 units at most (FY2021: 4,318 units) • Capture of bankbooks/cards: 0 (FY2021: 5,244)

1. Actual results of FY2023 1H; for FY2022, actual results from Apr. 2022 to Mar. 2023; for FY2021, actual results from Feb. 2021 to Mar. 2022; the no. of failures indicates domestic impact, excluding externally caused failures.

2. Number of domestic system failures that resulted in transactions that should have been processed on the current day but that were processed on the following day in part, including transactions in progress, etc.

3. Caused by another company's power failure that occurred in May 2023; the failure was recovered within a maximum of 27 minutes; up to 7 units were out of service in 2Q.

Utilizing Customer & Employee Feedback/IT Governance/Reforming Corporate Culture

Utilizing customer & employee feedback

- Structures and infrastructure for listening/utilizing feedback are being enhanced, and operations have been established. Frontline reputation is also improving.
- Improvement cases accumulated with full-scale engagement with customers and employees

	Actions taken	Improvement status
Listening of feedback and opinions	<ul style="list-style-type: none"> • Tool development/operation in place; over 4,000/month cases of feedback maintained • Communication between the front offices and the head office enhanced: Mirai Conference¹ (continuing) 	<ul style="list-style-type: none"> • Mutual understanding continuously improved between frontline departments/branches and the head office; approx. 80% of branches recognized improvement in the head office's approach. • Communication with customers being continued; cases of improvement constantly shared via the web²
Utilization of feedback and opinions	<ul style="list-style-type: none"> • Accumulation of improvement actions based on feedback/opinions as a starting point; start of the acceptance of overseas remittances via the banking app, etc. 	

IT governance

- Practices enhancing the understanding of the frontline situation and risk management have been established.
- Full-scale IT reforms have been launched to ensure the further enhancement of IT employee awareness and stable operations in the future

	Actions taken	Improvement status
Understanding of the frontline situation	<ul style="list-style-type: none"> • Promotion of communication with frontline personnel • Management-frontline regular dialogue established 	<ul style="list-style-type: none"> • IT reforms launched to go beyond previous improvement and to drastically improve IT employees' awareness; although positive responses remain a majority in IT employee surveys
Risk & resource allocation	<ul style="list-style-type: none"> • Enhancement of system risk management • Allocation of resources required for system operations (continuing) 	

Reforming corporate culture

- Development and announcement of the new Corporate Identity and the targets for engagement and inclusion scores
- The scores are improving, and the following is in progress: full-scale promotion of engagement with employees and of ensuring that they understand the Corporate Identity.

	Actions taken	Improvement status
Culture	<ul style="list-style-type: none"> • Developed and announced the new Corporate Identity and continuously took measures for culture penetration, including via workshops • Solicitation and transmission of employee-driven plans 	<ul style="list-style-type: none"> • Employee awareness and scores improving, with some indicators showing recovery to pre-failure levels but with continuous efforts being made to achieve the medium-term plan goals • Pervasion of the Corporate Identity being further promoted, with a wide range of activities rooted in the Corporate Identity and designed to transform the corporate culture being continued
Organization development	<ul style="list-style-type: none"> • Launched an interactive organization development program for managers³ 	

1. Dialogue between branches and the head office with a forward-looking approach to business operations

2. <https://www.mizuhobank.co.jp/company/activity/cs/case.html>

3. Experimental learning program designed to support the development of interactive organization development skills for middle-management to achieve To-Be of each offices

Governance

Legal compliance

- **Self-governing practices in improving operations have been established, including the continuous enhancement of the BCP system and inspection reviews based on changes in the external environment.**
- **Employees' essential understanding has improved through training, personnel exchanges, and the acquisition of qualifications, etc.**

	Actions taken	Improvement status
Enhancement of operation infrastructure	<ul style="list-style-type: none"> • Review of the BCP system for major operations and continuous training on relevant laws and regulations 	<ul style="list-style-type: none"> • Improvement of comprehension levels and behavioral awareness confirmed • Number of employees with external AML/CFT certificates increasing, totaling over 2,000 employees; most employees who need qualification already qualified
Improvement of analytical skills	<ul style="list-style-type: none"> • Continuous verification of inspections and inspection results based on risks and changes in the external environment 	

Implementing supervisory functions

- **Maintaining and continuing initiatives, such as multi-faceted information-gathering, enhancement of expertise, and better follow-up with management, while establishing and starting the implementation of an improvement cycle centered on the Board of Director's policy for further penetration**

	Actions taken	Improvement status
Multi-faceted information-gathering	<ul style="list-style-type: none"> • Continuous communication between outside directors and officers/employees 	<ul style="list-style-type: none"> • Actions at left being maintained and continued so that supervisory functions will be appropriately demonstrated, with a PDCA cycle centered on the Board of Directors' policy being used
Enhancement of expertise	<ul style="list-style-type: none"> • Enhancement of human resources allocation and discussions of executive officers, with the appointment of outside directors including regarding the perspective of technology expertise 	

Initiatives to Maintain Effectiveness

- **Ongoing measures** are not merely maintained but **are expanding and being penetrated in a self-governed manner.**
- It has been confirmed that **the effectiveness can continue to be maintained.**

Efforts to maintain effectiveness

Improvement of operations by passing on lessons learned from system failures and having a sense of ownership

- **Implementation and continuation of hands-on training** with a sense of reality and urgency
 - Conducting cyber incident response training and earthquake scenario training in which officers and employees participate as one team, with cross-departmental system failure training involving overseas offices, system divisions' training using actual devices, etc.
- **Installation and enhancement of exhibition spaces** to provide opportunities to learn and reflect on previous failures and how to prevent recurrence
 - Creating web content/VR content so that more front offices and employees can participate

Visualization of improvement know-how, with the penetration and sharing of the know-how across the organization

- Implementation and expansion of new **hands-on/practical training sessions** designed to **further strengthen IT inspection skills and techniques**, as well as knowledge communication
- **Expansion of initiatives to visualize and check overall systems and entire workflows**
 - Expansion of operations in scope, with rollout to overseas and group companies
- Company-wide, not just by system division, with implementation and continuation of **the identification of and response to risks in systems and operations, considering changes in the environment, in order to ensure stable business operations**
 - In particular, visualization and re-confirmation of the peak transaction volume assumed for the end of the first half, system capacity, etc.

Balancing effectiveness and efficiency

- Continuous improvement of inspection efficiency by using **system- and tool-based solutions and AI**
 - Use of tools for inspections, personnel management, etc.; improvement of the accuracy of data analysis
- Starting **the frontline's voluntary consideration to further improve the efficiency of other IT operations**
 - Workflow production, contract digitalization, etc., of system operations