

Progress of business improvement plan

April 15, 2022

Mizuho Financial Group
Mizuho Bank

MIZUHO

The Mizuho logo consists of the word "MIZUHO" in a bold, white, sans-serif font, positioned above a thin, white, curved line that arches under the letters.

1. Outline of the Business Improvement Plan

- ✓ Complete solutions for the direct cause of IT system failures, the inspection of systems that could cause similar failures, and ATM specification change, all by the end of March.
- ✓ Continue wide-range of advanced inspections by utilizing vendors' knowledge etc. in and after April, in order to minimize potential risks and identify issues to be improved.
- ✓ The specific details of initiatives (1) for the “prevention of system failures” and “enhancement of system failure response capabilities” are explained in the subsequent pages.

Main measures for improvement		Actions		Progress
Prevention of system failures	Recurrence prevention	Improvement related to the location of the system failures	Inspect and modify systems regarding the direct causes of IT system failures. (Replace failed hardware modify functions, clarify work procedures, and enhance the checking structure.)	Completed
		Improvement related to similar locations	Inspect and modify systems by expanding the scope to locations where similar events could occur.	Completed
	Prevention	Inspection of important infrastructure platforms	Inspect and modify important systems to ensure that there is no significant failure risk.	Ongoing in order starting from important systems and equipment
		Inspection of applications	Inspect and modify important systems to ensure their stable operation (whether settings are appropriate in light of any increase/decrease of transaction volume, etc.).	
Enhancement of system failure response capabilities	Customer support in which system and business contingency plans are working in conjunction		IT and user departments collaborate and confirm the contingency plans and conduct training, etc., to ensure prompt customer support in the case of system failure.	Ongoing in order starting from important operations
	ATM specification change and the enhancement of customer support capability		Change specifications to prevent ATM cards and bankbooks from captured, in order not to keep customers waiting in case of trouble, and introduce specifications to display information to customers on statements and other.	Completed
			Install cameras with speaker in ATM booths to ensure prompt customer support in case of trouble.	The installation will start in April 2022.
Governance	Business operations based on on-site-feedback from IT departments and appropriate personnel allocation		Visualize the operations and personnel required for the maintenance and operation phases and appropriately allocate the required personnel based on the actual situation of frontline offices.	A framework has been established before March 2022, and operations will be verified to make them regular tasks.
	Enhancement of IT system risk management		Appropriately comprehend and analyze IT system risks by improving management items and details and promote in-depth discussions on risk awareness and countermeasures at the senior management level.	Management items have been revised before March 2022, and discussions are being promoted in a serial manner.
	Legal compliance		Develop procedures and structures related to foreign exchange laws and regulations and conduct training for executive officers and employees to further improve overall legal compliance.	Procedures and structures have been developed, and training has been conducted. Continuously work to make these taking root.
Personnel and organizations	Reforming corporate culture		Improve business operations and communication throughout the organizations and secure the continuousness of measures for improvement mentioned in the business improvement plan.	Ongoing in series throughout the organizations

2. Prevention of IT System Failures

	Inspection of important infrastructure platforms	Inspection of applications																		
Objective	Inspect the risk of material failure risk of important systems	Inspection of important systems to ensure their stable operation (Inspect the appropriateness of settings in light of any increase/decrease in the transaction volume, etc.)																		
Inspection details	<ol style="list-style-type: none"> Maintenance expiration date <ul style="list-style-type: none"> 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. Preventive maintenance <ul style="list-style-type: none"> Expand the inspection standards, detect signs of errors, etc., and conduct replacement before a failure occurs or the maintenance support expires (preventive maintenance). System operation in the case of failure <ul style="list-style-type: none"> Check whether there is no problem or point to be improved in the operation of each equipment and function of the infrastructure platforms in the case of a system failure (backup switching, etc.) and clarify policies to address failures. 	<ol style="list-style-type: none"> Re-examination of MINORI services that have not yet been put into use <ul style="list-style-type: none"> Confirm that MINORI transaction services that have not yet been put into use can be properly processed using the latest data. Limit management/operation volume & processing deadlines <ul style="list-style-type: none"> Comprehend changes in the operation volume and system resource use rates and appropriately control the threshold of the resource use rate and the risk of system processing time exceeding the operation deadlines Regular inspection based on changes in operations <ul style="list-style-type: none"> 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. 																		
Systems	<p>Systems that support services/operations that need to be continued even in an emergency such as a disaster and a system failure (109 systems)</p> <table border="1"> <thead> <tr> <th>MINORI (Deposits, foreign exchange, etc.)</th> <th>Transaction channel (ATMs, etc.)</th> <th>Market/ external settlement</th> <th>Infrastructure</th> <th>Overseas and others</th> </tr> </thead> <tbody> <tr> <td>26</td> <td>28</td> <td>17</td> <td>14</td> <td>24</td> </tr> </tbody> </table>	MINORI (Deposits, foreign exchange, etc.)	Transaction channel (ATMs, etc.)	Market/ external settlement	Infrastructure	Overseas and others	26	28	17	14	24	<p>Systems that support settlement operations that require the prompt activation of the contingency plan, assuming impact on customers, market transactions, etc.</p> <p>27 systems that support 30 main operations, including deposits/foreign exchange, ATMs, and market/external settlement, etc.</p>								
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3. Enhancement of System Failure Response Capabilities

	Customer support in which system and business contingency plans are working in conjunction	ATM specification change and the enhancement of customer support capability															
Objective	IT and user departments work in collaboration to ensure prompt customer support in the event of a system failure	Develop 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.															
Matters to be implemented	<ol style="list-style-type: none"> Visualize the system configuration and operation flows and reconfirm the impact of system failures on customers <ul style="list-style-type: none"> 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. Confirm the contingency plan considering service provision deadlines <ul style="list-style-type: none"> Both IT and user departments understand service provision deadlines and confirm the series of response flow including the deadline of contingency plan activation, etc. Ensure prompt customer support in the event of a failure through the above and via training in collaboration between IT-and user departments 	<ol style="list-style-type: none"> Introduce specifications that do not keep customers waiting <ul style="list-style-type: none"> 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. Enhance customer support capabilities in case of trouble <ul style="list-style-type: none"> Install cameras with speaker in ATM booths so as to promptly provide customer support in case of trouble. 															
Operations and ATM	<p>Settlement operations that require the prompt activation of the contingency plan, assuming impact on customers and market transactions, etc.</p> <p>30 main operations including deposits/foreign exchange, ATMs, and market/external settlement</p>	Mizuho Bank ATM (1,820 offices)															
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4. Progress

			Current situation (until the end of March 2022)	FY22				FY23
				Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	
Prevention of system failures	Inspection of important infrastructure platforms	Maintenance deadline	Inspection completed	Continue as regular inspection				
		Preventive maintenance	MINORI Foreign exchange settlement BOJ settlement	Shared platform (private cloud)				Continue as regular inspection
				Shared platform (other)			Overseas and others	
	Operation when a system failure occurs	Foreign exchange settlement BOJ settlement	MINORI (deposits/foreign exchange, etc.)		Modification, etc.		Continue as regular inspection	
			Transaction channels, market/external settlement, and infrastructure		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					
	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 operation contingency plans are interlocked		Foreign exchange settlement Market (foreign currencies)	Deposits, domestic exchange, ATMs, market/external settlement (JPY), taxes/public funds, and other settlement services				Continue as regular efforts
	ATM	Introduction of specifications that do not keep customers waiting	Release completed					
		Installation of cameras with speakers	Preparation for installation completed	Completed at 632 offices	Expanding incrementally		Completed at all 1,820 offices	