

# Initiatives for Stable Business Operations

**January 15, 2024**

**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 arches under the letters.

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# Initiatives for stable business operations

- **Improvement measures have been established in the workplace, preventing large-scale IT system failures.**
  - The effectiveness of the improvement measures has been confirmed for each of the areas as mentioned in the following pages, based on the assessment of external experts.
- **The effectiveness is maintainable going forward.**
  - Incorporating improvement measures into routine work, maintaining and continuing them while tracking changes in the business environment

## Where we stand

December 2023



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

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

# System failures: Prevention and response enhancement

## IT systems

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

	Actions taken	Improvement status <sup>1</sup>
<b>System failure prevention</b>	<ul style="list-style-type: none"> <li>• Finished all of the following inspections by the end of FY2022 (continuing in FY2023)</li> </ul>	<ul style="list-style-type: none"> <li>• No. of large-scale failures: 0 (FY2021: 11, FY2022: 2)</li> </ul>
<b>Hardware inspections</b>	<ul style="list-style-type: none"> <li>• Continued replacement of parts that could cause failures: Approx. 200 in H1</li> </ul>	<ul style="list-style-type: none"> <li>• Incl. no. of hardware-related failures: 0 (FY2021: 5, FY2022: 1)</li> </ul>
<b>Software release inspections</b>	<ul style="list-style-type: none"> <li>• Thoroughly reviewed software releases and knock-on effects (continuing)</li> </ul>	<ul style="list-style-type: none"> <li>• Incl. no. of release-related failures: 0 (FY2021: 2, FY2022: 0)</li> </ul>
<b>Application inspections</b>	<ul style="list-style-type: none"> <li>• Finished system performance inspection for all 17 operations (expanding and continuing for 28 operations)</li> </ul>	<ul style="list-style-type: none"> <li>• Incl. no. of performance-related failures: 0 (FY2021: 2, FY2022: 1)</li> </ul>
<b>Timely recovery</b>	<ul style="list-style-type: none"> <li>• Finished inspection of recovery methods for all 95 systems (continuing)</li> </ul>	<ul style="list-style-type: none"> <li>• No. of cases taking &gt;3 hours: 0 (FY2021: 7, FY2022: 0)</li> </ul>

## 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 <sup>1</sup>
<b>Timely initial response and recovery</b>	<ul style="list-style-type: none"> <li>• Rigorous initial response operations (continuing)</li> <li>• Completed the visualization of systems and operations for all 30 operations (expanding and continuing)</li> <li>• Implemented practical training (continuing)</li> <li>• Completed formulation of announcement text and preparation of announcement posting locations (continuing)</li> </ul>	<ul style="list-style-type: none"> <li>• Generally, within 30 minutes from the preliminary report Target range: Within 1 hour</li> <li>• No. of failures causing a transaction to be processed the next day<sup>2</sup>: 0 (FY2021: 7, FY2022: 2)</li> <li>• A structure that allows for timely notification has been developed; mostly within 1 hour (recently)</li> </ul>
<b>ATM response</b>	<ul style="list-style-type: none"> <li>• Finished the installation of cameras with speakers at all offices: 1,801 offices</li> <li>• Completed improvements to prevent the capture of bankbooks/ATM cards</li> </ul>	<ul style="list-style-type: none"> <li>• No. of ATMs out of service<sup>3</sup>: 36 units at most (FY2021: 4,318 units)</li> <li>• Capture of bankbooks/cards: 0 (FY2021: 5,244)</li> </ul>

1. Actual results of FY2023 H1; 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 impact in Japan, excluding externally caused failures.

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

3. Due to a network failure between centers that occurred in Nov. 2023 and remained unresolved for up to 67 minutes

# Utilizing customer and employee feedback / IT governance / reforming corporate culture

## Utilizing customer and employee feedback

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

	Actions taken	Improvement status
Gathering of feedback and opinions	<ul style="list-style-type: none"> <li>• Tool development/operation in place; maintaining at over 3,500 cases of feedback/month</li> <li>• Communication between frontline offices and Head Office enhanced: Mirai Conference<sup>1</sup> (continuing)</li> </ul>	<ul style="list-style-type: none"> <li>• Mutual understanding continuously improved between frontline departments/branches and Head Office; approx. 80% of branches recognized improvement in Head Office's approach.</li> <li>• Communication with customers being continued; cases of improvement continuously shared via website<sup>2</sup></li> </ul>
Utilization of feedback and opinions	<ul style="list-style-type: none"> <li>• Accumulation of improvement actions based on feedback/opinions as a starting point; opened the "Corporate Desk", receiving phone calls from corporate customers, etc.</li> </ul>	

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

## Reforming corporate culture

- **Development and announcement of the new Corporate Identity and 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"> <li>• Developed and announced the new Corporate Identity and continuously took measures for dissemination, including via workshops, townhall meetings, etc.</li> <li>• Solicitation and dissemination of employee-driven plans</li> </ul>	<ul style="list-style-type: none"> <li>• Employee awareness and scores improving, with some indicators showing recovery to pre-IT system failure levels but with continuous efforts being made to achieve the medium-term business plan goals</li> <li>• 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</li> </ul>
Organization development	<ul style="list-style-type: none"> <li>• Developed an interactive organization development program for managers<sup>3</sup> in full scale</li> </ul>	

# Governance

## Legal compliance

- **Self-governing practices in improving operations have been established, including the continuous enhancement of the business continuity plan (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
<b>Enhancement of operation infrastructure</b>	<ul style="list-style-type: none"> <li>• Review of the BCP system for major operations and continuous training on relevant laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of comprehension levels and behavioral awareness confirmed</li> <li>• Number of employees with external AML/CFT certificates increasing, totaling over 2,000 employees; most employees who need qualification already qualified</li> </ul>
<b>Improvement of analytical skills</b>	<ul style="list-style-type: none"> <li>• Continuous verification of inspections and inspection results based on risks and changes in the external environment</li> </ul>	

## Implementing supervisory functions

- **Maintaining and continuing initiatives, such as multifaceted information gathering, enhancement of expertise, and better follow-up with management, while continuing the implementation of an improvement cycle centered on the Board of Directors' policy.**
- **Establishment of the IT/DX (Digital Transformation) Committee in place of the System Failure Response Evaluation Committee to further enhance not only the existing monitoring system focused on risk management but also supervisory functions in covering the group's business aspects.**

	Actions taken	Improvement status
<b>Multifaceted information gathering</b>	<ul style="list-style-type: none"> <li>• Continuous communication between outside directors and executive officers/employees</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Enhancement of expertise</b>	<ul style="list-style-type: none"> <li>• Enhancement of personnel allocations and of discussions among executive officers through the appointment of outside directors, including in regard to technological expertise</li> </ul>	

# Initiatives to maintain effectiveness

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- **Continuing to maintain effectiveness while tracking changes in the environment and working to ensure lessons learned from past events are carried forward.**

## Maintaining and continuing improvement measures

- Incorporating improvement measures into routine work, maintaining and continuing them while tracking changes in the environment
  - Leveraging insights gained from IT system inspections to maintain and continue improvements.
  - Incorporating revisions based on changes in other companies' incidents and external regulations.
  - Constant enhancement based on customer feedback and employee voices.

## Preventing the fading and ensuring lessons learned are carried forward

- Implementation and continuation of a month dedicated to looking back on the System failures, ensuring lessons learned are carried forward across the organization
  - **Exhibition spaces to look back on past system failures and to maintain the memory of the inconvenience caused to customers and not to let it fade away**
  - **Training for every officer and employee to take action for customers and society**
  - **Practical training throughout the group** with a sense of realism and urgency

## Monitoring

- Ongoing follow-up to maintain effectiveness and prevent lessons learned from fading
  - Continuous improvement of the level of activities, under the leadership of the management
  - Establishment of the IT/DX (Digital Transformation) Committee in place of the System Failure Response Evaluation Committee to further enhance the function of supervision not only in overseeing improvement measures but also in covering the group's business aspects