

Presentation material -Business improvement plan

January 17, 2022

Mizuho Financial Group
Mizuho Bank

MIZUHO

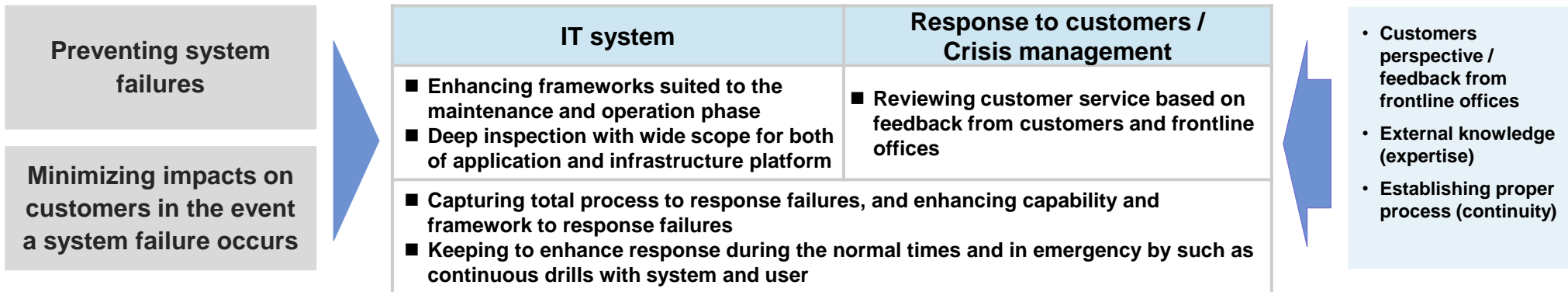
The Mizuho logo consists of the word "MIZUHO" in a bold, white, sans-serif font, positioned above a thin, white, curved line that arches under the letters.

Making a company-wide effort to implement business improvement plans and ensuring stable operation of systems and business to transition to the next generation of financial services

- Stable systems and business operations are the first priority, and all Mizuho employees, including executives, share the same purpose of structural reforms to continuously meet the expectations and needs of customers and society, and promote the reforms appropriately.
- Transforming Mizuho into an organization that continues to deliver value that is unique to Mizuho under the Mizuho Values, which aid us in addressing the various issues and situations presented by customers and society
- Positioning this initiative as the most important aspect of management, executives will change their own behavior and implement specific and continuous changes in business operations.

Enhancement of multilayered system failure response capabilities:

Preventing system failures and minimizing impacts on customers in the event a system failure occurs

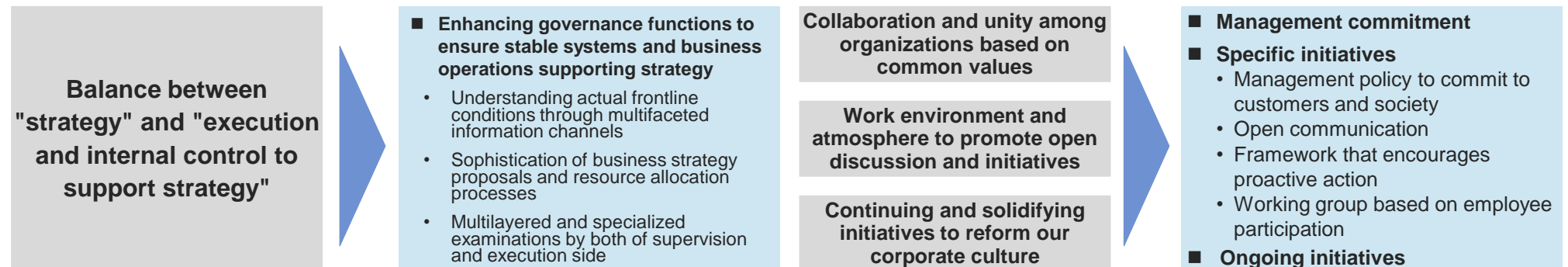


Enhanced business management response:

Strengthening governance functions, compliance framework, and IT system risk management structure

Reforming corporate culture:

Continuous enhancement of our personnel and organization



- Ensure that customers can trust Mizuho’s services, preventing system failures with a significant impact on customers
- Building strong structure that will help minimize impacts on customers in the event of a failure, and continually implementing initiatives in the ever-changing environment

Preventative measures based on reverification

 Details next page

Reverification Perspective	1) Customers/frontline offices; 2) Utilizing external viewpoints and expert insights; and 3) Process to sustain and firmly establish the measures	
	IT systems	Response to customers / Crisis management
Preventing system failures	<ul style="list-style-type: none"> ■ Enhancing frameworks suited to the maintenance and operation phase ■ Deep inspection with wide scope for both the application and infrastructure platform 	<ul style="list-style-type: none"> ■ Reviewing customer service based on feedback from customers and frontline offices
Minimizing impacts on customers in event of failure	<ul style="list-style-type: none"> ■ Capturing total process of failure response, and enhancing capability and framework to respond to failures ■ Continually enhance responses during normal times and in emergencies by frequent drills for IT systems staff and users, etc. 	



- To date, preventative measures have been implemented, including changing ATM specifications; checking systems that experienced failures, replacing equipment, and inspecting similar potential issues; and an enhanced checking framework for development projects.
- Additional measures are being carried out one by one, including inspections of important systems. All measures that include addressing human resources and frameworks will be implemented by the end of September 2022. We will subsequently implement initiatives to ensure the measures become well established and monitor their progress.

Detail; Preventative measures based on reverification

* Updates to the measures to prevent further system failures announced on June 15 are in blue. For the status of each measure, please refer to the press release "Submission of Business Improvement Plan."

		IT systems	Response to customers / Crisis management
Preventing system failures		<ul style="list-style-type: none"> ■ Enhancing frameworks suited to the maintenance and operation phase ■ Deep inspection with wide scope for both the application and infrastructure platform 	<ul style="list-style-type: none"> ■ Reviewing customer service based on feedback from customers and frontline offices
Inspection and maintenance	Application	<ul style="list-style-type: none"> • Reassess MINORI services that have not yet been put into use • Checking system behavior leading to serious failures, assessing maintenance • Checking and confirming system specifications and the occurrence status of events of risk concern (limit management, etc.) 	<ul style="list-style-type: none"> • Confirming feedback from customers and frontline offices, and computer system failures over the past three years, as well as assessing if there are system specifications that could lead to serious problems and addressing in a proper manner <ul style="list-style-type: none"> - Changed ATM specifications to prevent bankbooks and cards from becoming stuck • Multifaceted communication including gathering feedback from customers and frontline offices <ul style="list-style-type: none"> - Establishing positions in charge of communication between frontline offices and Head Office and adopting a system for gathering comments from employees prior to launching new initiatives
	Infrastructure platform	<ul style="list-style-type: none"> • Inspecting/replacing equipment (firmware/disk device) from time of system failures, as well as inspecting similar potential issues • Reviewing controlling items such as maintenance terms and IT system-related bugs • Special log check of important system/equipment and preventative maintenance (in cooperation with vendors) • Checking if infrastructure platform, such as redundant configurations, works as required (redundant configuration, etc.) 	<ul style="list-style-type: none"> • Establishing a framework for multifaceted checks on the adequacy and effectiveness of customer service quality
Development project / IT system modification		<ul style="list-style-type: none"> • Strengthening check and monitoring systems in the development process • Modification of system specifications based on inspection 	<ul style="list-style-type: none"> • Confirmation of the impact on customers when implementing a release, and development of response framework assuming maximum impact • Enhancement of users' system ownership and exchange of personnel

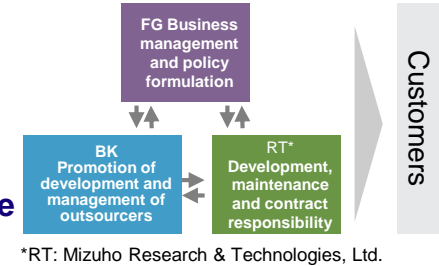
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Minimizing impacts on customers in event of failure	<ul style="list-style-type: none"> ■ Capturing total process of failure response, and enhancing capability and framework to respond to failures ■ Continually enhance responses during normal times and in emergencies by frequent drills for IT systems staff and users, etc. 	
Initial response	<ul style="list-style-type: none"> • Improving monitoring system and establishing communication system after detection • Enhancing monitoring tools such as dashboards 	<ul style="list-style-type: none"> • Deliberate on response within one hour of a failure being detected • Establish a system that clarifies experts for each business and enables immediate identification of business impact
IT system recovery / Response to customers	<ul style="list-style-type: none"> • Reviewing and improving effectiveness of SCP <ul style="list-style-type: none"> - Adding scenarios based on system configuration, etc., and early identification of business impact - Introducing tools to utilize SCP documentation, and establishing education and awareness of SCP • Practical drills using real hardware • Improving ability to analyze system failures, and enhancing early warning indicator management (expanding scope/content) • Strengthening of recovery response systems and recovery management (infrastructure/system development and collaboration with external vendors) • Enhancing IT system risk management and quality control framework through external knowledge 	<ul style="list-style-type: none"> • Refining BCP (adoption of tools to improve BCP processing capabilities, etc.) • Hold walkthroughs and trainings with IT systems staff, users and crisis management, risk, and compliance departments in order to confirm SCP and BCP implementation during normal times • Hands-on training focused on impacts on customers, and training to ensure the measures don't weaken over time • Quicker external notification (settlement channel) and diversified communication methods at ATMs • Expanded collaboration with frontline offices (expanded communication tools) • Strengthening risk control functions by Crisis Management Office during normal times and in times of emergency

* SCP: System Contingency Plan, BCP: Business Contingency Plan

- Optimize “strategy” rooted in actual frontline conditions and “business execution / internal management” that supports it, based on roles and functions of FG and each entity, in order to ensure stable business operation as part of the financial infrastructure, including stable system operation and legal compliance, and to continue to meet the expectations and needs of customers and society.
- In the IT & Systems Group, FG, BK, and RT are integrated, and each company properly fulfills its role and function and establishes a framework to continue to provide stable services to customers.



Enhancement of governance framework on an entire group basis

1. Understanding of actual frontline conditions in a multifaceted manner
 - Understanding the on-site opinions and conditions in a multifaceted manner
 - Sharing and communicating strategies and policies
2. Enhancement of strategy and resource allocation process
 - Strategy and corporate resources allocation based on actual frontline conditions
 - Control of risks inherent in strategy execution and flexible review of strategy considering those risks

3. Multilayered and specialized reviews of both supervision* and execution side

*Further enhancement of supervisory function	<ul style="list-style-type: none"> ● Enhancement of multifaceted information gathering capabilities ● Enhancement and supplementing of expertise (expanding the membership of Board of Directors, etc.) ● Enhancement of following-up, etc. with executive management
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Initiatives to enhance IT governance

- Understanding actual IT & Systems Group conditions and building a framework for communication between companies
 - ✓ Set up a supervisory framework to understand the actual IT & Systems Group conditions and planning countermeasures at each company
- Building a framework for promoting mutual understanding of systems and operations through inspections and training in collaboration with IT departments and users
- IT strategy planning based on actual IT & Systems Group conditions and reflection in allocation of corporate resources
 - ✓ Personnel management based on actual IT & System Group conditions and sufficiency of skills, etc. in BK and RT
- Verification and flexible review of strategy and resource allocation based on the gap between the strategy / initiatives for stable systems operation and the actual IT & Systems Group conditions
- Establishment of multi-layered system risk management framework
 - ✓ Review of risk control items and enhancement of monitoring framework
 - ✓ Fuller discussions at the senior management level from the perspective of overall system risk
- Enhancement of quality control framework by utilizing external knowledge
 - ✓ Appointment of personnel from external vendors and creation of joint working group

Reforming corporate culture ~ Senior management commitment and specific actions 7

What we will change

1) Change mindset
(internal → external (customers, society))

2) Change action
(act independently, but also in collaboration with colleagues)

3) Continuously change
(not weaken over time)

Our goal
(Corporate culture)

“Contribute positively to customers and society; value employees”

✓ Develop personnel who commit to addressing the needs of customers and society, and change Mizuho into an organization that encourages employees’ proactive actions and constructive discussions

In order to achieve our goal;

1 Thorough commitment by both frontline offices and head office to addressing customer needs

Mindset

2 Develop individual strengths and respect independence and diversity; work in collaboration with colleagues; draw together knowledge and efforts

Action

3 Commitment to continue realizing specific changes based on new mindset and actions

Continuously change

Specific initiatives by Senior Management

Business operations with commitment to customers and society

- ✓ Reduction of internal operations in order to better address customer and societal needs
- Significant simplification of materials for internal meetings
- Gather suggestions on inefficient operations and eliminate by senior management decisions, etc.

Communication

- ✓ Employee-friendly, motivating work environment and open communication
- Communication from senior management through internal SNS
- Direct suggestions and proposals to senior management, etc.

Framework and environment encouraging proactive actions

- ✓ Encourage employees’ proactive actions through greater delegation
- Delegation of authority, delegation of work
- Fostering awareness about risk based on compliance
- Strengthen employees’ leadership and training through dialogues with senior management, etc.

+ Working group based on employee participation
Implement reform of our corporate culture through joint efforts by employees and senior management members

Actions to continue

- ✓ Set a period to conduct intensive reviews to keep the history of system failures in mind. Periodical and continual hand down from generation to generation through communication by senior management, seminars and training
- ✓ Disclosure, both internally and externally, of our progress including quantitative information related to matters such as employee engagement

Appendix

December 30 system failure

Error occurred in transfer to other banks by failure in connecting our domestic exchange system in the shared transaction platform to the "More Time System"

(1) System failure summary

- Regarding transfer to other banks via the Zengin System, our setting time to switch from the "Core Time System" to the "More Time System (*1)" for 4:20pm on December 30 led to transfer errors after 3:30pm when the actual "Core Time" ended for operation.
(Number of errors in remittances to Zengin System after receiving transfer requests: approx. 2,700)
- Full restoration around 4:25pm after switching to the More Time System.

(2) Cause

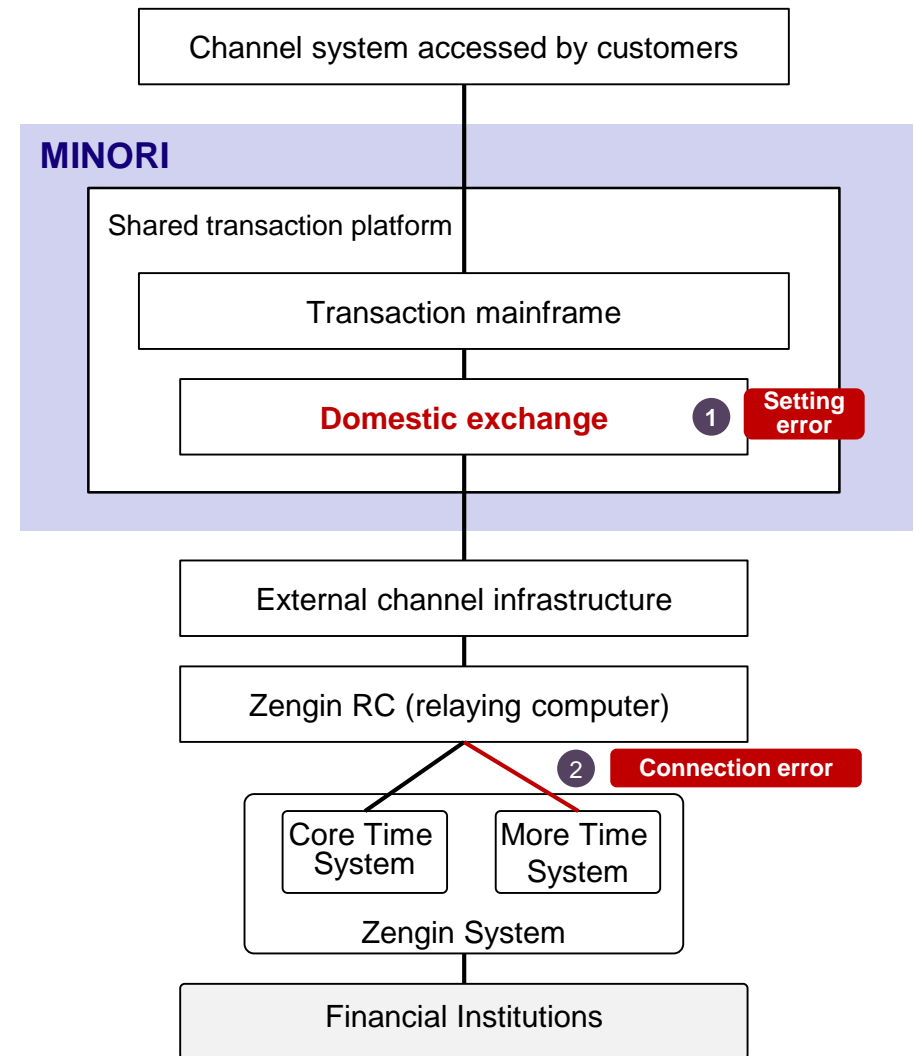
- Failure in clarifying necessary adjustments and system settings that are required for December 30, whose "Core Time" is not extended, unlike the last banking days of months other than December. ①
- Our system connection did not switch to the "More Time System" when the actual Zengin System switched from the "Core Time System" to the "More Time System". ②

(3) Post-system failure response

- Among transactions to be completed on December 30, around 300 transactions were not completed on the same day, but were completed on December 31.
- Improving confirmation process and inspection framework for timer setting regarding connection to the "Core Time System" and the "More Time System".

*1 More Time: Time period when Zengin System works for immediate transfer during weekday night time and holidays

Core Time: Time period other than above



January 11 system failure

System failure that made it difficult for customers to process transactions through a corporate website

(1) System failure summary

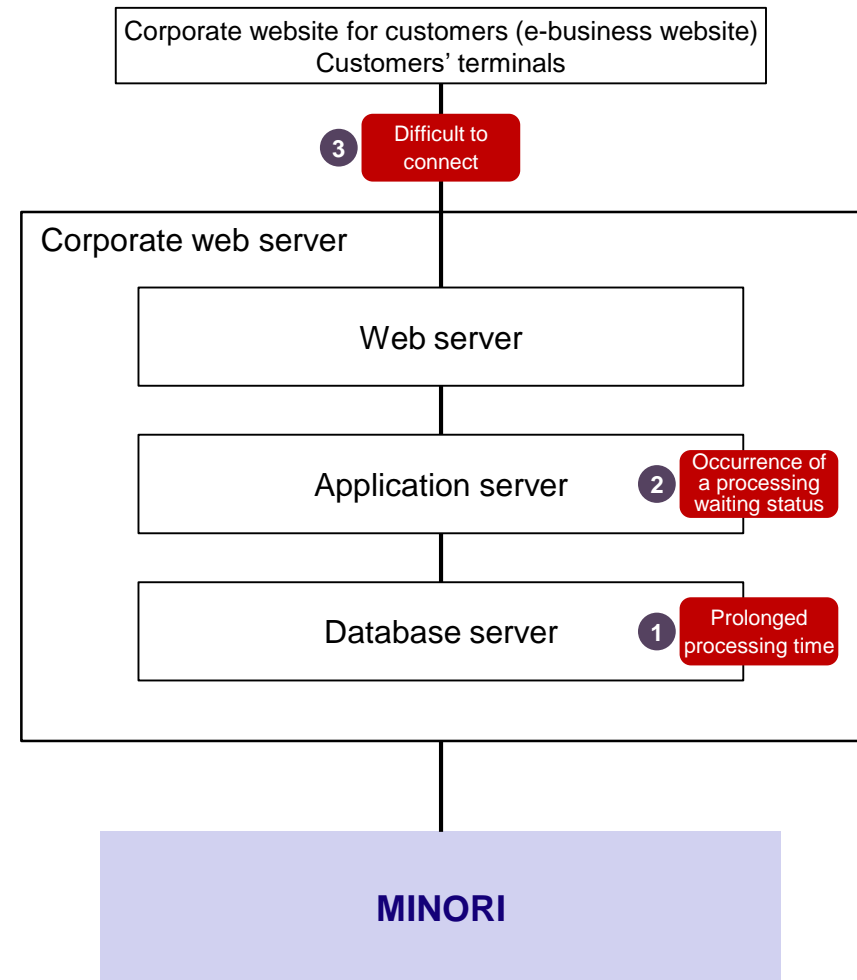
- Prolonged processing by the database server for the e-business website caused a processing delay on the application server between 8:00 am to the time of recovery at 11:33 am on January 11, making it difficult for customers to process transactions through the e-business website.

(2) Cause

- Due to a problem caused by a conflict with irregular operations in the automatic update processing of internal information for high-speed transaction processing on the database server, the processing time on the database server became prolonged. ①
- As a result of the above, the number of connections from the application server to the database server increased, causing the application server to wait for processing. ②

(3) Post-system failure response

- Notification to e-business website customers by displaying a warning on the login screen or sending e-mails simultaneous to all relevant customers. Increasing the number of help desk staff who receive the calls. Directing customers to other channels such as ATMs, branch counters, Excel format data alternative submission, etc.
- All transactions via other channels were completed by EOB on January 11th.
- System recovered by resolving the internal information defect that caused the incident.



Abbreviations

FG	: Mizuho Financial Group, Inc.	RBC	: Retail & Business Banking Company
BK	: Mizuho Bank, Ltd.	CIC	: Corporate & Institutional Company
TB	: Mizuho Trust & Banking Co., Ltd.	GCC	: Global Corporate Company
SC	: Mizuho Securities Co., Ltd.	GMC	: Global Markets Company
AM-One	: Asset Management One Co., Ltd	AMC	: Asset Management Company
RT	: Mizuho Research & Technologies, Ltd.	GPU	: Global Products Unit
		RCU	: Research & Consulting Unit

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