

June 23, 2023

The Chiba Bank, Ltd.
Chibagin Securities Co., Ltd.

Administrative Actions by the Kanto Local Finance Bureau

On June 9, 2023, the Securities and Exchange Surveillance Commission (“SESC”) announced its recommendation to the Prime Minister and the Commissioner of the Financial Services Agency to issue an administrative action regarding the solicitation and sales of structured bonds against the Chiba Bank, Ltd. (President: Tsutomu Yonemoto) (“Chiba Bank” or “the Bank”) and Chibagin Securities Co., Ltd. (President: Yukihiro Inamura) (“Chibagin Securities”) based on the SESC’s findings.

Today, Chiba Bank was issued with the following administrative actions (Business Improvement Order) for situations where a problem related to the investors protection is recognized by the Kanto Local Finance Bureau, pursuant to Article 51, Paragraph 2 of the Financial Instruments and Exchange Act, regarding the financial instruments intermediary business related to the solicitation and sales of structured bonds. In accordance with Article 51 of the Financial Instruments and Exchange Act, Chibagin Securities was issued with the following administrative actions (Business Improvement Order) from the Kanto Local Finance Bureau regarding business operations that violate the suitability principle for solicitation sales of structured bonds.

Chiba Bank would like to express its deepest and sincere apologies for any inconvenience or concern these recommendations may have caused for the Bank’s customers or any related party.

Chiba Bank and Chibagin Securities have accepted this situation with the utmost gravity, and we will continue our efforts to improve operations and prevent a recurrence of these issues while striving to rebuild the trust of all of our stakeholders, including our customers.

Notation

1. Administrative Actions against Chiba Bank

(Article 51, Paragraph 2 of the Financial Instruments and Exchange Act)

- (1) Based on an analysis of the underlying causes, an effective business improvement plan shall be promptly formulated and steadily implemented to prevent recurrence, including the following points.
 - ① Establishment of a business operation system suited to the business type, and strengthening of the business management system and internal control system
 - ② Establishment of an integrated businesses model between banking and securities as a group including securities subsidiaries, premised on compliance with laws and regulations, and proper and sound business operations
 - ③ Clarification of responsibilities, including management, related to this incident based on the recent administrative actions
 - ④ In cooperation with Chibagin Securities, appropriate explanations to customers regarding the content of the administrative actions
- (2) Report the status of responses and implementation of the above in writing by Monday, 24 July ,2023 and report the status of subsequent progress in writing after the end of the quarter (with the first time being the end of September 2023) with a deadline of 15 days or less.

2. Administrative Actions against Chibagin Securities

(Article 51 of the Financial Instruments and Exchange Act)

- (1) Based on an analysis of the underlying causes, an effective business improvement plan shall be promptly formulated and steadily implemented to prevent recurrence, including the following points.
- ① Establishment of a business operation system in which solicitations and explanations to customers are made appropriately based on the suitability principle, and strengthening of the business management system and internal control system
 - ② Establishment of an integrated businesses model between banking and securities as a group including securities subsidiaries, premised on compliance with laws and regulations, and proper and sound business operations
 - ③ Clarification of responsibilities, including management, related to this incident based on the recent administrative actions
 - ④ In cooperation with Chiba Bank or the Musashino Bank, Ltd., appropriate explanations to customers regarding the content of the administrative actions
- (2) Report the status of responses and implementation of the above in writing by Monday, 24 July ,2023 and report the status of subsequent progress in writing after the end of the quarter (with the first time being the end of September 2023) with a deadline of 15 days or less.

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