

May 15, 2019

Report (prohibition of combined sales, violation of the bank agency business licensing system, and confirmation of the substantial controller)

Suruga Bank, Ltd.

The results of the investigations during the business suspension period into matters identified by the FSA in its administrative dispositions on October 5, 2018 are as follows:

	This time (Published on May 15, 2019)	Last time (Published on October 5, 2018)
(1) Violation or suspected violation of combined sales	1,372 properties	534 properties
(2) Suspected violation of the bank agency licensing system business	222 agents	88 agents
(3) Inadequate confirmation of the substantial controller of a corporation	396 cases	18 cases

**1. 1,372 cases (number of properties) of investment real estate loans that violated or may have violated Article 13-3-3 of the Banking Act (prohibition of combined sales)**

In these investigations, we recognized the number of investment real estate loans (number of properties) that violated or may have violated Article 13-3-3 of the Banking Act (prohibition of combined sales) by extensively extracting information regarding suspected combined sales by Bank employees from the complaint-related information received from customers, such as complaints, contact records with customers, and results of various questionnaires.

As stated in the business improvement plan submitted to the FSA earlier, we have already started operations to record the process of careful checking and confirmation of the customer's application and intentions, whose contents will be verified by senior officers in order to prevent combined sales that are not economically rational for customers. We also have started monitoring prepayment of unsecured loans since September 2018.

In addition, for cases where combined sales with a real estate secured loan were carried out, we will consider various measures including returning the prepaid interest on unsecured loans.

The Office to Support Customer Owners of Share Houses and Others accepts consultations on combined sales by the Bank.

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excluding the Year-end and New Year holidays)

**2. 222 real estate agents that may have violated Article 52-36-1 of the Banking Act (bank agency business licensing system)**

In order to investigate real estate agents that may have brokered the conclusion of contracts of various financial products of the Bank without obtaining a license under the Banking Act, we verified complaint-related information from customers and related information from the questionnaire for Bank employees. As a result, we recognized 222 real estate agents that may have violated Article 52-36-1 of the Banking Act (bank agency business licensing system).

We have ensured that all branch offices are aware that explanations of products and acceptance of product applications from customers should be conducted by Bank employees. In addition, on February 1, 2019, we started operations to record in the Bank system the history of negotiations with customers from the acceptance of loan consultations at branch offices to the loan execution.

**3. 396 cases where specified transactions were executed without confirming information on the substantial controller of a corporation that violated Article 4 paragraph 1 of the Act on Prevention of Transfer of Criminal Proceeds (confirmation at the time of transaction, etc.)**

In the previous investigation, we extracted the number of violations in new loan transactions among specified transactions. In these investigations, we extended the scope of investigations and examined all specified transactions that required the confirmation of the substantial controller to identify any violations in them, including opening new accounts and bank transfers in cash for more than 100,000 yen.

With regard to specified transactions with corporations without confirming information on the substantial controller, we have confirmed the substantial controller of all the corporations except for those we were unable to contact. In addition, we have confirmed that all of these substantial controllers do not fall under anti-social forces.

In addition to continuing employee education, we have implemented measures to prevent recurrence, including introducing a system that restricts the execution of specified transactions if the substantial controller of a corporation is not confirmed.