

Management Improvement Order Requires Citibank Japan to Enhance and Strengthen Its System of Internal Controls

Today, Citibank Japan received an improvement order from the Financial Services Agency in regards to the handling and protection of customer information.

We take this order very seriously and express our deepest apologies to all Citibank Japan customers and other concerned parties that this type of situation was allowed to occur. We will bolster our system of controls to handle and protect customer information, and strive to prevent recurrence of this kind of situation. Details of the improvement order appear below.

Administrative Sanction Requirements

- (1) To establish appropriate controls for handling and protecting customer information of Citibank Japan branches and to prevent customer information from being leaked outside the bank, the current management and control structure, outsourcing of operations (includes re-outsourcing) and internal control structure must be thoroughly reviewed and restructure from the following points of view (includes allocation of human resources and restructuring)
 - ① Clarification of the management policy on control of customer information
 - ② Establishment of the management, operation and internal control structure which enable Citibank Japan to control and supervise the handling of customer information of Citibank Japan.
 - ③ Improvement of the structure and procedures that enable Citibank Japan to respond promptly and actively in the event that leakage of customer information occur. (Includes establishment of structure where prompt customer communication is possible in view of preventing the leakage of information from impacting clients.)
 - ④ To ensure awareness and compliance by employees as to the management of customer information.
 - ⑤ Improvement of internal audit function related to management of customer information and conduct follow-up.
 - ⑥ Clarification of where, among the staff and officers of the bank, responsibility for this issue lies.
- (2) Prepare and submit a corrective action plan for the above (1) by July 12, 2004 and implement it immediately.

(3) Subsequently, report the status and progress of action plan, etc. every 3 months until the completion of the corrective actions.

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