

# Summary of Basic Policy and Management System for Smooth Financing

April 2017

Citibank, N.A., Tokyo Branch (CBNA Tokyo)

When CBNA Tokyo receives a request or a consultation regarding a new loan or a contractual condition to change payment etc., from a customer of Small and Medium-Sized Enterprises, etc. (SME), CBNA Tokyo has been proactively and flexibly handling the request while closely working with the other financial institutions in order to reduce customer's payment burdens based on our comprehensive consideration of the customer's circumstance, assets and others, with attention to ensure our appropriate and sound business.

CBNA Tokyo will handle requests after the expiration of the law continuously and sincerely.

## 1. Policy concerning Measures for Finance Facilitation

### (1) General Policy for handling requests

- When a request or a consultation concerning such a request has been received, CBNA Tokyo shall earnestly handle it without intention to prevent the customer from making the request or turn down it against the intention of the customer.
- If any additional condition is proposed in accepting the customer's request, CBNA Tokyo shall timely notify it to the customer and make an adequate explanation for the reason.
- If CBNA Tokyo has encountered a situation where the customer's request must be turned down, CBNA Tokyo shall explain for the reason as specifically and politely as possible in consideration of the history of the relationship and the customer's experience, knowledge, etc.
- When CBNA Tokyo has received a request and reviews it, CBNA Tokyo shall follow its lending policy and the relevant rules.
- In extending credit, CBNA Tokyo shall review a request, etc., taking necessary conditions into consideration, and will not turn down the request, etc. due to only the reason that the customer has the history of a request.

(2) Policy for handling requests from SMEs

In addition to the above General Policy, the following policy shall apply when handling a request from SMEs:

- When a request or a consultation concerning such a request from a SME has been received, CBNA Tokyo shall earnestly discuss it with the SME. CBNA Tokyo will discuss about the development and implementation of a business recovery plan, and will help it develop such a plan if it has been requested by a SME who has an intention to develop it. In addition, the business recovery plan has been developed by the SME, CBNA Tokyo shall monitor the implementation status of the plan giving an advice to the SME as necessary.
- When a request from a SME who has also a debt obligation to other financial institution(s) (including government-owned financial institutions, and Credit Guarantee Association if it is involved) has been received, CBNA Tokyo will closely communicate with such financial institution(s) on a matter-by-matter basis to mutually confirm the information relevant to the request by obtaining prior consent from the SME and in consideration of the confidentiality obligation of financial institutions.
- If an inquiry for the information relevant to a request from a financial institution to which a SME has made such a request has been received, CBNA Tokyo will do its best efforts to closely communicate with such a financial institution on a matter-by-matter basis by obtaining prior consent from the SME and in consideration of the confidentiality obligation of financial institutions.
- When CBNA Tokyo has received a request from a SME and has confirmed that the other financial institution (including a government-owned financial institution) has accepted the SME's request to them, CBNA Tokyo will do its best efforts to accept the request as much as possible, in consideration of the other financial institution's acceptance of the request as necessary and subject to its assessment of the possibility of the improvement or recovery of the SME's business.

2. Management system to execute measures adequately

(1) Management Committee

- The Management Committee and the member of the Management Committee (collectively "MC") shall recognize that the facilitation of smooth financing to

“SMEs”, etc, is necessary for maintaining trust against financial institutions. They also must ensure the financial institution’s sound and proper operations, and adequately establish a system to provide management counseling, guidance for management and support for business improvement of SMEs.

- The MC shall develop this “Policy and Rules” and disseminate the importance of the facilitation of smooth financing to “SMEs”, etc. to Divisions, or Units like Credit Risk Management Units (including sections responsible for the screening of requests and credit risk management operations) and Business Divisions, etc, and staff that are relevant to the facilitation of financing to “SMEs” etc.
- The MC shall take initiatives for the implementation of this “Policy and Rules” for financial facilitation.
- The MC shall ensure that the performance assessment of Business Divisions is consistent with the policies.
- The MC shall appoint the Administrator for Finance Facilitation, etc. (the “Administrator”) who is responsible for managing the control process of finance facilitation (for financing “SMEs“, etc. The Chief Compliance officer shall assume the Administrator’s position. Furthermore, the MC through the Administrator, shall make efforts so that the management effectiveness of the facilitation of smooth financing is ensured within the units responsible for credit risk management (including the section responsible for credit risk assessment and the one responsible for credit risk management operations), the persons responsible for explanations to customers, and the business divisions.
- The MC shall help perform the above mentioned responsibilities by assessing the implementation status of measures for handling requests and making necessary recommendations to it so that CBNA Tokyo can appropriately execute the measure for financial facilitation.

(2) Administrator and Business Compliance Units

- The Administrator shall coordinate with Credit Risk Management Units and Business Divisions for the dissemination of the contents of this document to staff relevant to smooth financing to “SME”, etc., and controls the end-to end management process of financing to “SMEs”, etc. in cooperation with these Divisions and Units.
- The Administrator shall develop a framework where a request or a request for consultation concerning a request from a SME is handled and responded adequately by CBNA Tokyo.

- The Banking Compliance Unit Head (Business Compliance Head) shall support to the Administrator for the above two roles. The Business Compliance Heads closely coordinate with the Business Divisions and the responsible Credit Risk Management Units for the implementation of an effective control framework.

(3) Credit Risk Management Units, Business Divisions and Chief Executive Officer

- Risk Management Unit responsible for financing to small and medium-sized companies in Risk Management Division shall coordinate with the relevant Business Division and are primarily responsible for the assessment of requests from the credit risk management perspective and making a credit decision with respect to these requests.
- When a request is received from a SME at a branch, etc., it must be promptly notified to the unit responsible for credit risk management relevant to the SME and copied to Risk Management Division Head. The progress status of the request shall be controlled by the unit having received the request, which shall be confirmed by the relevant business compliance unit so as to appropriately respond to the SME's request. On the other hand, for a SME whose repayment of the principal or payment of interest is delayed, in consideration of the purpose of the Guideline, etc. and in cooperation with the relevant business division, the unit responsible for credit risk management that is relevant to the SME shall make an explanation for CBNA Tokyo's response to finance facilitation.
- For the credit extension to SMEs, the unit responsible for credit risk management, as a unit responsible for the exposure management and in cooperation with the relevant business division, shall manage the credit risk of SMEs in consideration of the general management and financial features of SMEs' operations that the sensitivity to business fluctuation is high and the status of the business is likely to deteriorate quickly affected by an unexpected business or economic incident.
- The Chief Executive Officer shall receive a recommendation from the responsible Credit Risk Management Unit concerning the results of the assessment and the decision made through the above-mentioned process before advising the results to the SME, and review it for confirmation before the final decision would be made on the acceptance or rejection of such requests.

3. Consultation Window concerning Smooth Financing

- For customers of SMEs

CBNA Tokyo receives requests and complaints from SMEs at the "Consultation Window on Loans for SMEs" as shown below. Upon receipt of a request or a complaint from a customer at the consultation window, an assigned responsible staff will call back to the customer for the further consultation. The request or complaint will be reported to Credit Risk Management Unit by the responsible staff and reviewed for the appropriate decision by this unit.

□ < Consultation Window on Loans for SMEs >

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Open: 9:00 - 17:00 Monday through Friday (except public holidays)