Cash Management User Guide

Kazakhstan

citi®

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I. Introduction

Thank you for choosing Citi's Treasury and Trade Solutions (TTS) for your cash management business needs. The objective of this Cash Management User Guide is to provide you with a manual containing detailed information of services available to you.

This guide is to be read together with the Master Account Service Terms (MAST), Confidentiality and Data Privacy Conditions (CDPC), any applicable Country Addendum, setup forms and the Tariff as applicable to the Customer. In line with local law, any changes to pricing will be agreed upfront.

In this Guide, Citi and Bank may be used interchangeably. This Guide may be updated from time to time and any change will be communicated through our regular channels.

II. Payment Services

A. Types of Payment Services in Kazakhstan

- Book Transfers: Transfers of funds between Citi Accounts in Kazakhstan.

- Domestic Funds Transfers: Transfers processed via the KISC system, which supports both high-value and low-value transfers.

- Real-Time Gross Settlement (RTGS): A large-value funds transfer system based on continuous settlement of payments on a gross, individual order basis.

- Automated Clearing House (ACH): Bulk-settled domestic electronic funds transfers used to deliver funds to an account at a non-Citi financial institution from a Citi account through the local clearing house. The maximum amount per transaction is KZT 5,000,000.

- Cross Border Funds Transfers: Allow Citi customers to make international transfers in a wide range of currencies as outgoing telegraphic transfers.

B. Sending a Payment

1. The Customer sends a payment instruction to Citi, formatted to market standards and as outlined at the time the payment service was implemented, via:

   - Citi e-banking channels, which include CitiDirect BE® and CitiConnect®, or

   - A SWIFT interface

2. Citi forwards the instruction to the relevant payment system for further processing.

3. The payment system forwards the instruction to the beneficiary bank based on the locally defined clearing cycle.

4. The beneficiary bank credits the beneficiary account.

For domestic ACH payments, the beneficiary bank must be in Kazakhstan.

Any fees or commissions are debited from the Customer's local currency account. If there are insufficient funds in a local currency account, the Bank will debit the funds from the Customer's foreign currency account using the Bank's standard FX rate.

5. Cross-border transfers are made through Customer's account in the relevant currency. If the Customer wishes to pay under a currency contract with its counterparty from its Tenge account, the Customer should send a cross-border payment instruction in Tenge. The Bank will debit the Customer's Account in Tenge and further transfer a payment instruction to the relevant correspondent bank who then makes conversion into a foreign currency at the exchange rate that it reasonably selects. Should a reversal or return be required, this will be at the prevailing applicable exchange rate of the correspondent bank on the day of actual reversal or return. The Customer bears all costs (such as fees & exchange rate fluctuation costs) related to processing such payment.

C. Cash Delivery Service

Citi offers door-to-door delivery of cash in KZT, USD and EUR using a dedicated service provider.

Cash Delivery Process

The Customer submits a Customer Delivery Order Form for withdrawal from the Customer's current account and delivery of physical currency to a chosen location at a pre-agreed time five banking days prior to desired delivery date, indicating the following:

- Address where cash will be delivered.

- Amount to be delivered.

1. Following confirmation from the Bank, the service provider delivers the cash to the Customer at the specified address (which must be in Citi's records). Before receiving the cash, the Customer verifies the identity of the service provider's representative and the amount.

2. The service provider provides the Customer with three copies of the Customer Delivery Order, which the Customer signs. The Customer retains one copy and returns the second to the service provider.

3. The location for receiving the cash delivery can be changed with five business days' notice to Citi.

4. Delivery feasibility and turnaround time are based on the location and amount of cash to be delivered.

D. Payments – Value Added Services

Citi Payment Outlier Detection

Citi® Payment Outlier Detection is an informational tool that uses advanced analytics and machine learning capabilities to help identify transactions relating to a Customers' Accounts, and/or Accounts held by the Customer's affiliates, subsidiaries and branches for which the Customer is authorized to operate, that are materially different as compared to a Customer's Transaction History. When Citi Payment Outlier Detection is set to the online mode these "outlier transactions" are flagged and actively held in a queue for further review and action by the Customer's designated payment reviewer(s) via Citi's electronic banking platform, CitiDirect BE®. If upon reviewing the transactions, the designated payment reviewer(s) determines that the outlier transaction was unintended, the payment reviewer(s) will have the ability to cancel the transaction, or approve and release it for further processing. Once the outlier transaction is cancelled, it is not processed further by Citi's payment processing systems.

Citi Payment Outlier Detection Features:

1. A unique baseline profile is generated for each Customer based on the transaction history of their Accounts, and/or Accounts held by the Customer's affiliates, subsidiaries and branches which the Customer is authorized to operate (the 'Customers Transaction Data'), which helps improve outlier detection accuracy.

2. Every transaction that is evaluated by Citi Payment Outlier Detection receives a risk score (0-100) depending on how much it deviates from the relevant past payment history. Customers can configure the Payment Outlier Detection Threshold that helps determine which transactions are identified as outliers.

3. Once a potential outlier transaction is identified, the designated payment reviewer(s) receives a notification and accesses the outlier review queue via CitiDirect BE.

4. Approved outliers refer to outlier transactions that the Customer's designated payment reviewer(s) has confirmed to be correct and approved for further processing. Rejected outliers refer to outlier transactions that Customer's designated payment reviewer(s) has confirmed to be unintended.

5. In Online mode potential outlier transactions are flagged and actively held in a queue until the transaction is actioned upon by the Customer's designated payment reviewer(s),or until the cut-off time (as described below) has been reached (in which case the outlier transaction(s) are processed). Approved transactions are released and processed by Citi while rejected transactions are cancelled.

6. In the Online mode, Customers can also set a cut-off time limit after which any held outlier transactions will be automatically released for processing.

7. In Offline mode, potential outlier transactions are identified but not actively held in a queue or otherwise stopped by Citi Payment Outlier Detection and continue to be processed. Additionally, in the Offline mode, the machine learning algorithm of Citi Payment Outlier Detection continues to allow the system to keep learning from the Customer's Transaction Data as well as from the responses provided by the designated payment reviewer(s), as part of a continuous re-adjustment of the risk scoring routine based on the reviewer's action.

8. Payment outlier reports are available via the CitiDirect BE Reports and Analytics function.

The execution of the payment transactions that are subject to Citi Payment Outlier Detection will occur in accordance with Citi's usual execution timeframes for the relevant payment type and will be considered received by Citi as follows:

1. In respect of a transaction that is not flagged as an outlier, the time when Citi completes the Citi Payment Outlier Detection process; and

2. In respect of a transaction that is flagged as an outlier the earlier of: (i) the time at which the timeframe established by the Customer for the disposition of the outlier expires (if the Customer takes no action), or (ii) the time when Citi receives approval from the Customer to process the outlier.

It is important to note that Citi Outlier Payment Detection is an informational support tool and is not guaranteed to detect or prevent fraud in any way.

III. Receivables Services

A. Receiving a Payment

1. The clearing system forwards the instruction to Citi based on the locally defined clearing cycle.

2. Citi credits the Account.

Any rejections or returns by Citi will be credited back to the payer account. The reason for the return is communicated to the payer via CitiDirect BE® or other means of communication.

B. Cash Collection Services

Citi offers door-to-door cash collection using a dedicated service provider. The services include the following:

- **Cash Collection:** Pickup of physical currency notes and coins from the Customer's premises at a pre-agreed time for delivery to cash collection and counting centres.
- **Cash Processing:** Counting and processing of collected cash in designated cash counting centres and crediting to the Customer's Account.

Cash Collection Setup Process

1. The Customer completes a Cash Collection Setup Form, and a separate form that contains addresses where cash will be collected, the cash collection schedule and a Customer representative contact list. Any changes in information provided must be communicated to the Bank within 5 business days.

2. The Bank forwards the collection addresses and schedule to the designated service provider.

3. The service provider supplies the Customer with cash collection pouches.

   - Upon termination of cash collection services, the pouches must be returned to the service provider.

   - The Customer will reimburse the service provider for loss of or damage to pouches.

4. The Customer provides the designated service provider with two specimens of the seals, which the Customer will use to seal the pouches. The seals are imprinted with the Customer's name or unique identification number (as agreed with the service provider).

Cash Collection Process

1. The Customer prepares for the service provider's arrival:

   - The Customer counts the cash, ensuring that no more than the equivalent of USD 330,000 is scheduled for pickup per day at that location.

   - The Customer completes and signs an accompanying sheet and makes three copies. The Customer places one copy of the accompanying sheet in the pocket attached inside of the pouch, reserving a copy for the service provider and one for itself.

- The Customer seals the pouch so that the seal is located as close to the lock as possible (The entire twine from the knot to the end, which is tucked into a groove of the seal, should not be more than two centimeters long).

- The Customer assures unobstructed and well-lit access to an enclosed cash collection area with a locked door as well as a parking space in immediate proximity to the cash collection area.

2. The appointed service provider is met and escorted to the cash collection area.

3. The Customer verifies the identity of the service provider's representative (ID and attendance card).

4. The service provider's representative inspects the cash package and accompanying documentation for completeness and accuracy. The service provider will not accept cash pouches if damaged, torn, have illegible sealing mark, contain a discrepancy between the sum written in digits and the sum written in words in the enclosed documents, the number of pouches communicated on the collection request do not match the number of pouches present, or if signatures are not compliant with the Customer's signature card.

5. The service provider inspects the seal used by the Customer on the pouch and verifies it against the specimen provided during setup.

6. The Customer signs the attendance card and the accompanying sheet.

7. The Customer hands over the pouches and the service provider signs and stamps the Customer's copy of the accompanying sheet.

8. Before leaving, the service provider will leave the Customer with empty pouches for future cash collection.

9. If the service provider refuses to accept a pouch, the Customer will make a note in the attendance card with the reason for refusal. Collected cash is transported to a designated cash counting centre.

10. The cash is inspected for defective, counterfeit or unacceptable notes and counted. The authenticity and condition of the currency notes and coins is verified by the service provider and the Customer's Account is credited according to the service provider's count, which is considered final.

11. Currency notes or coins found to be counterfeit will be dealt with by the service provider according to applicable laws and regulations. Any related costs or consequences are the Customer's responsibility. The decision to accept or reject defective or otherwise unacceptable currency notes or coins is final.

12. If cash was received at the cash counting centre before 15:00 ALMT, the customer's account will be credited same day. All cash received after 15:00 ALMT or on a non-business day will be credited to the Customer's Account before 13:00 ALMT on the next business day.

13. If a discrepancy is found by the Customer between the credited amount and the submitted accompanying sheet, the Customer may submit a written claim to Citi within the 30 calendar days of the credit.

C. Citi® Smart Match

The Citi® Smart Match solution enables clients to automate the process of matching payments received against payments expected – a process known as cash application. Citi® Smart Match ingests three key data sets: (1) the Accounts Receivables file recording all payments expected (2) the Citi bank account statement detailing all payments received and (3) Remittance Information such as email, PDF, files, EDI etc. typically sent by the Citi Client's Customers to help identify who made the payment and what that payment was for. These data sets are transmitted through proprietary Citi Connectivity (SFTP) and various different extractor engines in the case of remittance data.

Match rate success and solution performance relies on the availability of these three data sets, and Citi cannot guarantee any results that may be achieved through the use of the Service. Artificial Intelligence aggregates the various different data sets to perform the matching, Machine Learning technologies enable the solution to learn data patterns and optimize the match rate success.

A return file detailing all matched and unmatched payments is sent back to the client leveraging the same connectivity. This file is transmitted into a client's ERP system to automatically close the payments expected that were successfully matched. A User Interface (UI), housed within CitiDirect BE® provides clients with a cash application workflow tool, reporting, insights and analytics on solution performance.

Implementing Citi® Smart Match requires consultation with a Client's IT and Accounts Receivables/Collections Team so that that cash application processes in place can be documented and a project design proposal created. Implementation timelines range between 8 – 12 weeks depending on the project scope. Citi® Smart Match leverages technology from US base fintech HighRadius Corporation, who specialize in deploying account receivables technology solutions and are a formal partner of Citi.

IV. Other Considerations

Citi services will begin from the moment the account is opened. The Customer will be notified of the account opening via a welcome letter that contains account information.

The Customer will make its own assessment of the legal, regulatory, tax and accounting implications of the services.

From time to time, the Bank shall deliver to Customer fee schedules, procedures, requirements, guides, manuals and other materials describing the procedures, requirements and limitations surrounding the use of the services.

The clearing of payments and receivables is governed by the rules set by the corresponding clearing system. Both Citi and its customers must adhere to these clearing rules.

Citi will reverse any entry passed erroneously and debit or credit the relevant account.

An operational day is a period of time when the Bank accepts and processes orders and instructions. No orders or instructions are accepted outside of operational days.

Operational hours are a defined period of time within an operational day and may vary for different type of instructions and services.

All complete instructions and requests received by Citi Kazakhstan during operational hours will be processed on the same day. Complete instructions or requests (including tax or other budget payments) received after operational hours are considered received and processed the next operational day. Incomplete instructions and requests received by Citi Kazakhstan during an operational day will be rejected.

More detailed information on operational days and operational hours by transaction type can be found on the Citi website at:
https://www.citibank.com/icg/sa/emea/kazakhstan/english/assets/docs/operationalday.pdf

Residents and non-residents are required to state the purpose of payments and transfers of money in currency operations carried out and to provide supporting documents confirming the purpose of money transfers and payments. Acceptance times are defined by operational hours.

V. Conclusion

Thank you for choosing Citi Treasury and Trade Solutions (TTS) for your cash management needs. Please feel free to contact your Citi relationship manager with any additional questions that you have regarding TTS services.