

Cabinet Office
Financial Services Agency
Ministry of Finance
Ministry of Health, Labour and Welfare
Ministry of Agriculture, Forestry and Fisheries
The Small and Medium Enterprise Agency
September 10 2021

To association representatives

Thorough Cash Flow Support, etc. for Companies According to Individual Circumstances

We appreciate public and private financial institutions' steady efforts for providing cash flow support for companies while preventing the spread of infection in response to our repeated requests under the declaration of a state of emergency issued by the national government.

Under the current circumstances where the declaration of a state of emergency was reextended and the impact of the COVID-19 infection is being prolonged, financial institutions are required to continue their utmost efforts to ensure cash flow support meticulously and promptly depending on needs, while positively ascertaining the business conditions, in consideration of the impact of the extended declaration, under which people are requested to refrain from going out unnecessarily, companies are required to suspend business or shorten business hours, and various events are subject to restrictions. We must ask for your cooperation again to thoroughly disseminate the following among sales personnel and other officials of your association and your member financial institutions.

1. Financial institutions are expected to continue offering meticulous support depending on needs, while positively ascertaining the business conditions of companies and sincerely responding to their consultations in light of the deepening impact of the COVID-19 infection on businesses.
2. Businesses providing eating and drinking services, passenger transportation services, accommodation services, and tourism services, those operating amusement facilities, retailers, travel agencies, businesses relating to live entertainment, culture and art, sports

and various events, bridal service providers, medical and welfare agencies, and owners of these facilities, as well as their business partners, are directly and indirectly affected by the COVID-19 infection. Financial institutions should offer cash flow support as flexibly as possible in consideration of the impact of the infection on all companies, including large companies and leading medium-sized companies, not limited to SMEs.

3. Amid prolongation of the impact of the COVID-19 infection, the need for additional loans is expected to increase. Financial institutions need to positively offer support in response to companies' need for funds, not limited to those necessary until the cooperation money and other benefits are actually paid, by taking into account the characteristics of each business and forecast of demand recovery and possible assistance measures, instead of automatically and rigidly making decisions only based on companies' current closing statuses or borrowings, or past modifications of loan conditions, etc. Meticulous and kind responses are required in close collaboration among public and private financial institutions and main financing banks and other banks. On those occasions, financial institutions should endeavor to positively provide loans by fully utilizing the effectively interest-free and unsecured loan system by government financial institutions, which is, at the moment, to be continued until the end of the year, and the escort-type special credit guarantee system by private financial institutions. Government financial institutions are expected to positively provide subordinated loans recognizable as capital, while private financial institutions are expected to also offer support for the formulation of companies' business plans required for receiving those loans.

4. With regard to the modification of conditions for existing loans, flexible responses should be made depending on individual circumstances from a long-term perspective, such as proposing long-term extension of repayment periods or periods of deferment.

5. With regard to categories of loans upon private financial institutions' cash flow support, such as modification of loan conditions or provision of new loans, the national government respects financial institutions' decisions, as repeatedly stated in requests by the Minister for Financial Services, from the perspective of supporting companies being affected by the COVID-19 infection.

In light of the purport of those statements by the Minister, financial institutions may take flexible measures when determining if the lending ranks as restructured loan, such as

extending a period for a highly feasible fundamental restructuring plan, etc., postponing the deadline for formulating a plan, or formulating a plan based on business performances before the outbreak of the COVID-19 infection.

6. Furthermore, financial institutions should give due consideration to the circumstances of companies facing difficulties in financing due to the direct and indirect impact of the COVID-19 infection, and should not only refrain from showing reluctance to provide loans or insistence on repayments, but also make flexible responses to the extent possible from the standpoint of individual companies in order to avoid their misunderstanding.
7. In addition to cash flow support, public and private financial institutions, Credit Guarantee Corporations, Small and Medium-Sized Enterprise Revitalization Support Councils, REVIC, and other support organizations should closely cooperate with each other and make positive efforts to provide companies with business support, depending on their actual situations, for their management improvement and business reconstruction, not limited to modification of existing loan conditions. They should also supply funds recognizable as capital by the use of diverse funds, or introduce human resources and help business continuation in accordance with the needs of local companies.
8. Even for a new customer using the effectively interest-free and unsecured loan system or for a customer for which a financial institution ceased to be the main financing bank due to a decrease in its share in the balance of loans, the financial institution should continue offering support positively to its customer companies facing management problems for their main business, not limited to cash flow support, irrespective of whether the financial institution serves as the main financing bank or not, whether the customer is an existing customer or a new customer, or whether the relevant loans are proprietary loans or loans guaranteed by Credit Guarantee Corporations.