

## Concrete Measures Taken by Financial Institutions in Response to the COVID-19 Infection

The FSA has requested financial institutions to make utmost efforts in response to the COVID-19 infection, in accordance with the situations of respective companies, such as the alteration of loan conditions and provision of new loans, and has confirmed the implementation status through special hearings or other means, while assigning top priority to promoting cash flow support for companies in conducting inspection and supervision.

Out of confirmed concrete measures, the FSA will compile and publicize those that are helpful for other financial institutions, as needed.

[Alteration of loan conditions, provision of new loans, etc.]

- When receiving a consultation about the alteration of loan conditions or other matters from a company, the financial institution immediately takes such measures as deferring principal payments for three months or extending the term of repayment without examination.
- Upon receiving a consultation from a company, the financial institution deferred principal payments and extended the term of repayment both for one year, based on the appraisal of the company's past business performance, with the aim of having the company continue business.
- Targeting companies suffering significant decreases in orders received, the financial institution deferred principal payments for one year as an initial positive support measure. The financial institution plans to extend the term of repayment flexibly for each company at the time when their future financial prospects are made clear.
- When a company has no prospects for fund source for repayment, etc., the financial institution provides a short-term loan for around six months, during which it considers financial and business solutions with the company.
- In order to relieve companies' concerns, the financial institution extended the term of repayment for special loans (proper loans) in relation to the COVID-19 infection from 10 years to 15 years, and the

period to defer principal payments from two years to five years.

- With regard to loans provided to owners of buildings for rent who have granted their tenants reduction or exemption of payment of rent for one year, the financial institution defers principal payments for the relevant period or extends repayment terms.
- For owners of buildings for rent who have granted their tenants moratoriums on payment of rent for one year, multiple private financial institutions cooperatively provide loans for the amounts equivalent to decreases in their income from rent.
- The financial institution decides on the deferment of principal payments for not longer than two years under the exclusive jurisdiction of branch managers, irrespective of cases.
- Under a clear instruction from the headquarters, the financial institution exempts all borrowers who seek alteration of loan conditions from penalty charges and fees, which are usually required upon alteration.
- In response to consultations about the postponement of repayment of home loans, the financial institution defers principal payments for up to one year without examination.

[Omission and simplification of documents, etc.]

- The financial institution accepts a loan request only through hearings even if not all documents on required information such as the status of cash flows are prepared.
- The financial institution flexibly deals with alteration of loan conditions and allows a borrower to submit required documents such as a business plan later when the borrower's business conditions stabilize.
- The financial institution does not require new documents or data, and makes a judgement on loans and alteration of loan conditions based on data already submitted, in principle. Regarding information that requires confirmation, the financial institution only requests the latest data that the relevant borrower can submit immediately.

[Financial institutions' preparations]

- The financial institution tabulates the status of receipt and examinations of loan requests, such as how many days have passed

after ascertaining each company's needs for loans, and manages stagnant cases and the progress of each case.

- Consultations from companies or other information collected by branches are entered into the intranet system as needed, which enables officers and responsible personnel of the headquarters to ascertain them on a timely basis and give instructions to branches when their responses are insufficient.

#### [Support for companies' main business]

- The financial institution offers support broadly to its customers, such as helping a local shopping district that suffers a sales decline through matching with other companies to expand sales channels.
- As imports of materials and feedstock have been delayed, the financial institutions collaborate with each other to introduce companies that deal in alternatives to their customers.
- In order to help companies file applications for the Employment Adjustment Subsidy, the financial institution stations Labor and Social Security Attorneys at its branches.

#### [Collaboration with other organizations]

- The local government, financial institutions, and Credit Guarantee Corporations in the area established a framework for mutual cooperation, under which, for example, financial institutions, etc. dispatch their personnel to offer help to other financial institutions or Credit Guarantee Corporations that are crowded with customers.
- In order to support municipalities' services to give approval for safety net guarantee, the financial institution dispatches its personnel to municipalities to have them check applicants' financial statements or company sizes, etc.
- After deliberations with municipalities, the financial institution started to replace municipalities' services to give approval for safety net guarantee with its checking of each company's sales decline and affixing its seal on the document.
- In order to support customers seeking special loans provided by the Japan Finance Corporation, the financial institution prepared the procedural flow, after making adjustments with the JFC branches in the

relevant areas, and delivered it to all its branches.

## Measures Taken by Financial Institutions (Detailed Version)

[Alteration of loan conditions, provision of new loans, etc.]

- When receiving a consultation about the alteration of loan conditions or other matters from a company, the financial institution immediately takes such measures as deferring principal payments for three months or extending the term of repayment without examination.
- Upon receiving a consultation from a company, the financial institution deferred principal payments and extended the term of repayment both for one year, based on the appraisal of the company's past business performance, with the aim of having the company continue business.
- Targeting companies suffering significant decreases in orders received, the financial institution deferred principal payments for one year as an initial positive support measure. The financial institution plans to extend the term of repayment flexibly for each company at the time when their future financial prospects are made clear.
- When a company has no prospects for fund source for repayment, etc., the financial institution provides a short-term loan for around six months, during which it considers financial and business solutions with the company.
- Targeting companies whose business conditions are expected to deteriorate from now, such as a sales decline due to decreases in the number of tourists, the financial institution proactively makes proposals and defers principal payments for six months.
- As a new means for fund provision to SMEs, the financial institution created an emergency fund in response to the COVID-19 infection to make judgments on provision of loans on the day at the earliest or within three business days at the latest.
- The financial institution exempts all borrowers who seek alteration of loan conditions from fees, which are usually required upon alteration.
- The financial institution instructs its branches to proactively make proposals and offer support to companies for confirming cash management for the coming several months (support for preparing

cash management tables, etc.) and suggest alteration of loan conditions, such as deferment of principal payments, or provision of new loans depending on their future cash management thus confirmed.

- Targeting companies that are busy dealing with cancellation of reservations, the financial institution provides advice on cash management, such as classifying urgent and non-urgent payments in consideration of future financial concerns and advising to postpone performance of non-urgent payments.
- In order to relieve companies' concerns, the financial institution extended the term of repayment for special loans (proper loans) in relation to the COVID-19 infection from 10 years to 15 years, and the period to defer principal payments from two years to five years.
- With regard to loans provided to owners of buildings for rent who have granted their tenants reduction or exemption of payments of rent for one year, the financial institution defers principal payments for the relevant period or extends repayment terms.
- For owners of buildings for rent who have granted their tenants moratoriums on payments of rent for one year, multiple private financial institutions cooperatively provide loans for the amounts equivalent to decreases in their income from rent.
- With the aim of reducing rent burden for companies, the financial institution deferred principal payments for one year with regard to loans provided to owners of buildings for rent.
- The financial institution decides on the deferment of principal payments for not longer than two years under the exclusive jurisdiction of branch managers, irrespective of cases.
- With regard to a consultation from a company for further alteration of loan conditions, for which several weeks are ordinarily required for adjustments of bank meetings, etc., the financial institution makes adjustments individually with related parties as the main bank and processes the case in around 10 days.
- For companies whose loan conditions are being altered or that are undergoing business restructuring, the financial institution makes judgements on the continuity of their businesses based on its assessment of those companies as their long-term main bank and provides them with new loans.
- Under a clear instruction from the headquarters, the financial institution exempts all borrowers who seek alteration of loan conditions from

penalty charges and fees, which are usually required upon alteration.

- In response to consultations about the postponement of repayment of home loans, the financial institution defers principal payments for up to one year without examination.
- In response to a request for postponing repayment of home loans, the financial institution first defers principal payments for six months and reconsiders a measure after six months based on the circumstances at that time (fees for alteration of loan conditions are not charged).
- The financial institution compiled the information that it also grants moratoriums on repayment of home loans into a leaflet, together with specific examples, and has been broadly disseminating it.
- With regard to housing-related loans that are to be executed before the completion of construction, the financial institution defers principal payments until the completion and delivery of houses in consideration of possible extension of construction periods (fees for alteration of loan conditions are not charged).
- The financial institution newly created and provides special low-interest loans for individuals with deferment of principal payments for up to one year, without restrictions on usage, including for the repayment of existing personal loans such as student loans.

[Omission and simplification of documents, etc.]

- The financial institution accepts a loan request only through hearings even if not all documents on required information such as the status of cash flows are prepared.
- The financial institution flexibly deals with alteration of loan conditions and allows a borrower to submit required documents such as a business plan later when the borrower's business conditions stabilize.
- The financial institution does not require new documents or data, and makes a judgement on loans and alteration of loan conditions based on data already submitted, in principle. Regarding information that requires confirmation, the financial institution only requests the latest data that the relevant borrower can submit immediately.
- With regard to loans that need to formulate future sales projections together with respective companies before execution in normal cases, the financial institution executes loans without requesting the submission of earnings projections or other documents in light of the

current situation where future impact of the COVID-19 infection cannot be predicted.

- When the financial institution receives requests for alteration of conditions of business loans for individuals or home loans, it makes prompt responses without requesting the submission of documents proving decreases in earnings.

#### [Financial institutions' preparations]

- The financial institution tabulates the status of receipt and examinations of loan requests, such as how many days have passed after ascertaining each company's needs for loans, and manages stagnant cases and the progress of each case.
- Consultations from companies or other information collected by branches are entered into the intranet system as needed, which enables officers and responsible personnel of the headquarters to ascertain them on a timely basis and give instructions to branches when their responses are insufficient.
- With regard to companies having worries over the impact of the infection on their business conditions, the financial institution classifies them into three groups depending on the urgency of their future fund needs, and the headquarters and branches integrally make responses in accordance with such urgency, with the headquarters managing the status of consultations from companies categorized into the most urgent group on a daily basis.
- The top management of the financial institution has created a video message and has communicated and disseminated unified policies on how to respond to customers directly to branch managers and sales personnel.
- The financial institution has skipped or simplified reports and documents concerning companies' application for alteration of loan conditions, etc. that branches are to make and submit to the headquarters.
- The headquarters of the financial institution decided to intensively handle and make decisions on all loans in relation to the COVID-19 infection (by phone), thereby speeding up processes through its prompt instructions.
- The financial institution prepared a special document systematically



compiling the details of various loans and guarantees with the aim of helping branches provide companies with explanations in an easy-to-understand manner. The document is shared among sales personnel and is utilized in providing explanations to companies.

- The financial institution compiled a menu of its business support and that by prefectures, and the information on companies that it has accumulated through past relationships with companies and posted them on its sales personnel's tablets for business use, which each personnel brings and utilizes upon visits to companies.
- The financial institution adds points in performance evaluation when a person has altered conditions for existing loans or provided new loans with the aim of supporting companies affected by the COVID-19 infection.

#### [Support for companies' main business]

- The financial institution offers support broadly to its customers, such as helping a local shopping district that suffers a sales decline through matching with other companies to expand sales channels.
- As imports of materials and feedstock have been delayed, the financial institutions collaborate with each other to introduce companies that deal in alternatives to their customers.
- In order to help companies file applications for the Employment Adjustment Subsidy, the financial institution stations Labor and Social Security Attorneys at its branches.
- The financial institution introduces temporary help agencies to its customers, such as medical-related institutions and call centers, which are facing a labor shortage due to sharp increases in demand.

#### [Collaboration with other organizations]

- The local government, financial institutions, and Credit Guarantee Corporations in the area established a framework for mutual cooperation, under which, for example, financial institutions, etc. dispatch their personnel to offer help to other financial institutions or Credit Guarantee Corporations that are crowded with customers.
- In order to support municipalities' services to give approval for safety net guarantee, the financial institution dispatches its personnel to municipalities to have them check applicants' financial statements or

company sizes, etc.

- After deliberations with municipalities, the financial institution started to replace municipalities' services to give approval for safety net guarantee with its checking of each company's sales decline and affixing its seal on the document.
- In order to support customers seeking special loans provided by the Japan Finance Corporation, the financial institution prepared the procedural flow, after making adjustments with the JFC branches in the relevant areas, and delivered it to all its branches.
- In order to ensure that companies can receive safety net guarantee or loans provided by the Japan Finance Corporation, responsible personnel of the financial institution accompany respective companies to relevant municipal offices or JFC's counters and provide support for the preparation of application forms and documents.
- For speeding up procedures by Credit Guarantee Corporations, financial institutions in the prefecture cooperatively dispatch around 20 of their employees to Corporations to offer support.