Cash Flow Support for Companies in Consideration of the Novel Coronavirus Disease
(COVID-19) Emergency Economic Measures (Request)

On April 7, the Japanese government decided on and publicized the "Emergency Economic Measures for Response to COVID-19" in consideration of the impact of the spreading COVID-19 epidemic on the national economy.

The Financial Services Agency has issued requests* to financial institutions to offer cash flow support for companies and individuals. We are aware that all financial institutions are making efforts, including the strengthening of cooperation with the Japan Finance Corporation, in response to those requests.

Under such circumstances, the FSA is further requesting the following matters, which include measures concerning financial support to companies and individuals and are incorporated in the government's Emergency Economic Measures, in addition to past requests, so that all financial institutions will make further efforts for financial support. Please properly inform the members of your association.

* "Request for the Implementation of Measures against COVID-19 (Novel Coronavirus) Outbreak" (Notification No. 251 issued by the Supervision Bureau on February 7, 2020); "Cash Flow Support for Companies as Impact of COVID-19 (Novel Coronavirus) Outbreak Grows (Request)"(Notification No. 524 issued by the Supervision Bureau on March 6, 2020); "Cash Flow Support for Companies as Impact of COVID-19 (Novel Coronavirus) Outbreak Grows (Request)" (Notification No. 709 issued by the Supervision Bureau on March 24, 2020)

➢ Continue efforts to actively provide new loans, and to promptly and flexibly change loan conditions for existing loans. On those occasions, thoroughly ensure flexible responses in changing conditions, such as the period of deferment and the period of loan, while appropriately ascertaining changes in borrowers' repayment abilities on a timely basis.

➢ Regarding the "System to Enable Companies to Obtain Substantially Interest-Free and Unsecured Loans from Private Financial Institutions by the Use of Local Governments' Loan Programs," proceed with necessary framework development, including the creation of operation flows, deployment of personnel, and development of the system, while closely cooperating with the relevant local governments, the Small and Medium Enterprise Agency,

and others so as to ensure prompt and appropriate responses to companies.

➢ Do not treat all cases automatically and formalistically, where companies fall foul of financial covenants, which serve as conditions for providing loans. More specifically, [i] meticulously ascertain each company's business status and avoid demanding immediate debt redemption, etc.; [ii] promptly and sincerely respond to each company's consultations concerning a change or extension of a financial covenant; [iii] for syndicated loans, in particular, make integrated responses in cooperation among related financial institutions.

➢ Regarding home loans and loans for individuals, make prompt and flexible responses in changing loan conditions while fully taking into account individual customers' needs, based on past requests from the FSA. Financial institutions engaging in business to guarantee loans for individuals, etc. are also requested to make required efforts based on such effects.

➢ In light of the circumstances where the number of consultations concerning cash flow received by the Japan Finance Corporation, etc. is increasing rapidly, make efforts to strengthen cooperation with the Japan Finance Corporation and other bodies.

➢ Financial institutions handling remittance business under the Living and Welfare Fund Loan Program are requested to properly respond to consultations from prefectural Councils of Social Welfare and endeavor to accelerate procedures for remittance business in relation to special measures concerning emergency small loans.

➢ When having extended payment periods upon requests from customers affected by the COVID-19 epidemic, refrain from registering such cases as arrearage to credit information agencies.