

December 8, 2020

Request for Thorough Support for Companies Based on the Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope
(Statement by ASO Taro, Minister of State for Financial Services)

In response to the expansion of the impact of the COVID-19 infection, the FSA has repeatedly requested financial institutions to ensure prompt and smooth cash flow support for companies. We appreciate the steady efforts having been made by financial institutions based on these requests.

However, as the infection is spreading and its impact is being prolonged, it is a concern that restricted economic activities, etc. may significantly affect companies' business, and the current situation heightens the necessity of cash flow support for companies and support for their management improvement and business reconstruction and transformation.

The national government formulated the Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope on December 8 and decided to take further measures, such as the extension of the deadline for the application for effectively interest-free and unsecured loans by private financial institutions. From the perspective of ensuring thorough support for companies, we request the following to financial institutions.

1. The deadline for the application for effectively interest-free and unsecured loans by private financial institutions was decided to be extended to March 2021. Financial institutions are requested to sincerely respond to respective companies' consultations and combine various means, such as deferment of payments or alteration of other loan conditions, proper loans, and loans guaranteed by Credit Guarantee Corporations, thereby offering support in accordance with companies' needs, so that they will not face serious funding difficulties at the end of the year or the business year.

With regard to categories of loans upon alteration of conditions such as deferment of payments or provision of new loans, the FSA respects financial institutions' decision to maintain previous evaluations regarding customers that they had recognized as being financially sound before the spread of the COVID-19 infection.

2. For companies that have received loans under the effectively interest-free and unsecured loan system, financial institutions should appropriately ascertain changes in their repayment abilities on a timely basis through continued monitoring of their business conditions until the end of the period of deferment, and continuously offer sufficient

support for their main businesses and make careful responses to ensure smooth repayment.

3. In order to offer support for management improvement and business reconstruction and transformation to companies that face challenges not limited to funding difficulties amid the prolonged COVID-19 pandemic, financial institutions are expected to have talks sufficiently with them and offer prompt and effective support while utilizing funds contributed by the Regional Economy Vitalization Corporation of Japan, etc. and subordinated loans recognizable as capital provided by the Japan Finance Corporation, etc.
4. Upon offering support for companies, financial institutions should closely collaborate with local governments, Credit Guarantee Corporations, Japan Finance Corporation, Shoko Chukin Bank, and other government financial institutions, as well as with the SME Revitalization Support Committee, certified public tax accountants and other relevant local organizations, while sharing know-how and knowledge on support for companies among working-level officials of financial institutions.
5. Financial institutions should positively disseminate the Guidelines on Management Guarantees and Special Provisions of the Guidelines that prohibit securing of double guarantee upon business succession and make further efforts to provide loans not dependent on management guarantees, by referring to best practices of other financial institutions concerning the utilization of the Guidelines and KPIs, such as the percentage of loans not dependent on management guarantees among newly provided loans, published by the FSA.
6. Financial institutions should promote utilization of a list of human resources prepared by the Regional Economy Vitalization Corporation of Japan, with appropriate involvement of companies' top management, with the aim of creating a flow of personnel from large companies to local leading medium-sized companies and SMEs to assist local companies with their efforts to secure management personnel, and should actively offer services to introduce appropriate human resources to local companies based on their management problems and analysis of their needs for human resources.
7. As it is expected that consultations about the postponement of repayment will increase in December from borrowers of home loans with bonus payments, financial institutions are requested to continuously make prompt and flexible responses for home loans or other personal loans, such as deferment of payments or alteration of other loan conditions, in accordance with each customer's circumstances and needs.

8. The coverage of the Special Provisions for the Application of the Guidelines for Debt Consolidation after a Natural Disaster was expanded to include individual debtors affected by the COVID-19 infection. Financial institutions should actively disseminate the relevant information to individual debtors and meticulously respond to their consultations, and should offer support as flexibly as possible also regarding the expansion of the scope of free assets and debts subject to debt consolidation, upon applying the Special Provisions, for the purpose of helping individual debtors reconstruct their lives and businesses.
9. The national government has been endeavoring to disseminate the use of Individual Number Cards in order to early achieve a digitalized society where the general public can enjoy the advantage of the Social Security and Tax Number System. Financial institutions are also requested to offer cooperation.

Amid the fight against COVID-19, now is the time for the real worth of financial institutions' initiatives to be proved. Requests cover a wide range of fields, but all are very important. We are committed to making efforts with you to ensure that appropriate support will be provided to companies according to their circumstances.