

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
May 12, 2021

To association representatives

Cash Flow Support for Companies in Response to the Extension of the Declaration of a State
of Emergency

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.

Due to the further expansion of the impact of the COVID-19 infection, the national government decided to extend the declaration. Financial institutions are required to continue their utmost efforts to ensure cash flow support meticulously and promptly, while positively ascertaining the business conditions and funding needs of companies, in consideration of the impact of the extended declaration, under which people are requested to refrain from non-essential outings, companies are required to suspend business or shorten business hours, and various events are subject to restrictions. We would like to 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 positively check the funding needs of companies, meticulously respond to their consultations and offer support, while fully considering the impact of the extended declaration of a state of emergency.
2. Under the extended declaration of a state of emergency, 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 respond to companies' demand for funds in consideration of the impact of the infection on all companies, including large companies and leading medium-sized companies, not limited to SMEs.

Public and private financial institutions, both main financing banks and other banks, should cooperatively make flexible responses to the extent possible, such as positively providing new loans, including subordinated loans recognizable as capital, offering support for the formulation of companies' business plans, which are required upon filing an application for those loans, and proactively proposing long-term extensions of repayment terms or deferment terms for existing loans, thereby granting long-term moratoriums depending on individual circumstances.

Additionally, flexible and meticulous responses are required for demand for funds necessary until cooperation money and other benefits are actually paid and for funds required thereafter.

3. When providing support, meticulous responses are required based on the characteristics of individual businesses, expected demand recovery, and prospects for the national government's various support measures. For example, businesses providing accommodation services are categorized into the process industry and many of them are burdened with heavy debts due to sharp demand declines during conventionally busy seasons and loans for seismic retrofitting or renovation toward the Tokyo Olympics and Paralympics. They are thus facing an extremely severe business environment, which is expected to last until the Go To travel campaign is restarted. Therefore, financial institutions are to provide cash flow support as flexibly as possible, including the provision of loans for securing cash reserves, in consideration of the aforementioned circumstances.
4. 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.