

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
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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.

Due to the further expansion of the impact of the COVID-19 infection, the national government re-extended 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 re-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 positively check the funding needs of companies, meticulously respond to their consultations and offer support, while fully considering the impact of the re-extended declaration of a state of emergency.
2. Under the re-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 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. 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 should be fully utilized for positively providing loans, including new loans for funds that are necessary until various benefits are actually paid. 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. 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.
4. When offering support, public and private financial institutions and main financing banks and other banks should closely cooperate with each other to make flexible responses in light of the characteristics of individual businesses, expected demand recovery, and prospects for the national government's various support measures, instead of making decisions only based on companies' current closing statuses, etc. For example, wholesale market-related businesses play significant roles as essential workers to ensure a stable supply of food amid the COVID-19 pandemic, but many of them, especially those delivering food to restaurants, are facing severe business conditions. Financial institutions are expected to provide them with cash flow support as flexibly as possible, including the provision of loans for securing cash reserves, in consideration of those specific circumstances.
5. 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.

6. 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.