

May 11, 2022

To association representatives

KISHIDA Fumio, Prime Minister  
SUZUKI Shunichi, Minister of Finance and Minister of State for Financial Service  
GOTO Shigeyuki, Minister of Health, Labour and Welfare  
KANEKO Genjiro, Minister of Agriculture, Forestry and Fisheries  
HAGIUDA Koichi, Minister of Economy, Trade and Industry

Request for Thorough Cash Flow Support for Companies Based on the Comprehensive Emergency Measures  
to Address Soaring Crude Oil and Commodity Prices and Related Matters

We appreciate public and private financial institutions' steady efforts for providing cash flow support for companies in response to our repeated requests.

Due to the prolonged impact of the COVID-19 infection and other concerns over the recent situation in Ukraine, etc., uncertainties are looming and the effect of soaring crude oil and commodity prices has become a matter of concern.

Under such circumstances, the national government decided on the Comprehensive Emergency Measures to Address Soaring Crude Oil and Commodity Prices and Related Matters on April 26. The measures incorporate further reduction of interest rates for safety-net loans and extension of the application deadline for the effectively interest-free and unsecured loan system by government financial institutions to the end of September in order to ensure cash flow support for SMEs and small businesses, as well as those engaging in the agriculture, forestry, and fishery industries, and those engaging in businesses relating to environmental health, etc. We ask for your cooperation for the following matters from the perspective of ensuring thorough support for companies by public and private financial institutions. Please inform your members and the staff of your member financial institutions, including sales staff, of the following. The national government continues to collect opinions concerning the status of cash flow support by financial institutions also in light of this request and feedback from businesses.

1. The current situation in Ukraine and crude oil price hikes, in addition to COVID-19, have been seriously affecting many companies, including those conducting transactions frequently with Russia, those suffering from the impact on international settlements, and those facing difficulties in receiving payments due to delays in delivery deadlines or impossibility of delivery. In order to prevent a serious hindrance to cash management of those companies, financial institutions are expected to continue offering meticulous support, in a friendly manner, to each of them depending on their needs, while positively ascertaining the business conditions of not

only SMEs but also large companies and leading medium-sized companies, and carefully and appropriately responding to their consultations on fund procurement, including deferment of payments or modification of other loan conditions.

2. It is the third year since the outbreak of COVID-19, and consultations on the second or third deferment of payments or modification of other loan conditions are increasing. Financial institutions should give due consideration to the circumstances of companies facing difficulties in financing, including large companies and leading medium-sized companies, not limited to SMEs, 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 respective companies in order to avoid such misunderstanding.
3. Measures based on the Comprehensive Emergency Measures to Address Soaring Crude Oil and Commodity Prices and Related Matters include safety-net loans for which eligibility requirements were eliminated and interest rates were further reduced, the effectively interest-free and unsecured loans by government financial institutions for which the application deadline was extended to the end of September, and special provisions on the loan ceiling for safety-net funds for agriculture, forestry and fisheries businesses. Financial institutions should utilize these measures and actively provide loans, thereby promptly and appropriately responding to companies' needs.
4. As it is supposed that companies will come to be in need of additional loans due to soaring crude oil and commodity prices, financial institutions are expected to meticulously, and in a friendly manner, respond to companies in need of funds for capital investment and operating capital, as well as funds necessary until various benefits are actually paid. Government and private financial institutions should make the utmost effort to provide cash flow support and help companies enhance their financial bases by employing various means, including subordinated loans recognizable as capital and loans secured by accounts receivable, depending on individual companies' business content and needs.
5. When receiving consultations, including those regarding the second or third extension of repayment periods or periods of deferment, financial institutions should refrain from acting in an aloof manner aimed at having consultors give up on filing applications, but should continuously make prompt and flexible responses concerning the modification of conditions for existing loans and refinancing, depending on individual circumstances, such as proposing long-term extension of repayment periods or periods of deferment. If a company hesitates to extend the deferment period in fear of an increase in repayment burden after the end of that period, the extension of the repayment period should also be proposed. Also with regard to consultations on extension of those periods beyond the limit under respective systems, flexible responses are required depending on individual circumstances.
6. In addition to cash flow support as above, financial institutions should endeavor to respond meticulously, and in a friendly manner, to consultations from companies facing various problems, such as the need to review supply sources and sales destinations, due to rising prices of raw materials caused by the current situation in

Ukraine, for their management improvement.

7. There is concern that soaring crude oil and commodity prices will have a considerable impact on people's lives. As increases are expected in consultations from borrowers of home loans with bonus payments in June, financial institutions are requested to continuously make prompt and flexible responses for home loans or other personal loans, such as deferment of payments or modification of other loan conditions, in accordance with each customer's circumstances and needs.