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(Provisional Translation)

May 27, 2020

Amendment to the “Act on Special Measures for Strengthening Financial Functions”

(Statement by ASO Taro, Minister of State for Financial Services)

Japan's financial system is stable and we do not have any concerns about its soundness.

We hope that the regional banks will continue to firmly support local economies affected by COVID-19, especially SMEs (small and medium enterprises), thereby facilitating economic recovery.

In the second supplementary budget for FY2020, the government has secured a budget for strengthening regional banks' financial intermediary function of supporting cash flow and promoting the equity financing of companies.

Furthermore, as a preemptive action to deal with the impact of COVID-19, the Financial Services Agency is deliberating on strengthening regional banks' financial intermediary function through government capital injection, in the following ways:

committing adequate financial capabilities for government capital injection, and

submitting a Bill to the Diet which

1. extends the deadline for regional banks to request government capital injection by 4 years from March 31, 2022 to March 31, 2026, and
2. encourages regional banks affected by the impact of COVID-19 to request government capital injection by easing collateral conditions (e.g. those regional banks are exempted from the obligation of setting specific management goals with respect to improvement in profitability and efficiency).

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