

Definition of Each Asset Category under the Financial Reconstruction Law

(1) Bankrupt or *De facto* bankrupt

Loans to debtors who are legally and formally bankrupt, i.e. in the process of liquidation, reorganization, and rehabilitation, or virtually bankrupt with no prospects of resuscitation

(2) Doubtful

Loans to debtors who have not gone bankrupt but are in financial difficulties, and thus whose lenders are unlikely to receive the principal and interest concerned on due dates

(3) Special attention

Loans whose interest and/or principal payments are in arrears by 3 months or more, and restructured assets with changes in terms and conditions

(4) Non-classified (Normal)

All loans to debtors who have no particular problems with their financial conditions, other than (1), (2) and (3)

*Loans are assets for lenders (banks)