

II. Overview of Loans and Deposits

1. Classification of Customers, Disclosure of Problem Assets, and Reserve Policy (Non-consolidated)

* Loan amount after direct reduction.
* The Bank has adopted the uniform non-accrual loan accounting method for loans to "bankrupt customers," "virtually bankrupt customers" and "potentially bankrupt customers," as classified in the self-assessment categories. As such, loans to customers in these three categories are recognized as "non-accrual" even if not past-due.

(Billions of Yen)				
Classification of Customers under Self-Assessment	"Revitalization Law" Standard	Secured / Unsecured	Assessment / Reserve Policy (Second Half of FY99)	Reserve (Reserve Ratio) (*3)
Bankrupt Customers	Bankrupt and Quasi-Bankrupt <div>190.8 (1) (change from Sep.99 +24.9)</div>	Secured 185.7	Assessment Policy: Assessment aiming at acceleration of disposal had resulted in upward shift of some borrowers from potentially bankrupt customers to virtually bankrupt customers. As a result, direct reductions has increased. (Mar. 2000: 731.0 billion yen; Sep. 99: 402.9 billion yen) Reserve Policy: 100% reserves provided for the unsecured portion.	8.3(*1) (100%) <div>Specific Reserve</div>
Virtually Bankrupt Customers		Unsecured 5.1		
Potentially Bankrupt Customers	Doubtful <div>1,351.2 (2) (change from Sep.99 -153.5)</div>	Secured 388.6 Unsecured 962.6	Assessment Policy: By stricter assessment of restructuring plan of borrowers, precautionary shifts occurred among borrowers who may need long time to recover; i.e. from customers requiring caution to potentially bankrupt customers. Reserve Policy: Various reserve ratio applied to respective assets, based on their credit risks. As a result, assets with lower risks (which means lower reserve ratio) increased, mainly due to aforementioned factor.	530.8 (*1) (55.1%)
Customers Requiring Caution	Substandard Loans <div>375.0 (3) (change from Sep.99 +91.6)</div>	Portion secured by Guarantees and Collateral: 33.4	Reserve Policy: 15% of entire exposure is covered by general reserves.	Reserve for Substandard Loans : 56.3 (15.0%)
	(*2) Substandard Assets			Average (3.0%)
Normal Customers	Normal Assets <div>32,849.8</div>		Reserve Policy: Reserve based on historical credit loss ratio according to the classification in self-assessment. Three reserve categories are applied to customers requiring caution, considering each customer's financial position, credit history, and credit ratings.	(0.3%) <div>Total General Reserve 357.6</div>
Loan Loss Reserve for Specific Overseas Countries				12.3

Total 34,766.8	Total Reserve for Possible Loan Losses 909.0	
	(B) Reserve for "Revitalization Law" Assets (*4)	595.4
(A) = (1)+(2)+(3) 1,917.0 (change from Sep.99 -37.0)	(C) Portion Secured by Guarantees and Collateral 607.7	(D) Unsecured Portion 1,309.3
		(B) / (D) 45.5% (change from Sep.99 -18.8%)

Notes:

- (*1) Includes reserves for on-balance and off-balance sheet assets, which do not fall under the "Revitalization Law" disclosure standards (Bankrupt/Virtually Bankrupt Customers: 3.2 billion yen, Potentially Bankrupt Customers: 5.7 billion yen)
(*2) "Substandard Loans" are classified on a loan by loan basis. If loans to a customer are classified as "Substandard Loans," the customer is categorized as "Substandard Assets." 15% of entire exposure to "Substandard Assets" is covered by General Reserve.
(*3) The reserve ratio shows the degree of reserve coverage against the total amount of each classification, except the reserve ratio with respect to "Bankrupt and Quasi-Bankrupt" and "Doubtful," which provide reserve coverage against the unsecured portion of those classifications.
(*4) Sum of specific reserves and general reserve for substandard loans.