

Fiscal 2001 Performance

Loans

As of March 31, 2002, the balance of loans and bills discounted in the consolidated settlement of the Bank amounted to ¥23,985 billion, accounting for 41.6% of total assets.

The cooperative credit business, which includes the Bank, plays a key role for the primary sector. As a financial institution based on this sector, the Bank provides cooperative lending mainly to cooperative organizations and companies in the agriculture, forestry, and fishery industries. However, the balance of cooperative lending at the end of fiscal 2001 amounted to ¥1,063 billion, accounting for a relatively small 4.4% of the Bank's total loans. This is because cooperative lending is carried out mostly at the JA and Shinnoren levels and is only supplemented by the Bank.

In addition, the Bank provides various financial services to corporations that are engaged in public activities, such as local governments and public corporations, government-affiliated corporations, and other entities, including electric power, gas, railway, and aviation companies, as well as companies associated with agriculture, forestry, and fisheries.

The Bank's clients cover a wide range of industries. These include not only companies that are directly associated with the primary sector, such as those involved in the processing of agricultural, forestry, and fishery products, the manufacturing of materials required by the primary sector, and the distribution of those products, but also companies that are engaged in other types of business.

With the strong fund-raising capacities of the cooperative organizations and know-how cultivated as a world-leading institutional investor, the Bank has been consistently responding to the financial needs of its clients. The Bank provides not only loans but also varieties of financial products; i.e., commitment line contracts, securitization of accounts receivables and real estate, non-recourse loans, syndicated loans, and fund-raising in domestic and international capital markets with corporate bonds and commercial paper (CP). From its perspective as an institutional investor, the Bank also actively targets these financial products for investment.

The Bank also provides the following financial services: Proposals for measures to hedge interest rate risk using derivatives, provision of information based on its position as the core entity of the cooperative credit business, management advice regarding initial public offerings (IPOs), and corporate electronic banking services to reduce labor input and enhance the efficiency of cash management.

Market Operations

Systems for Market Operations

The Bank is one of the largest financial institutions in Japan, while at the same time, one of the leading global institutional investors. Financial assets that are managed in the financial markets, including securities and short-term money-market funds, represent a large share of our total assets.

The market operations section is managed under a mutual checking system in which the front, middle, and back offices work independently. The front office manages domestic and overseas assets as one portfolio and categorizes them by asset type, such as bonds and equities, to achieve an efficient and effective system of management.

The Bank aims to secure a flexible and stable financial position in the management of its market portfolio. Based on analyses of macro-economic conditions, financial markets, and risk-return, the Bank seeks to make optimal asset allocations for long-term investment, while appropriately managing its portfolio through global asset diversification from the viewpoint of strategic risk-taking and risk control.

Securities Investment

At the end of fiscal 2001, outstanding securities under the management of the Bank were ¥23,224 billion, up 2.5%, or ¥581 billion, from the previous year-end.

Investment in bonds, a core management asset, accounts for a significant portion of the operating assets of the Bank due to the risk-return characteristics. When making investment decisions, the Bank gives full attention not only to interest rate risk but also to credit and liquidity risks. We invest in various types of bonds, including Japanese government bonds and foreign bonds, to enhance the efficiency of our bond portfolio.

In equity investments, the Bank gives attention to risk-return characteristics as well as their correlation with other portfolios and manages its portfolio from a long-term perspective. Specifically, to attain value-added asset management that outperforms the market benchmark, the Bank employs an efficient bottom-up approach to stock selection and diversifies its portfolio by investing in both domestic and overseas markets.

In recent years, the markets for asset-backed securities (ABS) and other marketable credit risk financial products have expanded. By implementing complete risk analyses, the Bank has been active in global credit investment. The Bank is also steadily proceeding with so-called alternative investments—non-traditional financial assets (those other than stocks and bonds)—by utilizing external investment managers.

Short-Term Money Market Operations

The Bank actively participates in both domestic and overseas short-term money markets using its vast supply of funds as one of the largest financial institutions in Japan.

Under a harsh environment of ultralow interest rates, the Bank works to efficiently manage its available funds, principally obtained from the cooperative credit business, while at the same time giving full consideration to various types of risks. Domestically, the Bank is active in such inter-bank markets as the call market and is a major investor in the repurchase agreement (repo), treasury bill (TB), and finance bill (FB) markets. The Bank continually maintains a leading role in these markets and plays an important part in expanding their market functions.

Backed by its strong credit standing in foreign currency markets, the Bank raises the stable level of funds necessary for globally diversified investment.

Meanwhile, the Bank accurately controls settlement liquidity. In addition, it is actively involved in and making contributions toward participation in Continuous Linked Settlement (CLS), a new system for foreign currency settlements, by developing a network necessary for managing settlements in U.S. dollars, euros, and other major currencies.

Trading Operations

In the trading of financial products, the Bank responds to the needs of its clients through transactions in Japanese government bonds, CP, and derivatives. The Bank works to increase its dealing profits through various methods, such as arbitrage transactions and options, for each financial product.

The Bank also participates in foreign currency markets as a representative of the cooperative credit business. To reflect our primary emphasis on accurately responding to the demands of members of the cooperative credit business and clients in primary-sector-related industries, we have formed an efficient dealing team characterized by high expertise and functionality.



Capital Markets Business

In response to the increasingly diversified and global nature of the fund-raising needs of its clients, the Bank assists in raising funds from capital markets by acting as a commissioned bank for bond issues and provides strong support for clients through diversified business operations. These include assistance for IPOs and advice on bond floatation.

The Bank supports stable fund management by offering investment products from both domestic and overseas markets primarily to members of the cooperative system as well as to domestic and international investors.

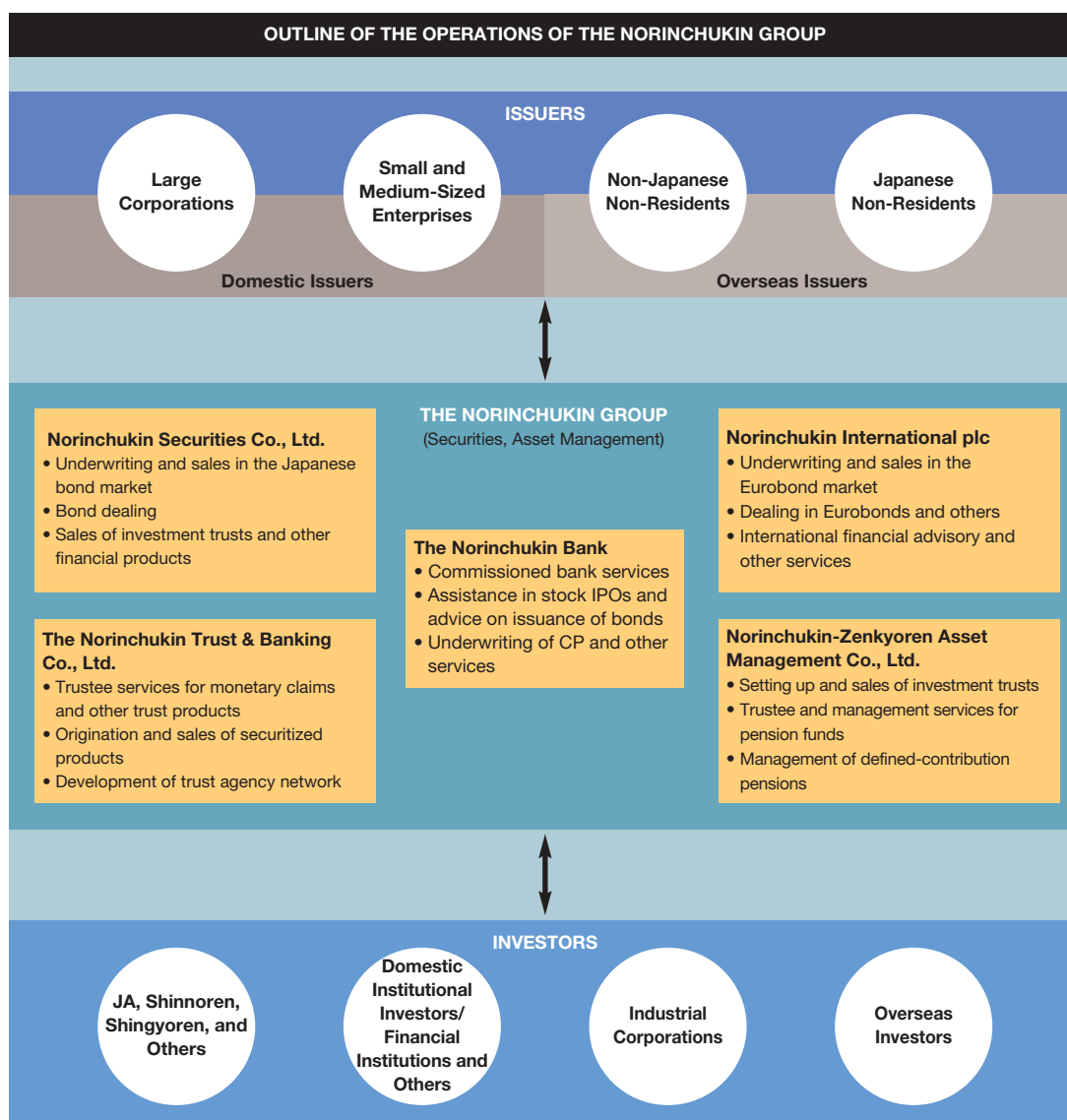
In the domestic capital market, Norinchukin Securities Co., Ltd., assists clients in raising funds by offering, underwriting, and selling public and corporate bonds. The company also responds to the investment needs of the cooperative members, institutional investors, and industrial corporations with a wide range of financial products in the secondary market.

In overseas capital markets, Norinchukin International plc (NOIL), based in London, is primarily responsible for helping clients meet their fund-raising needs, while at the same time offering high-quality overseas investment products to investors. NOIL plays a role in assisting the Bank in raising foreign currency through the sale of repos and certificates of deposit (CDs). Norinchukin Securities and NOIL work closely together, securing a strong presence in domestic and overseas capital markets by expanding business activities through a network linking the world's markets.

Asset management support for investors is provided by Norinchukin-Zenkyoren Asset Management Co., Ltd. The company is responsible for managing the assets of the cooperative members and responds to a broad range of clients' asset-management needs through securities investment trust and investment advisory business.

The Norinchukin Trust & Banking Co., Ltd., offers both administrative and management services for the members of the cooperative business and other clients, ranging from monetary assets to real estate. Specific services include fund trusts, securities trusts, securities investment trusts, monetary claims trusts, and land trusts.

By utilizing the management know-how and networks acquired from its experience as a leading institutional investor in the domestic and international markets, the Group provides sound asset management and asset administration services to the members of the cooperative business as well as to other clients.



International Operations

To appropriately respond to the growing diversity as well as the globalization of domestic and overseas financial and capital markets, the Bank has established offices in the world's key financial centers to expand the scope and depth of the international financial services it offers.

The Bank uses this global network to efficiently manage the substantial funds of the cooperative system in international financial and capital markets in its money market activities and securities investments.

As of March 31, 2002, the balance of securities under the management of the Bank's international business section on a non-consolidated basis was approximately ¥11.6 trillion. The Bank draws on its ample yen funds to make short-term investments in overseas financial markets and raises stable flows of foreign currencies based on its strong credit standing.

The Bank provides comprehensive financial services in the field of overseas lending. By making full use of the functions of its Head Office and overseas offices, it offers services that respond to the various needs of its clients, including assistance in entering overseas markets, fund-raising, and the provision of information. The Bank's total credit exposure to non-residents as of March 31, 2002, including off-balance-sheet transactions, amounted to ¥2,336 billion. Of the Bank's total lending, the share of loans to overseas Japanese subsidiaries and non-Japanese companies with high credit standings has been rising, and further diversification of the loan portfolio by region and industry has been in operation.

Financial deregulation and globalization has resulted in more diversified and complex risks for financial institutions, calling for the increased need for risk management. In its international operations, the Bank must deal with risks that are different from those in domestic markets, including exchange and country risks. The Bank is further enhancing its risk management systems and promoting global portfolio diversification that gives due consideration to risk-return.

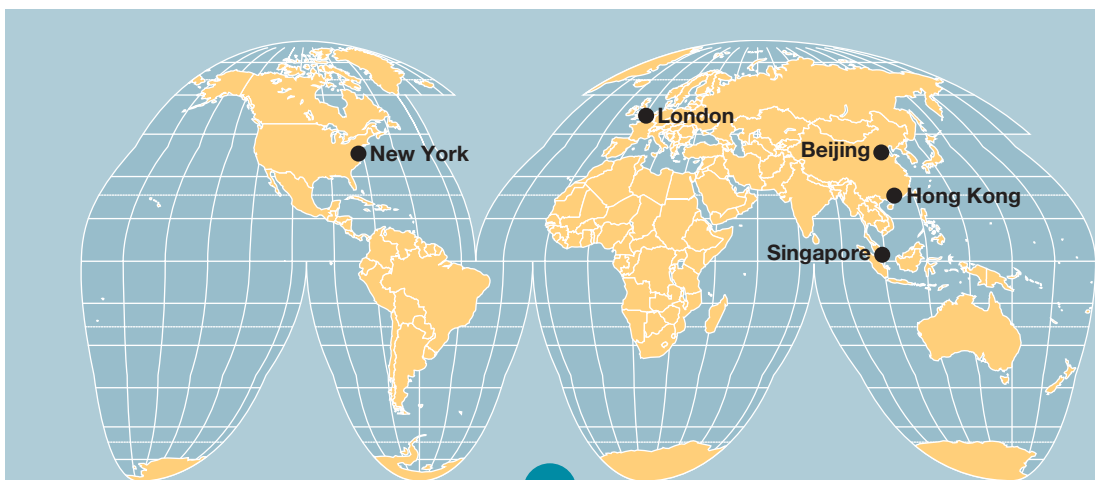
Overseas Networks

The Bank has overseas branches in New York, London, and Singapore for the purpose of maintaining footholds in major international financial markets. These branches focus on loan and money market operations, and are continuing to develop their activities by capitalizing on the special features of their respective markets. Especially in their respective money market operations, these branches play an extremely important role in raising stable flows of foreign currencies, which are essential for the implementation of the Bank's overall strategy, globally diversified investments.

The New York Branch has steadily expanded its business operations since its inception in 1984. In money market operations, taking advantage of being based in the mother market for U.S. dollars, and with its status as a member of the Government Securities Clearing Corporation (GSCC), the branch constantly raises dollar funds on favorable terms through repos and other transactions. The branch also has a solid performance in market dealing. In its lending operations, the Bank regards the United States as the largest market for credit investment for non-Japanese clients and is continuing to expand these types of investments while enhancing risk management systems. The New York Branch works closely with the Head Office in providing financial services to the U.S. subsidiaries of Japanese companies. Taking advantage of the Bank's higher credit rating, compared with other Japanese banks, the branch has shown steady results to date.

The London Branch was opened in 1991 and is the Bank's largest base for funding foreign currencies. The branch provides steady flows of foreign currencies by enhancing its strong relations with various other financial institutions. It has also benefited from London's strategic position as the center of the euro market and has delivered results by utilizing the abundant yen funds of the Head Office. The branch is working to selectively expand its credit investments for non-Japanese clients, targeting mainly borrowers in the unified euro market, while paying attention to diversification of industries and other criteria. The branch also supports Japanese clients in developing their business operations in Europe.

The Singapore Branch started operations in 1993. In the area of credit investments for non-Japanese clients, in addition to expanding its portfolio of loans to local financial institutions and private enterprises affiliated with major financial groups, the branch is also developing such



relationships in the Oceania region, while paying due attention to risk. The branch also provides loans to Japanese-affiliated companies operating in surrounding Asian countries. In addition, in its money market activities, the branch plays an important role, along with the London Branch, in funding foreign currencies for the Bank and is engaged in strengthening its relationships with various financial institutions.

The three branches introduced a new front office system in fiscal 2001 to enhance their risk management systems.

Besides these branches, the Bank also maintains representative offices in Hong Kong and Beijing, as information centers in the East Asia region. Both representative offices were established in 1998 and are engaged in gathering information on business activities, such as food products and agriculture.

In future globally diversified investment, the Bank expects these overseas offices to play even more important roles as leading-edge centers for the funding of foreign currencies, short-term fund management in yen, and lending to non-residents.

Social Contributions

The Bank dedicates itself to preserve the natural environment in harmony with people and industry as well as to make towns more attractive for residents and visitors. For more than 30 years, the Bank has been hosting a nationwide flower campaign with the catchphrase “Green town and flowers in windows.”

Each year, the Bank makes contributions of flower seeds, bulbs, flower beds, and other gardening items to public facilities, including local public bodies, parks, and schools.

The Bank also sponsors an annual, nationwide flower-drawing competition for elementary school pupils. In 2001, which marked the 33rd anniversary of this event, the Bank received a total of 87,557 entries from 1,086 elementary schools across the nation. By encouraging elementary school children to draw pictures of flowers, the Bank hopes to heighten the children’s awareness of the environment.

In the future, the Bank plans to contribute even further to the protection and preservation of nature and the environment, and improve people’s quality of life through events not merely limited to themes based on “flowers.”

The Norinchukin Foundation, Inc.

The Bank created the Norinchukin Foundation, Inc., in 1994 to commemorate the 10th anniversary of the establishment of its New York Branch. The objectives of the Foundation are to preserve nature, educate children, and promote cultural activities to improve the quality of life in the states of New York, Connecticut, and New Jersey. Each year, the Foundation donates proceeds exclusively to non-profit organizations that are involved in charities and environmental, educational, or cultural activities.