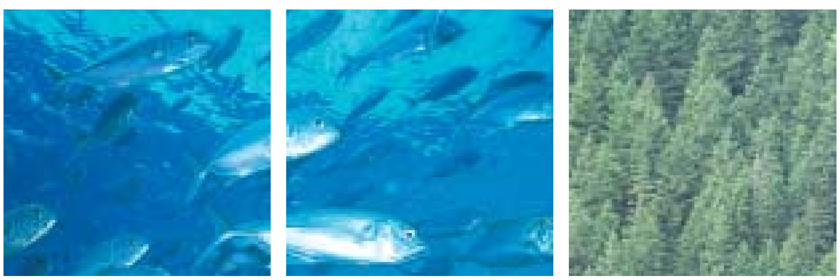
The Norinchukin Bank



ANNUAL REPORT 2004

For the Year Ended March 31, 2004

Profile

The Norinchukin Bank (the “Bank”) was established in 1923 as a quasi-governmental financial institution. Privatized in 1959, the Bank is one of Japan’s largest and most distinguished banks.

The Bank is the central bank for Japanese agricultural, forestry, and fishery cooperative systems. Based on constant funds procurement from member cooperatives, the Bank carries out efficient and flexible asset management by investing in various financial products. This is carried out on a global scale. The profits from these activities are then continuously passed on to its members.

The Bank has branches in the world’s major financial centers, including New York, London, and Singapore. Coupled with its Head Office in Tokyo, this network enables 24-hour coverage of the global financial markets.

Contents

Forward-Looking Statements
This material contains forward-looking statements pertaining to the businesses and prospects of the Bank. These statements are based on our current expectations and are subject to the risks and uncertainties that may affect our businesses, which could cause actual results to differ materially from those currently anticipated.

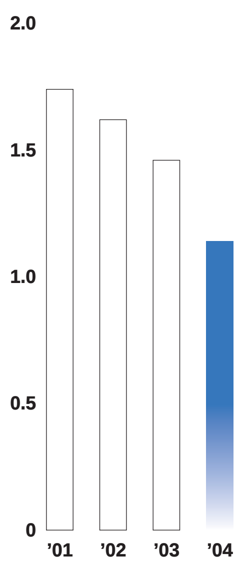
Consolidated Financial Highlights

The Norinchukin Bank Group
As of March 31, 2004 and 2003

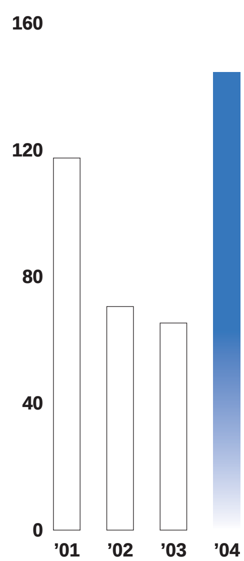
		Millions of Yen		Millions of U.S. Dollars (Note)
		2004	2003	**2004**
For the Year	Total Income	**¥ 1,141,375**	¥ 1,463,483	**$ 10,798**
	Total Expenses	**953,616**	1,367,846	**9,022**
	Income before Income Taxes	**187,758**	95,637	**1,776**
	Net Income	**144,626**	65,447	**1,368**
At Year-End	Cash and Due from Banks	**3,686,052**	4,338,327	**34,873**
	Securities	**33,509,192**	28,623,408	**317,022**
	Loans and Bills Discounted	**17,789,413**	19,179,165	**168,301**
	Total Assets	**61,833,018**	61,265,449	**584,986**
	Deposits	**41,099,473**	40,421,665	**388,831**
	Debentures	**5,213,816**	5,790,783	**49,327**
	Total Liabilities	**59,304,539**	59,496,526	**561,065**
	Paid-in Capital	**1,224,999**	1,224,999	**11,589**
	Total Shareholders' Equity	**2,523,897**	1,767,120	**23,878**
	Total Liabilities, Minority Interests and Shareholders' Equity	**61,833,018**	61,265,449	**584,986**
	BIS Capital Adequacy Ratio (%)	**12.94%**	9.87%	

Note: Yen amounts have been translated, for convenience only, at ¥105.70 to U.S.$1.00. Billion and trillion are used in the American sense of one thousand million and one million million, respectively.

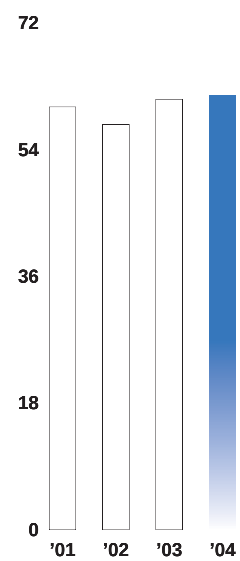
TOTAL INCOME (Trillion ¥)



NET INCOME (Billion ¥)



TOTAL ASSETS (Trillion ¥)



A Message from the President

Introduction

The Norinchukin Bank (“the Bank”) is a nationwide financial institution based on Japanese agriculture, forestry, and fishery cooperatives. Supported by stable funds procurement from these cooperative organizations, the Bank carries out efficient, flexible asset management by investing in various financial products on a global scale.

The Bank also provides the cooperative members with a variety of financial services, which include a common national system infrastructure and the development of financial products in the field of retail business.

In addition, in order to secure trust in the cooperative credit business, the Bank provides management guidance to members based on the law and shares the responsibility of building and managing a safety net for cooperative credit business.

Performance of the Norinchukin Bank in Fiscal 2003

In fiscal 2003, the Bank worked to generate revenue through effective risk management amid a backdrop of global economic recovery. As a result of these efforts, the Bank posted record high earnings. Current profit rose 90% from the previous fiscal year, to ¥187,537 million (US$1,774 million), and net income increased 120%, to ¥144,626 million (US$1,368 million).

Hirofumi Ueno, *President & CEO*

The Bank's total assets at the fiscal year-end amounted to ¥61,833 billion (US$585 billion). As a result of globally diversified investments, foreign securities accounted for ¥16,047 billion (US$152 billion) of total investment securities, which amounted to ¥33,509 billion (US$317 billion).

To ensure the soundness of its assets, the Bank carried out amortization and established reserves based on rigorous self-assessments, effectuated the bulk sale of loans, and worked to recover non-performing loans. As a result, the total balance of risk-managed loans declined ¥28 billion from the previous fiscal year-end, to ¥650 billion (US$6,158 million), which represented 3.6% of the Bank's total loan assets.

Strong Capital Adequacy

The Bank's consolidated capital adequacy ratio calculated according to BIS requirements increased 3.07 percentage points from the previous fiscal year-end, to 12.94%. The Bank's Tier I capital ratio, which is regarded as a measure of the quality of the capital of financial institutions, remained one of the highest among major financial institutions in Japan, at 7.49%. Moreover, the Bank maintained the high quality of its Tier I capital, with deferred tax assets accounting for 7.09% of Tier I capital—among the lowest ratios for major Japanese financial institutions.

A Trusted Financial Institution (Credit Ratings)

As of August 2004, the Bank's long-term debt was rated at A1 by Moody's Investors Service and at A+ by Standard & Poor's. These are among the highest credit ratings for Japanese financial institutions and are a reflection of the Bank's stable cooperative funding bases, sound asset quality (represented by its low ratio of non-performing loans), ample liquidity through cash positions and short-term market transactions, and solid capital base. Also, while several large banks in Japan have received injections of public funds with the aim of recovering financing capabilities or facilitating the provision of credit, the Bank has never applied for public funds in light of its strong capital adequacy.

Medium-Term Business Strategy

Every three years, the Bank formulates a medium-term business strategy to clarify management objectives, the issues that must be addressed to achieve these objectives, and the direction the Bank plans to take in addressing these issues.

In response to the rapidly changing business environment, the Bank established a new medium-term business strategy that covers the three-year period from fiscal 2004 to fiscal 2006 and aims to enhance the functions and improve the management efficiency of the cooperative credit business. The goal of the strategy is to further unify the JA Banking System (refer to page 8) by providing concrete support for business evolution in accordance with the JA Bank Medium-Term Strategy—the first comprehensive JA Group strategy formulated since the introduction of the JA Banking System.

Amid the current revitalization of Japan's financial system, the Bank has established four key tasks in order to maintain the stable position of its cooperative credit business and increase the Bank's value to society.

1. Ensuring the Soundness and Reliability of the Cooperative Credit Business

The Bank's first key task is to promote the concrete implementation of the JA Bank Medium-Term Strategy. To accomplish this, the Bank will support the retail operations of the JA and the Prefectural Credit Federations of Agricultural Cooperatives (Shinnoren), primarily through loans, and will continue to provide guidance and support on branch restructuring and other measures to increase management and operational efficiency. At the same time, the Bank will work to reinforce the soundness and reliability of JA and Shinnoren. In particular, the Bank will continue to address the removal of the full deposit guarantee in April 2005 by periodically monitoring the financial conditions of JA Bank members to detect problems at an early stage and implement the necessary corrective measures.

2. Strengthening Business Development in the Integrated Prefectural Areas

The Bank's second key task is bolstering business development in the integrated prefectural areas (The term "integrated prefectural areas" refers to areas where the Bank and Shinnoren are integrated into a new, double-layered structure, composed of the Bank and JA—instead of the usual triple-layered structure—in order to carry out prefectural credit business effectively.). To date, six Shinnoren have been integrated with the Bank, and these integrated prefectural operations are working to ensure the soundness of JA and to boost the administrative capabilities that comprise its business foundation.

3. Expanding and Stabilizing Earnings Sources

The Bank's third key task is to further expand and stabilize earnings sources. To achieve this, the Bank will bolster its risk check and monitoring framework to implement accurate risk management. The Bank is committed to passing on earnings to the cooperatives, and one of its portfolio management goals is to expand earnings sources such that it can carry out stable profit returns. In doing so, the Bank will also work to strengthen its capital base and reinforce its foundation for profit sharing.

4. Streamlining and Increasing Operational Efficiency

The Bank's fourth key task is to streamline and boost the operational efficiency and leverage the results of these efforts to enhance the functions of the cooperative credit businesses. In addition, the Bank will constantly review its corporate governance and internal control structures while establishing solid frameworks for corporate governance and information security management to ensure that it maintains appropriate business operations.

Conclusion

Although achieving these business tasks will be a challenge, we recognize that resolving such issues is critical to the further growth of the cooperatives and the cooperative credit businesses. I am also confident that these initiatives will increase the value of the use of the cooperative credit businesses and enable us to support the development of the agricultural, forestry, and fishery industries in Japan and contribute to society as a whole.

August 2004

Hirofumi Ueno

Hirofumi Ueno
President and Chief Executive Officer

Norinchukin Bank
and the JA Banking System

THE CHARACTERISTICS OF THE BANK

Capital

The Bank's capital is composed of common stocks, lower dividend stocks, and preferred stocks. Common stocks, amounting to ¥200 billion, are the most basic means of fund-raising for the Bank and are purchased by all of the shareholding member cooperatives. Lower dividend stocks are one type of common stock that is underwritten by certain members for specific purposes and are subject to special conditions whereby the equity dividend rate is lower than that of common stocks. As of the end of fiscal 2003, the balance of lower dividend stocks purchased by Shinnoren and Shingyoren (Prefectural Credit Federations of Fishery Cooperatives) stood at ¥1 trillion. Preferred stocks are equity funds purchased by non-members with no voting rights. In the past, the Bank has issued a total of ¥50 billion in such stocks through a private offering.

Perpetual subordinated loans and subordinated loans with maturity in Tier II classification under BIS requirements and borrowed from cooperative members serve to enhance the Bank's overall capital position.

In fiscal 2003, a steady increase in internal reserves boosted Tier I capital. Also, in Tier II capital, the Bank added ¥183 billion in perpetual subordinated loans to Upper Tier II capital, which comprises comparatively high-quality capital.

Funding

Funding for the Bank consists mainly of deposits and Norinchukin Bank debentures. The Bank's deposits differ from those of other banks in that they are primarily made up of funds from cooperative members.

Specifically, deposits made by JA and Gyokyo (Fishery Cooperatives) members—who are directly involved in the primary industries—and local residents are entrusted to the Bank through the Shinnoren and Shingyoren. This system provides the Bank with a long-term, stable source of funding.

FRAMEWORK OF THE JA BANKING SYSTEM AND THE UNIQUE SAFETY NET FOR THE COOPERATIVE CREDIT BUSINESSES

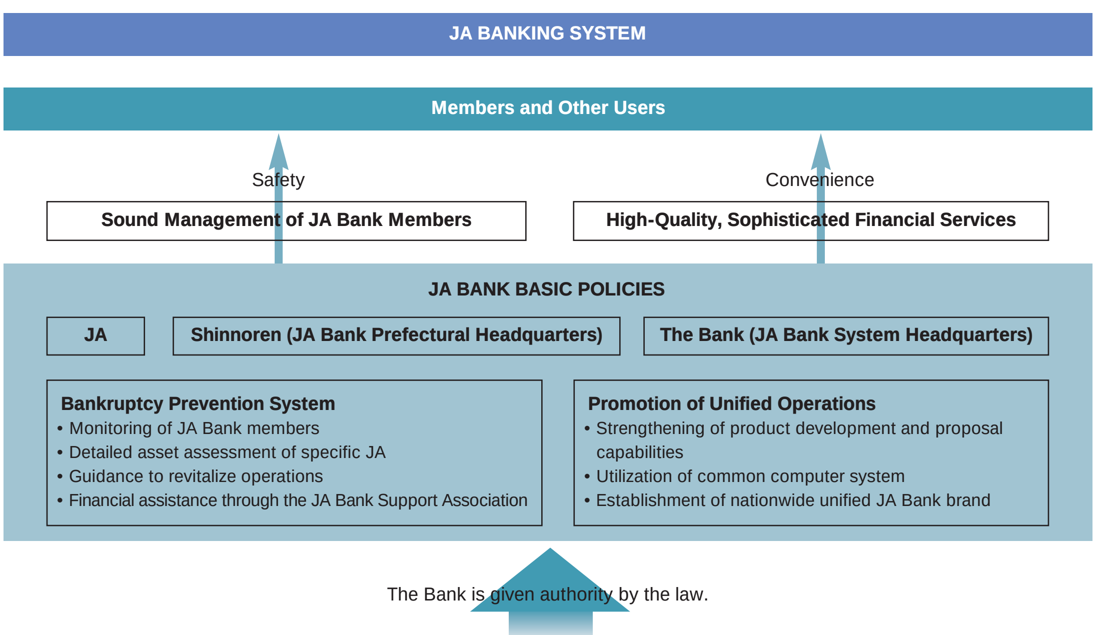
Function of the JA Banking System

The JA Bank is the generic name for the group comprising JA, Shinnoren, and the Bank (all of which are JA Bank members), formed to pursue efficient, integrated business operations.

The JA Group formulated a set of "JA Bank Basic Policies" based on the applicable laws. The purpose of these policies is to create a sound cooperative credit business that is more trusted and utilized as a financial institution by its members and other users. These policies act as a code of conduct and were established on a consensus by JA Bank members. Based on these policies, JA Bank members pursue more integrated business operations by acting in concert as the JA Banking System. In order to carry out the operations of the JA Banking System, a JA Bank System Headquarters has been established within the Bank, and JA Bank Prefectural Headquarters have been set up within each Shinnoren.

The cornerstones of the JA Banking System are: (1) the Promotion of Unified Operations aimed at enhancing and expanding both the financial services that leverage the Bank's economies of scale and the Bank's close contacts with its customers and (2) an effective Bankruptcy Prevention System aimed at ensuring the trustworthiness of JA Bank members.

JA Bank is implementing these unified operations in accordance with the JA Bank Medium-Term Strategy (fiscal 2004 through fiscal 2006), which outlines the Bank's comprehensive business strategy. The ultimate aim is the establishment of an efficient financial services group with even closer customer contacts and a unique and robust customer base centered on individual membership. Through these efforts, and through the creation of a more selective and focused



business portfolio, the JA Bank aims to improve its business operations—such as by extending more loans—and remain the institution of choice among cooperative members and users.

The Bankruptcy Prevention System serves as a mechanism for detecting financial problems at an earlier stage than that stipulated by law. As part of this, the JA Bank System Headquarters requires all members to submit documentation pertaining to business management. It also calls for a detailed assessment of JA's assets based on a fixed set of pertinent criteria. By doing so, JA Bank members are able to take the necessary steps to rectify problems at an early stage and introduce measures aimed at revitalization.

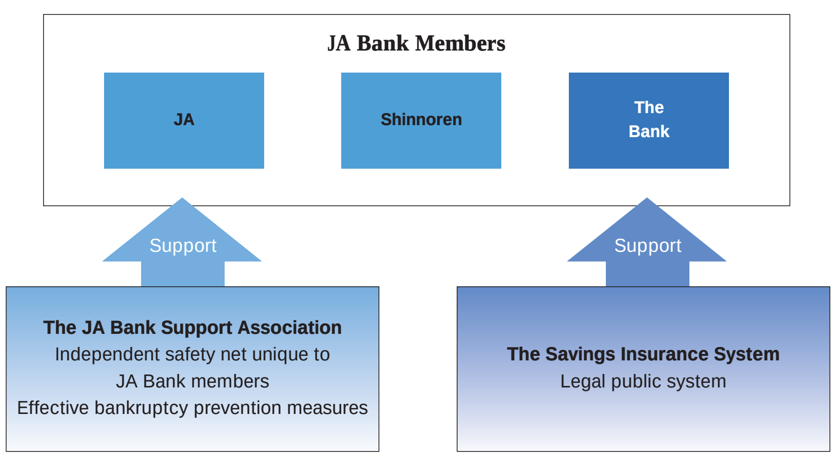
Overview of the Unique Safety Net for the Cooperative Credit Businesses

The safety net for JA Bank members is underpinned by two mechanisms. The first is an independent safety net established by the cooperatives themselves, a feature not found in other banks. The second is the Savings Insurance System, a public system mandated by law. This independent safety net, operated by JA Bank members, comprises the aforementioned Bankruptcy Prevention System which is unique to JA Bank members. Under this system, the JA Bank Support Association implements support measures, such as the injection of private capital when necessary.

The Savings Insurance System draws its funding from insurance premiums paid yearly by JA, Gyokyo, Shinnoren, Shingyoren, and the Bank. This system protects depositors if a member of the system, such as a JA cooperative, fails and is unable to return deposited funds to members and users. The provisions of this system are commensurate with those that cover other banks under the Deposit Insurance System.

In addition, Gyokyo are covered by a Bankruptcy Prevention System analogous to that of the JA Banking System established for, and in accordance with, the basic policies applicable to the JF Marine Bank.

SAFETY NET FOR JA BANK MEMBERS



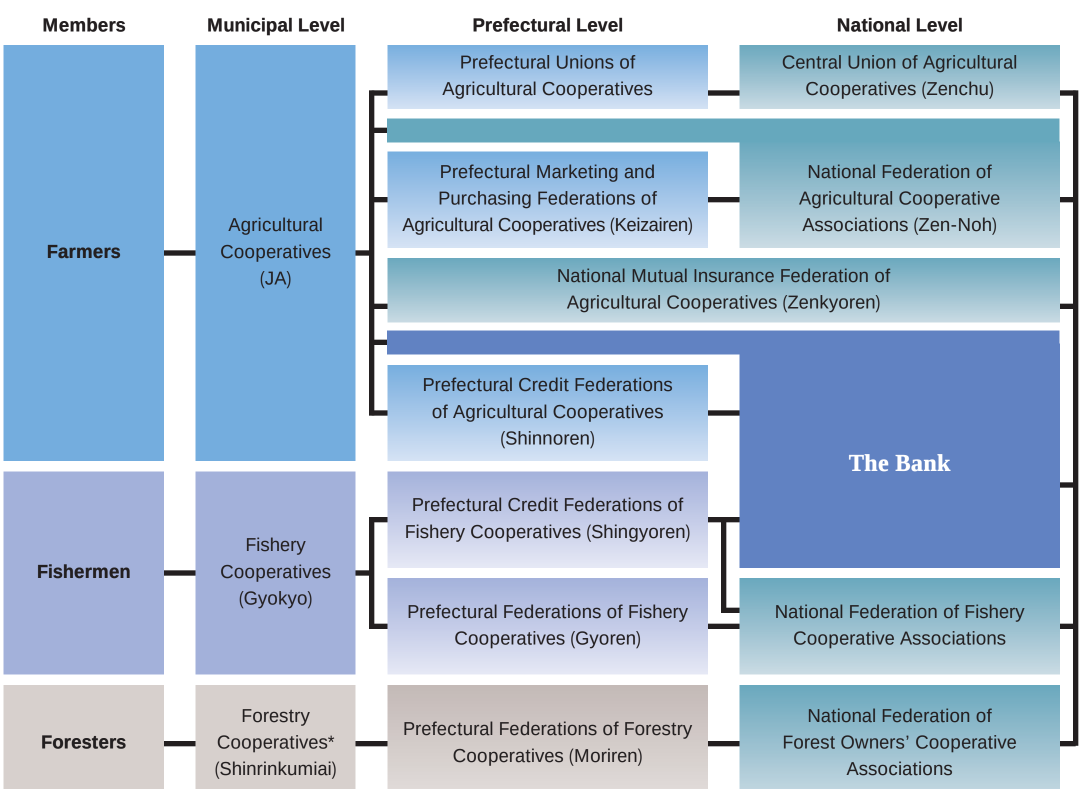
THE BANK'S ROLE IN THE COOPERATIVE SYSTEM

Outline of the Cooperative System

The cooperative system, as shown in the chart below, is a multi-tiered structure with a base comprising farmers, fishermen, and foresters organized into JA, Gyokyo, and the Forestry Cooperatives (Shinrinkumiai) at the municipal level. These cooperatives, in turn, form prefectural organizations, and the entire structure is managed by national-level organizations, including the Bank. Organizations at the prefectural and national levels perform specialized business functions, including consulting, sales and purchasing, financing, and mutual insurance services. (Shinrinkumiai and the Prefectural Federations of Forestry Cooperatives (Moriren) do not provide such financing functions.) The three levels of the cooperative system are closely linked through capital subscriptions, management, and business ties and occupy a major position within the Japanese economy.

The Bank serves as the central bank for the cooperatives, extending loans throughout the cooperative system and receiving the majority of its funding from the cooperatives as well as prefectural federations. The Bank acts as an intermediary, making adjustments in the supply and demand for funds within the cooperative system, returning profits to the system, and providing funds to other national-level federations in the system.

STRUCTURE OF THE AGRICULTURAL, FORESTRY, AND FISHERY COOPERATIVE SYSTEM



** Forestry Cooperatives do not take deposits.*

Funding through the Cooperative System

The Bank's primary sources of funds are deposits, the majority of which are obtained from the cooperative system and the issuance of Norinchukin Bank debentures. Deposits of JA and Gyokyo are obtained from members of these cooperatives in primary-sector industries and from other residents of local communities. These deposits are entrusted to the Bank via Shinnoren and Shingyoren.

Deposits placed with JA and Gyokyo are lent to members for financing their business operations or as general-purpose loans. Of the remainder, in principle, two-thirds or more are entrusted to Shinnoren and Shingyoren at the prefectural level. These organizations extend loans to agricultural and fishery cooperative organizations, corporations related to the primary sector, and local governments within their own prefectures. One-half or more of the remaining funds are deposited with the Bank. This structure is supported by strong ties with the members of Shinnoren, JA, and other related partners.

The Bank is also one of the few financial institutions in Japan that can float bank debentures and raise funds from individual and institutional investors.

Use of Funds

The Bank's abundant funds, procured from the above-mentioned sources, are used intensively for loans and investment in securities. A portion of earnings is also distributed to the members of the cooperative credit system.

The Bank's clients for loans are classified mainly into three categories:

- *Cooperative organizations of the agricultural, forestry, and fishery cooperative system and entities engaged in agriculture, forestry, and fishing,*
- *Companies and organizations contributing to the development of the primary sector, and*
- *Government, local government, and other public institutions*

In particular, the Bank, since its establishment, has positioned loans to member organizations of the cooperative system, related corporations of those members, and entities in the primary sector as the basis of its activities. The Bank has provided a unique cooperative low-interest rate fund, called the Agriculture, Forestry, and Fishery Promotion Fund. The Bank has financially supported the development of primary-sector industries and cooperative organizations, with the aim of training the next generation that will participate in the agriculture, forestry, and fishery industries, and promoted the development of ecological agriculture. The Bank also provides financial resources to regional public-sector organizations and public corporations in order to build a stronger industrial base in local communities and raise the standard of living and well-being of local residents.

In addition, drawing on its ample financial resources and accumulated know-how, the Bank, as one of the leading global institutional investors, is an active participant in the securities and money markets, and plays a leading role in short-term money markets. Besides these activities, the Bank has been expanding its overseas investments as well as supporting the development of the overseas operations of member organizations and primary-sector-related industries.

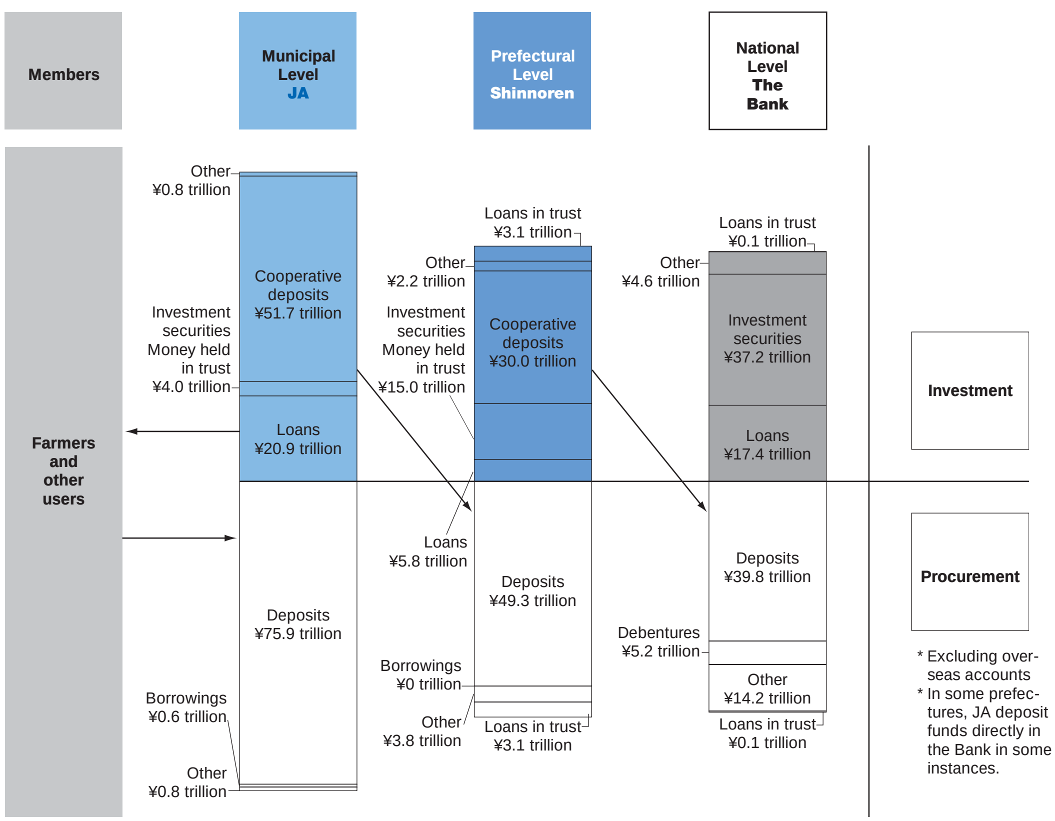
Flow of Funds through JA Cooperative System in Fiscal 2003

In fiscal 2003, JA deposits, centered on deposits made by individuals, rose 2.1% over the previous year to stand at ¥75,976 billion (US$719 billion) at the end of the fiscal year. This increase was attributable to efforts to secure trust in the JA Banking System.

Total JA loans decreased 0.2% from a year before, to ¥20,972 billion (US$198 billion). However, loan totals have recently been recovering thanks to greater involvement in housing loans. Securities at the fiscal year-end held at the JA level rose 12.7% in comparison with the previous year, to ¥4,044 billion (US$38 billion), reflecting growth due to stable portfolio construction.

Deposits with Shinnoren rose in response to these trends at the JA level. However, the overall balance of deposits with Shinnoren at the end of the fiscal year declined 2.0% from the previous year, to ¥49,313 billion (US$467 billion). This decline came as the result of the integration of four Shinnoren with the Bank and the resulting transfer of JA deposits from four prefectures directly into the Bank. Loans from Shinnoren rose 4.4% from a year earlier, to ¥4,920 billion (US$47 billion), owing to an increase in loans to economic business organizations within the JA Group—This figure does not include loans to financial institutions. Securities held at the Shinnoren level at fiscal year-end amounted to ¥15,068 billion (US$143 billion), representing an increase of 9.5% over the previous year-end.

FLOW OF FUNDS WITHIN JA CREDIT BUSINESS (AS OF MARCH 31, 2004)



* Excluding overseas accounts
* In some prefectures, JA deposit funds directly in the Bank in some instances.

As a result of these changes, the remaining funds deposited with the Bank through the JA cooperative credit system amounted to more than ¥30 trillion (US$284 billion).

Enhancement of the JA Organization

In order to successfully respond to changes in the environment affecting agriculture, cooperative members, and JA itself, the JA Group (i.e., JA, Shinnoren, the Bank, and other related cooperatives) are progressing with the consolidation of individual JA organizations while also taking proactive steps to realign organizational structures and streamline business management at every level of operation and throughout every system and function within the JA structure. As a result, the number of JA cooperatives, which had exceeded 3,000 as of March 31, 1991, was reduced to 904 as of April 1, 2004.

In June 1998, a policy entitled Basic Approach to the Reorganization of the Cooperative Credit Business Organization was established.

In response to this policy, the particulars of the implementation of this reorganization have been debated in each prefecture.

As a result of the discussions held to date, the integration of 9 of the 46 Shinnoren with the Bank has been decided upon. Integration of two Shinnoren with the Bank was achieved through the acquisition of a portion of the Shinnoren's credit business in fiscal 2002, and, in fiscal 2003, further progress was made through the acquisition of a portion of the credit business of four Shinnoren.

In addition, contracts for integration during fiscal 2004 have been concluded with three Shinnoren.

The Bank continuously aims to create a cooperative credit business that lives up to the expectations and proves worthy of the trust it receives from its members and other users. The Bank is committed to continuing to support the development of the functions and systems of JA and to working steadily to streamline and increase the efficiency of its own operations.

Management System (Corporate Governance)

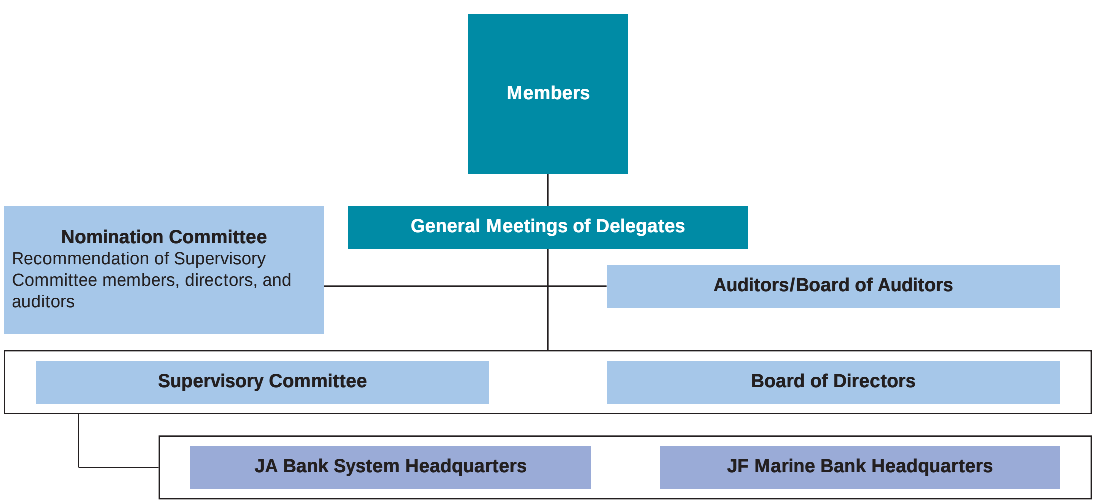
The Bank is both the central bank for Japanese agricultural, forestry, and fishery cooperatives and an institutional investor that has a major impact on the financial and capital markets through the investment of large amounts of funds both domestically and abroad. The Bank adheres to decisions made at the General Meetings of Delegates, which is comprised of representative members and substitutes for the General Meetings of Members. At the same time, the Board of Directors and the Supervisory Committee, provided for under the Norinchukin Bank Law, make decisions based on the prevailing situations at the cooperative organizations, giving the Bank a decentralized and collaborative management system.

Supervisory Committee

In addition to reporting to the General Meetings of Delegates, the Supervisory Committee makes decisions on important issues related to cooperative matters. The Supervisory Committee also has specific authority to oversee the execution of business policies by the Board of Directors, including the authority to request that board members attend meetings to explain their actions and the power to seek the dismissal of any board member before the General Meetings of Delegates. Currently, the Supervisory Committee has 18 members, selected from among the board members of member cooperatives, agricultural, fishery and forestry cooperative persons or persons with a profound knowledge about finance. Supervisory Committee members are nominated by the Nomination Committee and selected by the General Meeting of Delegates.

Under the jurisdiction of the Supervisory Committee are the JA Bank System Headquarters and the JF Marine Bank Headquarters, which are comprised of members of the Bank's Board of Directors and representative committees of member cooperatives. In addition to deliberating on basic policies of the credit businesses conducted by the agricultural, forestry, and fishery cooperatives, the JA Bank System Headquarters and the JF Marine Bank Headquarters deliberate on guidance practices with respect to members acting under the name of the Headquarters.

MANAGEMENT SYSTEM OF THE BANK



Board of Directors

The Board of Directors decides business policy, excluding matters under the jurisdiction of the Supervisory Committee, and carries out mutual supervision of the directors' business execution. Directors are nominated by the Nomination Committee, selected by the Supervisory Committee and assume their position upon confirmation by the General Meeting of Delegates. There are currently 14 full-time board members, and 2 of them serve as representative directors and as members of the Supervisory Committee. Consideration is given to preserving the mutual and close, cooperative nature of decision making by the Supervisory Committee and the Board of Directors.

Auditors/Board of Auditors

Auditors are selected directly by the General Meetings of Delegates, audit decisions made by the Supervisory Committee and the Board of Directors, and generally oversee the execution of business policy by board members. The Board of Auditors currently comprises four members (two full-time auditors and two part-time auditors).

Internal Audit Systems

The Bank established the Internal Audit Division as an internal oversight unit independent from other businesses and affairs of the Bank. The Internal Audit Division's mission is to verify and evaluate the management and operations of all managerial activities in terms of the appropriateness and effectiveness of internal controls. Based on the division's reports and recommendations, the Bank sustains and/or improves the effectiveness of its business operations.

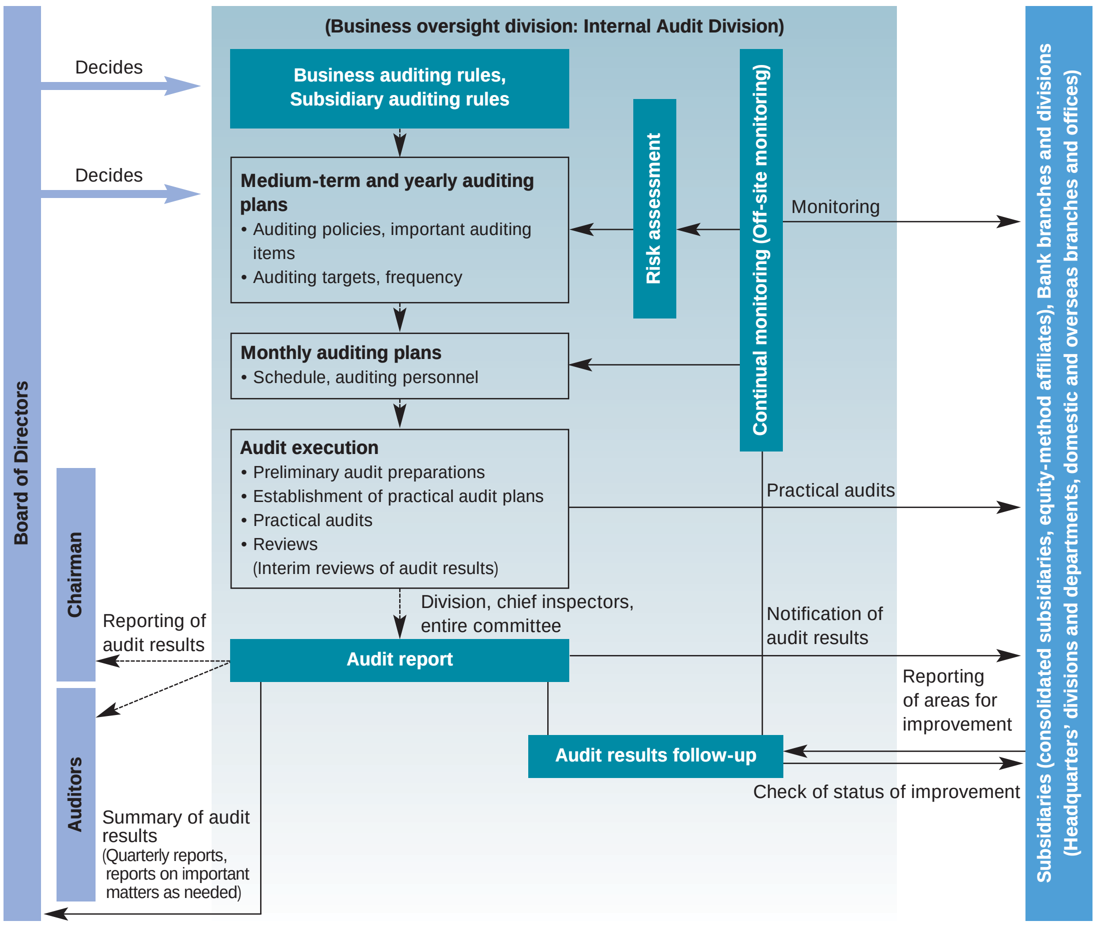
These internal audits are conducted not only in each one of the Bank's divisions but also in consolidated subsidiaries and equity-method affiliates within the scope of compliance with laws and regulations. These audits are conducted in accordance with the Bank's three-year audit plan and its yearly audit plans established by the Board of Directors.

The audit plans call for risk assessments of all operations subject to auditing and determine the key audit points (e.g., verification of the appropriateness of operations with respect to risk management and compliance with laws and regulations) and the frequency and depth of audits in accordance with the type and degree of risk in a given department. As such, the plans serve as road maps for conducting effective and efficient internal audits.

Audit results are reported to the president and the auditors. The audited department is then notified of the results by the Internal Audit Division, with periodic follow-up audits conducted to assess the status of efforts to improve problems indicated in the audit report. Moreover, audit summaries are presented to the Board of Directors on a quarterly basis, with particularly important items quickly reported to the Board of Directors, the president, and the auditors.

To improve the effectiveness of internal audits, the Bank assigns to the internal auditing team employees with a great deal of ongoing, practical experience in highly specialized, market-oriented departments and systems departments. Moreover, the Bank has implemented more advanced auditing methods, including the introduction of a self-assessment system whereby audited

OVERVIEW OF INTERNAL AUDIT SYSTEM



departments can conduct their own checks, and it has upgraded its system for conducting daily, off-site monitoring. The Bank is committed to making further qualitative improvements to its auditing process, with the aim of conducting highly efficient and effective internal audits in response to changes in the Bank's operating environment.

Also, the Asset Audit Department established within the Internal Audit Division works to ensure the soundness of assets by verifying that internal ratings, self-assessments, write-offs, and reserves are all correct and appropriate.

Compliance Management

A financial institution trusted by members, customers, and society as a whole

1) Basic Compliance Policies

Along with changes in socioeconomic circumstances and structural reforms, Japanese society is strongly calling into question the way that businesses are managed. Also, in light of severe public criticism stemming from recent corporate scandals, leading companies have made upgrading and strengthening their compliance measures even more of a management priority. It is no exaggeration to say that financial institutions—which survive on the trust and confidence of society at large, beginning with their customers—preserve the basis for their existence through proactive compliance measures.

As a core member of Japan's financial system and a nationwide financial institution with cooperative credit businesses, the Bank works to build continually higher levels of trust with the public to fulfill its fundamental mission and responsibilities to society. Toward this end, the Bank makes unremitting efforts to ensure total compliance with laws and regulations and maintains a high level of transparency in its operations through disclosure and accountability, all rooted on a strict principle of self-responsibility.

2) Compliance Arrangements Directly Linked to Management

The Bank's compliance arrangements are centered on the Compliance Committee, the Compliance Department of the Legal Division (the department in charge of compliance), and personnel in charge of compliance assigned to each division and branch.

The Compliance Committee (chaired by the Deputy President & Co-CEO) deliberates on basic matters related to the Bank's compliance issues. The matters deliberated on at the Compliance Committee are discussed and approved by the Board of Directors.

3) Compliance-Related Activities by the Bank

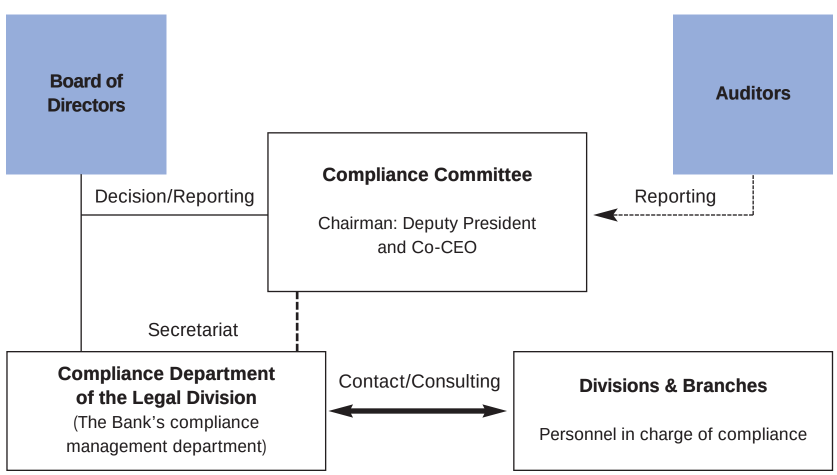
As the Bank's compliance management department, the Compliance Department acts as the secretariat for the Compliance Committee and consults with the personnel in charge of compliance at each division and branch, and carries out internal training and education activities.

In addition, the Bank has set up a system whereby employees can, at any time, consult with or provide information related to compliance to the Compliance Department and/or an external law firm. The Bank has given full consideration to ensuring that those who utilize this system are not disadvantaged in any way.

4) Compliance Program

The Bank formulates the "Compliance Program" each year as a compliance action plan, and it includes the upgrade and enhancement of compliance arrangements and the promotion of and

COMPLIANCE ARRANGEMENTS



education in compliance-related issues. In this way, the Bank carries out deliberate activities to ensure that compliance is firmly rooted in all of its business activities. Moreover, each division formulates its own compliance program to serve as a guideline for implementing specific compliance measures on an ongoing basis.

5) Fostering a Sense of Commitment to Compliance

To familiarize employees with compliance issues and to foster a sense of commitment to compliance, in addition to the *Ethical Charter* and the *Code of Conduct for the Bank's Management and Staff*, the Bank compiled the Summary of the Bank's Compliance Arrangements for inclusion in the *Compliance Manual*. This manual was distributed to all members of the management and staff.

6) Cooperation with Group Companies

The Bank manages compliance arrangements for the Group as a whole through explanations of compliance programs and through the holding of periodic awareness meetings attended by personnel responsible for compliance at Group companies.

Humanitarian Affairs

The Bank actively provides education and training opportunities to all personnel as part of an overall effort to promote humanitarian affairs. The Bank's domestic action plan related to the United Nations' Decade for Human Rights Education (1995–2004) conforms to the Law on the Promotion of Human Rights Education and Human Rights Awareness-Raising and the Basic Plan for the Law on the Promotion of Human Rights Education and Human Rights Awareness-Raising. Based on this, the Bank works to implement the principle of respect for human rights, which is enshrined in its *Ethical Charter*. The management of the Bank's human rights related education and training revolves around the Human Rights Education Promotion Committee, the Human Rights Section in the Personnel Division, and the personnel responsible for human rights in each office and branch. The Human Rights Education Promotion Committee (chaired by the director of the Personnel Division) deliberates on various policies aimed at further establishing the principle of respect for human rights in the Bank's activities, while more important human rights related matters are deliberated on and decided by the Board of Directors.

The Human Rights Section in the Personnel Division was established in July 1999 as the representative organ responsible for general human rights issues; it serves as the secretariat of the Human Rights Education Promotion Committee. The Human Rights Section also works with personnel in charge of human rights at offices and branches regarding such internal human rights related issues as planning, education, and training, as well as the handling of and consultations on sexual harassment.

The Bank strives to promote a correct understanding of human rights through such means as workshops at the Head Office and branches and works to deepen awareness of solutions originating from these programs. The Bank also pursues a variety of other activities on an ongoing basis, including the creation of a portable sexual harassment consultation card for all directors and regular employees. In addition, as a member of the JA Group, the Bank cooperates with the Central

Union of Agricultural Cooperatives to increase the awareness of human rights within the Bank Group.

Social Contributions

Flower Campaign

The Bank, through its handling and channeling of capital from various sources, contributes to the advancement of agriculture, forestry, and fisheries.

Moreover, the Bank also dedicates itself to preserving the natural environment in harmony with people and industry and to making towns more attractive for residents and visitors alike. The Bank has been hosting a nationwide flower campaign with the catchphrase “Green in the Towns, Flowers in the Windowsills” at all of its branches and offices.

These activities include yearly contributions of flower seeds, bulbs, flowerbeds, and other gardening items to public facilities, including local public bodies, parks, and schools, as well as the promotion of greening and environmental preservation programs through the support of organizations that engage in these activities.

Workplace Fund-Raising Activities

The Bank cooperates with various fund-raising activities based on dialogue with its employees at the workplace. Specific activities include cooperation with the United Nations Food and Agriculture Organization (FAO)—established to increase food output in developing nations and promote self-sufficiency among impoverished nations—on fund-raisers to eradicate world hunger. Also, in December 2003, heeding the call from the International Co-operative Alliance to assist victims of a major earthquake in southern Iran, the Bank worked with this organization by setting up an Iran Earthquake Support Fund.

Ocean-Related Educational Activities

The oceans, often called the cradle of life, are not just home to various organisms and a supplier of precious foodstuffs in the form of marine products; they also play a vital role in the maintenance and stability of the global environment.

To sustain the wide-ranging functions of the oceans, it is essential to educate citizens on maintaining and nurturing marine resources and preserving marine environments. To this end, the Bank sponsors and collaborates with various public and non-profit organizations whose aim is to educate people about the oceans.

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 to non-profit organizations that engage in activities that support the Foundation’s goals.

Milestones in the Bank's 81-Year History

1923
- The Bank established with government funds under special legislation as the central bank for Industrial Cooperatives

1938
- Gyokyo joins the Bank

1943
- Forestry Cooperatives (Shinrinkumiai) join the Bank
- The Bank's name officially changed to the Norinchukin Bank

1950
- The first Norinchukin Bank debentures issued

1959
- Redemption of the government's equity stake completed, thereby becoming a private bank

1974
- Foreign exchange operations begin

1977
- Investment and trading in foreign currency denominated bonds begin

1982
- A representative office opens in New York (the Bank's first overseas foothold)

1984
- The New York Representative Office upgraded to branch status

1985
- A representative office opens in London

1986
- Fiduciary services for corporate bonds begin
- Norinchukin International plc opens in London

1989
- The Bank's U.S. dollar denominated notes issued in the Euromarket

1990
- A representative office opens in Singapore

1991
- The London Representative Office upgraded to branch status

1993
- The Singapore Representative Office upgraded to branch status
- Norinchukin Securities Co., Ltd., established
- Norinchukin Investment Trust Management Co., Ltd., established

1995
- Preferred stocks issued, opening the way for capital increases through the participation of ordinary investors
- The Norinchukin Trust & Banking Co., Ltd., established

1996
- Operations of Norinchukin Asset Management Co., Ltd., begin
- Laws concerning the integration of the Bank and Shinnoren enacted

1998
- Issuance of ¥1 trillion in lower dividend rate stock to Shinnoren and Shingyoren and ¥0.5 trillion in subordinated loan transaction completed
- Substantial reorganization of the market risk investment sections, updating these to match global asset management styles
- Representative offices open in Hong Kong and Beijing

2000
- Norinchukin-Zenkyoren Asset Management Co., Ltd., formed through the reorganization of the former Norinchukin Asset Management Co., Ltd.

2001
- The Norinchukin Bank Law is revised
- The Law concerning the reorganization and strengthening of credit business by the Bank and specified cooperatives is revised.

2002
- The JA Banking System begins
- A capital increase of ¥100 billion in common stock is conducted, and ¥183 billion in funds is procured through the issuance of perpetual subordinated loans
- The consolidation of Shinnoren with the Bank begins

2003
- JF Marine Bank implements fundamental policies (January)
- Integration of prefectural Shinnoren (total of six)
- Another ¥183 billion is procured through the issuance of perpetual subordinated loans

Business Outline

Globally Diversified Investments

Basic Concept

The Bank places emphasis on total portfolio management based on the concept of globally diversified investments. To accomplish this, the Bank utilizes its strengths, namely (1) a stable yen procurement base provided by cooperative credit businesses, (2) abundant liquidity, and (3) efficient business management underpinned by fewer personnel and branches. This third strength is made possible by the JA cooperatives' strong ties to its members as a provider of retail services.

Characteristics of the Balance Sheet

The Bank's policy of globally diversified investments has resulted in significant changes in its balance sheet, as indicated by the following figures for foreign securities balances. As of March 31, 2004, the Bank's total assets on a consolidated basis amounted to ¥61 trillion (US$585 billion), with investment securities accounting for ¥33 trillion (US$317 billion). Of the total amount of investment securities, foreign securities accounted for ¥16 trillion (US$152 billion).

Financial Products

The Bank seeks to diversify its investments with an eye towards an overall asset balance, stability of earnings, and risk management. To achieve this, investments in marketable credit risk related financial products, including asset-backed securities (ABS), are carried out. So-called alternative investments, which have a low correlation with bonds and stocks, are also being carried out.

Portfolio Management

The Bank's objective in managing its portfolio is to establish a flexible and stable financial structure. In order to realize this, the Bank seeks to optimize allocation through long-term investment by considering risk-return, yield differentials among financial products, correlations, and comprehensive diversification (e.g., in financial products, countries, industries, and ratings). In doing so, optimal portfolio management in terms of strategic risk taking and risk control is made possible.

Risk Management

The Bank has constructed a portfolio comprising various assets based on the concept of globally diversified investments. The Bank considers the comprehensive management of differing risks, risk taking commensurate with corporate capacity, and the appropriate management of these risks essential to maintaining business soundness.

With this understanding, the Bank quantifies its exposure to various risks and constrains the aggregate amount to within its equity capital. To accomplish this, the Bank has adopted the concept of economic capital management and allocates economic capital to individual divisions.

The Bank categorizes “risk” as market risk, credit risk, and operational risk and allocates economic capital on an integrated basis in market-oriented divisions for the purpose of utilizing the globally diversified investments to the maximum extent possible. As such, this strategy enables the Bank to allocate and distribute assets in conformance with its business model. Furthermore, every six months, the Board of Directors decides on the allocation of economic capital in accordance with investment policy. The middle office, meanwhile, measures and monitors risk levels throughout the fiscal year.

International Operations

Overseas branches focus on money market operations and loans and are continuing to develop their activities based on the nature 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 of globally diversified investments.

The New York Branch has expanded its business operations since its inception in 1984. In its money market operations, based in the mother market for U.S. dollars, and with its status as a member of the Fixed Income Clearing Corporation (FICC), the branch constantly procures dollar funds on favorable terms through repurchase agreements (repos) and other transactions. 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 branch also 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, relative to 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 procuring 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 the diversification of industries and carrying out selective investment. The branch also supports Japanese clients in developing their business operations in Europe.

The Singapore Branch started operations in 1993. Like other branches, the Singapore Branch plays an important role in the procurement of foreign currencies for the Bank by using the infrastructure of the financial centers of Asia and Oceania. In credit investments for non-Japanese clients, the branch focuses on Asia and Oceania while paying close attention to risk management. The branch also provides loans to Japanese-affiliated companies operating in the surrounding Asian countries.

In addition to these branches, the Bank established representative offices in Hong Kong and Beijing in 1998. These offices are engaged in gathering information on business activities in East Asia.

These overseas branches are continuing to play important roles as leading-edge centers for the procurement of foreign currencies, as well as credit investment, and the gathering of banking-related information. In doing so, they are improving the Bank's globally diversified investments.

Market Operations

Systems for Market Operations

Top Level Strategic Portfolio Management—In Both Quality and Volume

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 products, represent a large share of our total assets.

The market operations divisions are managed under a mutual checking system in which the front, middle, and back offices work independently. The front offices manage domestic and overseas assets as one portfolio and categorize these by asset type, such as bonds and equities, effectively.

The Bank's objective in managing its market portfolio is to establish a flexible and stable financial structure. In order to this, the Bank seeks to optimize asset allocation through long-term investment, taking macroeconomic and risk-return analyses into careful consideration. By doing so, the Bank is able to carry out optimal portfolio management from the standpoint of strategic risk taking and risk control thanks to globally diversified investments.

Securities Investment

Investment in bonds, a core management asset, accounts for a significant portion of the 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. Global investments in various types of bonds, including government bonds and corporate bonds, are carried out.

In equity investments, the Bank takes correlation with other asset classes into consideration and manages its equity portfolio from a long-term perspective. The Bank also diversifies its portfolio by investing in global 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 proceeding with so-called alternative investments that have a low correlation with stocks and bonds.

Short-Term Money-Market Operations

As a major player, the Bank actively participates in global short-term money markets.

Under an environment of ultralow interest rates in Japan, the Bank works to efficiently control 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 interbank markets as the call market and in the repo market. 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 conducts stable and effective transactions, including those necessary for globally diversified investment.

Meanwhile, the Bank accurately controls liquidity risk and settlement risk by assessing funding gaps through daily, weekly, monthly, and quarterly maturity ladders. In addition, the Bank takes part in Continuous Linked Settlement (CLS), a new system for foreign currency settlements. Starting in September 2002, the Head Office and all overseas branches participated as part of the first group to use this system, thereby contributing to a network necessary for managing settlements in U.S. dollars, Euros, and other major currencies.

Foreign-Exchange Transactions

As a market participant representing the cooperative credit businesses in foreign-exchange transactions, the Bank has organized an efficient and highly skilled dealing team able to accurately meet the needs of cooperatives and companies related to primary industries.

Trading Operations

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

Loans

As of March 31, 2004, the balance of loans and bills discounted in the consolidated statements of the Bank amounted to ¥17,789 billion (US$168 billion), accounting for less than one-third (28.7%) of total assets. This figure reflects a high proportion of securities investment. The cooperative credit business, which includes the Bank, plays a key role as the main bank for the primary sector. As a financial institution based in 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 2003 amounted to ¥966 billion (US$9 billion), accounting for a relatively small 5.4% 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.

The Bank's clients cover a wide range of industries, including 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 these products. These also include companies that are engaged in public activities, such as local governments and other entities, such as suppliers of electric power and gas.

With the strong fund-raising capacities of the cooperative credit businesses and its know-how cultivated through its role as a world-class institutional investor, the Bank has been consistently responding to the financial needs of its clients. The Bank provides a variety of financial products: securitization of accounts receivables and real estate, non-recourse loans, syndicated loans, commitment line contracts, and fund-raising in domestic and international capital markets with corporate bonds and CP.

Capital Markets Business

The capital markets business provides services that contribute to the procurement of funds and to fund management for cooperatives and clients.

Responding to Securities Business

The Bank assists in raising funds from capital markets by acting as a commissioned bank for bond issues and by underwriting CP. In addition, the Bank helps to stabilize clients' fund procurement by structuring and acquiring private-placement bonds.

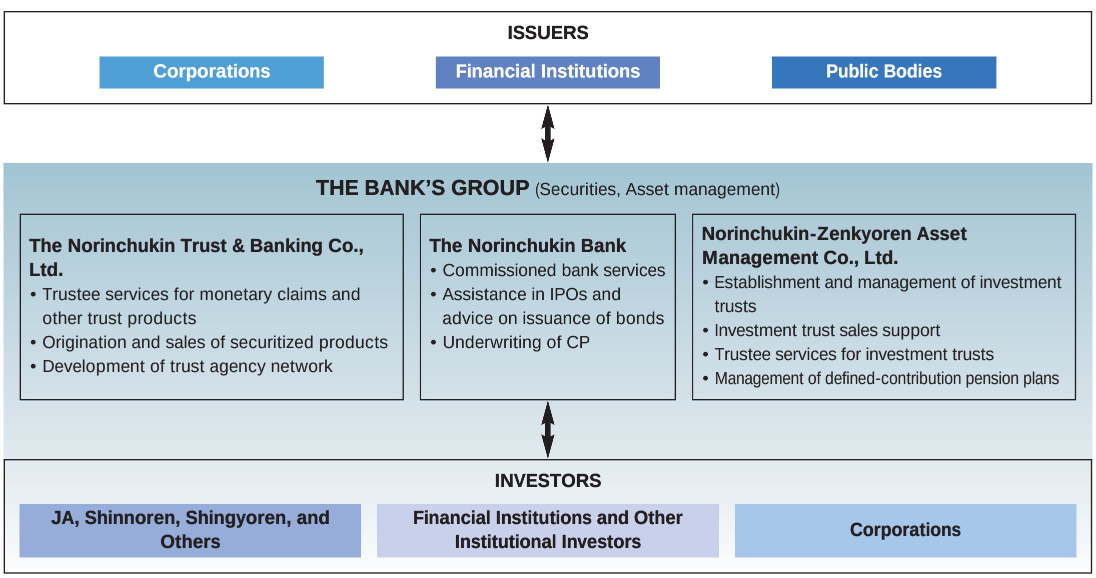
In addition, the Bank utilizes its survey capabilities as a financial institution and its expertise as an institutional investor to provide strong client support, including boosting credit capabilities and formulating financial and management strategies.

Expansion as a Securities-Related Firm

As the needs of clients and cooperatives have become increasingly sophisticated and diverse along with deregulation, the Bank has responded to these needs by establishing Norinchukin International plc (NOIL), followed by Norinchukin Securities Co., Ltd., The Norinchukin Trust & Banking Co., Ltd., and Norinchukin-Zenkyoren Asset Management Co., Ltd.

Based on a management strategy of concentrating corporate assets in critical fields, aimed, in turn, at better exercising its functions and role in strengthening the cooperative credit business and enhancing its asset management and earnings capabilities, the Bank sold off the operations of Norinchukin Securities to Mizuho Securities Co., Ltd., in March 2004. Also, the Bank solidified its policy of withdrawing from the operation of Norinchukin International. As such, the Bank made preparations for the liquidation of both companies. Meanwhile, Norinchukin Trust & Banking and Norinchukin-Zenkyoren Asset Management continue to manage assets and support the cooperative retail business, providing services that better address the growing needs of cooperatives and other business partners.

OUTLINE OF CAPITAL MARKETS BUSINESS OF THE BANK'S GROUP



Directors and Auditors

(As of July 1, 2004)

Members of Board of Directors (International & Market-Related Business)

Hirofumi Ueno
President & Chief Executive Officer

Mutsuo Masuda
Deputy President & Co-Chief Executive Officer

Shizuharu Kubono
Senior Managing Director

Yoshio Kono
Senior Managing Director

Yoshinori Yasuda
Managing Director

Masanobu Takatani
Managing Director

BOARD OF DIRECTORS

President
& Chief Executive Officer
Hirofumi Ueno

Deputy President
& Co-Chief Executive Officer
Mutsuo Masuda

Senior Managing Directors
Shizuharu Kubono
Junji Sato
Yoshio Kono

Managing Directors
Naoaki Yamazaki
Yoshiyuki Hata
Takeshi Katayama
Takashi Kato
Mitsuru Hotta
Yoshinori Yasuda
Masanobu Takatani
Masataka Miyazono
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Kazuyoshi Suzuki
Fumio Aso
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Mutsuo Masuda

BOARD OF AUDITORS

Kazuo Yamanaka
Hiroshi Nakagawa
Masaoki Kojima
Yasuhiko Kishi

Financial Information

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Financial Review

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2004

Net interest income increased ¥121 billion over the previous fiscal year, to ¥245 billion (US$2,327 million), owing to increased investment in securities. Net income on securities slipped ¥152 billion, to ¥3 billion (US$30 million), due primarily to a decline in gains on securities. Net income from fees and commissions reported little change from the previous fiscal year and amounted to ¥16 billion (US$155 million).

General and administrative expenses hovered at approximately the same level as that for the previous fiscal year and amounted to ¥123 billion (US$1,170 million). In spite of amortization and reserves in line with a strict self-assessment of its assets, credit costs declined ¥27 billion, to ¥43 billion (US$415 million), as a result of the recovery and bulk sales of non-performing loans.

As a result, on a consolidated basis, the Bank's net income in fiscal 2003 increased ¥79 billion, to a record-breaking ¥144 billion (US$1,368 million).

Principal Statement of Income Items

	Millions of Yen		
Fiscal years ended March 31	**2004**	2003	Difference
Net Interest Income	**¥245,958**	¥124,600	**¥121,358**
Net Income on Securities	**3,132**	155,455	**(152,323)**
Net Income from Fees and Commissions	**16,357**	15,599	**758**
General and Administrative Expenses	**123,695**	124,216	**(521)**
Credit Costs	**43,827**	71,200	**(27,373)**
Transfer to Reserve for Possible Loan Losses	**37,641**	64,155	**(26,514)**
Write-off of Loans	**6,186**	4,445	**1,741**
Other	**—**	2,598	**(2,598)**
Other	**89,833**	(4,601)	**94,434**
Income before Income Taxes	**187,758**	95,637	**92,121**
Income Taxes	**42,579**	29,332	**13,247**
Current	**47,766**	26,264	**21,502**
Deferred	**(5,187)**	3,068	**(8,255)**
Net Income	**144,626**	65,447	**79,179**

REVIEW OF BALANCE SHEET ITEMS

Funding

Deposits, excluding negotiable certificates of deposit (NCDs), rose to ¥40,782 billion (US$386 billion), up ¥610 billion from the previous fiscal year-end. Two notable points regarding the characteristics of the Bank's deposits are: (1) a high proportion of the deposits come from Shinnoren and other credit cooperatives and (2) a high proportion of the deposits consists of time deposits.

The deposits from cooperatives are allocated in compliance with their internal regulations as follows:

•Two-thirds of JA's and Gyoko's surplus funds (i.e., the funds remaining after the loans are deducted from the deposits) are deposited with Shinnoren and Shingyoren.

•One-half of Shinnoren's and Shingyoren's surplus funds are deposited with the Bank.

This system provides a stable source of funding for the Bank.

Deposits by Category (On a Consolidated Basis)

	Billions of Yen	
As of March 31	**2004**	2003
Time Deposits	**¥34,024**	¥34,833
Liquid Deposits	**1,856**	1,812
Other Deposits	**4,901**	3,526
Negotiable Certificates of Deposit	**316**	249
Total	**¥41,099**	¥40,421

Securities

The balance of securities rose ¥4,885 billion over the previous year-end, to ¥33,509 billion (US$317 billion). Foreign securities remained relatively unchanged at ¥16,047 billion (US$152 billion), while Japanese government bonds rose ¥4,886 billion, to ¥14,574 billion (US$138 billion).

Breakdown of Securities by Type (On a Consolidated Basis)

	Billions of Yen	
As of March 31	**2004**	2003
Japanese Government Bonds	**¥14,574**	¥ 9,688
Municipal Bonds	**290**	413
Corporate Bonds	**793**	945
Equities	**520**	408
Foreign Securities	**16,047**	16,271
Other	**1,282**	895
Total	**¥33,509**	¥28,623

Loans and Bills Discounted

Loans and bills discounted dropped by ¥1,389 billion, to ¥17,789 billion (US$168 billion), owing mainly to a decline in lending to the finance and insurance industries. Risk-managed loans on a consolidated basis declined ¥28 billion, to ¥650 billion (US$6,158 million). Consequently, risk-managed loans comprised 3.6% of total loan assets.

Breakdown of Loans by Industry (On a Consolidated Basis)

	Billions of Yen (%)			
As of March 31	**2004**		2003	
Foods	**¥ 459**	**(2.6%)**	¥ 511	(2.7%)
Pulp and Paper	**223**	**(1.3)**	224	(1.2)
Chemicals	**353**	**(2.0)**	383	(2.0)
Other Manufacturing	**799**	**(4.5)**	939	(4.9)
Agriculture, Forestry and Fisheries	**162**	**(0.9)**	172	(0.9)
Construction	**124**	**(0.7)**	212	(1.1)
Electricity, Gas and Water	**256**	**(1.4)**	248	(1.3)
Transportation and Telecommunications	**944**	**(5.3)**	922	(4.8)
Wholesale, Retail and Restaurant	**1,455**	**(8.2)**	1,994	(10.4)
Services	**1,339**	**(7.5)**	1,540	(8.0)
Finance and Insurance	**4,671**	**(26.3)**	6,875	(35.8)
Other Non-Manufacturing	**6,999**	**(39.3)**	5,153	(26.9)
Total	**¥17,789**	**(100.0%)**	¥19,179	(100.0%)

Risk-Managed Loans (On a Consolidated Basis)

As of March 31	Billions of Yen 2004	2003
Loans to Borrowers under Bankruptcy Proceedings	**¥ 4**	¥ 18
Loans with Principal or Interest Payments More than Six Months in Arrears	**360**	406
Loans with Principal or Interest Payments More than Three Months in Arrears	**2**	1
Restructured Loans	**283**	252
Total	**¥650**	¥679

Risk-Managed Loans (On a Non-Consolidated Basis)

As of March 31	Billions of Yen 2004	2003
Loans to Borrowers under Bankruptcy Proceedings	**¥ 4**	¥ 18
Loans with Principal or Interest Payments More than Six Months in Arrears	**355**	396
Loans with Principal or Interest Payments More than Three Months in Arrears	**0**	0
Restructured Loans	**273**	240
Total	**¥633**	¥655

Notes: 1. Loans to Borrowers under Bankruptcy Proceedings are loans for which payment of principal or interest has not been received for a substantial period and, for this and other reasons, there are no prospects for recovery or repayment of the principal or interest, and thereby no interest has been accrued (excluding loans written off and hereinafter referred to as non-accrual loans), which are subject to the Implementation Ordinances for the Corporation Tax Law (Government Ordinance No. 97, 1965), items (i) through (v) of Article 96, Section 1, Part 3 or Part 4 of the same article. Loans with Principal or Interest Payments More than Six Months in Arrears are non-accrual loans other than Loans to Borrowers under Bankruptcy Proceedings and other loans for which interest payments have been rescheduled to assist the borrowers' restructuring (Restructured Loans).

2. Loans with Principal or Interest Payments More than Three Months in Arrears are defined as loans for which principal or interest has been in arrears for three months or more from the day following the contract payment date. They exclude Loans to Borrowers under Bankruptcy Proceedings and Loans with Principal or Interest Payments More than Six Months in Arrears.

3. Restructured Loans are those for which the terms and conditions of the original loan agreement are redrawn for the favor of the borrower, including reducing interest rates, rescheduling interest and principal payments or waiving claims on the borrower. Such loans exclude Loans to Borrowers under Bankruptcy Proceedings, Loans with Principal or Interest Payments More than Six Months in Arrears and Loans with Principal or Interest Payments More than Three Months in Arrears.

Disclosed Claims by the Financial Revitalization Law (On a Non-Consolidated Basis)

As of March 31	Billions of Yen 2004	2003
Claims on Obligors under Legal Bankruptcy Proceedings and Obligors Substantially in Bankruptcy	**¥ 6**	¥ 22
Claims on Obligors with Bankruptcy Imminent	**360**	399
Claims on Obligors under Close Observation	**275**	244
Total	**¥ 642**	¥ 666
Claims on Ordinary Obligors	**¥17,424**	¥18,949

Note: Under Article 6 of the Law Concerning Emergency Measures for Early Stabilization of Financial Functions (Law No. 132, 1998), banks are required to classify obligors regarding: Securities Lent, Loans and Bills Discounted, Foreign Exchange Assets, Accrued Interest and Suspense Payments of Other Assets and Customers' Liabilities for Acceptances and Guarantees, according to their financial conditions and management performance. The definition of the classifications is as follows:

Although the Bank is not subject to the provisions of this law, it classifies its obligors and discloses the value of claims on each obligor in accordance with the law.

(1) Claims on Obligors under Legal Bankruptcy Proceedings and Obligors Substantially in Bankruptcy
Claims on obligors who are bankrupt or in the process of bankruptcy, reorganization, or similar financial restructuring procedures as well as those in a similar condition.

(2) Claims on Obligors with Bankruptcy Imminent
Claims on obligors who are not yet bankrupt but whose financial position and management performance are deteriorating. It is highly likely that the principal and interest will become uncollectible.

(3) Claims on Obligors under Close Observation
Claims in this category basically include Loans with Principal or Interest Payments More than Three Months in Arrears and Restructured Loans.

(4) Claims on Ordinary Obligors
Claims on obligors with no particular financial or operating problems and include all claims other than those under (1) through (3) above.

Reserve for Possible Loan Losses (On a Consolidated Basis)

As of March 31	Billions of Yen 2004	2003
Reserve for Possible Loan Losses	**¥368**	¥361

Reserve for Possible Loan Losses (On a Non-Consolidated Basis)

As of March 31	Billions of Yen 2004	2003
General	**¥164**	¥128
Specific	**199**	224
Reserve for Losses on Specified Overseas Debts	**0**	2
Total	**¥365**	¥355

Shareholders' Equity

The Bank's capital adequacy ratio as of March 31, 2004, was 12.94%, up 3.07 percentage points.

This result was due to the fact that while the rise in risk assets was minimized, the Bank also raised its capital by increasing retained earnings, procuring ¥183 billion (US$1,736 million) in perpetual subordinated loans, and improving valuation gains on securities.

The most noteworthy feature of the Bank's capital structure is the large quantity of Tier I capital—the most basic component of capital, including paid-in capital and earned surplus—which is made possible through the strong support of the cooperative membership system. In Tier I capital, the Bank held ¥1,224 billion in common stock from credit cooperatives, of which ¥1,000 billion was in the form of lower dividend rate stock. Consequently, the Tier I capital ratio was 7.49%, one of the highest ratios among Japan's major financial institutions. The percentage of Tier I capital accounted for by deferred tax assets was 7.09%, among the lowest rates in Japan, making the quality of the Bank's Tier I items one of the highest in the industry.

The Bank is also proud of the fact that, given its strong capital position, not once has it applied for a government injection of public funds, although many major banks have done so to restore their financial functions and facilitate credit accommodation.

BIS Capital Adequacy Ratio (On a Consolidated Basis)

	Billions of Yen	
As of March 31	**2004**	2003
Shareholders' Equity:		
Tier I	**¥ 1,928**	¥ 1,655
Tier II	**1,414**	886
Amount to be Deducted*	**12**	14
Total	**¥ 3,330**	¥ 2,527
Risk-Adjusted Assets:		
On-Balance Sheet	**¥22,540**	¥22,803
Off-Balance Sheet	**765**	742
Assets Equivalent to Market Risk	**2,430**	2,045
Total	**¥25,735**	¥25,591
BIS Capital Adequacy Ratio:		
Tier I	**7.49%**	6.47%
Tier I + Tier II	**12.94%**	9.87%

Note: The capital adequacy ratio of the Bank is based on the computational formula specified in Directive No. 7, Criteria for Judging the Management Soundness of the Norinchukin Bank, issued in 2003 by the Financial Services Agency and Ministry of Agriculture, Forestry and Fisheries (hereinafter, the Directive). The Bank observes BIS capital adequacy requirements and has been in compliance with market risk regulations.

** This amount is equivalent to the investment stipulated in the Directive, Article 7, Clause 1, Section 2.*

BIS Capital Adequacy Ratio (On a Non-Consolidated Basis)

	Billions of Yen	
As of March 31	**2004**	2003
Shareholders' Equity:		
Tier I	**¥ 1,910**	¥ 1,643
Tier II	**1,413**	885
Amount to be Deducted	**0**	0
Total	**¥ 3,324**	¥ 2,528
Risk-Adjusted Assets:		
On-Balance Sheet	**¥22,625**	¥22,743
Off-Balance Sheet	**765**	742
Assets Equivalent to Market Risk	**2,425**	1,979
Total	**¥25,816**	¥25,465
BIS Capital Adequacy Ratio:		
Tier I	**7.40%**	6.45%
Tier I + Tier II	**12.87%**	9.92%

Note: *The capital adequacy ratio of the Bank is based on the computational formula specified in the Directive. The Bank observes BIS capital adequacy requirements and has been in compliance with market risk regulations.*

Risk Management

APPROACH TO RISK MANAGEMENT

Financial institutions have been greatly affected by changes in the economic and financial environments in recent years. Under these conditions, prompted by the growing diversity and complexity of their operations, financial institutions have been pressed to construct appropriate risk management systems to sustain and enhance their business soundness while fulfilling their social responsibilities.

Cognizant of this fact, the Bank has established a Risk Management Basic Policy, with the aim of further enhancing its risk management capabilities. This policy serves as the road map for the Bank's risk management activities and clearly lays out the types of risks to be addressed as well as the relevant management structures and mechanisms.

With this in mind, the Bank separates the risks that it must manage into two broad categories. One comprises risks actively taken on to generate profits (i.e., credit risk and market risk), and the other comprises risks passively incurred in the course of carrying out operations (i.e., settlement risk and legal risk). Specific risks are dealt with in accordance with individual guidelines based on risk type, while an integrated approach is taken to manage risk on a Bank-wide basis.

COMPREHENSIVE RISK MANAGEMENT

The Bank has constructed a portfolio comprising various assets based on the concept of globally diversified investments. The Bank considers the comprehensive management of differing risks, risk taking commensurate with corporate capacity, and the appropriate management of these risks essential to maintaining business soundness.

With this understanding, the Bank quantifies its exposure to various risks and constrains the aggregate amount to within its equity capital. To accomplish this, the Bank has adopted the concept of economic capital management and allocates economic capital to individual divisions.

The Bank categorizes "risk" as market risk, credit risk, and operational risk and allocates economic capital on an integrated basis in market-oriented divisions for the purpose of utilizing the globally diversified investments to the maximum extent possible. As such, this strategy enables the Bank to allocate and distribute assets in conformance with its business model. Furthermore, every six months, the Board of Directors decides on the allocation of economic capital in accordance with investment policy. The middle office, meanwhile, measures and monitors risk levels throughout the fiscal year.

CREDIT RISK MANAGEMENT

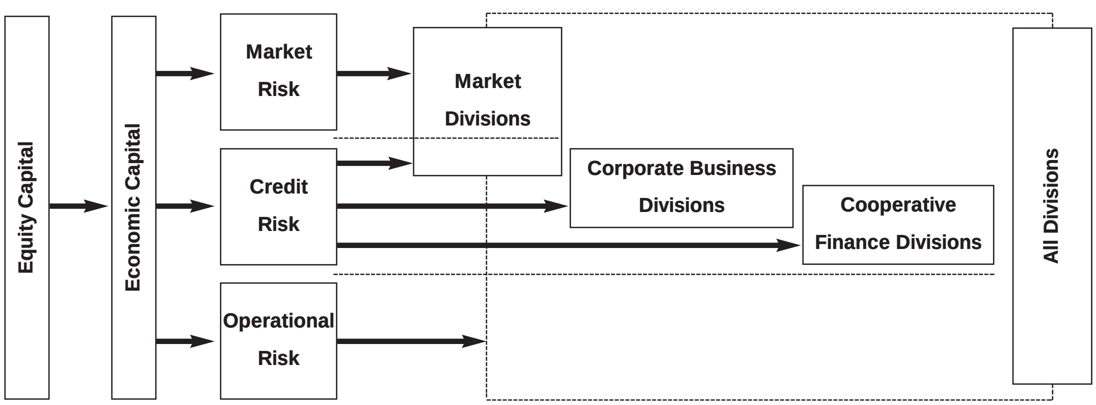
For the Bank, transactions involving credit risk are a key source of earnings, in line with its business strategy. In addition to assessments of individual credit risk assets, including loans, the Bank conducts comprehensive risk management from the perspective of its overall credit risk portfolio. In this way, the Bank seeks to generate earnings commensurate with its level of credit risk. Also, as a financial institution whose base consists of agricultural, forestry, and fishery cooperatives, the Bank aims to promote these industries through "cooperative lending" while carrying out due risk management as a private financial institution.

Credit Risk Management System

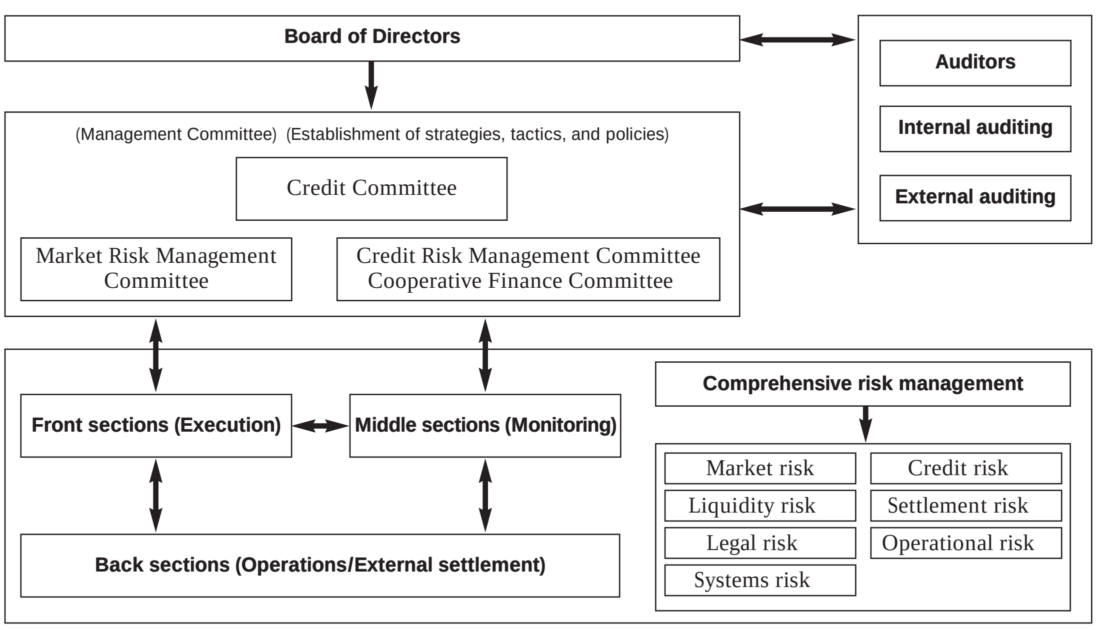
The Bank's credit risk management system centers on three committees comprised of top management. One of them is the Credit Risk Management Committee, which deliberates on specific strategies related to transactions involving credit risk other than those connected with cooperative lending. It also makes determination on large and/or material loans on an individual basis. On the other hand, the Cooperative Finance Committee considers specific strategies concerning cooperative lending in order to fulfill its mission of providing effective and efficient funding.

The Credit Committee is a venue for deliberating on basic rules and policies of risk management, and specific strategies determined by the Credit Risk Management Committee, the Cooperative Finance Committee, and the Market Risk Management Committee—which is discussed later in this report—must be consistent with these basic frameworks. These basic frameworks include systems, such as credit ceilings by country and individual company, the internal rating system, and self-assessments. The Credit

The Image of Economic Capital Allocation



Risk Management System



Committee also deliberates on basic directions from the perspective of strengthening risk management in accordance with the concept of comprehensive risk management. Furthermore, the Credit Committee determines measures to be taken in the event of certain contingencies, including the credit risk and lending terms for an individual loan whose credit quality is expected to deteriorate.

At the same time, monitoring of the credit risk portfolio is carried out by the Risk Monitoring Division established separately from the front office.

Credit Analysis System

While continually strengthening its credit analysis capabilities, the Bank conducts highly specialized checks of borrowers, taking into account their respective characteristics as cooperatives, general companies, public corporations, or non-residents. To conduct credit analyses on private corporations and public corporations, the Bank has established the Credit Risk Management Division, which is separate from the Corporate Business Management & Strategy Division. The division conducts industry-based credit analyses, making full use of the expertise the Bank has cultivated. Specifically, to achieve greater accuracy, each senior credit analyst in charge of a certain industry assesses each client and business through comparisons with competitors in the same business, a method that makes active use of industry research functions. With regard to credit for non-resident borrowers, the Bank has adopted a country ceiling system that takes into account risks that differ from those of domestic loans, such as analyses of political and social conditions of each country. In addition to a business-type-based credit analysis, a region-based senior credit analyst evaluates loan applications, thereby carrying out optimal risk management.

Markets for so-called products involving the securitization of assets—which are backed by account receivables, real estate, and other assets—have been expanding in recent years. Aside from credit risk analysis of individual borrowers, senior credit analysts specializing in the structure of investment products focus on a proper understanding of the risks associated with such products while conducting ongoing monitoring and reviews of investment products.

Under this credit analysis system, the Bank conducts sophisticated credit risk management based on strict screening standards and on its own methods for analyses of financial position and cash flow, as well as follow-up monitoring.

In addition to strengthening these reliable analysis methods, the Bank uses management methods that address credit analysis from the perspective of the portfolio as a whole, sets credit limits in accordance with internal ratings, and screens individual companies to control risk volume. Simultaneously, the Bank seeks to set interest rates in accordance with internal ratings and security statues and thereby secure returns commensurate with risk.

Quantifying Credit Risk

In addition, as with market risk, the Bank measures credit risk volumes using statistical methods and uses management methods focusing on risk and returns. In these and other ways, the Bank works to increase the sophistication of its risk management.

RISK MEASUREMENT METHODS

In addition to lower market prices for corporate bonds and delinquent loan repayment/interest payments resulting from deterioration in the business conditions of the issuer/borrower, credit risk encompasses economic losses of granted credit amounts due to the bankruptcy of the borrower.

Regarding credit risk stemming from the loan business and investments in corporate bonds, the Bank determines the distribution of the credit balance based on the credit capability of the borrower to prevent overconcentration in a specific industry or product to achieve balanced portfolio management. At the same time, the Bank emphasizes securing returns commensurate with the cost of credit. While monitoring the distribution of credit balances by product category and rating, the Bank sets credit limits according to the rating, with a view to constructing an optimal asset portfolio.

As with market risk, the Bank makes use of an econometric model of credit risk that incorporates statistical methods. This risk assessment model is based on the CreditMetrics™ system developed by J.P. Morgan Chase & Co. The Bank is devoted to accumulating important statistical data related to credit risk, including that pertaining to new BIS regulations to be implemented in the future, which will be a key factor in the transition of credit ratings, default rates by rating, and recovery rates at the time of default. Using the model to apply this statistical data to virtually all products that carry credit risk, the Bank calculated, using the random simulation method, several tens of thousands of scenarios of potential losses arising from defaults as well as rating changes for customers and products. By plotting the distribution of these loss scenarios, the Bank calculated the risk volume of both the expected loss and the probable maximum loss. As the expected loss corresponds to the loss that can be expected on average each year assuming the makeup of the portfolio remains constant, it is theoretically expected that pricing in according with the cost of credit for customers and products will result in losses that are able to be covered within the scope of term profits. The probable maximum loss is defined as the loss that can be expected under the worst case scenario. Within this probable maximum, covering losses in excess of the expected loss within the scope of term profits is problematic. As such, credit risk capital is defined as risk to be covered within the scope of equity capital, which is the source of bank vitality. The Bank segments its credit risk portfolio into four business units according to product and customer characteristics, and by monitoring the associated risk capital, the Bank is able to engage in appropriate and sound risk taking with a greater level of confidence that it is within the scope of equity capital. External consultants have given quantitative and qualitative evaluations on these systems for measuring risk volume and have verified their effectiveness.

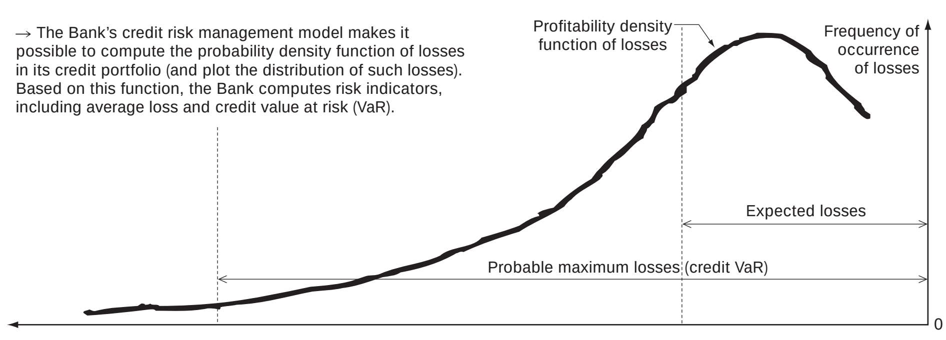
In conjunction with this, the Bank is upgrading the infrastructure for its credit risk management system, most notably with a database that utilizes advanced systems technologies to increase the sophistication of its credit risk management.

As for off-balance sheet transactions, the Bank measures the following exposures on a daily basis:

- The current exposure, i.e., the cost to reconstruct the transactions in case the counterparty to the transaction declares default due to bankruptcy
- The potential exposure, i.e., the additional amount deemed to correspond with the increased risk of the current exposure in the future

As such, the Bank comprehensively manages credit risks for both on-balance and off-balance sheet transactions.

Basic Outline of the Bank’s Credit Risk Management Model



MARKET RISK MANAGEMENT

The Bank has positioned its market transactions as an important source of income as well as a means to hedge risks. Interest rate and price fluctuation risks are properly controlled using comprehensive risk management systems to generate profits and stabilize financial positions.

To ensure the implementation of these management strategies, the Bank has created a mutual checking system where decision-making, execution, and monitoring functions are systematically separated and organized into independent units. These activities are carried out to realize appropriate risk management.

Looking forward, the Bank will work to further enhance its technical capabilities, including systems, personnel, and the quantitative analysis of risk volume, thereby optimizing its risk management.

Banking Operations (ALM)

The optimal management of risks in banking operations is indispensable to the stability of financial institutions.

The Bank began risk management at an early stage through asset-liability management (ALM) that places emphasis on a balance of maintaining financial soundness and strengthening profitability. Both static and dynamic interest rate sensitivities of cash flow are analyzed, and basis point values are calculated. Based on the analyses conducted from various angles, the Bank works to construct a flexible financial structure that can respond promptly to changes in financial conditions.

Market Portfolio Management

In banking operations, the Bank places special emphasis on analyzing and managing market risk in view of the importance of its portfolio of marketable securities. This framework is described below.

(1) Decision making

Important decisions on market transactions are made at the managerial level. The Market Risk Management Committee, composed of members of management as well as the general managers of related divisions, considers, discusses, and authorizes final decisions concerning specific policies related to market transactions.

At the time of analysis, in addition to the examination of the investment environment, including market trends and the economic outlook, the Committee makes appropriate decisions taking ALM and the Bank's securities portfolio into consideration. The Market Risk Management Committee meets, in principle, once per month. In addition, meetings are held on an ad-hoc basis when it is necessary to formulate flexible measures to deal with market trends or other such factors. In addition, to facilitate the close exchange of day-to-day information related to market movements, management and general managers of related divisions hold weekly meetings to share information that enables the making of swift and optimal decisions.

(2) Execution

The front offices buy and sell securities and hedge risks based on policies set by the Market Risk Management Committee. These activities are executed efficiently while monitoring market trends to enable new proposals for investment strategies.

(3) Monitoring

The Risk Monitoring Division checks whether the operations conducted by the front offices conform to the policies set by the Market Risk Management Committee. In addition to measuring risk, the division also performs a monitoring function in that it measures risk volumes. Results of the monitoring carried out on a daily basis are periodically reported to management. The Market Risk Management Committee uses the results as the basis for confirming the risk condition of the portfolio and for exploring specific policies for the future.

(4) Alarm system

The Bank has adopted an alarm system, called the “Checkpoint System,” as a tool for risk management. This system requires the Market Risk Management Committee, which includes top management, to discuss actions when the risk volume in the overall portfolio reaches a certain level stipulated in the Bank's tolerance limits. An alarm is activated when the risk volume radically changes in the short term and exceeds a certain level. In such cases, relevant personnel from top management and ranks below are obliged to meet and discuss appropriate actions. This mechanism enables the Bank to quickly and appropriately manage risks; however, the Bank is committed to establishing an even more optimal risk management system in the future.

(5) Risk measurement methods

Market risk is the potential for losses to occur from changes in revenues due to interest rate fluctuations and/or changes in asset and liability values as a result of market fluctuations, including interest rates, stock prices, and exchange rates. Balancing cash flows in line with interest rate fluctuations is very important in banking operations, making it necessary to grasp the degree of impact on revenues and expenses from a certain change in interest rates. The Bank calculates the interest rate sensitivity of its assets and liabilities and measures cash flow fluctuations of assets and liabilities (as measured by the changes in interest margins or unrealized gains and losses in cases where the standard interest rate moves by one percentage point). This scheme is combined with scenario-based simulation methods to measure the impact of interest rate changes on cash flows in overall banking operations.

In addition, the Bank regularly carries out the measurement of the risk volume by taking account of price fluctuation risk involved with bonds, stocks, and foreign currency exchange. Furthermore, simulations under stress conditions are also performed for the overall banking account. The Bank uses these processes to determine the impact of market movements on the value of held assets.

Trading

The Bank maintains distinct organizational separation between its trading operations, which conduct transactions with the aim of generating profits from short-term market fluctuations, and sections that carry out other transactions. Also, the Bank has established a trading framework for front sections, including predetermined position limits and loss limits, from the perspective of risk and return. The objective of this framework is to achieve profit targets.

(1) Alarm system

Front sections are notified and warned when positions and/or losses exceed specified levels. They are then obligated to take corrective action, reduce trading volume, halt trading, or otherwise respond to the levels.

(2) Risk measurement methods

The Bank measures the risk in its trading operations by adopting such methods as basis point value (BPV), slope point value (SPV), option risk parameters, and VaR to monitor compliance with risk limits.

The precision of the internal model for measuring risk volumes is increased through the continual comparison of fluctuations in actual gains and losses with those projected by the model (back testing). At the same time, the Bank strives to further increase the sophistication of its measurement methods by adopting new financial and information technologies.

Moreover, the validity of the model developed by the Bank has been proven by objective quantitative and qualitative audits conducted by an outside audit corporation using market risk volume and required capital calculations as stipulated by the BIS at the end of March 1998.

Glossary

• BPV (basis point value)

BPV indicates the change in the value of a current position given a 0.01% change in interest rates. The Bank uses total delta as the indicator of the impact assuming a parallel shift in the yield curve.

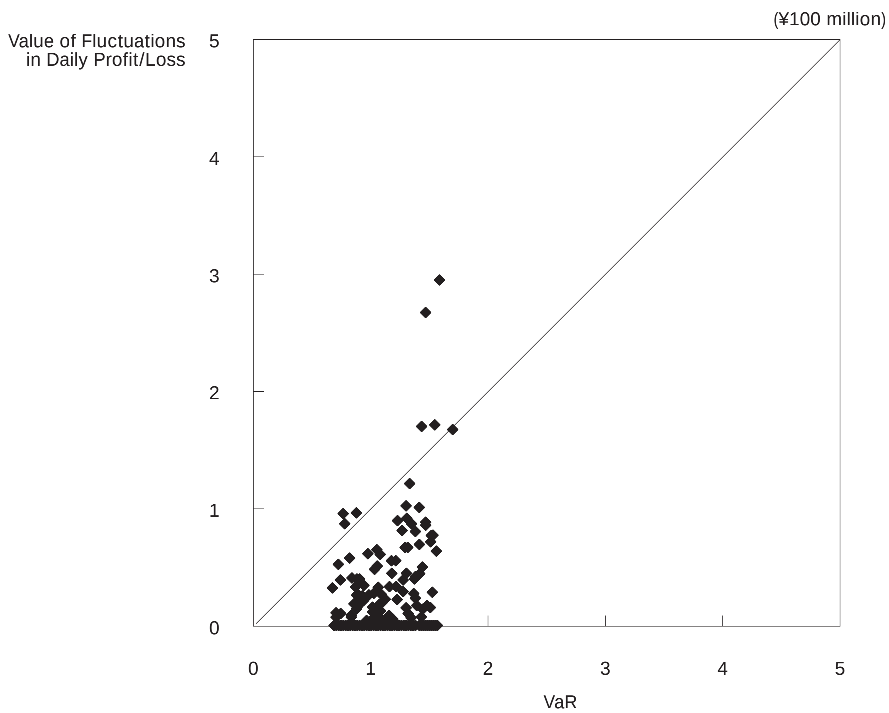
• SPV (slope point value)

SPV is an indicator of the impact assuming a non-parallel shift in the yield curve. Because each yield curve grid is a compilation of absolute values for BVP, SPV indicates the changes in value of the Bank's positions when the interest rate moves against the Bank's positions by 0.01% in each grid.

• VaR (value at risk)

VaR is the maximum possible loss over a specified holding confidence interval. The Bank calculates VaR using a variance-covariance matrix with two distinct holding periods (1 day and 10 business days) and a 99% confidence interval (standard deviation of 2.33).

Results of Back Testing (Trading Divisions, Interest Rate VaR (1 day))



From April 1, 2003 to March 31, 2004 (consisting of 248 business days), the negative value of fluctuations in daily profit and loss exceeded VaR (1-day holding period) seven times; six of these instances were not due to the internal model itself but rather due to the market fluctuations exceeding the volatility specified by the internal model. As shown in the diagram above, the model has been proven valid within the specified probability range (one-tailed confidence interval of 99%).

LIQUIDITY RISK MANAGEMENT

The Bank manages liquidity risk as prescribed in its Liquidity Risk Management Guidelines using the following definitions: 1) market liquidity risk—the risk that rapid changes in the market environment will prevent fast and accurate price formation for a position or its liquidation—and 2) cash flow risk—the risk of losses resulting from obstacles to transaction settlement due to reduced liquidity funds or due to having no recourse but to procure funds at interest rates much higher than normal.

The Bank conducts market liquidity risk-oriented investigations when setting concrete investment strategies by taking into account factors critical to investment decisions and by assessing the liquidity (marketability) for each investment product.

A premise necessary for ongoing operations and portfolio management, cash flow risk is managed by the Bank on a daily basis for each currency, product, and office in terms of both funds management and procurement. Based on daily and monthly funds targets, the Bank works to maintain a stable level of liquidity while taking into account market movements.

SETTLEMENT RISK MANAGEMENT

The Bank defines settlement risk as the risk of losses due to the failure of a counterparty to settle a transaction for some reason. The Bank manages settlement risk according to its Settlement Risk Management Guidelines.

Settlement risk encompasses credit risk, liquidity risk, operational risk, and legal risk, and the Bank continually upgrades its internal management system in accordance with the various conditions of settlement risk and strengthened policies for dealing with settlement risk should it materialize. Additionally, the Bank strives to achieve highly smooth, safe settlement by using its current account at the Bank of Japan, the real-time gross settlement (RTGS) system for settling Japanese government bond (JGB) transactions, and the continuous linked settlement (CLS) system for settling foreign exchange transactions.

LEGAL RISK MANAGEMENT

The Bank manages legal risk as prescribed in its Legal Risk Management Guidelines. The Bank defines legal risk as the risk of adverse transactions or damage to the Bank from illegal or inappropriate contracts in the execution of management decisions or individual operations.

In addition to conventional financial services, the Bank offers new financial services using its enhanced and expanded credit business. The Bank also aggressively conducts investment operations. Under these conditions, the Bank has made legal risk management a top management priority at all of its business and is working to upgrade its management procedures and techniques.

Specifically, the Bank has created a database of all banking-related laws and regulations by office and operation to enable swift and accurate assessment in response to legal and regulatory changes. The Bank also works to minimize legal risk by fully supporting each concerned office and branch with regard to legal checks of individual items and the drafting and screening of contracts.

OPERATIONAL RISK MANAGEMENT

The Bank manages operational risk according to its Operations Risk Management Guidelines. The Bank defines operational risk as the risk of losses from improper clerical operations. This includes executives and regular employees failing to carry out operations in accordance with established procedures due to a variety of causes, such as accidents and improper conducts, or failure to conduct the proper clerical operations. This failure may stem from inadequate procedures and/or manuals, and/or actions inconsistent with these procedures and manuals.

The Bank continually improves its clerical operations while working to reduce risk by assessing the circumstances that have resulted in accidents and mistakes and carrying out risk management.

SYSTEMS RISK MANAGEMENT

The Bank defines systems risk as the risk of losses due to computer system crashes, malfunctions, and inadequacies as well as improper computer use. The Bank manages systems risk according to its Systems Risk Management Guidelines.

Specifically, during systems development, the Bank conducts adequate testing and takes other proactive measures to prevent system problems. In addition, the Bank carries out contingency planning and training to prepare for major system problems in the event of a disaster.

The Bank also carries out appropriate security asset management according to its Security Policy, Security Standards, and other such internal rules.

The Norinchukin Bank and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2004 and 2003

As of March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars (Note 1) 2004
Assets			
Cash and Due from Banks (Note 30)	¥ 3,686,052	¥ 4,338,327	$ 34,873
Call Loans and Bills Purchased	421,310	638,034	3,986
Receivables under Resale Agreements	59,784	23,158	566
Collateral Deposited under Securities Borrowed	327,486	966,513	3,098
Commercial Paper and Other Debt Purchased	654,839	453,549	6,195
Trading Assets (Note 3)	516,108	1,920,454	4,883
Money Held in Trust	3,840,206	3,964,704	36,331
Securities (Note 4)	33,509,192	28,623,408	317,022
Loans and Bills Discounted (Note 5)	17,789,413	19,179,165	168,301
Foreign Exchange Assets (Note 6)	15,618	21,299	148
Other Assets (Note 7)	928,589	690,233	8,785
Premises and Equipment (Note 8)	209,297	215,184	1,980
Deferred Debenture Discounts	229	242	2
Deferred Tax Assets (Note 17)	3,525	204,819	33
Customers' Liabilities for Acceptances and Guarantees (Note 18)	239,850	388,345	2,269
Reserve for Possible Loan Losses	(368,487)	(361,993)	(3,486)
Total Assets	¥ 61,833,018	¥ 61,265,449	$ 584,986
Liabilities, Minority Interests and Shareholders' Equity			
Liabilities			
Deposits (Note 10)	¥ 41,099,473	¥ 40,421,665	$ 388,831
Debentures (Note 11)	5,213,816	5,790,783	49,327
Call Money and Bills Sold	3,560,548	4,314,140	33,686
Payables under Repurchase Agreements	3,671,423	4,282,230	34,734
Collateral Received under Securities Loaned	2,109,476	952,058	19,957
Trading Liabilities (Note 12)	67,860	449,060	642
Borrowings (Note 13)	905,363	699,273	8,565
Foreign Exchange Liabilities (Note 14)	328	7,792	3
Other Liabilities (Note 15)	2,306,599	2,145,286	21,822
Reserve for Bonus Payments	4,430	4,092	42
Reserve for Retirement Benefits (Note 16)	9,363	8,129	89
Other Reserves	-	5	-
Deferred Tax Liabilities (Note 17)	81,911	-	775
Deferred Tax Liabilities Relating to Land Revaluation	34,091	33,662	323
Acceptances and Guarantees (Note 18)	239,850	388,345	2,269
Total Liabilities	59,304,539	59,496,526	561,065
Minority Interests			
Minority Interests	4,581	1,801	43
Shareholders' Equity			
Paid-in Capital (Note 21)	1,224,999	1,224,999	11,589
Capital Surplus	25,020	25,020	237
Retained Earnings	723,322	608,766	6,843
Land Revaluation Reserve	75,350	80,024	713
Net Unrealized Gains (Losses) on Securities, net of taxes	476,101	(171,006)	4,504
Foreign Currency Translation Adjustments	(897)	(683)	(8)
Total Shareholders' Equity	2,523,897	1,767,120	23,878
Total Liabilities, Minority Interests and Shareholders' Equity	¥ 61,833,018	¥ 61,265,449	$ 584,986

The accompanying notes are an integral part of the financial statements.

The Norinchukin Bank and Subsidiaries

Consolidated Statements of Operations
For the fiscal years ended March 31, 2004 and 2003

	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars (Note 1) 2004
Income			
Interest and Dividend Income:			
Interest on Loans and Bills Discounted	¥ 135,996	¥ 162,036	$ 1,286
Interest on and Dividends from Securities	649,312	585,566	6,143
Other Interest Income (Note 22)	47,276	66,308	447
Fees and Commissions	25,337	23,981	240
Trading Revenue (Note 23)	2,413	1,959	23
Other Operating Income (Note 24)	130,411	481,177	1,234
Other Income (Note 25)	150,627	142,452	1,425
Total Income	1,141,375	1,463,483	10,798
Expenses			
Interest Expenses:			
Interest on Deposits	63,014	64,829	596
Interest on Debentures	41,095	55,940	389
Amortization of Discounts on Debentures	-	652	-
Interest on Borrowings	6,638	10,587	63
Other Interest Expenses (Note 26)	475,879	557,301	4,502
Fees and Commissions	8,980	8,382	85
Trading Losses (Note 27)	332	548	3
Other Operating Expenses (Note 28)	142,851	312,067	1,352
General and Administrative Expenses	123,695	124,216	1,170
Other Expenses (Note 29)	91,130	233,319	862
Total Expenses	953,616	1,367,846	9,022
Income before Income Taxes and Minority Interests	187,758	95,637	1,776
Income Taxes:			
Current	47,766	26,264	452
Deferred	(5,187)	3,068	(49)
Minority Interests in Net Income	553	856	5
Net Income	¥ 144,626	¥ 65,447	$ 1,368

Note: In accordance with the revision of The Norinchukin Bank Law, Amortization of Discounts on Debentures is included in Interest on Debentures beginning in the fiscal year ended March 31, 2004.

	Yen 2004	Yen 2003	U.S. Dollars (Note 1) 2004
Net Income per Share	¥ 67.14	¥ 41.22	$ 0.64

The accompanying notes are an integral part of the financial statements.

The Norinchukin Bank and Subsidiaries

Consolidated Statements of Capital Surplus and Retained Earnings
For the fiscal years ended March 31, 2004 and 2003

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2004	2003	2004
Capital Surplus			
Balance at the Beginning of the Year	¥ 25,020	¥ 25,020	$ 237
Balance at the End of the Year	¥ 25,020	¥ 25,020	$ 237
Retained Earnings			
Balance at the Beginning of the Year	¥ 608,766	¥ 573,017	$ 5,759
Additions:			
Net Income for the Year	144,626	65,447	1,368
Transfer from Land Revaluation Reserve	2,988	2,675	29
Deductions:			
Dividends	33,059	32,374	313
Balance at the End of the Year	¥ 723,322	¥ 608,766	$ 6,843

The accompanying notes are an integral part of the financial statements.

The Norinchukin Bank and Subsidiaries

Consolidated Statements of Cash Flows
For the fiscal years ended March 31, 2004 and 2003

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2004	2003	2004
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	¥ 187,758	¥ 95,637	$ 1,776
Depreciation of Premises and Equipment	6,659	7,381	63
Depreciation of Leased Assets	-	192,360	-
Share of Earnings of Affiliates	(364)	(150)	(3)
Increase (Decrease) in Reserve for Possible Loan Losses	6,472	(5,100)	61
Decrease in Group Mutual Aid Reserves	-	(18,832)	-
Increase in Reserve for Bonus Payments	255	4,501	2
Decrease in Reserve under Special Laws	(5)	(2)	(0)
Increase in Reserve for Retirement Benefits	1,221	672	11
Interest and Divided Income	(832,584)	(813,911)	(7,877)
Interest Expenses	586,627	689,311	5,550
Losses (Gains) on Securities	113,428	(116,338)	1,073
(Gains) Losses on Money Held in Trust	(6,546)	92,001	(62)
Foreign Exchange Losses	1,544,237	810,654	14,610
Losses on Sales of Premises and Equipment	3,591	3,658	34
Gains on Sales of Leased Assets	-	(1,673)	-
Net Decrease (Increase) in Trading Assets	1,404,345	(545,685)	13,286
Net (Decrease) Increase in Trading Liabilities	(381,199)	235,761	(3,606)
Net Decrease in Loans and Bills Discounted	1,389,751	5,034,117	13,148
Net Increase in Deposits	613,742	2,204,790	5,806
Net Increase (Decrease) in Negotiable Certificates of Deposit	67,518	(39,311)	639
Net Decrease in Debentures	(576,966)	(115,697)	(5,459)
Net Increase in Borrowings (Excluding Subordinated Borrowings)	22,590	9,667	214
Net Decrease (Increase) in Interest-bearing Due from Banks	746,983	(310,245)	7,067
Net Increase in Call Loans and Bills Purchased and Other	(21,191)	(183,547)	(200)
Net Decrease (Increase) in Collateral Deposited under Securities Borrowed	639,027	(768,732)	6,046
Net (Decrease) Increase in Call Money and Bills Sold and Other	(1,364,399)	2,101,692	(12,908)
Net Increase in Short-term Entrusted Fund	242,931	260,350	2,298
Net Increase (Decrease) in Collateral Received under Securities Loaned	1,157,418	(437,096)	10,950
Net Decrease (Increase) in Foreign Exchanges Assets	5,680	(1,839)	54
Net (Decrease) Increase in Foreign Exchanges Liabilities	(7,464)	5,469	(71)
Interest Received	908,447	866,509	8,595
Interest Paid	(642,955)	(689,355)	(6,083)
Other, Net	(295,447)	(318,822)	(2,795)
Subtotal	5,519,564	8,248,194	52,219
Income Taxes	(24,373)	(47,633)	(230)
Net Cash Provided by Operating Activities	¥ 5,495,190	¥ 8,200,560	$ 51,989

The Norinchukin Bank and Subsidiaries

Consolidated Statements of Cash Flows, continued
For the fiscal years ended March 31, 2004 and 2003

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2004	2003	2004
Cash Flows from Investing Activities:			
Purchases of Securities	¥ (13,581,463)	¥ (13,940,671)	$ (128,491)
Proceeds from Sales of Securities	5,819,471	4,993,917	55,057
Proceeds from Redemption of Securities	2,205,297	2,656,314	20,864
Increase in Money Held in Trust	(1,417,820)	(2,567,423)	(13,414)
Decrease in Money Held in Trust	1,428,015	704,396	13,510
Purchases of Premises and Equipment	(37,291)	(25,067)	(353)
Proceeds from Sales of Premises and Equipment	33,301	9,177	315
Purchases of Leased Assets	-	(215,363)	-
Proceeds from Sales of Leased Assets	-	22,937	-
Purchases of Stocks of Subsidiaries (effecting changes in the scope of consolidation)	(214)	-	(2)
Proceeds from Sales of Stocks of Subsidiaries (effecting changes in the scope of consolidation)	-	(54)	-
Purchases of Stocks of Subsidiaries (not effecting changes in the scope of consolidation)	-	(14)	-
Net Cash Used in Investing Activities	¥ (5,550,704)	¥ (8,361,852)	$ (52,514)
Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Borrowings	¥ 183,500	¥ 214,989	$ 1,736
Capital Contribution	-	100,000	-
Dividends Paid	(33,059)	(32,374)	(313)
Dividends Paid to Minority Interests	(4)	-	(0)
Net Cash Provided by Financing Activities	¥ 150,435	¥ 282,614	$ 1,423
Effect of Exchange Rate Changes on Cash and Cash Equivalents	¥ (222)	¥ 77	$ (2)
Net Increase in Cash and Cash Equivalents	94,699	121,399	896
Cash and Cash Equivalents at the Beginning of the Year	373,865	252,465	3,537
Cash and Cash Equivalents at the End of the Year	¥ 468,565	¥ 373,865	$ 4,433

The accompanying notes are an integral part of the financial statements.

Notes to the Consolidated Financial Statements

1. Basis of Presentation

The consolidated financial statements have been prepared based on the accounting records maintained by The Norinchukin Bank ("the Bank") and its consolidated subsidiaries in accordance with the provisions set forth in The Norinchukin Bank Law and in conformity with accounting principles and practices generally accepted in Japan, that are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements filed with the Ministry of Agriculture, Forestry and Fisheries of Japan have been reclassified for the convenience of readers.

The consolidated financial statements are intended only to present the consolidated financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in Japan.

Amounts in U.S. dollars are included solely for the convenience of readers. The exchange rate of ¥105.70=U.S.$1, the approximate rate of exchange prevailing on March 31, 2004, has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the aforementioned rate or at any other rate.

The yen figures disclosed in the consolidated financial statements are expressed in millions of yen and have been rounded down. Consequently, differences may exist between the sum of rounded figures and the totals listed in the annual report.

2. Summary of Significant Accounting Policies

(1) Principles of Consolidation

Scope of Consolidation

Subsidiaries

Subsidiaries are, in general, the companies in which the Bank 1) holds, directly and/or indirectly, more than 50% of the voting shares; 2) holds, directly and/or indirectly, 40% or more of the voting shares and, at the same time, exercises effective control over the decision-making body by directing business policy and deciding on financial and operating policies; or 3) holds more than 50% of the voting shares together with those entities that would vote or agree to vote with the Bank due to their close relationship with the Bank through sharing of personnel, provision of finance and technology and other relationships and, at the same time, has effective control over the decision-making body, unless evidence exists which shows that the Bank does not have such control.

The number of subsidiaries as of March 31, 2004 was thirteen, all of which were consolidated. During the fiscal year ended March 31, 2004, Norinchukin-Zenkyoren Asset Management Co., Ltd. became a consolidated subsidiary, which was a change from an affiliate in the prior year, due to the Bank's acquisition of additional shares. The major consolidated subsidiaries are as follows:

Norinchukin Securities Co., Ltd.
The Norinchukin Trust & Banking Co., Ltd.
Norinchukin International plc.

Affiliates

Affiliates are, in general, the companies, other than subsidiaries, in which the Bank 1) holds, directly and/or indirectly, 20% or more of the voting shares; 2) holds, directly and/or indirectly, 15% or more of the voting shares and also is able to influence the decision-making body through sharing of personnel, provision of finance and technology, and other relationships; or 3) holds more than 20% of the voting shares together with those entities that would vote or agree to vote with the Bank due to their close relationship with the Bank through sharing of personnel, provision of finance and technology and other relationships and, at the same time, is able to influence the decision-making body in a material degree, unless evidence exists which shows that the Bank does not have such influence.

The number of affiliates as of March 31, 2004 was four, three of which were accounted for under the equity method, while the remaining immaterial affiliate is carried at cost. As previously noted, following the Bank's acquisition of additional shares during the fiscal year ended March 31, 2004, Norinchukin-Zenkyoren Asset Management Co., Ltd. was excluded from the scope of affiliates, and became a consolidated subsidiary. The major affiliate accounted for under the equity method is as follows:

Kyodo Leasing Co., Ltd.

Any difference between the fair value of net assets acquired and acquisition cost is charged or credited to income in the year of acquisition.

The financial statements of a consolidated subsidiary, whose fiscal year-end is December 31, are included in the consolidated financial statements on the basis of its respective fiscal year after making appropriate adjustments for significant transactions during the period from its fiscal year-end to the date of the Bank's fiscal year-end. All other subsidiaries' fiscal year-ends are March 31.

(2) Transactions for Trading Purposes

Transactions for trading purposes are those seeking to capture gains arising from short-term market movements or from the differences between markets, interest rates or foreign exchange rates. Such transactions are reported as Trading Assets or Trading Liabilities in the consolidated balance sheets on a trade date basis.

Gains and losses arising from transactions for trading purposes are recorded on a trade date basis.

Securities, monetary claims and certain other items held for trading purposes are valued at the market price prevailing at the end of the fiscal year. Derivatives held for trading purposes, such as swaps, futures and options, are valued on the assumption that they were settled at the end of the fiscal year.

Trading Revenue and Trading Losses include interest received and paid during the fiscal year, gains or losses resulting from any change in the value of securities and monetary claims between the end of the previous fiscal year and the end of this fiscal year, and gains or losses resulting from any change in the value of derivatives between the end of the previous fiscal year and the end of this fiscal year, assuming they were settled at the end of the fiscal year.

(3) Financial Instruments

(a) Securities

Held-to-maturity debt securities are valued at amortized cost, as determined by the moving average method. Other securities that have a market price are valued at the market price prevailing at the end of the fiscal year (the attributable cost of securities sold is determined by the moving average method). Other securities without a market price are valued at cost as determined by the moving average method or are valued at amortized cost. Investments in affiliates that are not accounted for under the equity method are valued at cost, as determined by the moving average method. The value of Money Held in Trust is calculated by valuing the underlying securities held using the same methods employed to value trading assets and securities described above.

The net unrealized gain or loss on other securities and other money held in trust is reported separately in Shareholders' Equity, on a net-of-tax basis.

(b) Derivatives

Derivative transactions (other than transactions for trading purposes) are held at fair value.

(c) Hedge Accounting

①Hedge of Interest Rate Risk

The Bank applies the deferred method of hedge accounting to manage interest rate risk arising on various financial assets and liabilities. In the previous fiscal years, the Bank principally applied a macro hedging methodology, using derivatives to manage the overall interest rate risk arising on various financial assets and liabilities, such as loans and deposits. Such application in the previous fiscal years was based on the transitional treatment described in "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks", issued by the Japanese Institute of Certified Public Accountants (JICPA), (JICPA Industry Audit Committee Report No. 24). However, beginning in the fiscal year ended March 31, 2004, the Bank applied the principal treatment described in the JICPA Industry Audit Committee Report No. 24.

Hedge effectiveness of a fair value hedge is assessed for each identified group of hedged items, such as loans and deposits, and the corresponding group of hedging instruments, such as interest rate swaps with the same maturity bucket. Hedge effectiveness of a cash flow hedge is assessed based on the correlation between the interest rate risk factor of the hedged items and that of the hedging instruments.

Deferred Hedge Gains/Losses included in Other Liabilities/Assets, which were recognized in the previous fiscal years under a macro hedging methodology, are amortized into Interest Income or Interest Expenses over 7 years, the average remaining maturity, as calculated, based on the maturity and notional amount of the hedging instruments this fiscal year.

The unamortized balance of Deferred Hedge Losses and Deferred Hedge Gains under a macro hedging methodology as of March 31, 2004 were ¥103,864 million ($983 million) and ¥5,596 million ($53 million), respectively.

②Hedge of Foreign Exchange Rate Risk

The Bank applies the deferred method of hedge accounting to manage foreign exchange rate risk arising on various financial assets and liabilities denominated in foreign currencies. In the previous fiscal years, the Bank applied the transitional treatment described in "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25). However, beginning in the fiscal year ended March 31, 2004, the Bank applied the principal treatment described in the JICPA Industry Audit Committee Report No. 25 under which hedge accounting is applied to currency swaps, foreign exchange swaps and other similar transactions entered into to convert the currency of funding (Japanese Yen) into the currencies of the investment (foreign currencies).

Hedge effectiveness is assessed by checking whether the amount of the hedged items, such as financial monetary assets and liabilities denominated in foreign currencies, exceeds that of the hedging instruments, such as currency swap or foreign exchange swap transactions, entered into to mitigate the foreign exchange rate risk arising on the hedged items.

The deferred method or fair value method of hedge accounting, as comprehensive hedging methodologies, are applied for hedging foreign exchange rate risk arising on securities denominated in foreign currencies (other than debt securities), provided that (1) the securities denominated in foreign currencies are identified as hedged items in advance, and (2) spot and forward liabilities that exceed the acquisition costs of the foreign currency securities designated as hedged items exist on a foreign currency basis.

③Internal Derivative Transactions

Internal derivative transactions between trading purpose accounts and other accounts (or inter-division transactions), which are designated as hedges, are not eliminated. The related gains and losses are recognized in the consolidated statements of operations or are deferred in accordance with the hedge accounting rules, because the internal interest rate swap and currency swap transactions, that are designated as hedging instruments, are conducted in a non discretionary manner and are appropriately covered by third party transactions, which are conducted in accordance with the standards articulated by the JICPA Industry Audit Committee Report No. 24 and No. 25.

For certain other assets or liabilities, the Bank applies the deferral method or the accrual method, as specifically allowed for certain interest rate swaps. Under the deferral method, the recognition of income or expenses arising on a hedging instrument is deferred to the period when the income or expenses arising on the hedged item are recognized.

The Bank's consolidated subsidiaries do not adopt hedge accounting.

(4) Premises and Equipment

①Depreciation

Depreciation of premises and equipment of the Bank is calculated using the reducing-balance method (however, depreciation on buildings acquired after April 1, 1998 (excluding annex facilities of buildings) is calculated using the straight-line method).

The useful lives of premises and equipment are as follows:

Buildings: 15～50 years

Equipment: 4～15 years

Depreciation of premises and equipment of the consolidated subsidiaries is calculated using primarily the reducing-balance method over the estimated economic useful lives of the premises and equipment.

②Land Revaluation

In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes has been revalued as of March 31, 1998. The unrealized gain arising on the revaluation, net of deferred tax, was disclosed as Land Revaluation Reserve and included in Shareholders' Equity on the consolidated balance sheets. The related deferred tax liability is included in Liabilities as Deferred Tax Liabilities Relating to Land Revaluation.

The land price used for the revaluation was determined based on third-party appraisals in accordance with Article 2-5 of the enforcement ordinance for the Law Concerning the Revaluation of Land.

The difference (unrealized loss) between the book value of land, after the revaluation undertaken in accordance with Article 10 of the Law Concerning the Revaluation of Land, and the fair value was ¥31,123 million ($294 million) and ¥30,414 million as of March 31, 2004 and March 31, 2003, respectively.

③Accounting Standard for Impairment of Fixed Assets

On August 9, 2002, the Business Accounting Council in Japan issued "Accounting Standard for Impairment of Fixed Assets". The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the consolidated statements of operations by reducing the carrying amount of the impaired assets, or a group of assets, to the recoverable amount, which is measured as the higher of the net selling price or value in use. The standard shall be effective for fiscal years beginning April 1, 2005. However, earlier adoption is permitted for fiscal years beginning April 1, 2004 and for fiscal years ending between March 31, 2004 and March 30, 2005.

The Bank and its consolidated subsidiaries have not yet applied this new standard nor have they determined the effect of such application on the Bank's consolidated financial statements.

(5) Software

The cost of computer software developed or obtained for internal use is capitalized and amortized using the straight-line method over its estimated useful life of 5 years.

(6) Debentures

Discounts on debentures are amortized over the life of the debenture. Debenture expenses are charged to income as incurred.

(7) Foreign Currency Translation

Assets/liabilities denominated in foreign currencies, and accounts of overseas branches in the Bank, are translated into Japanese yen primarily using the exchange rates in effect at the consolidated balance sheet date.

In the previous fiscal years, the Bank applied the transitional treatment described in the JICPA Industry Audit Committee Report No. 25. However, beginning in the fiscal year ended March 31, 2004, the Bank applied the principal treatment described in the JICPA Industry Audit Committee Report No. 25 under which hedge accounting is applied to currency swaps, foreign exchange swaps and other similar transactions entered into to convert the currency of funding (Japanese Yen) into the currencies of the investment (foreign currencies). A summary of the hedge accounting applied in these transactions is described in (3)(c) above.

As a result of the application of hedge accounting, currency swaps, foreign exchange swaps and other similar transactions, which were accounted for under the accrual method in the previous fiscal years, are valued at fair value. The net receivable or payable amounts derived from those transactions are recorded on the consolidated balance sheets. Consequently, Other Assets and Other Liabilities were decreased by ¥16,322 million ($154 million), respectively, as compared with the amount that would have been recorded if the basis of presentation had not been changed. There is no influence in income by this change of accounting method.

Assets/Liabilities of the consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen using the respective exchange rates in effect at the balance sheet date.

(8) Reserve for Possible Loan Losses

The Reserve for Possible Loan Losses of the Bank is computed as follows:

a. The reserve for loans to debtors that are legally or substantially bankrupt is provided based on the remaining amount of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposal of collateral or the execution of guarantees. With respect to loans to borrowers who are legally or substantially in bankruptcy that are secured with collateral or guarantees, the remaining amount of the loan, after the deduction of the amount of collateral or the execution of guarantees, is directly written off. The amount of such direct write-offs was ¥42,763 million ($405 million) and ¥69,839 million for the fiscal year ended March 31, 2004 and 2003, respectively.

b. The reserve for loans to debtors who are not currently bankrupt, but are likely to become bankrupt, is provided based on the amount necessary, taking into account the overall solvency assessment of the debtor and after deducting the amount expected to be collected through the disposal of collateral or the execution of guarantees.

c. The reserve for loans to debtors that have "Restructured Loans" (see Note 5(3)), and whose loans exceed a certain specific amount, is provided based on the Discounted Cash Flows Method if the future cash flows of the principal and interest can be reasonably estimated. Under the Discounted Cash Flows Method, the reserve is recognized as the difference between the book value of the loan and its present value of expected future cash flows, discounted by the contractual interest rate before the terms of the loan were restructured.

d. The reserve for loans other than those indicated above, is provided primarily based on the default rate which the Bank has calculated based on actual defaults experienced in the past.

e. The specific reserve for loans to countries with financial problems is provided based on the expected amount of losses taking into account the political, economic and other conditions in each country.

All claims are assessed by the Business Units based on the Bank's internal rules for the self-assessment of asset quality. The Asset Audit Department, which is independent from the Business Units, audits these self-assessments. The reserves described above are determined based upon the results of these audits.

As a result of applying the Discounted Cash Flows Method, as described above, pursuant to "Audit Considerations with respect to the Discounted Cash Flows Method used to determine Reserve for Possible Loan Losses by Banks and other Financial Institutions", issued by the JICPA on February 24, 2003, Income before Income Taxes and Minority Interests decreased by ¥23,179 million ($219 million), as compared with the amount that would have been recorded if the basis of presentation had not been changed.

The Reserve for Possible Loan Losses determined by the Bank's consolidated subsidiaries is computed primarily in the same manner employed by the Bank.

(9) Reserve for Bonus Payments

Reserve for Bonus Payments represents estimated payment of bonuses attributable to employees in relation to the current fiscal year.

(10) Reserve for Retirement Benefits

The Reserve for Retirement Benefits, which is provided for the payment of employees' retirement benefits, represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets taking into account adjustments for unrecognized prior year service costs and unrecognized actuarial differences at the end of the fiscal year.

Any change in plan benefits that impacts the benefit plan is charged to income in the year of change. Any actuarial differences are amortized over 10 years beginning one fiscal year after the year when the difference is identified.

(11) Accounting for Finance Leases

Accounting for finance leases where the ownership of assets is not transferred to the lessee is consistent with the same accounting principles as for operating leases. Rental expenses under operating leases are charged to income.

(12) Consumption Taxes

Consumption tax and local consumption tax incurred by the Bank and its consolidated subsidiaries are excluded from transaction amounts.

(13) Income Taxes

The income taxes of the Bank comprise corporate income taxes, local inhabitant taxes and enterprise taxes. Deferred income taxes are provided for in respect of temporary differences between the tax and accounting basis of recording assets and liabilities in the financial statements.

(14) Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

In the consolidated statements of cash flows, Cash and Cash Equivalents comprise cash and non-interest-bearing due from banks, included in Cash and Due from Banks on the consolidated balance sheets.

(15) Net Income per Share

Net Income per Share is computed based upon the weighted average number of shares outstanding during the fiscal year.

The total dividend for Lower Dividend Rate Stock and Preferred Stock is deducted from the numerator and the aggregate number of these stocks is deducted from the denominator in the calculation of net income per share.

3. Trading Assets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Trading Securities	¥ 91,107	¥ 859,136	$ 862
Derivatives of Trading Securities	97	11	1
Derivatives of Securities Related to Trading Transactions	-	22	-
Trading-related Financial Derivatives	68,132	96,866	645
Other Trading Assets	356,771	964,417	3,375
Total	¥ 516,108	¥ 1,920,454	$ 4,883

4. Securities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Japanese Government Bonds	¥ 14,574,559	¥ 9,688,494	$ 137,886
Municipal Government Bonds	290,269	413,613	2,746
Corporate Bonds	793,728	945,409	7,509
Stocks	520,510	408,077	4,925
Other	17,330,125	17,167,812	163,956
Total	¥ 33,509,192	¥ 28,623,408	$ 317,022

The maturity profile of other securities with stated maturities and held-to-maturity debt securities is as follows:

	Millions of Yen			
As of March 31, 2004	1 Year or Less	Over 1Year ~ 5 Years	Over 5 Years ~ 10 Years	Over 10 Years
Bonds	¥ 661,779	¥ 4,986,745	¥ 5,957,164	¥ 4,052,867
Japanese Government Bonds	417,632	4,405,220	5,762,479	3,989,226
Municipal Government Bonds	70,635	212,369	6,385	879
Corporate Bonds	173,511	369,154	188,300	62,762
Other	588,295	1,854,951	4,818,549	2,751,849
Total	¥ 1,250,075	¥ 6,841,697	¥ 10,775,713	¥ 6,804,717

As of March 31,2003	Millions of Yen 1 Year or Less	Over 1Year ~ 5 Years	Over 5 Years ~ 10 Years	Over 10 Years
Bonds	¥ 944,672	¥ 2,997,809	¥ 4,305,550	¥ 2,799,484
Japanese Government Bonds	583,908	2,192,776	4,136,033	2,775,774
Municipal Government Bonds	95,239	306,478	10,865	1,030
Corporate Bonds	265,524	498,554	158,651	22,680
Other	190,588	2,392,882	5,724,149	2,750,279
Total	¥ 1,135,260	¥ 5,390,691	¥ 10,029,699	¥ 5,549,764

As of March 31, 2004	Millions of U.S. Dollars 1 Year or Less	Over 1Year ~ 5 Years	Over 5 Years ~ 10 Years	Over 10 Years
Bonds	$ 6,261	$ 47,178	$ 56,359	$ 38,343
Japanese Government Bonds	3,951	41,677	54,517	37,741
Municipal Government Bonds	668	2,009	61	8
Corporate Bonds	1,642	3,492	1,781	594
Other	5,565	17,549	45,587	26,034
Total	$ 11,826	$ 64,727	$ 101,946	$ 64,377

5. Loans and Bills Discounted

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Loans on Deeds	¥ 14,787,741	¥ 15,240,000	$ 139,903
Promissory Notes	348,504	935,296	3,297
Overdrafts	2,613,947	2,948,068	24,730
Bills Discounted	39,220	55,799	371
Total	¥ 17,789,413	¥ 19,179,165	$ 168,301

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Loans to Borrowers under Bankruptcy Proceedings	¥ 4,455	¥ 18,865	$ 42
Loans with Principal or Interest Payments More Than Six Months in Arrears	360,880	406,141	3,414
Loans with Principal or Interest Payments More Than Three Months in Arrears	2,500	1,907	24
Restructured Loans	283,100	252,680	2,678
Total	¥ 650,936	¥ 679,595	$ 6,158

(1) The Bank does not accrue interest on "Loans to Borrowers under Bankruptcy Proceedings" and "Loans with Principal or Interest Payments More Than Six Months in Arrears".

(2) "Loans with Principal or Interest Payments More Than Three Months in Arrears" are loans which are past-due by 3 months or more other than "Loans to Borrowers under Bankruptcy Proceedings" and "Loans with Principal or Interest Payments More Than Six Months in Arrears".

(3) "Restructured Loans" are loans whereby, in order to support the borrowers' rehabilitation and facilitate the collection of the loan, the terms of the loans are restructured in favor of the borrowers by reducing the interest rate, suspending payments of interest or principal, waiving principal repayments, etc.

6. Foreign Exchange Assets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Foreign Bills Purchased	¥ 1,563	¥ 4,473	$ 15
Foreign Bills Receivable	10,374	10,630	98
Due from Foreign Banks	3,680	6,195	35
Total	¥ 15,618	¥ 21,299	$ 148

7. Other Assets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Prepaid Expenses	¥ 926	¥ 1,314	$ 9
Accrued Income	186,089	195,068	1,761
Financial Derivatives	437,327	74,840	4,137
Deferred Hedge Losses	120,170	181,013	1,137
Other	184,075	237,996	1,741
Total	¥ 928,589	¥ 690,233	$ 8,785

8. Premises and Equipment

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Land	¥ 138,672	¥ 143,032	$ 1,312
Buildings	57,812	47,736	547
Equipment	6,126	7,898	58
Other	6,686	16,516	63
Total Net Book Value	¥ 209,297	¥ 215,184	$ 1,980
Accumulated Depreciation Deducted	¥ 97,461	¥ 96,670	$ 922

9. Assets Pledged

Assets pledged as collateral comprise the following:

As of March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Trading Assets	¥ 13,798	¥ 972,815	$ 131
Securities	5,331,583	4,363,475	50,441

Liabilities related to the above pledged assets are as follows:

As of March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Call Money and Bills Sold	¥ 80,000	¥ 357,200	$ 757
Payables under Repurchase Agreements	3,650,342	3,981,059	34,535
Collateral Received under Securities Loaned	1,562,048	771,864	14,778

In addition, as of March 31, 2004 and 2003, Securities totaling ¥3,099,465 million ($29,323 million) and ¥2,479,033 million, respectively, and Loans and Bills Discounted totaling ¥8,532,164 million ($80,721 million) and ¥7,473,801 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as variation margin for futures transactions. Securities totaling ¥346,807 million ($3,281 million) and ¥431,015 million as of March 31, 2004 and 2003, respectively, were pledged as collateral for third party borrowings by financial institutions.

10. Deposits

As of March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Time Deposits	¥ 34,024,582	¥ 34,833,836	$ 321,898
Notice Deposits	93,333	131,457	883
Ordinary Deposits	1,642,591	1,545,724	15,540
Current Deposits	120,809	135,057	1,143
Negotiable Certificates of Deposit	316,886	249,368	2,998
Other Deposits	4,901,270	3,526,220	46,369
Total	¥ 41,099,473	¥ 40,421,665	$ 388,831

11. Debentures

As of March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
One-year Discount Debentures	¥ 657,339	¥ 696,496	$ 6,219
Long-term Coupon Debentures	4,556,477	5,094,286	43,108
Total	¥ 5,213,816	¥ 5,790,783	$ 49,327

12.Trading Liabilities

		Millions of Yen			Millions of U.S. Dollars
As of March 31		2004		2003	2004
Trading Securities Oversold	¥	-	¥	349,112	$ -
Derivatives of Trading Securities		1		0	0
Trading Securities Oversold Related to Trading Transactions		8		-	0
Derivatives of Trading Securities Related to Trading Transactions		-		23	-
Trading-related Financial Derivatives		67,850		99,923	642
Total	¥	67,860	¥	449,060	$ 642

13. Borrowings

Borrowings include subordinated loans of ¥888,632 million ($8,407 million) as of March 31, 2004 .

14. Foreign Exchange Liabilities

		Millions of Yen			Millions of U.S. Dollars
As of March 31		2004		2003	2004
Foreign Bills Sold	¥	1	¥	3	$ 0
Foreign Bills Payable		15		-	0
Due to Foreign Banks		311		7,789	3
Total	¥	328	¥	7,792	$ 3

15. Other Liabilities

		Millions of Yen			Millions of U.S. Dollars
As of March 31		2004		2003	2004
Advances Received for Food Account	¥	-	¥	820	$ -
Short-term Entrusted Funds		1,752,530		1,509,599	16,580
Accrued Expenses		50,420		106,886	477
Income Taxes Payable		50,329		28,695	476
Unearned Income		3,787		4,668	36
Financial Derivatives		79,630		103,503	753
Deferred Hedge Gains		25,280		43,206	239
Other		344,620		347,907	3,261
Total	¥	2,306,599	¥	2,145,286	$ 21,822

16. Retirement Benefit Plans

The Bank is funding a defined benefit pension plan and, in addition, has a lump-sum payment pension plan. Additional retirement benefits are paid to employees in certain cases. To fund the lump-sum payment pension plan, the Bank has established a retirement benefit trust.

The reserve for retirement benefits as of March 31, 2004 and 2003, are analyzed as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Projected Benefit Obligations	¥ (76,472)	¥ (69,369)	$ (724)
Plan Assets	58,264	43,059	551
Unfunded Retirement Benefit Obligations	(18,207)	(26,309)	(173)
Unrecognized Transition Amount	-	-	-
Unrecognized Prior Service Cost	-	-	-
Unrecognized Actuarial Differences	8,843	19,140	84
Net Amounts Reported in the Balance Sheet	(9,363)	(7,168)	(89)
Prepaid Pension Cost	-	961	-
Reserve for Retirement Benefits	¥ (9,363)	¥ (8,129)	$ (89)

Note: Certain consolidated subsidiaries adopt the simplified method to calculate projected benefit obligations.

Assumptions used in the above calculation are as follows:

	2004	2003
Discount Rate	2.0%	2.5%
Expected Rate of Return on Plan Assets	3.0%	3.5%
Method of Attributing the Projected Benefits to Periods of Service	Straight-line Basis	Straight-line Basis
Amortization of Unrecognized Prior Service Cost	Year incurred	Year incurred
Amortization of Transition Amount	Year incurred	Year incurred
Amortization of Unrecognized Actuarial Differences	10 years	10 years

17. Accounting for Income Taxes

The major components of Deferred Tax Assets and Deferred Tax Liabilities as of March 31, 2004 are as follows:

	Millions of Yen	Millions of U.S. Dollars
As of March 31	2004	2004
Deferred Tax Assets:		
Reserve for Possible Loan Losses	¥ 95,878	$ 907
Write-off of Loans	7,202	68
Losses on Revaluation of Securities	9,934	94
Reserve for Retirement Benefits	9,370	89
Depreciation of Premises and Equipment	1,716	16
Net Unrealized Losses on Securities	19	0
Loss Carryforwards	1	0
Others	31,689	300
Subtotal	155,813	1,474
Valuation Allowance	(12,217)	(116)
Total Deferred Tax Assets	143,595	1,358
Deferred Tax Liabilities:		
Gain from Contribution of Securities to Employee Retirement Benefit Trust	(5,577)	(53)
Net Unrealized Gains on Securities	(215,347)	(2,037)
Others	(1,057)	(10)
Total Deferred Tax Liabilities	(221,982)	(2,100)
Net Deferred Tax Liabilities	¥ (78,386)	$ (742)

18. Acceptances and Guarantees

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Acceptance of Bills of Exchange	¥ 210	¥ 20	$ 2
Letters of Credit	26,878	36,600	254
Guarantees	212,760	351,723	2,013
Total	¥ 239,850	¥ 388,345	$ 2,269

All contingent liabilities arising in connection with customers' foreign trade and other transactions are classified under Acceptances and Guarantees. A contra account, Customers' Liabilities for Acceptances and Guarantees, is classified as an asset representing the Bank's right of indemnity from customers.

19. Commitments to Overdrafts and Loans

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amount of undrawn commitments in relation to such agreements is ¥4,768,318 million ($45,112 million) and ¥3,539,033 million as of March 31, 2004 and 2003, respectively. The amount, which the Bank and its consolidated subsidiaries could cancel at any time without penalty, is ¥2,436,895 million ($23,055 million) and ¥2,005,714 million as of March 31, 2004 and 2003, respectively.

The amount of undrawn commitments does not necessarily affect the future cash flow of the Bank and its consolidated subsidiaries because the majority of such agreements are terminated without being exercised. Most of these agreements have provisions which stipulate that the Bank and its consolidated subsidiaries may not extend the loan or may decrease the commitment when there are certain changes in the financial condition of the borrower, certain issues relating to collateral and other reasons. At the time of extending loans to customers, the Bank and its consolidated subsidiaries are able to request collateral in the form of premises or securities as necessary. After extending loans, the Bank periodically checks the financial condition of its customers based on its internal rules and acts to secure loans as necessary.

20. Securities Loaned

Securities Loaned under unsecured lending agreements (Saiken Taishaku Torihiki) totaling ¥169,431 million ($1,603 million) and ¥666,659 million as of March 31, 2004 and 2003, respectively, are included in Japanese Government Bonds and Other in Securities.

Securities Borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and Securities Received under resale agreements and cash-collateralized borrowing agreements, which can be sold or repledged by the Bank, include securities repledged out totaling ¥556,832 million ($5,268 million) and ¥686,331 million as of March 31, 2004 and 2003, respectively, and securities held totaling ¥1,200,677 million ($11,359 million) and ¥1,739,006 million as of March 31, 2004 and 2003, respectively. No securities were re-loaned as of March 31, 2004 and 2003.

21. Paid-in Capital

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2004	2003	2004
Common Stock	¥ 1,200,000	¥ 1,200,000	$ 11,353
Preferred Stock	24,999	24,999	236
Total	¥ 1,224,999	¥ 1,224,999	$ 11,589

The Common Stock account includes Lower Dividend Rate Stock with a total par value of ¥1,000,000 million ($9,461 million).

Lower Dividend Rate Stock is similar to regular common stock but has been issued on the condition that the dividend yield will be set below that relating to common stock.

22. Other Interest Income

		Millions of Yen			Millions of U.S. Dollars
Fiscal year ended March 31		2004		2003		2004
Call Loans and Bills Purchased	¥	1,560	¥	908	$	15
Receivables under Resale Agreements		4,443		3,474		42
Collateral Deposited under Securities Borrowed		197		162		2
Cash and Due from Banks		33,297		50,751		315
Other		7,777		11,010		73
Total	¥	47,276	¥	66,308	$	447

23. Trading Revenue

		Millions of Yen				Millions of U.S. Dollars
Fiscal year ended March 31		2004		2003		2004
Revenue from Trading Securities and Derivatives	¥	386	¥	283	$	4
Revenue from Securities and Derivatives Related to Trading Transactions		-		96		-
Revenue from Trading-related Financial Derivatives		1,104		-		10
Other Trading Revenue		922		1,579		9
Total	¥	2,413	¥	1,959	$	23

24. Other Operating Income

		Millions of Yen				Millions of U.S. Dollars
Fiscal year ended March 31		2004		2003		2004
Gains on Foreign Exchange Transactions	¥	3,827	¥	376	$	36
Gains on Sales of Bonds		91,759		225,877		868
Gains on Redemption of Bonds		45		3,040		1
Gains on Financial Derivatives		8,411		-		80
Other		26,367		251,883		249
Total	¥	130,411	¥	481,177	$	1,234

25. Other Income

Fiscal year ended March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Gains on Sales of Stocks and Other Securities	¥ 22,657	¥ 16,292	$ 214
Gains on Money Held in Trust	110,729	112,584	1,048
Amortization of Goodwill	-	6	-
Share of Earnings of Affiliates	364	150	4
Gains on Sales of Premises and Equipment	101	5	1
Recoveries of Claims Written-off	354	2,185	3
Other	16,420	11,228	155
Total	¥ 150,627	¥ 142,452	$ 1,425

Note: Other includes gains on tax refund and related interest received from the Tokyo Metropolitan Government of ¥3,885 million ($37 million) for the fiscal year ended March 31, 2004.

26. Other Interest Expenses

Fiscal year ended March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Call Money and Bills Sold	¥ 1,337	¥ 1,634	$ 12
Payables under Repurchase Agreements	54,445	47,920	515
Collateral Received under Securities Loaned	375	391	4
Other	419,721	507,355	3,971
Total	¥ 475,879	¥ 557,301	$ 4,502

27. Trading Losses

Fiscal year ended March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Losses on Securities and Derivatives Related to Trading Transactions	¥ 332	¥ -	$ 3
Losses on Trading-related Financial Derivatives	-	548	-
Total	¥ 332	¥ 548	$ 3

28. Other Operating Expenses

Fiscal year ended March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Amortization of Debenture Issuance Costs	¥ 389	¥ 305	$ 4
Losses on Sales of Bonds	102,396	9,519	969
Losses on Redemption of Bonds	19	5	0
Losses on Revaluation of Bonds	2,388	33,897	23
Losses on Financial Derivatives	-	14,930	-
Other Operating Expenses	37,656	253,409	356
Total	¥ 142,851	¥ 312,067	$ 1,352

29. Other Expenses

Fiscal year ended March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Transfer to Reserve for Possible Loan Losses	¥ 37,641	¥ 64,155	$ 356
Write-off of Loans	6,186	4,445	59
Losses on Sales of Stocks and Other Securities	3,284	36,934	31
Losses on Revaluation of Stocks and Other Securities	3,242	9,433	30
Losses on Money Held in Trust	4,080	91,584	39
Losses on Disposals of Premises and Equipment	3,692	3,664	35
Other	33,001	23,100	312
Total	¥ 91,130	¥ 233,319	$ 862

30. Cash Flows

The reconciliation of Cash and Due from Banks in the consolidated balance sheets to Cash and Cash Equivalents at the end of year is as follows:

As of March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Cash and Due from Banks	¥ 3,686,052	¥ 4,338,327	$ 34,873
Less: Interest-bearing Due from Banks	(3,217,486)	(3,964,461)	(30,440)
Cash and Cash Equivalents at the End of the Year	¥ 468,565	¥ 373,865	$ 4,433

31. Segment Information

(a) Segment Information by Type of Business

Segment Information by Type of Business for the fiscal year ended March 31, 2004 is not shown in this statement, since the business segments, other than the banking business, became immaterial following the disposal of the Bank's investment in Kyodo Leasing Co., Ltd. in the previous fiscal year.

	Millions of Yen					
Fiscal year ended March 31, 2003	Banking Business	Leasing	Other	Total	Elimination and Corporate Assets	Consolidated
Ⅰ.Ordinary Income						
(1)Ordinary Income from Third-parties	¥ 1,196,076	¥ 241,023	¥ 24,177	¥ 1,461,277	¥ -	¥ 1,461,277
(2)Inter-segment Ordinary Income	5,510	3,066	19,189	27,767	(27,767)	-
Total	1,201,587	244,090	43,367	1,489,044	(27,767)	1,461,277
Ordinary Expenses	1,094,155	242,489	38,646	1,375,291	(12,477)	1,362,814
Ordinary Profit (Loss)	¥ 107,431	¥ 1,601	¥ 4,720	¥ 113,753	¥ (15,290)	¥ 98,463
Ⅱ.Assets	¥ 60,188,161	¥ -	¥ 1,735,969	¥ 61,924,130	¥ (658,680)	¥ 61,265,449
Depreciation	6,906	-	426	7,332	-	7,332
Capital Expenditure	13,758	-	671	14,430	-	14,430

Notes: 1.Ordinary Income represents Total Income less certain special income.
2. Ordinary Expenses represents Total Expenses less certain special expenses.
3. The Bank and its consolidated subsidiaries have organized their principal operations into "Banking Business", "Leasing", and "Other". "Other" represents securities, trust banking, non-bank and credit card businesses.
4. In the previous fiscal year, Kyodo Leasing Co., Ltd. became an affiliate following the Bank's disposal of its investment. Consequently, the statement of operations of Kyodo Leasing Co., Ltd. was consolidated, while its Assets, Depreciation and Capital Expenditure were not included in above items.

(b) Segment Information by Location

	Millions of Yen						
Fiscal year ended March 31, 2004	Japan	The Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
Ⅰ.Ordinary Income							
(1)Ordinary Income from Third-parties	¥ 1,077,626	¥ 7,289	¥ 30,927	¥ 20,884	¥ 1,136,727	¥ -	¥ 1,136,727
(2)Inter-segment Ordinary Income	21,482	22,288	99,285	83,350	226,405	(226,405)	-
Total	1,099,108	29,577	130,212	104,234	1,363,133	(226,405)	1,136,727
Ordinary Expenses	922,887	23,076	129,419	100,254	1,175,637	(226,447)	949,190
Ordinary Profit (Loss)	¥ 176,221	¥ 6,500	¥ 793	¥ 3,979	¥ 187,495	¥ 41	¥ 187,537
Ⅱ.Assets	¥ 67,658,370	¥ 2,442,145	¥ 6,024,140	¥ 4,596,470	¥ 80,721,126	¥ (18,888,108)	¥ 61,833,018

Fiscal year ended March 31, 2003	Japan	The Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
	Millions of Yen						
I .Ordinary Income							
(1)Ordinary Income from Third-parties	¥ 1,372,233	¥ 10,691	¥ 50,414	¥ 27,938	¥ 1,461,277	¥ -	¥ 1,461,277
(2)Inter-segment Ordinary Income	26,657	20,974	133,270	94,155	275,058	(275,058)	-
Total	1,398,890	31,666	183,684	122,094	1,736,335	(275,058)	1,461,277
Ordinary Expenses	1,307,958	28,160	182,455	120,641	1,639,216	(276,401)	1,362,814
Ordinary Profit (Loss)	¥ 90,932	¥ 3,506	¥ 1,228	¥ 1,452	¥ 97,119	¥ 1,343	¥ 98,463
II .Assets	¥ 71,071,339	¥ 2,237,052	¥ 8,244,869	¥ 7,386,724	¥ 88,939,985	¥ (27,674,536)	¥ 61,265,449

Fiscal year ended March 31, 2004	Japan	The Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
	Millions of U.S. Dollars						
I .Ordinary Income							
(1)Ordinary Income from Third-parties	$ 10,195	$ 69	$ 292	$ 198	$ 10,754	$ -	$ 10,754
(2)Inter-segment Ordinary Income	203	211	940	788	2,142	(2,142)	-
Total	10,398	280	1,232	986	12,896	(2,142)	10,754
Ordinary Expenses	8,731	218	1,224	949	11,122	(2,142)	8,980
Ordinary Profit (Loss)	$ 1,667	$ 62	$ 8	$ 37	$ 1,774	$ 0	$ 1,774
II .Assets	$ 640,098	$ 23,104	$ 56,993	$ 43,486	$ 763,681	$ (178,695)	$ 584,986

Notes: 1.Ordinary Income represents Total Income less certain special income.
2.Ordinary Expenses represents Total Expenses less certain special expenses.
3.The Bank reported "Ordinary Income" and "Ordinary Profit (Loss)" that corresponds to Sales and Operating Profit for non-financial companies, for the Bank's head office, branches and the consolidated subsidiaries according to the classification of country or region. The geographic classification was effected by geographical proximity, similarities in economic activities and inter-relationships among these activities.
4."The Americas" includes the United States. "Europe" includes the United Kingdom and "Asia" includes Singapore.

(c) Ordinary Income from International Operations

Fiscal years ended March 31	Ordinary Income from International Operations	Consolidated Ordinary Income	Ratio of Ordinary Income from International Operations over Consolidated Ordinary Income
	Millions of Yen		Percentage
2004	¥ 843,931	¥ 1,136,727	74.2%
2003	808,558	1,461,277	55.3%
	Millions of U.S. Dollars		Percentage
2004	$ 7,984	$ 10,754	74.2%

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Expenses represents Total Expenses less certain special expenses.
3. "Ordinary Income from International Operations" is shown in place of Overseas Sales for non-financial

companies.

4."Ordinary Income from International Operations" comprises foreign currency transactions, yen-denominated trade bills, yen-denominated transactions with non-Japanese residents, transactions in the offshore market in Japan, transactions by overseas branches of the parent and transactions by overseas consolidated subsidiaries (excluding Inter-segment Ordinary Income between consolidated entities).The composition of this substantial volume of transactions is not broken down by counter-party. Therefore, segment information by country and region has not been presented.

32. Fair Value of Securities

For the Fiscal Year Ended March 31, 2004

Trading Securities

	Millions of Yen		Millions of U.S. Dollars	
March 31, 2004	Carrying Value	Unrealized Loss Recognized as expenses	Carrying Value	Unrealized Loss Recognized as expenses
Trading Securities	¥447,879	¥(246)	$4,237	$(2)

Note: The above analysis of Trading Securities includes Trading Securities, Negotiable Certificates of Deposit and Commercial Paper disclosed as "Trading Assets" in the consolidated balance sheet.

Held-to-maturity Debt Securities that have a Fair Value

	Millions of Yen				
	Carrying Value	Fair Value	Net Unrealized Gain		
March 31, 2004				Gain	Loss
Japanese Government Bonds	¥15,421	¥15,446	¥24	¥52	¥27
Total	¥15,421	¥15,446	¥24	¥52	¥27

	Millions of U.S. Dollars				
	Carrying Value	Fair Value	Net Unrealized Gain		
March 31, 2004				Gain	Loss
Japanese Government Bonds	$146	$146	$0	$0	$0
Total	$146	$146	$0	$0	$0

Note: Fair value is based on fair prices at the end of the fiscal year ended March 31, 2004.

Other Securities held at Fair Value

	Millions of Yen				
March 31, 2004	Acquisition Cost	Carrying Value	Net Unrealized Gain	Gain	Loss
Stocks	¥ 305,041	¥ 470,248	¥ 165,207	¥ 167,153	¥ 1,946
Bonds	15,524,587	15,610,730	86,143	157,389	71,245
Japanese Government Bonds	14,488,242	14,559,137	70,895	140,113	69,217
Municipal Government Bonds	284,985	290,269	5,284	5,759	475
Corporate Bonds	751,359	761,323	9,963	11,515	1,552
Other	16,831,585	17,193,572	361,987	757,439	395,451
Total	¥ 32,661,213	¥ 33,274,551	¥ 613,337	¥ 1,081,982	¥ 468,644

March 31, 2004	Acquisition Cost	Carrying Value	Net Unrealized Gain	Gain	Loss
	Millions of U.S. Dollars				
Stocks	$ 2,886	$ 4,449	$ 1,563	$ 1,581	$ 18
Bonds	146,874	147,689	815	1,489	674
Japanese Government Bonds	137,070	137,741	671	1,326	655
Municipal Government Bonds	2,696	2,746	50	54	4
Corporate Bonds	7,108	7,202	94	109	15
Other	159,239	162,664	3,425	7,166	3,741
Total	$ 308,999	$ 314,802	$ 5,803	$ 10,236	$ 4,433

Note: 1.The above analysis of Other Securities held at Fair Value includes "Securities", Negotiable Certificates of Deposit disclosed as "Cash and Due from Banks", and Commercial Paper disclosed as "Commercial Paper and Other Debt Purchased" in the consolidated balance sheet.

2. Carrying values of securities held on the consolidated balance sheet are stated based on the quoted market price at the end of the fiscal year ended March 31, 2004.

Other Securities Sold during the Fiscal Year

	Millions of Yen			Millions of U.S. Dollars		
March 31, 2004	Sales Proceeds	Gains on Sales	Losses on Sales	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	¥5,467,634	¥113,465	¥105,599	$51,728	$1,073	$999

Carrying Value of Securities without a Fair Value

March 31, 2004	Millions of Yen	Millions of U.S. Dollars
Other Securities		
Unlisted Stocks (excluding Over-the-counter Stocks)	¥ 50,261	$ 476
Foreign Securities	71,353	675
Other	106,693	1,009

For the Fiscal Year Ended March 31, 2003

Trading Securities

	Millions of Yen		Millions of U.S. Dollars	
March 31, 2003	Carrying Value	Unrealized Loss Recognized as expenses	Carrying Value	Unrealized Loss Recognized as expenses
Trading Securities	¥1,837,467	¥(811)	$15,287	$(7)

Note: The above analysis of Trading Securities includes Trading Securities, Negotiable Certificates of Deposit and Commercial Paper disclosed as "Trading Assets" in the consolidated balance sheet.

Held-to-maturity Debt Securities that have a Fair Value

March 31, 2003	Carrying Value	Fair Value	Net Unrealized Gain	Gain	Loss
	Millions of Yen				
Japanese Government Bonds	¥12,314	¥12,422	¥108	¥108	¥0
Total	¥12,314	¥12,422	¥108	¥108	¥0

March 31, 2003	Carrying Value (Millions of U.S. Dollars)	Fair Value	Net Unrealized Gain		
				Gain	Loss
Japanese Government Bonds	$102	$103	$1	$1	$0
Total	$102	$103	$1	$1	$0

Note: Fair value is based on fair prices at the end of the fiscal year ended March 31, 2003.

Other Securities held at Fair Value

March 31, 2003	Acquisition Cost (Millions of Yen)	Carrying Value	Net Unrealized Gain/Loss		
				Gain	Loss
Stocks	¥ 342,373	¥ 368,041	¥ 25,667	¥ 62,005	¥ 36,337
Bonds	10,785,999	11,011,036	225,036	263,493	38,456
Japanese Government Bonds	9,478,626	9,676,179	197,553	233,525	35,972
Municipal Government Bonds	404,190	413,613	9,423	10,462	1,039
Corporate Bonds	903,182	921,243	18,060	19,505	1,445
Other	17,513,520	17,071,215	(442,304)	715,086	1,157,391
Total	¥ 28,641,893	¥ 28,450,293	¥ (191,599)	¥ 1,040,586	¥ 1,232,186

March 31, 2003	Acquisition Cost (Millions of U.S. Dollars)	Carrying Value	Net Unrealized Gain/Loss		
				Gain	Loss
Stocks	$ 2,848	$ 3,062	$ 214	$ 516	$ 302
Bonds	89,734	91,606	1,872	2,192	320
Japanese Government Bonds	78,857	80,501	1,644	1,943	299
Municipal Government Bonds	3,363	3,441	78	87	9
Corporate Bonds	7,514	7,664	150	162	12
Other	145,703	142,023	(3,680)	5,949	9,629
Total	$ 238,285	$ 236,691	$ (1,594)	$ 8,657	$ 10,251

Note: 1.The above analysis of Other Securities held at Fair Value includes "Securities", Negotiable Certificates of Deposit disclosed as "Cash and Due from Banks", and Commercial Paper disclosed as "Commercial Paper and Other Debt Purchased" in the consolidated balance sheet.

2. Carrying values of securities held on the consolidated balance sheet are stated based on the quoted market price at the end of the fiscal year ended March 31, 2003.

Other Securities Sold during the Fiscal Year

March 31, 2003	Millions of Yen			Millions of U.S. Dollars		
	Sales Proceeds	Gains on Sales	Losses on Sales	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	¥5,022,418	¥242,203	¥46,454	$41,784	$2,015	$386

Carrying Value of Securities without a Fair Value

March 31, 2003	Millions of Yen	Millions of U.S. Dollars
Other Securities		
Unlisted Stocks (excluding Over-the-counter Stocks)	¥ 40,927	$ 340
Foreign Securities	71,560	595
Other	43,344	361

33. Fair Value of Money Held in Trust

For the Fiscal Year Ended March 31, 2004

Money Held in Trust for Trading Purpose

	Millions of Yen		Millions of U.S. Dollars	
March 31, 2004	Carrying Value	Unrealized Loss Recognized as expenses	Carrying Value	Unrealized Loss Recognized as expenses
Money Held in Trust for Trading Purpose	¥30,077	¥(18)	$285	$(0)

Other Money Held in Trust (Money Held in Trust other than that for trading purpose or held to maturity)

	Millions of Yen				
	Acquisition	Carrying	Net Unrealized Gain		
March 31, 2004	Cost	Value		Gain	Loss
Other Money Held in Trust	¥3,732,145	¥3,810,128	¥77,983	¥115,439	¥37,455

	Millions of U.S. Dollars				
	Acquisition	Carrying	Net Unrealized Gain		
March 31,2004	Cost	Value		Gain	Loss
Other Money Held in Trust	$35,309	$36,047	$738	$1,092	$354

Note: Carrying values of Other Money Held in Trust disclosed on the consolidated balance sheet are based on the quoted market price of the underlying assets as at the end of the fiscal year ended March 31, 2004.

For the Fiscal Year Ended March 31, 2003

Money Held in Trust for Trading Purpose

	Millions of Yen		Millions of U.S. Dollars	
March 31, 2003	Carrying Value	Unrealized Loss Recognized as expenses	Carrying Value	Unrealized Loss Recognized as expenses
Money Held in Trust for Trading Purpose	¥20,000	¥(0)	$166	$(0)

Other Money Held in Trust (Money Held in Trust other than that for trading purpose or held to maturity)

	Millions of Yen				
	Acquisition	Carrying	Net Unrealized Loss		
March 31, 2003	Cost	Value		Gain	Loss
Other Money Held in Trust	¥3,996,158	¥3,944,704	¥(51,453)	¥61,759	¥113,213

	Millions of U.S. Dollars				
	Acquisition	Carrying	Net Unrealized Loss		
March 31, 2003	Cost	Value		Gain	Loss
Other Money Held in Trust	$33,246	$32,818	$(428)	$514	$942

Note: Carrying values of Other Money Held in Trust disclosed on the consolidated balance sheet are based on the quoted market price of the underlying assets as at the end of the fiscal year ended March 31, 2003.

34. Fair Value of Derivative Instruments

For the Fiscal Year Ended March 31, 2004

Interest Rate-Related Derivative Instruments

March 31, 2004			Millions of Yen			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Interest Rate Futures	Sold	¥ 71,754	¥ -	¥ (12)	¥ (12)
		Purchased	50,764	-	180	180
	Interest Rate Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Forward Rate Agreements	Sold	-	-	-	-
		Purchased	-	-	-	-
	Interest Rate Swaps	Rec.:Fix.-Pay.: Flt.	10,524,756	3,668,002	98,139	98,139
		Rec.:Flt.-Pay.: Fix.	3,240,111	2,064,668	(84,956)	(84,956)
		Rec.:Flt.-Pay.: Flt.	20,000	-	20	20
	Interest Rate Options	Sold	15,000	10,000	(469)	(469)
		Purchased	63,000	57,000	1,443	1,443
	Other	Sold	55,300	50,300	(12)	(12)
		Purchased	56,000	51,000	7	7
Total			¥ /	¥ /	¥ 14,340	¥ 14,340

March 31, 2004			Millions of U.S. Dollars			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Interest Rate Futures	Sold	$ 679	$ -	$ (0)	$ (0)
		Purchased	480	-	2	2
	Interest Rate Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Forward Rate Agreements	Sold	-	-	-	-
		Purchased	-	-	-	-
	Interest Rate Swaps	Rec.:Fix.-Pay.: Flt.	99,572	34,702	928	928
		Rec.:Flt.-Pay.: Fix.	30,654	19,533	(804)	(804)
		Rec.:Flt.-Pay.: Flt.	189	-	0	0
	Interest Rate Options	Sold	142	95	(4)	(4)
		Purchased	596	539	14	14
	Other	Sold	523	476	(0)	(0)
		Purchased	530	482	0	0
Total			$ /	$ /	$ 136	$ 136

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations. The above analysis excludes derivative instruments accounted for as hedges.

2.Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo International Financial Futures Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, option pricing model or other models as appropriate.

Currency-Related Derivative Instruments

March 31, 2004			Millions of Yen: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Over-the-counter Transactions	Currency Swaps		¥ 74,040	¥ 71,512	¥ 2,003	¥ 2,003
	Forwards	Sold	298,069	8	229	229
		Purchased	1,365,625	63	(2,203)	(2,203)
Total			¥ /	¥ /	¥ 28	¥ 28

March 31, 2004			Millions of U.S. Dollars: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Over-the-counter Transactions	Currency Swaps		$ 700	$ 677	$ 19	$ 19
	Forwards	Sold	2,820	0	2	2
		Purchased	12,920	1	(21)	(21)
Total			$ /	$ /	$ 0	$ 0

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations. The above analysis excludes derivative instruments 1) accounted for as hedges, 2) designated to certain monetary receivables or payables denominated in foreign currencies and recorded on the consolidated balance sheet, or 3) designated to the monetary receivables or payables denominated in foreign currencies which are eliminated for consolidation purposes.

2.Determination of fair value:
Fair value is determined based on the discounted net present value of currency-related derivative instruments.

3.The above analysis includes foreign exchange forward contracts and currency options, which are revalued at the exchange rates prevailing at the end of the fiscal year, from this fiscal year.
The above analysis excludes currency swap transactions accounted for as hedges on the basis of "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25).

Stock-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no stock-related derivative instruments during the fiscal year ended March 31, 2004.

Bond-Related Derivative Instruments

March 31, 2004			Millions of Yen: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Bond Futures	Sold	¥ 21,610	¥ -	¥ 130	¥ 130
		Purchased	2,995	-	(8)	(8)
	Bond Futures Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Bond Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			¥ /	¥ /	¥ 121	¥ 121

March 31, 2004			Millions of U.S. Dollars: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Bond Futures	Sold	$ 204	$ -	$ 1	$ 1
		Purchased	28	-	(0)	(0)
	Bond Futures Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Bond Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			$ /	$ /	$ 1	$ 1

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations. The above analysis excludes derivative instruments accounted for as hedges.

2.Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, option pricing model or other models as appropriate.

Commodities-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no commodities-related derivative instruments during the fiscal year ended March 31, 2004.

Credit Derivative Instruments

March 31, 2004			Millions of Yen: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain
Over-the-counter Transactions	Credit Default Swaps	Sold	¥ 111,000	¥ 107,500	¥ 3,474	¥ 3,474
		Purchased	-	-	-	-
	Other	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			¥ /	¥ /	¥ 3,474	¥ 3,474

March 31, 2004			Millions of U.S. Dollars: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain
Over-the-counter Transactions	Credit Default Swaps	Sold	$ 1,050	$ 1,017	$ 33	$ 33
		Purchased	-	-	-	-
	Other	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			$ /	$ /	$ 33	$ 33

Note: 1.Derivatives instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations. The above analysis excludes derivative instruments accounted for as hedges.

2.Determination of fair value:
Fair value is determined based on prices of the underlying items and the terms of contracts of credit derivative transactions.

3."Sold" means the underwriting of credit risk and "Purchase" means the transferring of credit risk.

For the Fiscal Year Ended March 31, 2003

Interest Rate-Related Derivative Instruments

March 31, 2003			Millions of Yen: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Interest Rate Futures	Sold	¥ 47,631	¥ -	¥ (171)	¥ (171)
		Purchased	14,465	-	307	307
	Interest Rate Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Forward Rate Agreements	Sold	-	-	-	-
		Purchased	-	-	-	-
	Interest Rate Swaps	Rec.:Fix.-Pay.: Flt.	8,701,064	3,795,796	148,996	148,996
		Rec.:Flt.-Pay.: Fix.	2,998,189	2,492,587	(156,048)	(156,048)
		Rec.:Flt.-Pay.: Flt.	23,200	20,000	40	40
	Interest Rate Options	Sold	15,000	15,000	(810)	(810)
		Purchased	63,000	63,000	2,290	2,290
	Other	Sold	66,900	55,300	(1)	(1)
		Purchased	57,500	56,000	(9)	(9)
Total			¥ /	¥ /	¥ (5,408)	¥ (5,408)

March 31, 2003			Millions of U.S. Dollars: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Interest Rate Futures	Sold	$ 396	$ -	$ (2)	$ (2)
		Purchased	120	-	3	3
	Interest Rate Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Forward Rate Agreements	Sold	-	-	-	-
		Purchased	-	-	-	-
	Interest Rate Swaps	Rec.:Fix.-Pay.: Flt.	72,388	31,579	1,240	1,240
		Rec.:Flt.-Pay.: Fix.	24,943	20,737	(1,298)	(1,298)
		Rec.:Flt.-Pay.: Flt.	193	166	0	0
	Interest Rate Options	Sold	125	125	(7)	(7)
		Purchased	524	524	19	19
	Other	Sold	557	460	(0)	(0)
		Purchased	478	466	(0)	(0)
Total			$ /	$ /	$ (45)	$ (45)

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations. The above analysis excludes derivative instruments accounted for as hedges.

2.Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo International Financial Futures Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, option pricing model or other models as appropriate.

Currency-Related Derivative Instruments

March 31, 2003		Millions of Yen: Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain
Over-the-counter Transactions	Currency Swaps	¥ 84,600	¥ 76,435	¥ 1,625	¥ 1,625
Total		¥ /	¥ /	¥ 1,625	¥ 1,625

March 31, 2003		Millions of U.S. Dollars: Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain
Over-the-counter Transactions	Currency Swaps	$ 704	$ 636	$ 14	$ 14
Total		$ /	$ /	$ 14	$ 14

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations. The above analysis excludes derivative instruments accounted for as hedges (see Note 3 below).

2.Determination of fair value:
Fair value is determined based on the discounted net present value of currency-related derivative instruments.

3.Currency Swaps accounted for under the accrual method are excluded from the above analysis. The Bank and its consolidated subsidiaries held no currency swaps which are accounted for under the accrual method on the basis of the temporary treatment described in "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25), for the fiscal year ended March 31, 2003.

The above analysis excludes foreign exchange forward contracts and currency options, which are 1)revalued at the exchange rates prevailing at the end of the fiscal year and changes in fair value are included in the consolidated statement of operations, 2) designated to certain monetary receivables or payables denominated in foreign currencies and recorded on the consolidated balance sheet, or 3) designated to the monetary receivables or payables denominated in foreign currencies which are eliminated for consolidation purposes.

The above mentioned transactions related to currency derivatives are as follows:

March 31, 2003			Millions of Yen: Contract Amount or Notional Amount	Millions of U.S. Dollars: Contract Amount or Notional Amount
Over-the-counter Transactions	Forwards	Sold	¥ 1,003,555	$ 8,349
		Purchased	912,892	7,595
	Currency Options	Sold	26,584	221
		Purchased	25,218	210

Stock-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no stock-related derivative instruments during the fiscal year ended March 31, 2003.

Bond-Related Derivative Instruments

March 31, 2003			Millions of Yen: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Bond Futures	Sold	¥ 16,400	¥ -	¥ (22)	¥ (22)
		Purchased	3,582	-	10	10
	Bond Futures Options	Sold	-	-	-	-
		Purchased	6	-	(0)	(0)
Over-the-counter Transactions	Bond Options	Sold	-	-	-	-
		Purchased	3	-	0	0
Total			¥ /	¥ /	¥ (11)	¥ (11)

March 31, 2003			Millions of U.S. Dollars: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Bond Futures	Sold	$ 136	$ -	$ (0)	$ (0)
		Purchased	30	-	0	0
	Bond Futures Options	Sold	-	-	-	-
		Purchased	0	-	(0)	(0)
Over-the-counter Transactions	Bond Options	Sold	-	-	-	-
		Purchased	0	-	0	0
Total			$ /	$ /	$ (0)	$ (0)

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations. The above analysis excludes derivative instruments accounted for as hedges.

2.Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative Instruments is determined based on a discounted net present value model, option pricing model or other models as appropriate.

Commodities-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no commodities-related derivative instruments during the fiscal year ended March 31, 2003.

Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no credit derivative instruments during the fiscal year ended March 31, 2003.

35. The Norinchukin Bank (Parent Company)

(a) Non-consolidated Balance Sheets

As of March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Assets			
Cash and Due from Banks	¥ 3,573,051	¥ 4,226,810	$ 33,804
Call Loans and Bills Purchased	404,310	590,334	3,825
Collateral Deposited under Securities Borrowed	327,486	776,641	3,098
Commercial Paper and Other Debt Purchased	654,839	451,899	6,195
Trading Assets	489,733	1,167,852	4,633
Money Held in Trust	3,840,206	3,964,704	36,331
Securities	33,553,036	28,672,259	317,437
Loans and Bills Discounted	17,798,230	19,187,459	168,384
Foreign Exchange Assets	15,618	21,299	148
Other Assets	918,628	680,733	8,691
Premises and Equipment	206,080	211,972	1,950
Deferred Debenture Discounts	229	242	2
Deferred Tax Assets	-	202,955	-
Customers' Liabilities for Acceptances and Guarantees	240,124	388,843	2,272
Reserve for Possible Loan Losses	(365,392)	(355,848)	(3,457)
Total Assets	¥ 61,656,184	¥ 60,188,161	$ 583,313
Liabilities and Shareholders' Equity			
Liabilities			
Deposits	¥ 41,298,690	¥ 40,488,537	$ 390,716
Debentures	5,216,869	5,807,159	49,355
Call Money and Bills Sold	3,560,548	4,194,140	33,685
Payables under Repurchase Agreements	3,350,321	3,864,098	31,697
Collateral Received under Securities Loaned	2,109,476	718,376	19,957
Trading Liabilities	67,860	99,315	642
Borrowings	888,675	705,206	8,408
Foreign Exchange Liabilities	328	7,792	3
Other Liabilities	2,285,535	2,114,087	21,623
Reserve for Bonus Payments	3,696	3,430	35
Reserve for Retirement Benefits	8,637	7,410	82
Deferred Tax Liabilities	81,122	-	767
Deferred Tax Liabilities Relating to Land Revaluation	34,091	33,662	323
Acceptances and Guarantees	240,124	388,843	2,272
Total Liabilities	59,145,979	58,432,061	559,565
Shareholders' Equity			
Paid-in Capital	1,224,999	1,224,999	11,589
Capital Surplus	25,020	25,020	237
Retained Earnings:			
Legal Reserve	208,366	192,966	1,971
Voluntary Reserves	323,101	292,353	3,057
Unappropriated Retained Earnings	177,436	111,768	1,679
Land Revaluation Reserve	75,350	80,024	713
Net Unrealized Gains(Losses) on Securities, net of taxes	475,929	(171,034)	4,502
Total Shareholders' Equity	2,510,205	1,756,099	23,748
Total Liabilities and Shareholders' Equity	¥ 61,656,184	¥ 60,188,161	$ 583,313

(b) Non-consolidated Statements of Operations

Fiscal year ended March 31	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Income			
Interest and Dividend Income:			
Interest on Loans and Bills Discounted	¥ 130,360	¥ 157,368	$ 1,233
Interest on and Dividends from Securities	648,473	583,813	6,135
Other Interest Income	42,860	63,254	406
Fees and Commissions	18,810	15,327	178
Trading Revenue	2,028	2,413	19
Other Operating Income	123,927	239,065	1,172
Other Income	150,355	142,192	1,423
Total Income	1,116,817	1,203,435	10,566
Expenses			
Interest Expenses:			
Interest on Deposits	68,095	68,631	644
Interest on Debentures	41,411	56,135	392
Amortization of Discounts on Debentures	-	652	-
Interest on Borrowings	5,810	4,846	55
Other Interest Expenses	467,436	550,319	4,422
Fees and Commissions	8,113	7,407	77
Trading Losses	607	615	6
Other Operating Expenses	142,848	87,481	1,351
General and Administrative Expenses	111,389	111,169	1,054
Other Expenses	89,209	210,545	844
Total Expenses	934,923	1,097,804	8,845
Income before Income Taxes	181,894	105,630	1,721
Income Taxes:			
Current	44,458	24,409	421
Deferred	(4,450)	6,948	(42)
Net Income	¥ 141,886	¥ 74,273	$ 1,342

Note: In accordance with the revision of The Norinchukin Bank Law, Amortization of Discounts on Debentures is included in Interest on Debentures beginning in the fiscal year ended March 31, 2004.

	Yen 2004	Yen 2003	U.S. Dollars 2004
Net Income per Share	¥ 65.77	¥ 47.82	$ 0.62

36. Appropriation of Retained Earnings

The following dividends were approved at the shareholders' meeting held on June 25, 2004.

	Millions of Yen		Millions of U.S. Dollars	
Cash Dividends:				
Special Dividends	¥	31,884	$	302
Dividends on Common Stock (at the rate of 3% of the ¥ 100 face value, or ¥ 3.00 per share)		6,000		57
Dividends on Lower Dividend Rate Stock (at the rate of 1% of the ¥ 100 face value, or ¥ 1.00 per share)		10,000		95
Dividends on Preferred Stock (at the rate of 10% of the ¥ 100 face value, or ¥ 10.00 per share)		328		3

37. Subsequent Events

Based on the business strategy to focus more on the market operations, on April 27, 2004, the Bank decided to commence a plan to liquidate Norinchukin International plc..

Kasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

Report of Independent Auditors

To the Board of Directors of

The Norinchukin Bank

We have audited the accompanying consolidated balance sheets of The Norinchukin Bank and its subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of operations, capital surplus and retained earnings, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Norinchukin Bank and its subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

As described in Note 37, based on the business strategy to focus more on the market operations, on April 27, 2004, the Bank decided to commence a plan to liquidate Norinchukin International plc..

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers

Tokyo, Japan

May 17, 2004

Organization

(As of August 1, 2004)

- Council of Delegates
  - Supervisory Committee
    - JA Bank System Headquarters
    - JF Marine Bank Headquarters
  - Board of Directors
    - President & CEO
      Deputy President & Co-CEO
      Senior Managing Directors
      Managing Directors
      - Secretariat
      - Office of the Corporate Auditors
      - Coordination Div.
      - Public Relations Div.
      - Legal Div.
        - Compliance Dept.
      - Internal Audit Div.
        - Asset Audit Dept.
      - Personnel Div.
        - Career Development Dept.
      - Corporate Planning Div.
        - Business Development Dept.
        - Branch Administration Dept.
        - International Business Management Dept.
        - Subsidiaries & Affiliates Management Dept.
      - Financial Planning & Control Div.
      - Systems Planning Div.
      - Procedures & Operations Planning Div.
        - Operations Center
      - Credit Risk Management Div. I
      - Credit Risk Management Div. II
        - Credit Products Management Dept.
      - Premises Div.
      - JA Bank System Management Div.
      - JA Bank System Reorganization Div.
      - JA Business & Financial Instruments Div.
      - JA Business Improvement Div.
      - Cooperative Finance Systems Development & Administration Div.
      - Personal Asset Management Div.
      - Agriculture & Forestry Div.
      - Fisheries Div.
        - JF Marine Bank Monitoring & Advisory Dept.
      - Fixed Income Investment Div.
      - Global Equity & Corporate Bond Investment Div.
      - Credit & Alternative Investment Div.
      - Treasury & Forex Div.
      - Securities Business Div.
        - Cooperative Securities Business Coordination Dept.
      - Risk Monitoring Div.
      - Operations Planning & Solutions Div.
      - Treasury & Securities Operations Div.
      - Corporate Business Management & Strategy Div.
        - Corporate Business Planning & Promotion Dept.
      - Corporate Business Div. I
      - Corporate Business Div. II
      - Corporate Business Div. III
      - Corporate Business Div. IV
      - Corporate Business Div. V
      - Corporate Business Div. VI
      - Corporate Business Div. VII
      - Corporate Business Div. VIII
        - Kanto Area Corporate Business Dept.
      - Cooperative Finance & Administration (Kanto Area) Div.
      - Head Office Business Service Div.
      - Otemachi Business Service Div.
      - Foreign Business Div.
  - Auditors
    Board of Auditors

Network

(As of August 1, 2004)

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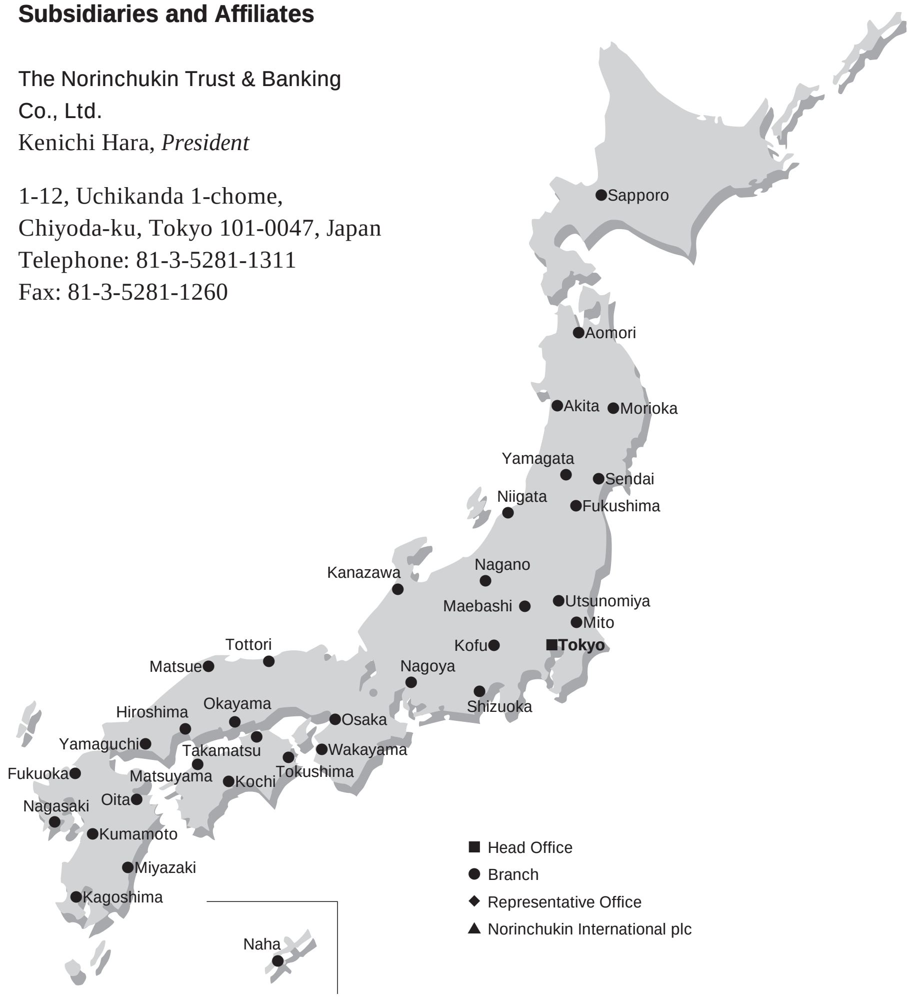

Corporate Data

(As of August 1, 2004)

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Cable address: CCBAF TOKYO
Telex: J23918, J23919, J33573
SWIFT: NOCUJPJT

Paid-in Capital*

¥1,224,999 million

Independent Certified Public Accountants

ChuoAoyama Audit Corporation

Date of Establishment

December 20, 1923

Number of Employees*

2,747

Branches in Japan

34

Overseas Network

Branches: 3
Representative Offices: 2
Subsidiary: 1

Number of Shareholders*

5,108

Principal Shareholders

Agricultural Cooperatives and Federations
Forestry Cooperatives and Federations
Fishery Cooperatives and Federations
Other Related Organizations

*As of March 31, 2004

The Norinchukin Bank
13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8420, Japan

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