

For the attention of our Investors / Analysts



IOI

あいおい損保

Company Presentation

(including FY2003 Earnings Report)

1 June 2004

あいおい損害保険株式会社

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Data (Attached) **FY2003 Earnings Data**

I. FY2003 Earnings Summary

I. FY2003 Earnings Summary

1. Key Earnings Points

[Lower line of each item excludes special factors]

Units: Yen bn, %

	FY2002	FY2003	Change	
			Change	+/- %
Net Premiums	836.8	836.5	-0.2	-0.0
	773.2	758.2	-15.0	-1.9
Net Claims	463.6	471.4	7.8	1.7
	426.7	417.3	-9.4	-2.2
Net Operating Expenses	295.2	279.8	-15.4	-5.2
	293.3	279.5	-13.8	-4.7
Underwriting Profit	7.3	13.0	5.7	77.8
Asset Management Profit/Loss	19.3	41.5	22.2	115.1
Ordinary Profit	20.3	45.3	25.0	123.1
Net Profit	10.3	27.3	17.0	165.1
Dividend per share	¥7.00	¥8.00	¥1.00	
Net loss ratio	60.1	60.8	0.7P	
	60.2	59.9	-0.3P	
Net expense ratio	35.3	33.5	-1.8P	
	37.9	36.9	-1.0P	
Combined ratio	95.3	94.3	-1.0P	
	98.2	96.8	-1.4P	

* Net loss ratio includes loss adjusting expenses

I. FY2003 Earnings Summary

2. Premium Income (1) Net Premiums

Net Premiums by Class

[Excl. special factors]

Units: Yen bn, %

Class	FY2002		FY2003		
	Amount	+/- %	Amount	Change	+/- %
Fire	81.0	-11.0	83.7	2.6	3.3
Marine	5.2	-2.2	5.2	0.0	0.5
P.A.	49.8	-3.8	49.0	-0.7	-1.6
Motor	490.0	0.4	471.7	-18.2	-3.7
CALI	83.1	5.9	86.9	3.7	4.5
Others	63.8	3.8	61.3	-2.4	-3.9
TOTAL	773.2	-0.4	758.2	-15.0	-1.9

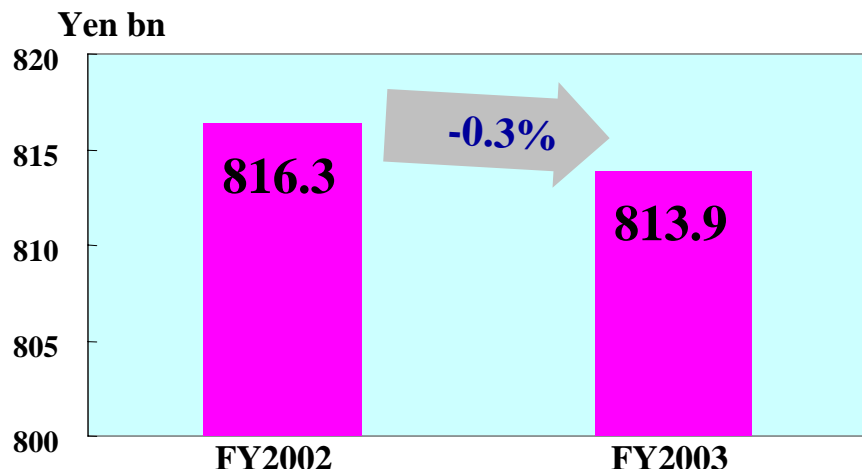
Primary Revenue Change Factors

(* operating result basis)

Fire	Platform product sales +¥3.7bn* Bancassurance sales +¥900mn* Gvt Housing Loan Corp Fire Treaty -¥1.2bn Savings-type fire -¥1.1bn
P.A.	Third Sector +¥2.5bn General P.A. -¥1.0bn Savings-type P.A. -¥1.9bn
Motor	Toyota Group sales outlets/cos. +¥3.3bn* Non-Toyota Group dealers -¥2.4bn* Unit price reductions -¥10.0bn* Reduction in overseas inwards R/I -¥5.7bn
CALI	Motor ¥2.5bn* Toyota Group sales outlets +¥2.0bn*
Others	Reduction in credit insurance -¥1.7bn

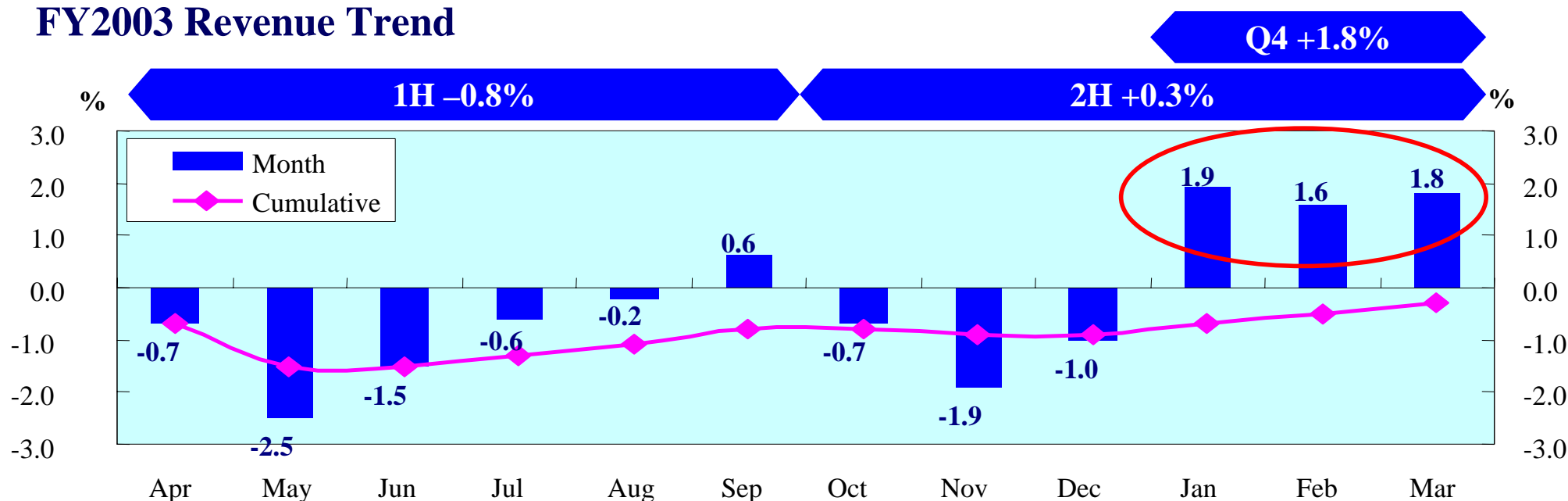
2. Premium Income (2) Operating Result Basis

Actual Premiums (total of general classes, operating result basis)



On an operating result basis, fire, CALI and personal insurance premiums increased, but motor premiums fell ¥10.4bn, resulting in an overall ¥2.4bn decline (-0.3%)
 In the second half, premiums rose each month in Q4, and the number of motor vehicles for which premiums increased was also positive in Q4 (+0.2%)

FY2003 Revenue Trend



I. FY2003 Earnings Summary

2. Premium Income (3) Premiums by Channel

Operating result by channel

Units: Yen bn, %

Channel	FY2002		FY2003		
	Amount	+/- %	Amount	Change	+/- %
Pro	294.0	-1.4	288.5	-5.5	-1.9
Motor	161.6	0.6	163.3	1.7	1.1
Toyota Group outlets	146.4	5.3	150.3	3.9	2.7
Other dealers	33.0	-9.3	29.4	-3.7	-11.1
Corporates	98.4	4.0	103.4	5.0	5.1
o/w Toyota Group cos.	16.9	17.4	20.0	3.1	18.3
Financial	28.7	-0.4	28.0	-0.7	-2.4
o/w Bancassurance	3.9	42.9	4.8	0.9	23.3
Other	54.4	-9.2	51.1	-3.3	-6.1
TOTAL	816.3	0.0	813.9	-2.4	-0.3

Steady revenue growth at Toyota Group outlets, Corporates, Motor

Higher fire/personal/Miscellaneous Accident premiums at Pro, but not enough to offset fall in motor business

3. Claims

Net Claims / Net Loss Ratio Trend

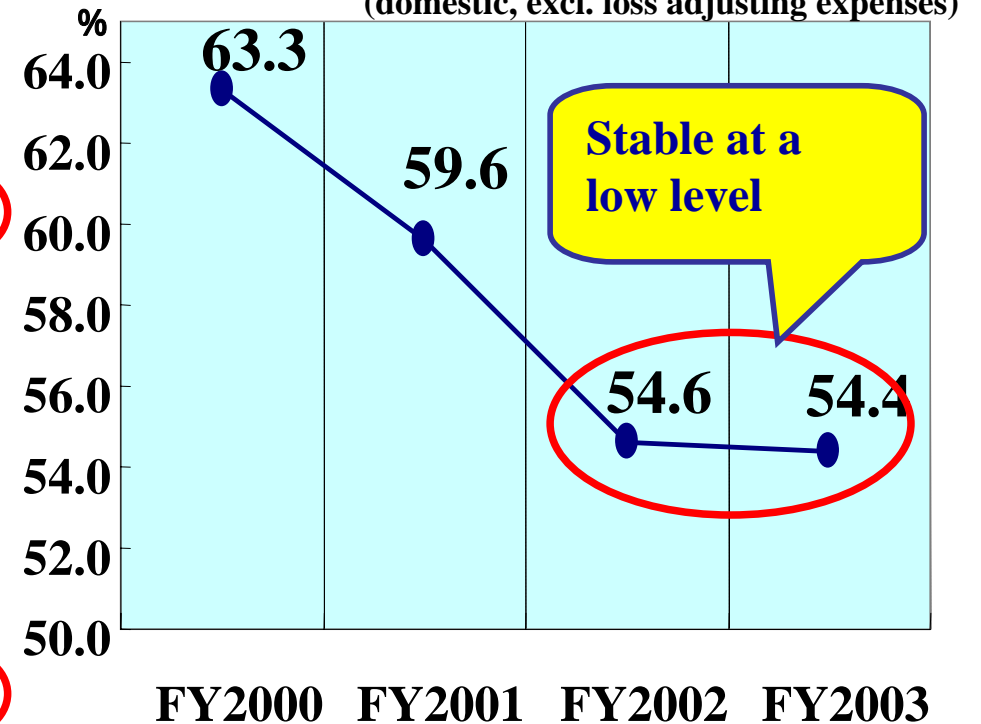
[Excl. special factors]

Unit: Yen bn

	FY2002		FY2003				
	Claims	Loss Ratio	Claims	Change	+/- %	Loss Ratio	Change
Fire	37.1	48.2%	34.1	-3.0	-8.1%	42.4%	-5.8P
Marine	2.7	55.0%	3.8	1.1	43.7%	76.5%	21.5P
P.A.	18.7	42.8%	17.7	0.0	-5.2%	40.4%	-2.4P
Motor	273.3	60.4%	266.6	-5.7	-2.4%	61.3%	0.9P
CALI	50.6	70.5%	49.0	-0.6	-3.1%	65.7%	-4.8P
Others	44.1	74.7%	45.7	15.0	3.6%	79.4%	4.7P
TOTAL	426.7	60.2%	417.3	-9.4	-2.2%	59.9%	-0.3P

Motor E/I Loss Ratio Trend

(domestic, excl. loss adjusting expenses)

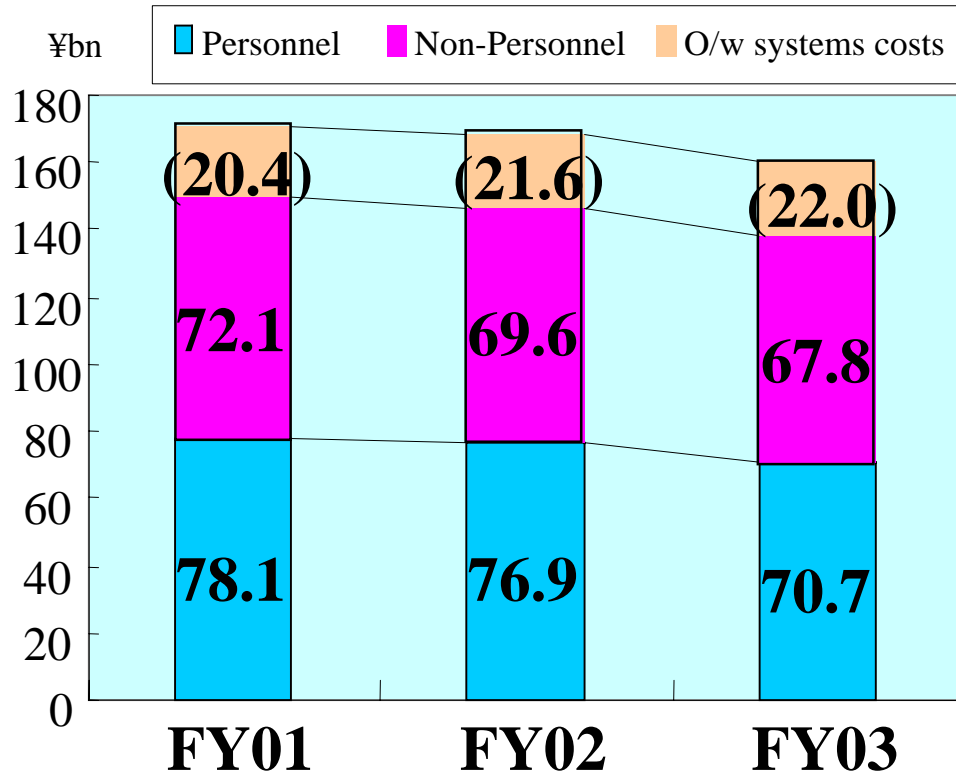


Improvement in the fire loss ratio due to lower incidence of natural disasters and higher premiums contributed to a 0.3% decrease in the overall loss ratio

Slight rise in the motor loss ratio due to lower premiums, but the domestic E/I loss ratio remains stable

4. Operating Expenses

Operating Expense Reduction



[Excl. special factors]

Unit: Yen bn

	FY2001	FY2002	FY2003		
			Change	+/- %	
Personnel costs	78.1	76.9	70.7	-6.1	-8.0%
Non-personnel costs	72.1	69.6	67.8	-1.8	-2.6%
o/w systems cost	20.4	21.6	22.0	0.4	0.9%
Underwriting and SGA expenses	150.2	146.5	138.6	-7.9	-5.4%
Net expenses	295.9	293.3	279.5	-13.8	-4.7%
Net expense ratio	38.1%	37.9%	36.9%	- 1.0P	-

* Non-personnel expenses include donations/burden charges/taxes

‘Restructuring without fear or favor’ offsets fall in premiums, enhancing expense ratio

Personnel costs: Revisions to wage, return of substitutional portion of employee pension fund to the gvt

Non-Personnel costs: Reduction due to streamlining of outlet/infrastructure costs, systems admin costs, offsetting new IT investments

Recruitment costs: review of agency fee structure

5. Asset Management

Asset Management Profit/Loss

Unit: Yen bn

	FY2001	FY2002	FY2003	Change
Asset management profit/loss	43.3	19.3	41.5	22.2
Interest & dividend income	46.4	40.3	35.5	-4.8
Profit/loss on sale of securities	36.1	36.3	22.0	-14.3
Loss on valuation of securities	10.2*	30.2	0.9	-29.2
Other profit/loss on assets managed	-3.6	-4.7	5.9	10.7
Transfer to profit, incl. reserve premiums	-25.3	-22.4	-21.0	1.3

* Excl. ¥41.0bn valuation loss on securities posted to extraordinary loss

Valuation Loss on Securities

Unit: Yen bn

	FY2001	FY2002	FY2003	Change
Government and corporate bonds	-	-	-	-
Shares	48.3*	28.8	0.8	-27.9
Overseas securities	2.7	0.8	0.0	-0.7
Other	-	0.4	-	-0.4
TOTAL	51.1	30.2	0.9	-29.2

* Incl. ¥41.0bn valuation loss on securities posted to extraordinary loss

Significant improvement (+¥22.2bn) in asset management profit

Dividend/interest income fell by ¥4.8bn on low interest rates

¥26.9bn profit on sale of strategic shareholdings

Valuation loss on securities down sharply due to rally in share prices

Significant improvement in Other profit/loss due to enhanced profits from money trusts etc.

Significant fall in equity impairment value (-¥27.9bn) due to market rally

*** As of this earnings statement, stocks with a fall in price greater than 30% are subject to impairment accounting**

6. Capital

Reduction of strategic shareholdings (book value basis)

Unit: Yen bn

	FY2001	FY2002	FY2003
Reduction	33.9	13.7	96.8
Balance	480.7	465.8	368.9

* Balance at period end shown after impairment accounting

Latent profit/loss on securities

Unit: Yen bn

	FY2001	FY2002	FY2003	Change
Gvt & corp. bonds	9.6	15.2	3.6	-11.5
Shares	141.2	21.6	223.8	202.2
Overseas securities	16.0	-0.7	-14.9	-14.1
Other	-1.4	-8.2	5.7	14.0
TOTAL	165.4	27.8	218.3	190.5

Unit: Yen bn

	FY2001	FY2002	FY2003	Change
Total assets	2,663.4	2,496.3	2,597.8	101.5
Net worth	394.3	308.8	446.8	137.9
Loss reserves	1,721.7	1,676.2	1,656.1	-20.0
Catastrophe reserves	172.5	184.4	194.2	9.7
Solvency margin	783.0%	683.4%	910.1%	226.7P

Significant reduction in strategic shareholdings and increase in latent stock profits continues to enhance net worth, both qualitatively and quantitatively

Breakdown of reduction: sales ¥101.7bn, new purchases ¥5.8bn, impairment ¥900mn
Accelerated sale of idle/non-performing real estate through introduction of fixed asset impairment accounting

Ref: Fortress Re aviation reinsurance data

Claims Payments

Unit: Yen bn

	FY2001	FY2002	FY2003
Claims paid	32.2	36.2	38.9
O/S reserve	116.7	88.4	61.6

Ongoing contracts expired on Dec 31, 2003

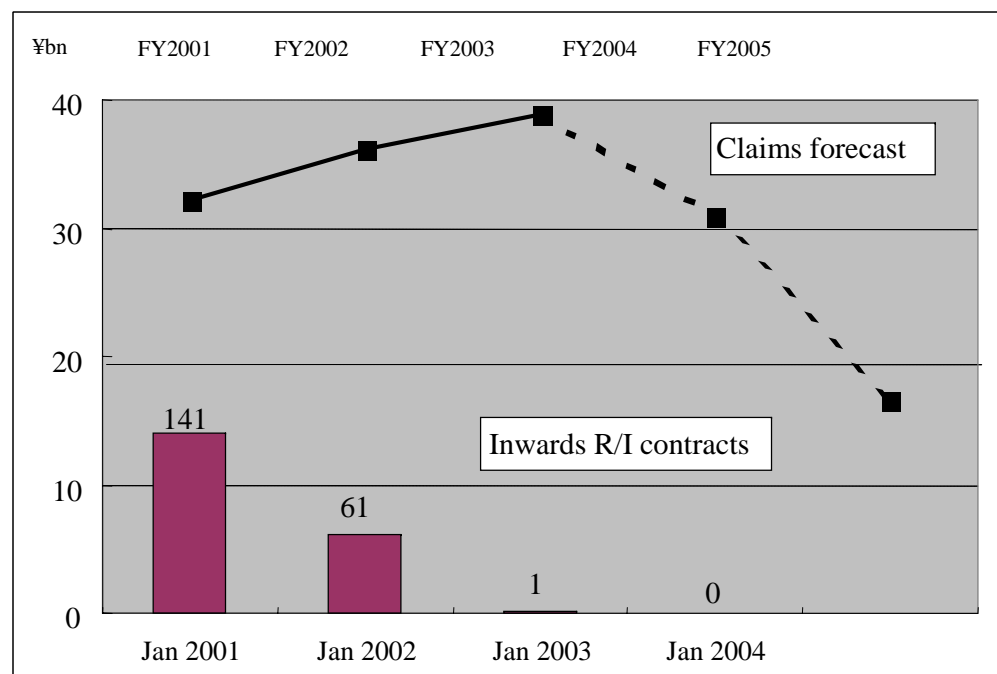
No major aviation losses since 2002, new losses within expected range

Claims payments progressing steadily, expected to peak in FY2003 and then reduce rapidly

International auditor closely examines claims estimate at each half-yearly accounts settlement

As a result of this examination, reserves increased by ¥10.3bn based on recent market loss trends

Part of settlement sum - ¥13.4bn – received from Fortress Re and its directors (Dec 2003)



I. FY2003 Earnings Summary

7. Aioi Life: Key Earnings Points

Unit: Yen bn, %

	FY2002	FY2003	Change	
			Change	+/- %
New policy total	782.3	852.0	69.7	8.9
Personal/ pensions	694.4	790.9	96.5	13.9
Group / group pensions	87.8	61.1	-26.7	-30.4
Policies in force	3,714.7	4,188.5	473.7	12.8
Personal/ pensions	3,050.3	3,404.6	354.3	11.6
Group / group pensions	664.4	783.8	119.4	18.0

Unit: Yen mn, %

Premium and other income	58,542	59,467	1015	1.7
Asset management profit/loss	4,185	3,345	-839	-20.1
Claims and other payments	17,934	18,102	167	0.9
Asset management costs	32	28	-4	-12.8

Total assets	164,891	196,486	31,595	19.2
Solvency margin	1,995.7%	1,950.6%	-45.1P	

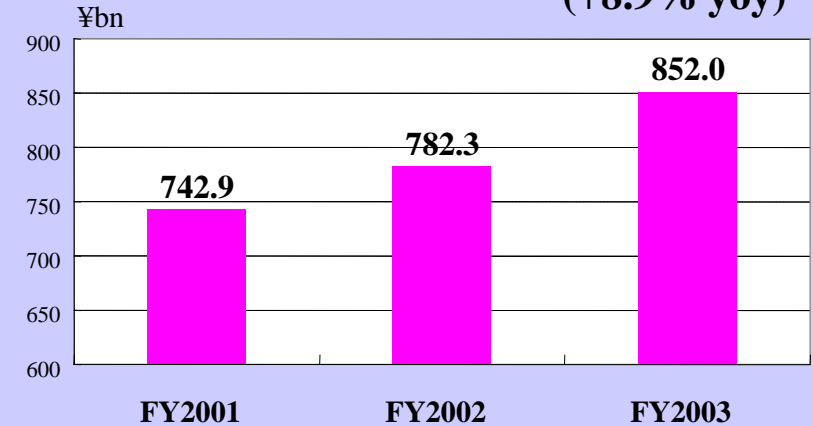
Reserves increased by ¥1.64bn in order to achieve statutory level (FY2002: +¥320mn)

Note: real net profit if no increase had been made: ¥2.18bn (FY2002: ¥1.88bn)

Policies steadily growing

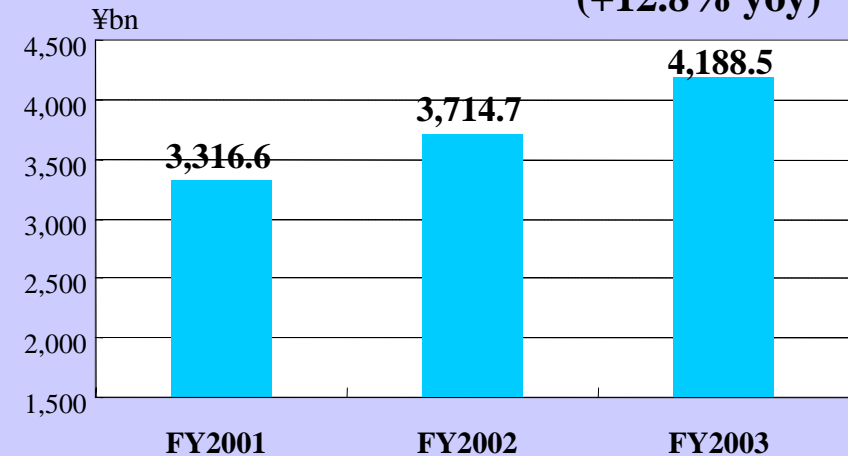
New Policies

(+8.9% yoy)



Policies in Force

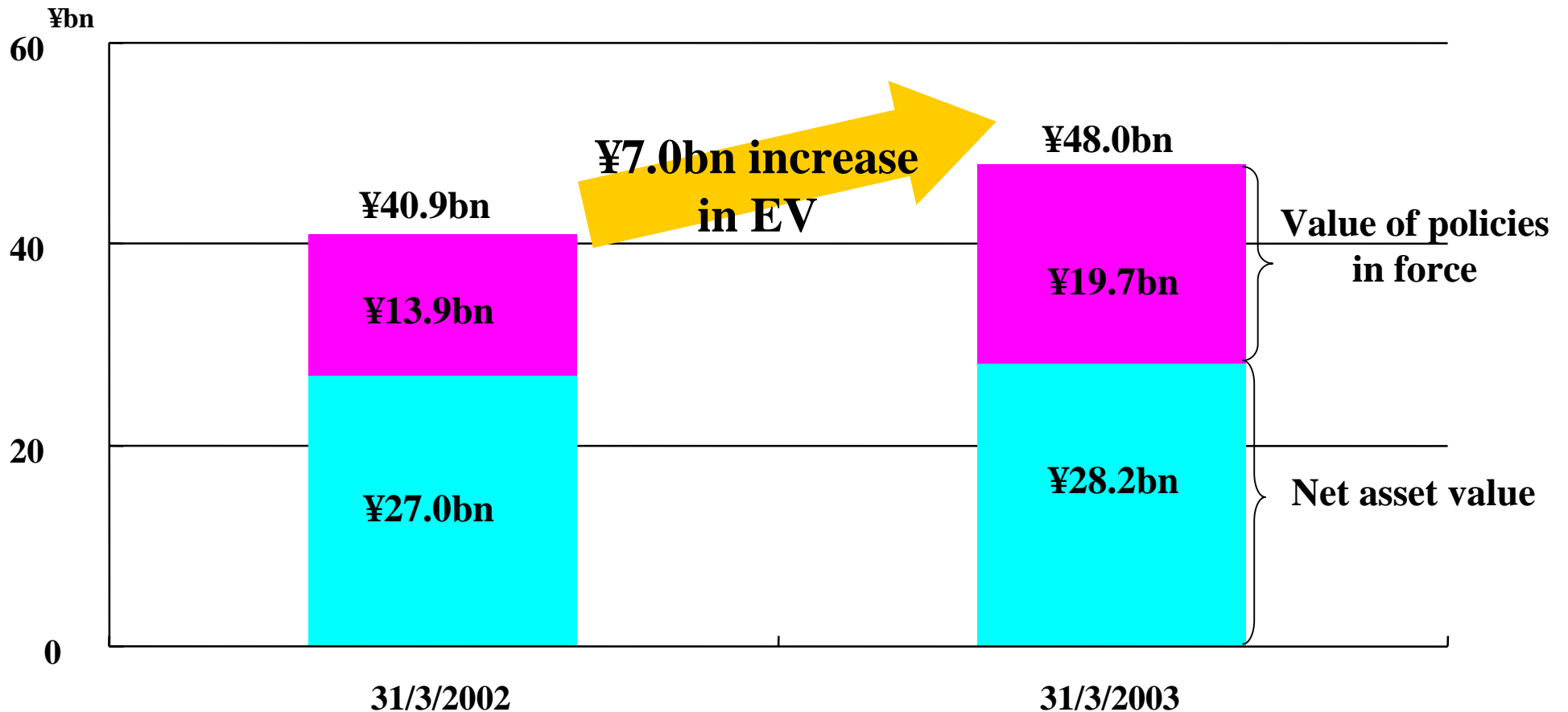
(+12.8% yoy)



I. FY2003 Earnings Summary

Ref: Aioi Life Embedded Value (EV)

Corporate value of the life operations is steadily increasing



EV in FY2003 increased by ¥7.0bn year-on-year (+17.3%)

Reserving being promoted in order to achieve statutory level, resulting in no contribution to consolidated profits in the near term, but corporate value is steadily rising