

**For the attention of our Shareholders / Investors / Analysts**

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**Aioi Insurance**

**Company Presentation**

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**(including FY2003 Interim Earnings)**

**5 December 2003**

**Aioi Insurance Co., Ltd.**

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Data

FY2003 (Sep) Interim Earnings Data

# **I. FY2003 Interim Earnings Summary**

# I. FY2003 Interim Earnings Summary

## 1. Key Points

Unit: Yen bn

|                              | Sep 2002 | Sep 2003 | Change | +/- %   |
|------------------------------|----------|----------|--------|---------|
|                              | Interim  | Interim  |        |         |
| Net Premiums                 | 416.6    | 419.2    | +2.5   | +0.6%   |
| Net Claims                   | 214.9    | 222.3    | +7.3   | +3.4%   |
| Loss Ratio                   | 56.3%    | 57.5%    | +1.2P  |         |
| Net Operating Expenses       | 148.5    | 138.0    | -10.4  | -7.0%   |
| Net Expense Ratio            | 35.6%    | 32.9%    | - 2.7P |         |
| Combined Ratio               | 91.9%    | 90.4%    | - 1.5P |         |
| Underwriting Profit          | 9.1      | 13.2     | +4.0   | +44.6%  |
| Asset Management Profit/Loss | 9.8      | 14.0     | +4.2   | +43.0%  |
| Ordinary Profit              | 11.0     | 23.0     | +12.0  | +108.8% |
| Interim Net Profit           | 3.7      | 9.0      | +5.2   | +141.1% |

\* Loss Ratio includes loss adjustment expenses

[Extraordinary Factors (abolition of CALI reinsurance scheme, Fortress Re imp

|                        | Sep 2002 | Sep 2003 | Change | +/- %   |
|------------------------|----------|----------|--------|---------|
|                        | Interim  | Interim  |        |         |
| Net Premiums           | 25.8     | 36.7     | +10.8  | +42.2%  |
| Abolition of CALI R/I  | 15.0     | 33.9     | +18.8  | +125.0% |
| Fortress Re            | 10.7     | 2.7      | -7.9   | -74.0%  |
| Net Claims             | 11.3     | 21.9     | +10.6  | +93.5%  |
| Abolition of CALI R/I  | 0.0      | 4.7      | +4.7   | -       |
| Fortress Re            | 11.3     | 17.2     | +5.8   | +51.6%  |
| Net Operating Expenses | 1.3      | 0.1      | -1.2   | -86.3%  |
| Abolition of CALI R/I  | -        | -        | -      | -       |
| Fortress Re            | 1.3      | 0.1      | -1.2   | -86.3%  |

[Excluding Special Factors]

|                        | Sep 2002 | Sep 2003 | Change | +/- %  |
|------------------------|----------|----------|--------|--------|
|                        | Interim  | Interim  |        |        |
| Net Premiums           | 390.8    | 382.5    | -83    | -2.1%  |
| Net Claims             | 203.6    | 200.3    | -33    | - 1.6% |
| Loss Ratio             | 57.1%    | 57.3%    | +0.2P  |        |
| Net Operating Expenses | 147.1    | 137.8    | -9.2   | -6.3%  |
| Net Expense Ratio      | 37.6%    | 36.0%    | - 1.6P |        |
| Combined Ratio         | 94.7%    | 93.3%    | - 1.4P |        |

### Net Premium Income +0.6% (excl. special factors: -2.1%)

Fortress Re -¥7.9bn, domestic direct (facultative) -¥6.8bn (of which motor -¥4.3bn)

### Net Claims Paid +3.4% (excl. special factors: -1.6%)

Fortress Re +¥5.8bn, domestic direct motor -¥4.7bn

Marginal increase in loss ratio on decline in income (excl. special factors +0.2P)

### Net Operating Expenses -7.0% (excl. special factors: -6.3%)

Personnel -¥3.5bn, non-personnel -¥1.5bn; improvement in expense ratio thanks to continued enhancement of efficiencies, offsetting fall in income (excl. special factors -1.6P)

(Note: including loss adjusting expenses: personnel -¥3.9bn, non-personnel -¥1.8bn)

### Underwriting Profit ¥13.2bn

+¥4.0bn due to cost savings (+44.6%)

### Profit on assets under management ¥14.0bn

Loss on revaluation of securities ¥1.1bn (-¥4.2bn)

### Ordinary Profit ¥23.0bn

+ ¥12.0bn (+108.8%) – a significant increase in profit

### Interim Net Profit ¥9.0bn

+¥5.2bn (+141.1%)

# I. FY2003 Interim Earnings Summary

## 2. Premium Income

### Net Premiums by Class

[Excl. special factors (abolition of CALI R/I scheme, Fortress Re impact)]

Unit: Yen bn, %

| Class        | 30 Sep 2002  |             | 30 Sep 2003  |             |
|--------------|--------------|-------------|--------------|-------------|
|              | Amount       | +/- %       | Amount       | +/- %       |
| Fire         | 39.1         | -15.0       | 39.4         | + 0.8       |
| Marine       | 2.4          | + 0.7       | 2.5          | + 0.8       |
| Casualty     | 26.3         | -3.2        | 24.9         | -5.3        |
| Motor        | 245.0        | + 0.2       | 238.7        | -2.6        |
| CALI         | 42.3         | + 0.7       | 44.0         | + 4.0       |
| Other        | 35.5         | + 6.1       | 32.8         | -7.5        |
| <b>TOTAL</b> | <b>390.8</b> | <b>-1.3</b> | <b>382.5</b> | <b>-2.1</b> |

### Operating Result by Channel

Units: Yen bn, %

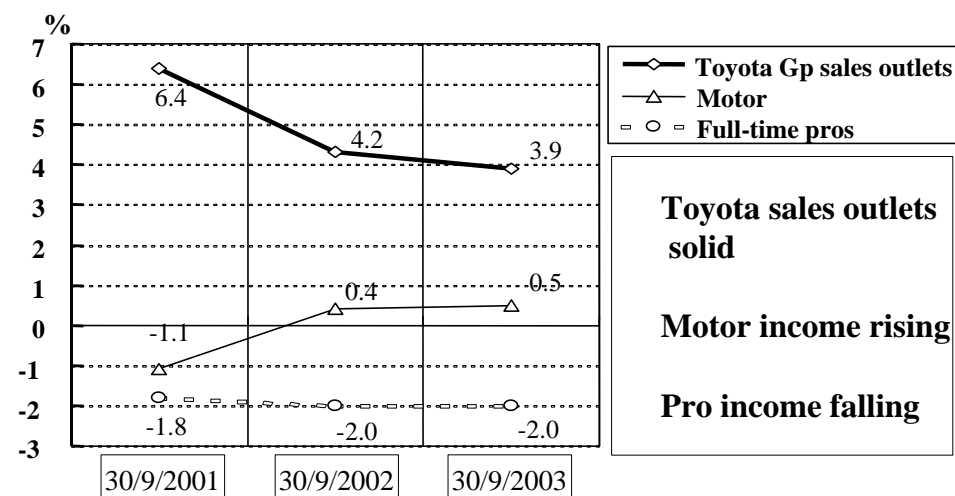
| Channel              | Sep 2002     |             | Sep 2003     |             |
|----------------------|--------------|-------------|--------------|-------------|
|                      | Amount       | +/- %       | Amount       | +/- %       |
| Pro                  | 148.5        | -2.0        | 145.5        | -2.0        |
| Motor                | 81.4         | + 0.4       | 81.9         | + 0.5       |
| Toyota outlets       | 71.4         | + 4.2       | 74.0         | + 3.9       |
| Non-Toyota dealers   | 16.9         | -9.1        | 15.0         | -11.1       |
| Corporates/Financial | 71.5         | + 2.6       | 72.4         | + 1.3       |
| Other general        | 24.4         | -11.4       | 22.0         | -9.8        |
| <b>TOTAL</b>         | <b>414.2</b> | <b>-0.8</b> | <b>410.8</b> | <b>-0.8</b> |

### Main Factors

(\* result basis)

| Reinsurance            | Motor           | Reduction in overseas inwards R/I -¥1.6bn   |
|------------------------|-----------------|---|
| <b>Domestic Direct</b> | <b>Fire</b>     | Boost from platform products +¥2.2bn*<br>Gvt Housing Loan Corp fire treaty -¥800mn<br>Savings-type fire -¥500mn   |
|                        | <b>Casualty</b> | 3rd Sector +¥1.3bn<br>General casualty -¥900mn<br>Savings-type casualty -¥1.1bn                                   |
|                        | <b>Motor</b>    | Toyota Group sales outlets/cos. +¥2.7bn*<br>Non-Toyota Group dealers -¥1.1bn*<br>Downturn in unit prices -¥4.4bn* |
|                        | <b>Other</b>    | Reduction in credit insurance -¥1.7bn   |

### Income Trend in Main Channels

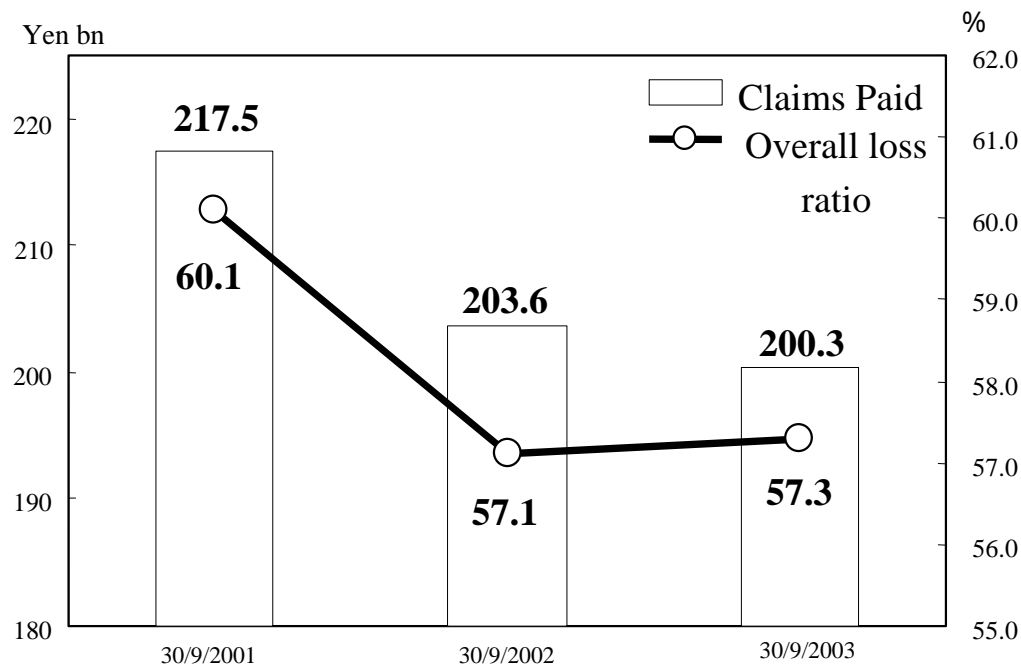


# I. FY2003 Interim Earnings Summary

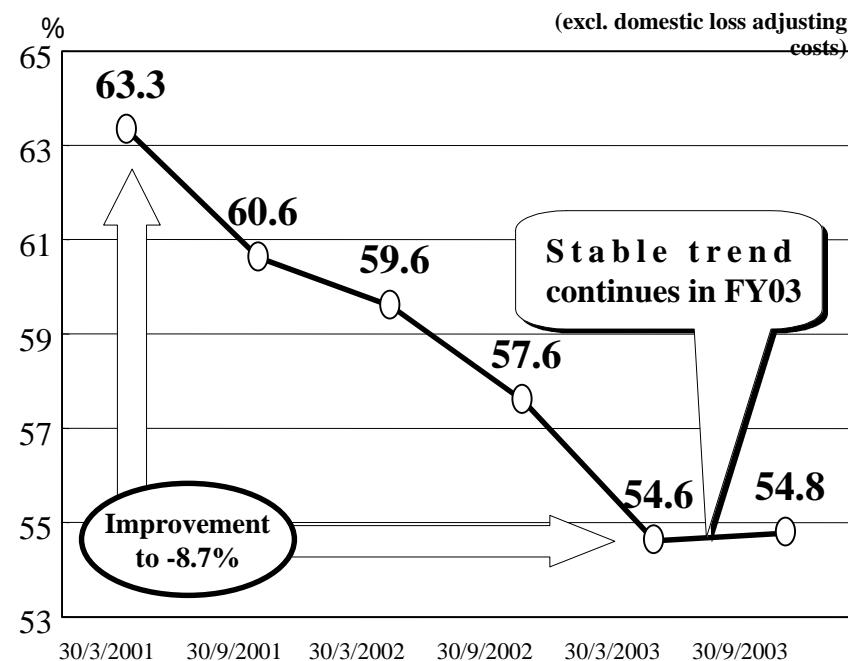
## 3. Claims Paid

[Excl. special factors (abolition of CALI R/I, Fortress Re impact)]

### Net Claims by Class



### Motor E/I Loss Ratio Trend



| Class        | 30/9/2001    |             | 30/9/2002    |             | 30/9/2003    |             | yoy           |
|--------------|--------------|-------------|--------------|-------------|--------------|-------------|---------------|
|              | Net Claims   | Loss Ratio  | Net Claims   | Loss Ratio  | Net Claims   | Loss Ratio  |               |
| Fire         | 22.2         | 50.6        | 17.2         | 46.4        | 16.8         | 44.7        | - 1.7P        |
| Marine       | 1.9          | 80.8        | 1.1          | 52.2        | 2.1          | 90.1        | + 37.9P       |
| Casualty     | 10.1         | 42.0        | 9.4          | 40.4        | 8.5          | 39.2        | - 1.2P        |
| Motor        | 137.9        | 61.4        | 129.1        | 57.5        | 125.5        | 57.2        | - 0.3P        |
| CALI         | 24.6         | 68.8        | 25.5         | 69.9        | 25.1         | 65.8        | - 4.1P        |
| Other        | 20.6         | 65.9        | 20.9         | 63.4        | 22.0         | 73.0        | + 9.6P        |
| <b>TOTAL</b> | <b>217.5</b> | <b>60.1</b> | <b>203.6</b> | <b>57.1</b> | <b>200.3</b> | <b>57.3</b> | <b>+ 0.2P</b> |

\* Loss Ratio includes loss adjusting expenses

**Reduction in claims, but overall loss ratio up 0.2% due to fall in income**

Significant improvement in motor loss ratio, stable development continues in FY03

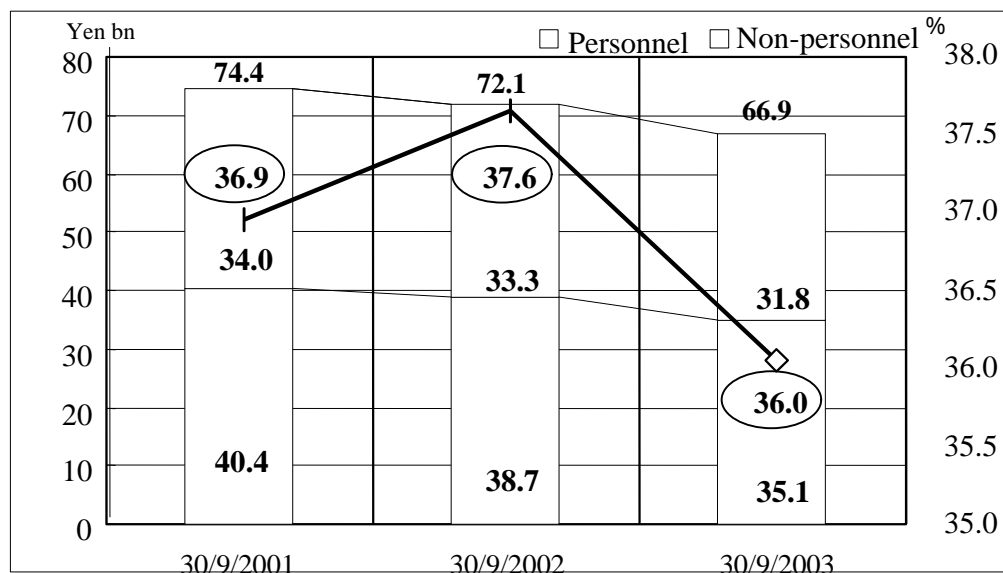
Increase in marine loss ratio due to large loss

# I. FY2003 Interim Earnings Summary

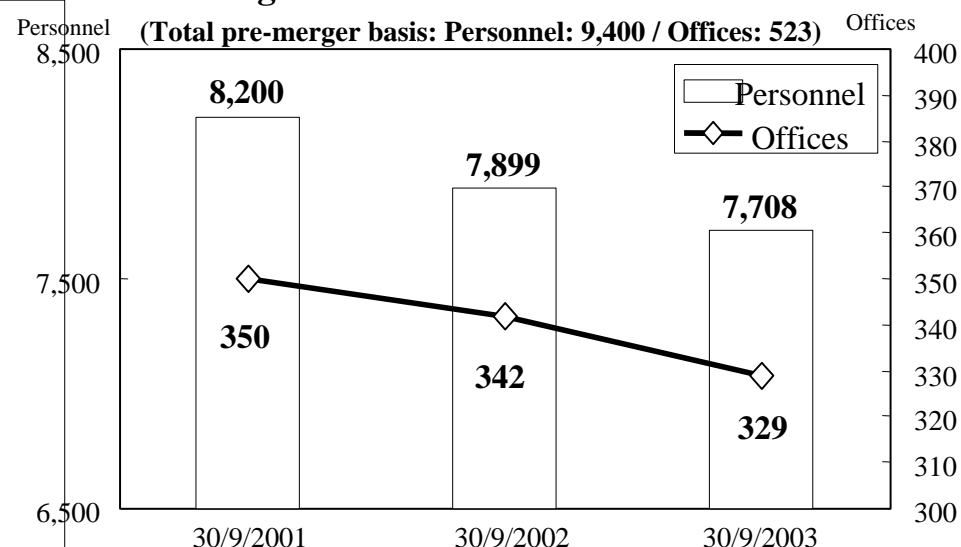
## 4. Operating Expenses

[Excl. special factors (abolition of CALI R/I, Fortress Re impact)]

### Expense Ratio & Operating Expense Reduction



### Streamlining



### IT Investment

|  | Unit: Yen bn |        |            |
|--|--------------|--------|------------|
|  | FY2001       | FY2002 | FY2003 Est |
| System costs   | 20.1         | 21.6   | 21.1       |
| of which: new administrative/agency systems investment | -            | 2.0    | 4.6        |

### Improvement in operating expense ratio through restructuring, offsetting fall in income

**Personnel:** review of pay structure, staff cuts, return of pension assets (*daiko henjo*) etc.

**Non-Personnel:** reduction in printing/communications costs, systems costs through efficiencies, offsetting new IT investment

**Recruitment Costs:** review of agency fee structure

|   | Unit: Yen bn |           |           | Change yoy (prior year) | Change % yoy (prior year) |
|---|--------------|-----------|-----------|-------------------------|---------------------------|
|   | 30/9/2001    | 30/9/2002 | 30/9/2003 |                         |                           |
| Underwriting related and general expenses | 74.4         | 72.1      | 66.9      | -5.1<br>(-7.5)          | -7.2%<br>(-10.1%)         |
| Personnel                                 | 40.4         | 38.7      | 35.1      | -3.5<br>(-5.3)          | -9.3%<br>(-13.1%)         |
| Non-personnel                             | 34.0         | 33.3      | 31.8      | -1.5<br>(-2.2)          | -4.7%<br>(-6.5%)          |
| Net Operating Expenses                    | 145.8        | 147.1     | 137.8     | -9.2                    | -6.3%                     |
| Net Operating Ratio                       | 36.9%        | 37.6%     | 36.0%     | -1.6P                   |                           |

Note: Non-personnel expenses include donations/burden charges/taxes.

# I. FY2003 Interim Earnings Summary

## 5. Asset Management

### Asset Management Profit/Loss

Unit: Yen bn

|  | 30/9/2002 | 30/9/2003 | Change |
|--|-----------|-----------|--------|
| Profit/loss on assets managed                            | 9.8       | 14.0      | +4.2   |
| Interest & dividend income                               | 20.7      | 19.1      | -1.6   |
| Profit/loss on sale of securities                        | 11.5      | 3.5       | -8     |
| Loss on revaluation of securities                        | 5.4       | 1.1       | -4.2   |
| Other profit/loss  | -5.4      | 3.1       | +8.5   |
| Transfer to investment profit,<br>incl. reserve premiums | -11.6     | -10.6     | +1.0   |

P/L on Asset Management: improvement  
to + ¥4.2bn

Interest income down ¥1.6bn due to low rates

Revaluation loss down due to market rally

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

### Loss on Revaluation of Securities

Unit: Yen bn

|                     | 30/9/2002  | 30/9/2003  | Change       |
|---------------------|------------|------------|--------------|
| Government bonds    | 0          | -          | 0            |
| Shares              | 4.1        | 1.1        | - 3.0        |
| Overseas securities | 0.7        | -          | -0.7         |
| Other               | 0.4        | -          | - 0.4        |
| <b>TOTAL</b>        | <b>5.4</b> | <b>1.1</b> | <b>- 4.2</b> |

**Impairment value down due to market rally:  
¥3.0bn reduction**

(Note: all issues with price falls over 50% affected.  
Recovery judged to be possible for 30-50%.)



# I. FY2003 Interim Earnings Summary

## 6. Capital

Unit: Yen bn

|                          | 30/9/2002 | 31/3/2003 | 30/9/2003 |         |
|--------------------------|-----------|-----------|-----------|---------|
|                          |           |           |           | Change  |
| Total assets             | 2,613.2   | 2,496.3   | 2,569.9   | 73.6    |
| Net worth equity capital | 346.1     | 308.8     | 375.4     | 66.5    |
| Loss reserves            | 1,711.7   | 1,676.2   | 1,679.2   | 3.0     |
| Catastrophe reserves     | 187.8     | 184.4     | 198.0     | 13.5    |
| Solvency margin          | 746.7%    | 683.4%    | 798.8%    | +115.4P |

**Continued recovery in net worth, both qualitative and quantitative, due to restoration of latent profits and reduction of strategic shareholdings**

### Latent profit/loss on securities

Unit: Yen bn

|                     | 30/9/2002   | 31/3/2003   | 30/9/2003    |             |
|---------------------|-------------|-------------|--------------|-------------|
|                     |             |             |              | Change      |
| Government          | 10.0        | 15.2        | 2.4          | -12.7       |
| Shares              | 84.0        | 21.6        | 139.7        | 118.1       |
| Overseas securities | 6.6         | -0.7        | -16.3        | -15.5       |
| Other               | -4.4        | -8.2        | 0.1          | 8.4         |
| <b>TOTAL</b>        | <b>96.2</b> | <b>27.8</b> | <b>126.0</b> | <b>98.2</b> |

**Rebound in latent profits due to market rally**

### Reduction of strategic shareholdings (book value basis)

Yen bn

|           | FY2002 | 30/9/2003 |
|-----------|--------|-----------|
| Reduction | 13.7   | 29.5      |
| Balance   | 465.8  | 435.3*    |

\* After impairment accounting (Yen 1.1bn)

**¥70bn sold by 30 November**

**Target: ¥100bn reduction this FY**

### Ref: Stock Market Conditions

[Share price trend (closing price basis)]

| Original  | High      | Low       | FY02 Close | Year High | Recent    |
|-----------|-----------|-----------|------------|-----------|-----------|
| 2001.4. 2 | 2001.8.24 | 2001.12.4 | 2003.3.31  | 2003.11.7 | 2003.12.4 |
| ¥384      | ¥454      | ¥196      | ¥242       | ¥437      | ¥399      |

**Aioi's share price (which had stagnated in the ¥200 range) has also recovered to its original level, supported by the market upturn**

# I. FY2003 Interim Earnings Summary

## Ref: Fortress Re aviation reinsurance data

**June 2002: agency contract with Fortress Re cancelled**

**Administration of contract run-off started in-house, as adequate data obtained**

**Major international auditor closely examines the claims estimate at each accounts settlement**

**No fluctuation in Sep 2003 interim claims estimate**

**Contract run-off to be concluded as of 31/12/2003**

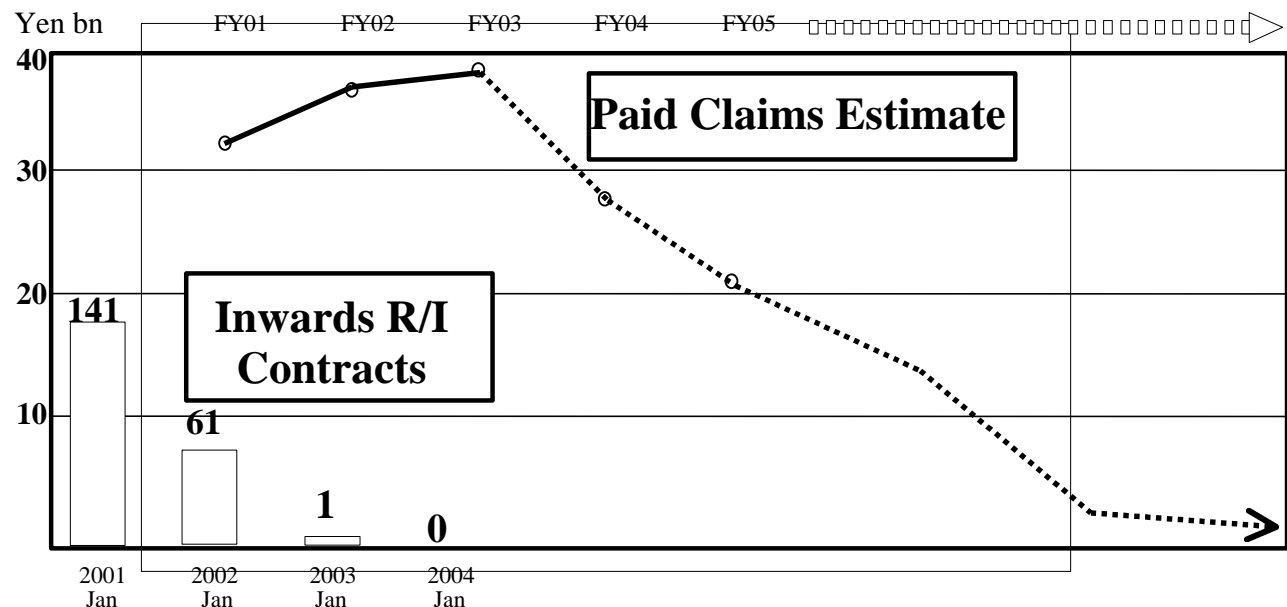
**Claims peaking in FY03, thanks to accelerated payments; rapid reduction expected from FY04**

### Claims Payments

|             | FY2001  | FY2002 | 30/9/2003 |
|-------------|---------|--------|-----------|
| Claims Paid | 32.2bn  | 36.2bn | 17.2bn    |
| O/S Reserve | 116.7bn | 88.4bn | 70.5bn    |

Note: Draw-down on claims reserves  
= (claims – reinstatement premiums) ± forex

**FY03 Estimated Payment: ¥38.3bn**



## **II. FY2003 Earnings Forecast**

# II. FY2003 Earnings Forecast

## 1. Key Points

Unit: Yen bn

|                              | FY2002 | FY2003 |        |         |
|------------------------------|--------|--------|--------|---------|
|                              |        | Est    | Change | +/- %   |
| Net Premiums                 | 836.8  | 838.0  | +1.1   | +0.1%   |
| Net Claims                   | 463.6  | 478.0  | +14.3  | +3.1%   |
| Loss Ratio                   | 60.1%  | 61.5%  | +1.4P  |         |
| Net Operating Expenses       | 295.2  | 282.9  | -12.3  | -4.2%   |
| Net Expense Ratio            | 35.3%  | 33.8%  | - 1.5P |         |
| Combined Ratio               | 95.3%  | 95.2%  | - 0.1P |         |
| Operating Balance            | 38.9   | 39.9   | +0.9   | +2.4%   |
| Underwriting Profit          | 7.3    | 12.5   | +5.1   | +70.4%  |
| Asset Management Profit/Loss | 19.3   | 37.2   | +17.8  | +92.5%  |
| Ordinary Profit              | 20.3   | 43.0   | +22.6  | +111.6% |
| Net Profit                   | 10.3   | 20.0   | +9.6   | +94.1%  |

\* Loss Ratio includes loss adjustment expenses

[Extraordinary Factors (abolition of CALI reinsurance scheme, Fortress Re impact)]

|                        | FY2002 | FY2003 |        |        |
|------------------------|--------|--------|--------|--------|
|                        |        | Est    | Change | +/- %  |
| Net Premiums           | 63.6   | 73.1   | +9.5   | +14.9% |
| Abolition of CALI R/I  | 48.3   | 67.1   | +18.7  | +38.8% |
| Fortress Re            | 15.2   | 6.0    | - 9.2  | -60.7% |
| Net Claims             | 36.8   | 54.1   | +17.2  | +46.8% |
| Abolition of CALI R/I  | 0.6    | 15.8   | +15.1  | -      |
| Fortress Re            | 36.2   | 38.3   | +2.0   | +5.6%  |
| Net Operating Expenses | 1.9    | 0.5    | - 1.4  | -74.6% |
| Abolition of CALI R/I  | -      | -      | -      | -      |
| Fortress Re            | 1.9    | 0.5    | -1.4   | -74.6% |

[Excluding Special Factors]

|                        | FY2002 | FY2003 |        |       |
|------------------------|--------|--------|--------|-------|
|                        |        | Est    | Change | +/- % |
| Net Premiums           | 773.2  | 764.9  | -8.3   | -1.1% |
| Net Claims             | 426.7  | 423.9  | -2.8   | -0.7% |
| Loss Ratio             | 60.2%  | 60.3%  | +0.1P  |       |
| Net Operating Expenses | 293.3  | 282.4  | -10.9  | -3.7% |
| Net Expense Ratio      | 37.9%  | 36.9%  | - 1.0P |       |
| Combined Ratio         | 98.2%  | 97.2%  | - 1.0P |       |

## Net Premiums by Class [Excl. special factors]

|          | FY2002   |       | FY2003 Est |        |       | 30/9/2003 |
|----------|----------|-------|------------|--------|-------|-----------|
|          | Premiums | +/- % | Premiums   | Change | +/- % | +/- %     |
| Fire     | 81.0     | -11.0 | 84.1       | +3.0   | +3.8  | +0.8      |
| Marine   | 5.2      | -2.2  | 4.9        | -0.3   | -6.2  | +0.8      |
| Casualty | 49.8     | -3.8  | 48.5       | -1.3   | -2.8  | -5.3      |
| Motor    | 490.0    | +0.4  | 477.3      | -12.7  | -2.6  | -2.6      |
| CALI     | 83.1     | +5.9  | 88.4       | +5.2   | +6.3  | +4.0      |
| Other    | 63.8     | +3.8  | 61.7       | -2.1   | -3.4  | -7.5      |
| TOTAL    | 773.2    | -0.4  | 764.9      | -8.3   | -1.1  | -2.1      |

## Net Claims by Class [Excl. special factors]

|          | FY2002 |            | FY2003 Est |            |        |
|----------|--------|------------|------------|------------|--------|
|          | Claims | Loss Ratio | Claims     | Loss Ratio | Change |
| Fire     | 37.1   | 48.2       | 36.2       | 45.2       | - 3.0P |
| Marine   | 2.7    | 55.0       | 3.8        | 82.0       | +27.0P |
| Casualty | 18.7   | 42.8       | 17.0       | 39.6       | - 3.2P |
| Motor    | 273.3  | 60.4       | 269.8      | 61.0       | +0.6P  |
| CALI     | 50.6   | 70.5       | 49.6       | 65.1       | - 5.4P |
| Other    | 44.1   | 74.7       | 47.5       | 82.8       | +8.1P  |
| TOTAL    | 426.7  | 60.2       | 423.9      | 60.3       | +0.1P  |

## Net Operating Expenses [Excl. special factors]

|   | FY2002 | FY2003 |        |       |
|---|--------|--------|--------|-------|
|   |        | Est    | Change | +/- % |
| Underwriting related and general expenses | 146.5  | 140.2  | -6.3   | -4.3  |
| Non-personnel                             | 76.9   | 71.0   | -5.9   | -7.7  |
| Non-personnel                             | 69.6   | 69.2   | -0.4   | -0.6  |
| Net Operating Expenses                    | 293.3  | 282.4  | -10.9  | -3.7  |
| Net Operating Ratio                       | 3.79   | 3.69   | -1.0P  |       |

Note: Non-personnel expenses include donations, burden charges, tax.

**Net premiums solid in 2H, expected to fall 1.1% for full year. Loss ratio set to increase 0.1% on fall in income, expense ratio set to improve to -1.0% (excl. special factors in both cases). Net profit for the period expected to reach ¥20.0bn (+¥9.6bn) on higher underwriting profit / profit on the sale of shares**

## **III. 2H Progress in Key Areas**

# III. 2H Progress in Key Areas

## 1. Measures to raise income



# III. 2H Progress in Key Areas

## 1. Measures to raise income (1) Accelerated development of Toyota market

### Increase in income as at 30/9/2003

Unit: Yen bn

|                     | 30/9/2002   | 30/9/2003   | Increase    | Change %     |
|---------------------|-------------|-------------|-------------|--------------|
| Group sales outlets | 71.4        | 74.0        | +2.7        | +3.9%        |
| Toyota              | 63.2        | 65.4        | +2.3        | +3.6%        |
| Rentalease etc.     | 4.2         | 4.6         | +0.3        | +7.9%        |
| Daihatsu            | 3.7         | 3.8         | +0.1        | +3.1%        |
| Hino                | 0.3         | 0.3         | +0.03       | +12.3%       |
| Group cos.          | 8.5         | 10.1        | +1.7        | +17.8%       |
| Toyota Motor        | 5.8         | 7.3         | +1.5        | +23.1%       |
| Group cos.          | 2.2         | 2.4         | +0.2        | +5.2%        |
| Daihatsu            | 0.4         | 0.4         | +0.02       | +7.4%        |
| Hino                | 0.03        | 0.0         | +0          | +9.4%        |
| <b>TOTAL</b>        | <b>79.9</b> | <b>84.2</b> | <b>+4.4</b> | <b>+5.5%</b> |

### Sales of jointly developed products

|  | FY2001        |              | FY2002        |               | 30/9/2003     |              |
|--|---------------|--------------|---------------|---------------|---------------|--------------|
|  | Policies      | Premiums     | Policies      | Premiums      | Policies      | Premiums     |
| <i>Convini Plan</i>                          | 22,000        | 2.4bn        | 38,000        | 4.2bn         | 23,000        | 2.4bn        |
| <i>Ashinaga Plan</i>                         |               |              | 21,000        | 4.6bn         | 10,000        | 2.2bn        |
| By Toyota sales outlets                      |               |              | 13,000        | 2.9bn         | 6,000         | 1.4bn        |
| By other channels                            |               |              | 8,000         | 1.7bn         | 3,000         | 0.8bn        |
| <i>Nagaraku Plan</i>                         |               |              |               |               | 3,000         | 0.3bn        |
| <i>Hosho ga tsukushi / Long Run Warranty</i> |               | 3.0bn        |               | 3.9bn         |               | 2.6bn        |
| <b>TOTAL</b>                                 | <b>22,000</b> | <b>5.4bn</b> | <b>59,000</b> | <b>12.7bn</b> | <b>36,000</b> | <b>7.5bn</b> |

\* 'Convini Plan' = motor insurance with auto-loan

'Ashinaga Plan', 'Nagaraku Plan' = long-term motor insurance for TS<sup>3</sup> card members

'Hosho ga tsukushi', 'Longrun Warranty' = extended warranty insurance

### Business with Toyota Group sales outlets

|                 | FY2001       |                          |                  | FY2002       |                          |                  | 30/9/2003    |                          |                  |
|-----------------|--------------|--------------------------|------------------|--------------|--------------------------|------------------|--------------|--------------------------|------------------|
|                 | Newly Gained | Newly Gained (Coinsurer) | Now Lead Insurer | Newly Gained | Newly Gained (Coinsurer) | Now Lead Insurer | Newly Gained | Newly Gained (Coinsurer) | Now Lead Insurer |
| Toyota          | 69           |                          | 4 cos.           | 55           |                          | 1 co.            | 36           |                          | 1 co.            |
| Rentalease etc. | 4            | 7 cos.                   |                  | 9            | 8 cos.                   |                  | 4            | 4 cos.                   |                  |
| Daihatsu        | 17           |                          |                  | 12           |                          |                  | 13           |                          | 1 co.            |
| Hino            | 6            | 12 cos.                  |                  | 5            | 2 cos.                   |                  | 4            |                          |                  |
| <b>TOTAL</b>    | <b>96</b>    | <b>19 cos.</b>           | <b>4 cos.</b>    | <b>81</b>    | <b>10 cos.</b>           | <b>1 co.</b>     | <b>57</b>    | <b>4 cos.</b>            | <b>2 cos.</b>    |

**Steady business expansion focused on Toyota sales outlets / Toyota Motor group contracts**

#### Toyota Sales Outlets

**Promoting joint product development**

**Promoting enhanced insurance administration**



**Contribution to higher earnings at sales outlets/ business expansion**

#### Toyota Group Cos.

**Higher share of group contracts/property insurance contracts**

**Promote horizontal development with group cos.**

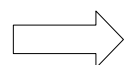
# III. 2H Progress in Key Areas

## 1. Measures to raise income (2) Promotion of dealer introductions and shift to large repair shops

**Fall in income from highly weighted repair shops, solid sales at used car dealers**

Units: shops, Yen bn, %

|                    | FY2002  |          |        | Change as at 30-Sep-03 |
|--------------------|---------|----------|--------|------------------------|
|                    | Outlets | Premiums | Change |                        |
| <b>Motor total</b> | 2,287   | 162      | +0.6   | +0.5                   |
| Repair shops       | 1,377   | 105      | -0.1   | -0.7                   |
| Used car dealers   | 352     | 24       | +3.0   | +3.5                   |
| SS                 | 108     | 9        | +3.7   | -1.7                   |
| Car shops          | 4       | 1        | +39.3  | +62.8                  |
| Bikes              | 168     | 12       | -2.8   | +1.1                   |
| Other              | 280     | 12       | +6.5   | +2.9                   |



**Increase in revenues at strategic Body Pro (BP) / pro repair shops**

Unit: %

|                              | FY02 Revenue Growth |       |         | FY03 Growth as at 30 Sep |       |         |
|------------------------------|---------------------|-------|---------|--------------------------|-------|---------|
|                              | Motor               | CALI  | General | Motor                    | CALI  | General |
| Repair shops total           | -1.8                | +1.7  | -10.0%  | -2.6                     | +1.5  | -70.0%  |
| of which: strategic BP shops | +2.6                | +12.8 | +7.1    | +2.7                     | +12.1 | +6.5    |
| of which: pro repair shops   | +0.8                | +8.9  | +4.8    | +0.4                     | +7.6  | +3.7    |

Strategic BP shops means those pro body (auto body repair) shops with which Aioi has formed a no-fee contract, designated by sales outlets as being likely to see an increase in revenues

### Introducing damaged cars to repair networks

**Expand no. of vehicles introduced & shift to strategic BP shops**

Expand the no. of damaged vehicles introduced to support the business, promote shift to strategic BP (body pro) shops with high revenue growth

### Shift to large, top quality repair shops that will see out the competition

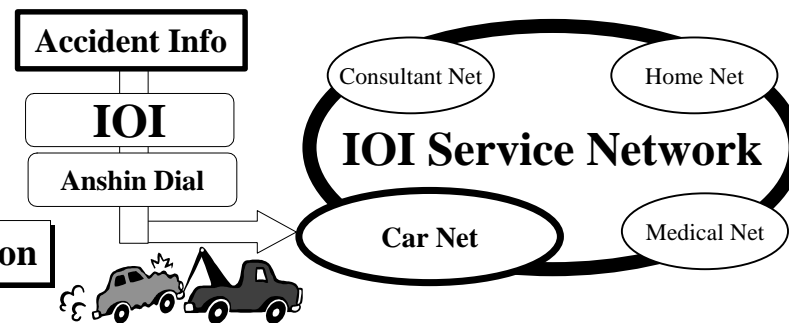
**Strengthen measures to respond to 'winner' pro repair shops**

**Bring top quality repair shop agents in-house**

4,000 of Aioi's repair shop agents with premiums over ¥10mn belong to 'MAC' ('Motor Address Club')

**Support to differentiate partner pro repair shops / MAC repair shops**

**Bolster environmental support measures (recycling / Nox/PM methods, diesel regulations response support), strengthen insurance sales guidance**

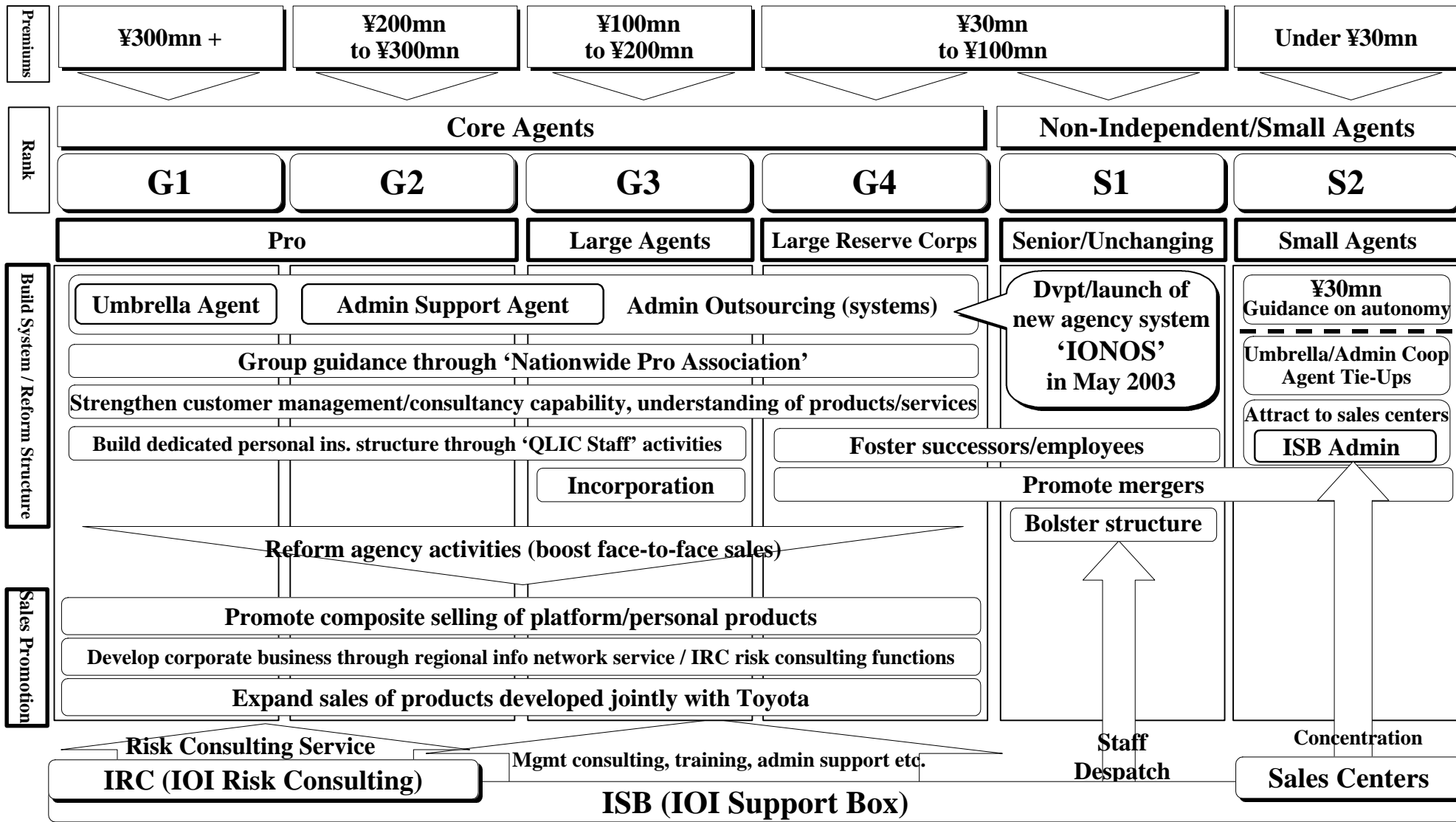




# III. 2H Progress in Key Areas

## 1. Measures to raise income (3) Reform of pro channel activities

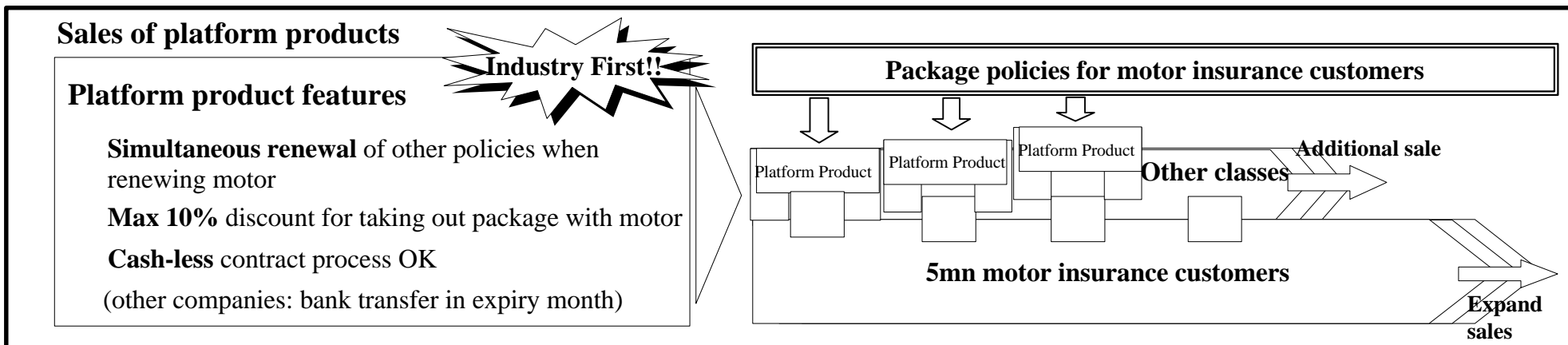
Strengthen hierarchical segment-based guidance/support to help pros expand/become independent, whilst focusing response on non-independent/small-scale layers.



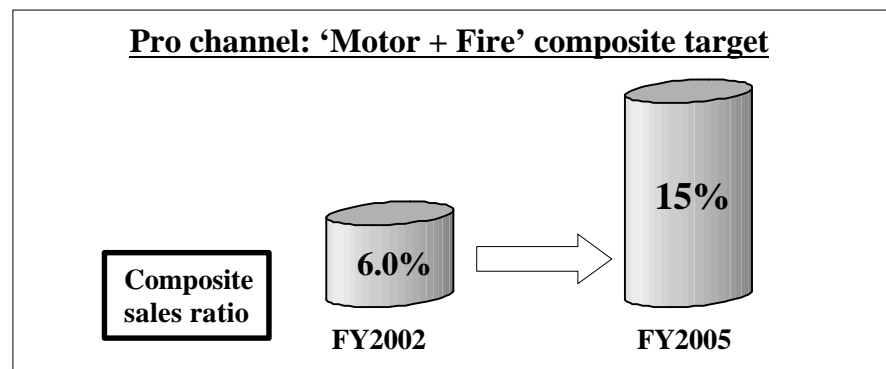
# III. 2H Progress in Key Areas

## 1. Measures to raise income (4) Expanded selling of platform products

Platform strategy – promote composite selling around motor insurance (packaged with other classes)



### First shot: 'New Household Comp Policy' (out Jan 03)



### Expanded product line-up

Fire: 'Issho Raku Raku' (Trader's Comprehensive) (out Jan 2003)

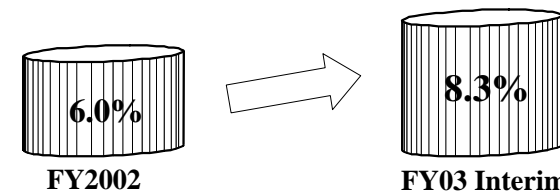
Casualty: 'Builders' Comprehensive' (out Dec 2003)

### Platform product sales (as at 30/9/2003)

Units: 1,000 policies / Yen bn

|                       | Policies   | Premiums   | Change      |                |
|-----------------------|------------|------------|-------------|----------------|
|                       |            |            | Change      | +/- %          |
| <b>Total Platform</b> | <b>145</b> | <b>6.9</b> | <b>+3.9</b> | <b>+130.0%</b> |
| New Household         | 136        | 4.8        | + 2.0       | +71.4%         |
| Traders Comp          | 4          | 0.4        | +0.2        | +100.0%        |
| Builders Comp         | 5          | 1.7        | +1.7        | -              |

### Ratio of composite 'motor + fire' sales by pros



# III. 2H Progress in Key Areas

## 1. Measures to raise income (5) Expanded selling of personal insurance products

**Health Insurance 'Health Club' (Jan 2003)**  
 Package Product: 3 major needs of the ageing society + specialist doctor introduction service

|           |         |         |
|-----------|---------|---------|
| Treatment | Nursing | Pension |
|-----------|---------|---------|

+

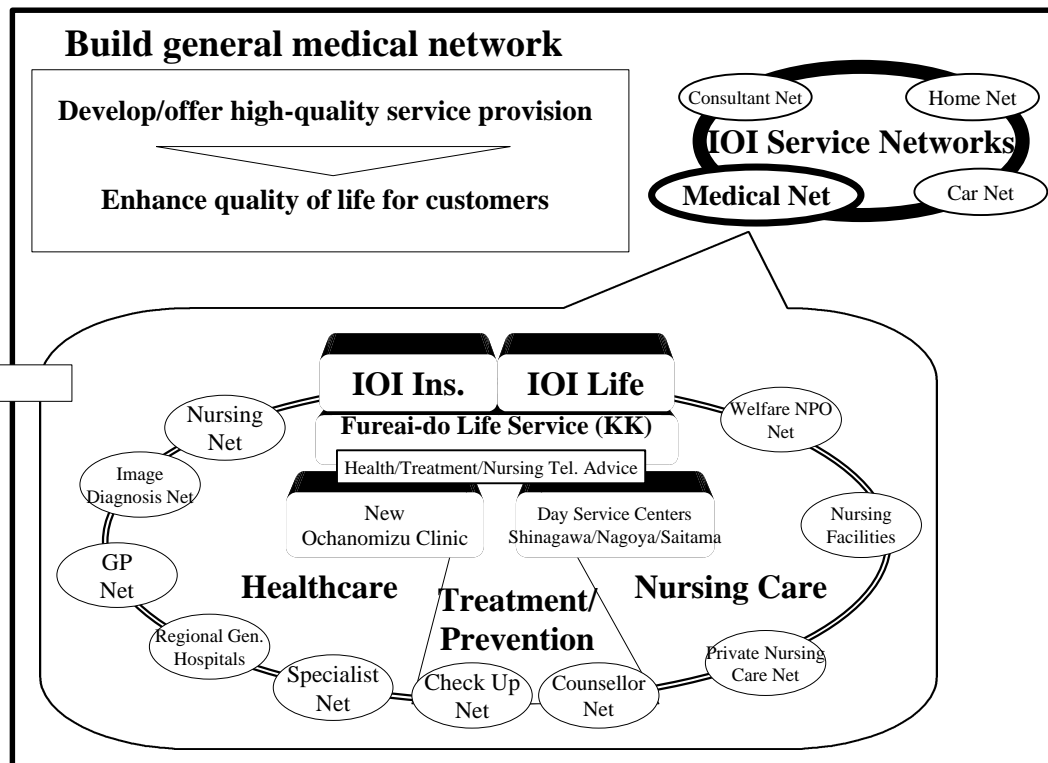
**Prime Doctor's Service**  
 Introduction of specialist doctor/hospital on serious illness (incl. abroad)

Industry First!!

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**Life/General Set Plan: 'Health Club Ado' (Oct 03)**

Total guide on personal/general in combined pamphlet  
 Advanced & Simple sales plans prepared  
 Promotes life insurance sales at agents new to life ins.



**Strengthen personal insurance sales structure**

|                                |   |
|--------------------------------|---|
| <b>Bolster sales structure</b> | 358 personnel nationwide assigned to promote personal policy sales – both 3rd sector & life                                     |
| <b>Build dedicated channel</b> | Launch 'QLIC' structure for dedicated personal insurance sales contract staff; expand to 300 staff (recruitment started Aug 03) |

**3rd Sector Product Sales (as at 30/9/2003)**  
 Units: 1,000 policies / Yen bn

|                         | Policies  | Premiums   | Change      |               |
|-------------------------|-----------|------------|-------------|---------------|
|                         |           |            | Change      | +/- %         |
| <b>3rd Sector Total</b> | <b>45</b> | <b>3.7</b> | <b>+0.9</b> | <b>+32.1%</b> |
| of which: Health Comp   | 30        | 1.2        | +1.2        | -             |

# III. 2H Progress in Key Areas

## 1. Measures to raise income (6) Development of household fire insurance market

### Promote development of emerging household fire channel

#### Regional financial institution channel

**Alliance strategy through regional info networks**  
 Develop alliances by opening up IOI service network call center function  
 Development through housing sector alliances/introductions (where Aioi share is high)



**IOI**

Alliance through IOI introduction

Anshin Dial

Consultant Net

Medical Net

**IOI Service Networks**

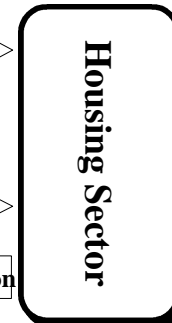
Open up services

Open up services

Car Net

Home Net

Service Net. participation



#### Housing sector channel

**Alliance strategy through regional info networks**  
 Develop alliances by opening up IOI service network call center function, participation in service network (Home Net)  
 Open up through alliances with financial institutions with which Aioi has close relationships

#### Unique product strategy

Develop business by offering unique product  
 'Small Loan Credit Insurance for Medium/Small Cos.'  
 to financial institutions

Develop business with dedicated bancassurance product  
 'Home Plus'

#### Strategic investment strategy

Develop business by investing in financial institutions yet to offer 3rd party products, or offering only at a low level

| FY2003 Interim (Sep 30) Status |                    |
|--------------------------------|--------------------|
| New 3rd party outlets          | 11 financial inst. |
| Premiums (Fire)                | Yen 2.4bn          |
| Change %                       | 35.30%             |

#### Unique product strategy

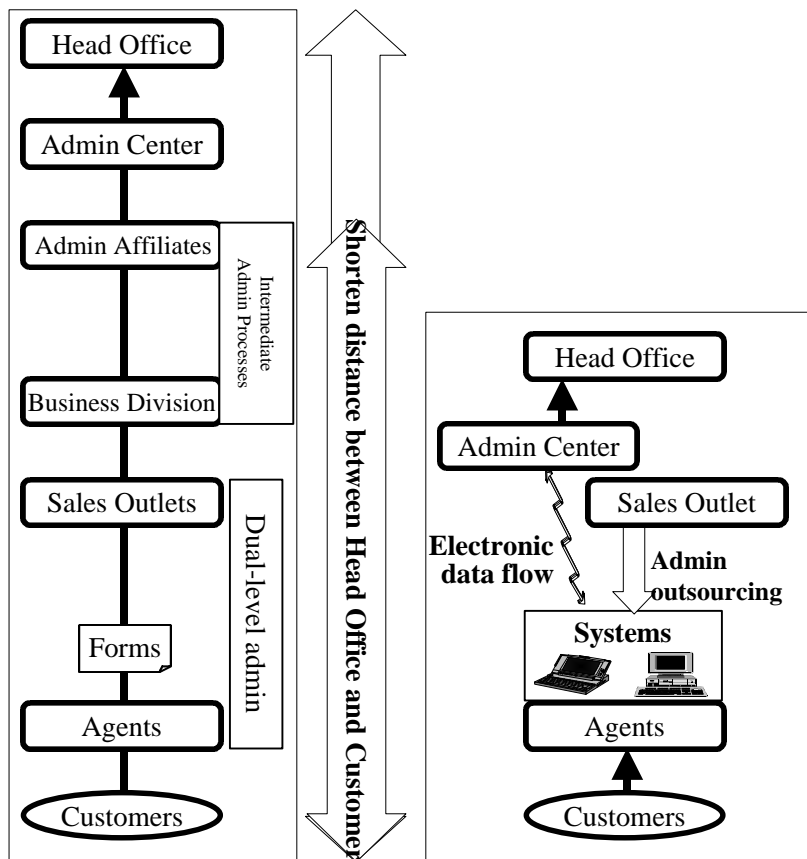
Develop business through platform product 'New Household Comp'  
 Develop business with dedicated rental market product 'Super Contents Quick'  
 Newly establish large business volume by utilizing fee system for agents handling only one class of insurance

| FY2003 Interim (Sep 30) Status |            |
|--------------------------------|------------|
| New housing sector channels    | 140 agents |
| Housing sector premiums        | Yen 13.6bn |
| Change %                       | 4.1%       |

# III. 2H Progress in Key Areas

## 2. Drastic enhancement of efficiency through business model reform

### Streamline admin to enhance productivity



Admin outsourcing/cooperation/umbrella agents (30/9/2003)

|                              |     |
|------------------------------|-----|
| Outsourcing agents           | 832 |
| of which: cooperating agents | 49  |
| of which: umbrella agents    | 4   |

#### Administrative Reform

##### Promote administrative reform

Introduce new system for core agents, promote direct accounting/daily settlement  
Outsource sales administration to core agents using the system

Launch of new agency systems  
'IONOS', 'I-BROAD'  
in May 2003

##### Develop admin cooperation/umbrella agency system

Bring small, non-autonomous/non-mechanized agents under the wing of agents handling administrative tasks, promoting cooperation  
Small agents to outsource guidance on sales promotion/delivery to umbrella agents

#### Reform Sales Outlets

##### Build a specialist tri-function sales structure

Consolidate agencies outsourcing admin, establish a 'Pro Sales Section' specializing in sales promotion guidance/new business for core agents  
Establish an 'Administration Promotion Center' specializing in admin/agency system guidance  
Establish a 'Sales Center' to manage non-autonomous/small agents centrally

Remove low-productivity tasks from sales outlets (admin, delivery etc.)

#### Reform Sales Activities

##### Build structure weighted with 30% new activities

Shift sales staff to core tasks (agency guidance/planning & proposals/new business etc)  
Enhance output of office-based tasks (shift from admin to sales etc)

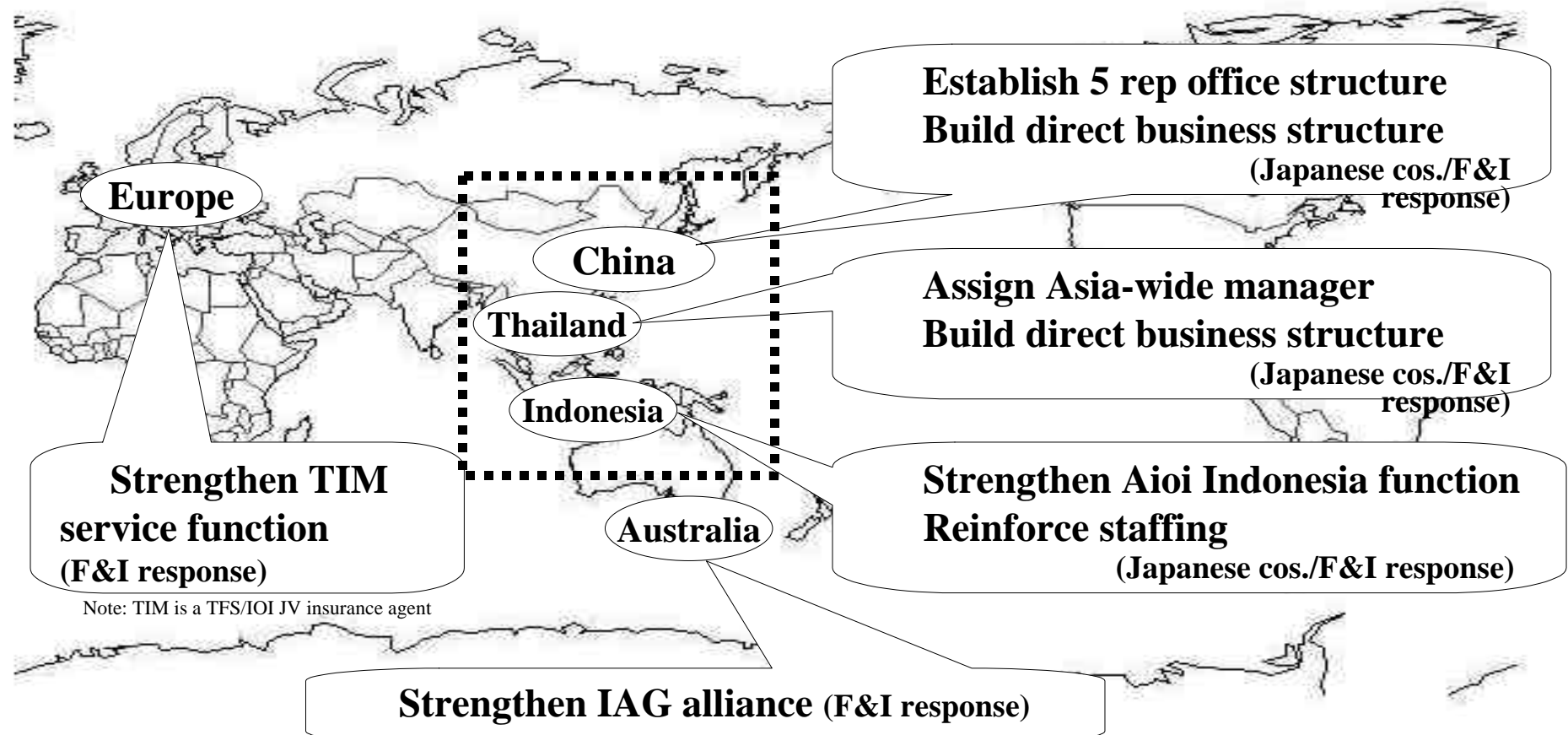
Enhance sales/office staffing efficiencies, re-focus on key areas

# III. 2H Progress in Key Areas

## 3. Overseas strategy

Promote F&I operation through enhanced cooperation between TMC/TFS

Strengthen sales activities of Japanese cos. in emerging Asian markets + invest now in China



## **IV. Aioi Life Interim Earnings Summary**

# IV. Aioi Life Interim Earnings Summary

## Interim Earnings

**Steady expansion in business scope/earnings**  
Interim profit (¥1.33bn) allocated to normal reserves  
(FY2002: ¥320mn increase implemented)

Units: Yen bn, %

|                         | Sep 2002<br>Interim | Sep 2003<br>Interim | Change | +/- % |
|-------------------------|---------------------|---------------------|--------|-------|
| New policy total        | 380.7               | 402.0               | +21.2  | +5.6  |
| Personal / pensions     | 335.1               | 367.0               | +31.8  | +9.5  |
| Group / group pensions  | 45.5                | 34.9                | -10.5  | -23   |
| Policies in force       | 3,512.0             | 3,945.4             | +433.3 | +12.3 |
| Personal / pensions     | 2,916.0             | 3,201.9             | +285.9 | +9.8  |
| Group / group pensions  | 596.0               | 743.4               | +147.4 | +24.7 |
| Base profit             | 1.5                 | 1.8                 | +0.3   | +18.7 |
| Asset management profit | 1.4                 | 1.6                 | +0.2   | +15.4 |
| Total assets            | 148.4               | 180.4               | +31.9  | +21.5 |
| Solvency margin         | 2002.9%             | 1951.9%             | -51.0P |       |

## Full Year Forecast

Units: Yen bn, %

|                        | FY2002  | FY2003<br>Forecast | Change | +/- % |
|------------------------|---------|--------------------|--------|-------|
| New policy total       | 782.3   | 958.0              | +175.6 | +22.5 |
| Personal / pensions    | 694.4   | 865.0              | +170.5 | +24.6 |
| Group / group pensions | 87.8    | 93.0               | +5.1   | +5.8  |
| Policies in force      | 3,714.7 | 4,152.0            | +437.2 | +11.8 |
| Personal / pensions    | 3,050.3 | 3,462.0            | +411.6 | +13.5 |
| Group / group pensions | 664.4   | 690.0              | +25.5  | +3.8  |

### Strengthen Sales Promotion Structure

**Allocated 60 dedicated life sales staff (Apr 2003)**

### Strengthen Sales Base

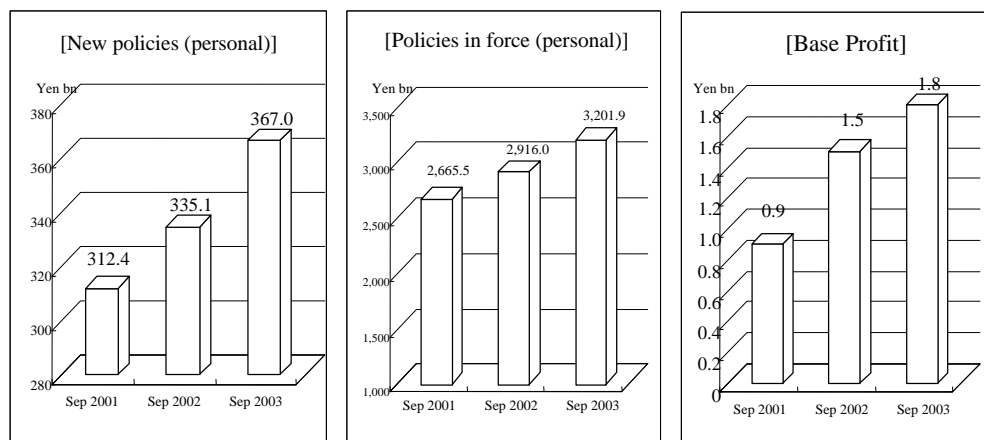
- Foster/reinforce core agents, promote operations
- Promote agency creation based on unified general/life proposals
- Strengthen bancassurance
- Expand sales of low-cancellation refund-type term policy (70% refund) (launched Jun 03)
- Note: 'Non-Discriminatory Term Life' policy launched to meet customer needs (Oct 03)

### Strengthen Consulting

- Sales of large warranty products to corporate market
- Recruit Life Insurance Managers (LIM) to boost structure to 100 staff

### Control Cancellations/Lapses

- Offer guidance/build structure to prevent cancellations/control lapses
- Enhance customer service by utilizing customer centers





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This presentation contains statements relating to future performance, which entail certain risks and uncertainties.

You should bear in mind that future performance, management policy or strategy could be subject to alteration or fluctuation due to changes in the external environment.

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## FY2003 (Sep) Interim Earnings Data

|  |       |   |
|--|-------|---|
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| 3 Net Premiums by Class                      | ..... | 2 |
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| 13 Other                                     | ..... | 8 |

## FY2003 Interim Earnings Summary

(Unit: Yen bn)

FR = Fortress Re

|   | Sep 2002    | Sep 2003    | Change      | YoY %        |  |
|---|-------------|-------------|-------------|--------------|--|
| 1. Net Premiums                         | 416.6       | 419.2       | 2.5         | 0.6          | <b>Key Points</b><br>Domestic direct (fac): -¥6.8bn YoY (-2.0%), FR -¥7.9bn YoY<br>Abolition of CALI reinsurance scheme: +¥18.8bn<br>Domestic direct (fac) -¥4.9bn YoY (of which motor -¥4.7bn)<br>FR: +¥5.8bn YoY > response using previous FY reserve<br>} Greater efficiencies due to staffing/general cost savings<br>} Personnel costs -¥3.9bn, non-personnel -¥1.8bn, domestic direct marketing -¥3.4bn<br><br>FR change in reserve: -¥17.9bn<br>Forex loss due to ¥ appreciation from end March > response using reserves<br>YoY increase due to abolition of CALI reinsurance<br>Increase in CAT reserve = transfer minus drawdown |
| 2. Net Claims Paid                      | 214.9       | 222.3       | 7.3         | 3.4          |  |
| 3. Loss Adjusting Expenses              | 19.4        | 18.7        | - 0.6       | - 3.4        |  |
| 4. Net Operating Expenses               | 148.5       | 138.0       | - 10.4      | - 7.0        |  |
| Operating Balance                       | 33.7        | 40.1        | 6.3         | 18.9         |  |
| 5. Increase in Reserve                  | - 13.1      | - 11.6      | 1.5         |              |  |
| 6. Forex Differential                   | - 9.3       | - 6.5       | 2.8         |              |  |
| 7. Increase in CALI Reserve             | 12.4        | 27.3        | 14.9        |              |  |
| 8. Increase in CAT Reserve              | 15.3        | 13.5        | - 1.7       |              |  |
| <b>Underwriting Profit</b>              | <b>9.1</b>  | <b>13.2</b> | <b>4.0</b>  | <b>44.6</b>  |  |
| Profit/loss on assets under management  | 9.8         | 14.0        | 4.2         | 43.0         | * Latent P/L on Other securities:<br>¥126.0bn [+¥98.2bn on 31/3/03]<br>(of which shares ¥139.7bn [+¥118.1bn on 31/03/03])  |
| (of which interest/dividend income)     | ( 20.7 )    | ( 19.1 )    | ( - 1.6 )   | ( - 7.8 )    |  |
| (of which appraisal loss on securities) | ( 5.4 )     | ( 1.1 )     | ( - 4.2 )   |              |  |
| Other ordinary profit/loss              | - 3.1       | 0.2         | 3.4         | -            | (Last year: transfer to bad debt provision)  |
| <b>Ordinary Profit</b>                  | <b>11.0</b> | <b>23.0</b> | <b>12.0</b> | <b>108.8</b> |  |
| Extraordinary Profit                    | 1.3         | 0.7         | - 0.6       |              |  |
| Extraordinary Loss                      | 6.9         | 2.3         | - 4.5       |              | (Last year: systems related merger costs ¥5.4bn)   |
| <b>Interim Profit</b>                   | <b>37</b>   | <b>90</b>   | <b>52</b>   | <b>141.1</b> |  |
| (Ratios)                                |             |             |             |              |  |
| Net Premium Increase Ratio              | 1.2%        | 0.6%        | -0.6%       |              | <b>Breakdown of Special Factors:</b><br>Abolition of CALI R/I scheme<br>Net Premiums 15.0bn<br>Net Claims 0<br>Net Premiums 10.7bn<br>Net Claims 11.3bn<br>Net Expenses 1.3bn<br><br>Impact of R/I contracts through FR<br>Net Premiums 70.5bn<br>Net Claims 17.2bn<br>Net Expenses 0.1bn  |
| Net Loss Ratio                          | 56.3%       | 57.5%       | 1.2%        |              |  |
| Net Expense Ratio                       | 35.6%       | 32.9%       | -2.7%       |              |  |
| Combined Ratio                          | 91.9%       | 90.4%       | -1.5%       |              |  |
| Income/Outgo Balance Ratio              | 8.1%        | 9.6%        | 1.5%        |              |  |
| (Ratios excluding Special Factors)      |             |             |             |              |  |
| Net Premium Increase Ratio              | -1.3%       | -2.1%       | -0.8%       |              | [FR related claims reserves]   |
| Net Loss Ratio                          | 57.1%       | 57.3%       | 0.2%        |              | FY03 interim balance 70.5bn  |
| Net Expense Ratio                       | 37.6%       | 36.0%       | -1.6%       |              | YoY change -17.9bn   |
| Combined Ratio                          | 94.7%       | 93.3%       | -1.4%       |              |  |
| Income/Outgo Balance Ratio              | 5.3%        | 6.7%        | 1.4%        |              |  |

## 2. Direct Net Premiums by Class

(Units: Yen million, %)

| Period \ Class | Sep 2002 Interim |          | Sep 2003 Interim |          | FY2002  |          | FY2003 Forecast |          |
|----------------|------------------|----------|------------------|----------|---------|----------|-----------------|----------|
|                |                  | Change % |                  | Change % |         | Change % |                 | Change % |
| Fire           | 44,754           | -6.3     | 45,523           | 1.7      | 92,817  | -0.8     | 95,000          | 2.4      |
| Marine         | 2,496            | 2.0      | 2,615            | 4.7      | 4,991   | -0.6     | 5,000           | 0.2      |
| Casualty       | 26,216           | -6.5     | 25,518           | -2.7     | 50,081  | -3.8     | 49,600          | -1.0     |
| Motor          | 239,589          | -1.3     | 235,220          | -1.8     | 476,841 | -0.9     | 469,400         | -1.6     |
| CALI           | 93,606           | 19.8     | 86,873           | -7.2     | 170,681 | 20.9     | 173,400         | 1.6      |
| Other          | 38,678           | 9.8      | 36,213           | -6.4     | 69,164  | 4.2      | 67,900          | -1.8     |
| TOTAL          | 445,342          | 2.5      | 431,964          | -3.0     | 864,579 | 3.0      | 860,300         | -0.5     |

## 3. Net Premiums by Class

(Units: Yen million, %)

| Period \ Class | Sep 2002 Interim |          | Sep 2003 Interim |          | FY2002  |          | FY2003 Forecast |          |
|----------------|------------------|----------|------------------|----------|---------|----------|-----------------|----------|
|                |                  | Change % |                  | Change % |         | Change % |                 | Change % |
| Fire           | 39,128           | -36.7    | 39,440           | 0.8      | 81,042  | -11.0    | 84,100          | 3.8      |
| Marine         | 2,481            | 0.7      | 2,500            | 0.8      | 5,224   | -2.2     | 4,900           | -6.2     |
| Casualty       | 26,381           | -3.2     | 24,991           | -5.3     | 49,887  | -3.8     | 48,500          | -2.8     |
| Motor          | 245,026          | 0.2      | 238,718          | -2.6     | 490,025 | 0.4      | 477,300         | -2.6     |
| CALI           | 57,378           | 36.6     | 77,926           | 35.8     | 131,531 | 67.5     | 155,500         | 18.2     |
| Other          | 46,260           | 38.1     | 35,660           | -22.9    | 79,128  | 26.8     | 67,700          | -14.4    |
| TOTAL          | 416,655          | 1.2      | 419,238          | 0.6      | 836,841 | 7.7      | 838,000         | 0.1      |

## 4. Net Claims Paid by Class

(Units: Yen million, %)

| Period \ Class | Sep 2002 Interim |            |        | Sep 2003 Interim |            |        | FY2002  |            |        | FY2003 Forecast |            |        |
|----------------|------------------|------------|--------|------------------|------------|--------|---------|------------|--------|-----------------|------------|--------|
|                |                  | Loss Ratio | Change |                  | Loss Ratio | Change |         | Loss Ratio | Change |                 | Loss Ratio | Change |
| Fire           | 17,293           | 46.4       | 8.7    | 16,808           | 44.7       | -1.7   | 37,188  | 48.2       | -38.6  | 36,200          | 45.2       | -3.0   |
| Marine         | 1,193            | 52.2       | -28.6  | 2,159            | 90.1       | 37.9   | 2,711   | 55.0       | -22.3  | 3,800           | 82.0       | 27.0   |
| Casualty       | 9,432            | 40.4       | -1.6   | 8,546            | 39.2       | -1.2   | 18,767  | 42.8       | -0.9   | 17,000          | 39.6       | -3.2   |
| Motor          | 129,176          | 57.5       | -3.9   | 125,566          | 57.2       | -0.3   | 273,352 | 60.4       | -3.1   | 269,800         | 61.0       | 0.6    |
| CALI           | 25,575           | 51.6       | -17.2  | 29,926           | 43.3       | -8.3   | 51,236  | 45.0       | -28.6  | 65,400          | 47.2       | 2.2    |
| Other          | 32,328           | 73.2       | 7.3    | 39,298           | 115.5      | 42.3   | 80,400  | 106.1      | 31.3   | 85,800          | 132.0      | 25.9   |
| TOTAL          | 214,999          | 56.3       | -1.5   | 222,305          | 57.5       | 1.2    | 463,655 | 60.1       | -6.9   | 478,000         | 61.5       | 1.4    |

NB: Net Loss Ratio (%) = (net claims paid + loss adjusting expenses) ÷ net premium income

## 2. Direct Net Premiums by Class

This data excludes the impact of abolition of the gvt CALI reinsurance scheme and Fortress Re.

**Excl. Special Factors**

(Units: Yen million, %)

| Period | Class        | Sep 2002 Interim |            | Sep 2003 Interim |             | FY2002         |            | FY2003 Forecast |             |
|--------|--------------|------------------|------------|------------------|-------------|----------------|------------|-----------------|-------------|
|        |              |                  | Change %   |                  | Change %    |                | Change %   |                 | Change %    |
|        | Fire         | 44,754           | -6.3       | 45,523           | 1.7         | 92,817         | -0.8       | 95,000          | 2.4         |
|        | Marine       | 2,496            | 2.0        | 2,615            | 4.7         | 4,991          | -0.6       | 5,000           | 0.2         |
|        | Casualty     | 26,216           | -6.5       | 25,518           | -2.7        | 50,081         | -3.8       | 49,600          | -1.0        |
|        | Motor        | 239,589          | -1.3       | 235,220          | -1.8        | 476,841        | -0.9       | 469,400         | -1.6        |
|        | CALI         | 93,606           | 19.8       | 86,873           | -7.2        | 170,681        | 20.9       | 173,400         | 1.6         |
|        | Other        | 38,678           | 9.8        | 36,213           | -6.4        | 69,164         | 4.2        | 67,900          | -1.8        |
|        | <b>TOTAL</b> | <b>445,342</b>   | <b>2.5</b> | <b>431,964</b>   | <b>-3.0</b> | <b>864,579</b> | <b>3.0</b> | <b>860,300</b>  | <b>-0.5</b> |

## 3. Net Premiums by Class

(Units: Yen million, %)

| Period | Class        | Sep 2002 Interim |             | Sep 2003 Interim |             | FY2002         |             | FY2003 Forecast |             |
|--------|--------------|------------------|-------------|------------------|-------------|----------------|-------------|-----------------|-------------|
|        |              |                  | Change %    |                  | Change %    |                | Change %    |                 | Change %    |
|        | Fire         | 39,128           | -15.0       | 39,440           | 0.8         | 81,042         | -11.0       | 84,100          | 3.8         |
|        | Marine       | 2,481            | 0.7         | 2,500            | 0.8         | 5,224          | -2.2        | 4,900           | -6.2        |
|        | Casualty     | 26,381           | -3.2        | 24,991           | -5.3        | 49,887         | -3.8        | 48,500          | -2.8        |
|        | Motor        | 245,026          | 0.2         | 238,718          | -2.6        | 490,025        | 0.4         | 477,300         | -2.6        |
|        | CALI         | 42,311           | 0.7         | 44,019           | 4.0         | 83,180         | 5.9         | 88,400          | 6.3         |
|        | Other        | 35,518           | 6.1         | 32,866           | -7.5        | 63,852         | 3.8         | 61,700          | -3.4        |
|        | <b>TOTAL</b> | <b>390,846</b>   | <b>-1.3</b> | <b>382,537</b>   | <b>-2.1</b> | <b>773,213</b> | <b>-0.4</b> | <b>764,900</b>  | <b>-1.1</b> |

## 4. Net Claims Paid by Class

(Units: Yen million, %)

| Period | Class        | Sep 2002 Interim |             |             | Sep 2003 Interim |             |            | FY2002         |             |             | FY2003 Forecast |             |            |
|--------|--------------|------------------|-------------|-------------|------------------|-------------|------------|----------------|-------------|-------------|-----------------|-------------|------------|
|        |              |                  | Loss Ratio  |             |                  | Loss Ratio  |            |                | Loss Ratio  |             |                 | Loss Ratio  |            |
|        |              |                  | Change      |             |                  | Change      |            |                | Change      |             |                 | Change      |            |
|        | Fire         | 17,293           | 46.4        | -4.2        | 16,808           | 44.7        | -1.7       | 37,188         | 48.2        | -3.1        | 36,200          | 45.2        | -3.0       |
|        | Marine       | 1,193            | 52.2        | -28.6       | 2,159            | 90.1        | 37.9       | 2,711          | 55.0        | -22.3       | 3,800           | 82.0        | 27.0       |
|        | Casualty     | 9,432            | 40.4        | -1.6        | 8,546            | 39.2        | -1.2       | 18,767         | 42.8        | -0.9        | 17,000          | 39.6        | -3.2       |
|        | Motor        | 129,176          | 57.5        | -3.9        | 125,566          | 57.2        | -0.3       | 273,352        | 60.4        | -3.1        | 269,800         | 61.0        | 0.6        |
|        | CALI         | 25,575           | 69.9        | 1.1         | 25,162           | 65.8        | -4.1       | 50,630         | 70.5        | -3.1        | 49,600          | 65.1        | -5.4       |
|        | Other        | 20,968           | 63.4        | -2.5        | 22,079           | 73.0        | 9.6        | 44,144         | 74.7        | -1.1        | 47,500          | 82.8        | 8.1        |
|        | <b>TOTAL</b> | <b>203,639</b>   | <b>57.1</b> | <b>-3.0</b> | <b>200,323</b>   | <b>57.3</b> | <b>0.2</b> | <b>426,794</b> | <b>60.2</b> | <b>-2.7</b> | <b>423,900</b>  | <b>60.3</b> | <b>0.1</b> |

NB: Net Loss Ratio (%) = (net claims paid + loss adjusting expenses) ÷ net premium income

### 5. Inwards Reinsurance Premiums by Class

(Units: Yen million, %)

| Period | Class    | Sep 2002 Interim |          | Sep 2003 Interim |          | FY2002  |          |         | FY2003 Forecast |  |  |
|--------|----------|------------------|----------|------------------|----------|---------|----------|---------|-----------------|--|--|
|        |          |                  | Change % |                  | Change % |         | Change % |         | Change %        |  |  |
|        | Fire     | 7,143            | -73.6    | 7,076            | -0.9     | 14,710  | -35.6    | 14,700  | -0.1            |  |  |
|        | Marine   | 654              | -8.4     | 640              | -2.1     | 1,490   | -12.6    | 1,300   | -12.8           |  |  |
|        | Casualty | 252              | 769.3    | 33               | -86.6    | 289     | -61.5    | 700     | 141.9           |  |  |
|        | Motor    | 8,344            | 40.1     | 6,716            | -19.5    | 19,234  | 32.2     | 13,700  | -28.8           |  |  |
|        | CALI     | 36,085           | 88.0     | 57,880           | 60.4     | 92,855  | 147.1    | 116,200 | 25.1            |  |  |
|        | Other    | 19,836           | 976.0    | 8,207            | -58.6    | 31,994  | 215.4    | 14,700  | -54.1           |  |  |
|        | TOTAL    | 72,317           | 31.9     | 80,556           | 11.4     | 160,575 | 83.3     | 161,300 | 0.5             |  |  |

### 6. Net Claims on Inwards Reinsurance by Class

(Units: Yen million, %)

| Period | Class    | Sep 2002 Interim |            |        | Sep 2003 Interim |            |        | FY2002  |            |        | FY2003 Forecast |            |        |
|--------|----------|------------------|------------|--------|------------------|------------|--------|---------|------------|--------|-----------------|------------|--------|
|        |          |                  | Loss Ratio | Change |                  | Loss Ratio | Change |         | Loss Ratio | Change |                 | Loss Ratio | Change |
|        | Fire     | 7,002            | 98.0       | 62.2   | 6,947            | 98.2       | 0.2    | 16,702  | 113.5      | -127.8 | 14,800          | 100.7      | -12.8  |
|        | Marine   | 405              | 62.0       | -68.5  | 1,725            | 269.2      | 207.2  | 1,483   | 99.5       | -7.5   | 2,600           | 200.0      | 100.5  |
|        | Casualty | 171              | 68.0       | -20.6  | 33               | 99.9       | 31.9   | 294     | 101.9      | 79.8   | 200             | 28.6       | -73.3  |
|        | Motor    | 5,515            | 66.1       | -9.9   | 6,334            | 94.3       | 28.2   | 12,966  | 67.4       | -4.2   | 13,700          | 100.0      | 32.6   |
|        | CALI     | 25,575           | 70.9       | -57.4  | 29,926           | 51.7       | -19.2  | 51,236  | 55.2       | -76.1  | 65,400          | 56.3       | 1.1    |
|        | Other    | 13,268           | 66.9       | -47.3  | 18,962           | 231.0      | 164.1  | 40,558  | 126.8      | 87.7   | 41,900          | 285.0      | 158.2  |
|        | TOTAL    | 51,938           | 71.8       | -4.6   | 63,930           | 79.4       | 7.6    | 123,242 | 76.8       | -61.2  | 138,600         | 85.9       | 9.1    |

## 7. Breakdown of Net Operating Expenses

(Units: Yen million, %)

|  |               | Sep 2002 Interim |          |              | Sep 2003 Interim |          |              | FY2002    |          |              | FY2003 Forecast |          |              |
|--|---------------|------------------|----------|--------------|------------------|----------|--------------|-----------|----------|--------------|-----------------|----------|--------------|
|  |               |                  | Change % | % of Premium |                  | Change % | % of Premium |           | Change % | % of Premium |                 | Change % | % of Premium |
| Loss Adjusting   | Personnel     | 51,691           | -4.1     | 12.4         | 47,687           | -7.7     | 11.4         | 102,543   | -1.6     | 12.3         | 96,200          | -6.2     | 11.5         |
| +  | Non-Personnel | 37,839           | -2.0     | 9.1          | 36,096           | -4.6     | 8.6          | 80,708    | -3.6     | 9.6          | 78,900          | -2.2     | 9.4          |
| Op. Expenses &   | Tax etc.      | 6,560            | -2.5     | 1.6          | 6,340            | -3.4     | 1.5          | 10,813    | -4.4     | 1.3          | 10,800          | -0.1     | 1.3          |
| SG&A   | TOTAL         | 96,091           | -3.1     | 23.1         | 90,124           | -6.2     | 21.5         | 194,065   | -2.6     | 23.2         | 185,900         | -4.2     | 22.2         |
| Operating expenses and SG&A relating to insurance underwriting costs |               | 72,129           | -3.2     | 17.3         | 66,961           | -7.2     | 16.0         | 146,539   | -2.5     | 17.5         | 140,200         | -4.3     | 16.7         |
|  |               | 76,373           | -0.1     | 18.3         | 71,100           | -6.9     | 17.0         | 148,746   | -2.4     | 17.8         | 142,700         | -4.1     | 17.0         |
| Operating Expenses   |               | 148,502          | -1.6     | 35.6         | 138,062          | -7.0     | 32.9         | 295,286   | -2.4     | 35.3         | 282,900         | -4.2     | 33.8         |
|  |               | (147,104)        | (0.8)    | (37.6)       | (137,870)        | -6.3     | (36.0)       | (293,316) | -0.9     | (37.9)       | (282,400)       | -3.7     | (36.9)       |

NB: Figures in brackets exclude Special Factors (abolition of gvt CALI reinsurance & Fortress Re related impact)

## 8. Catastrophe Reserves

(Units: Yen million, %)

| Period<br>Class | Sep 2002 Interim | FY2002          | Sep 2003 Interim |                     |                     |
|-----------------|------------------|-----------------|------------------|---------------------|---------------------|
|                 | (% of premium)   | (% of premium)  | (% of premium)   | Change on 30/9/2002 | Change on 31/3/2003 |
| Fire            | 60,049 ( 78.1)   | 61,359 ( 77.0)  | 62,621 ( 80.8)   | 2,571               | 1,262               |
| Marine          | 3,864 ( 77.9)    | 3,941 ( 75.4)   | 3,443 ( 68.8)    | -421                | -498                |
| Casualty        | 25,585 ( 48.5)   | 25,549 ( 51.2)  | 25,549 ( 51.1)   | -35                 | -                   |
| Motor           | 81,702 ( 16.7)   | 78,889 ( 16.1)  | 92,456 ( 19.4)   | 10,753              | 13,566              |
| Other           | 16,614 ( 18.0)   | 14,695 ( 18.6)  | 13,963 ( 19.6)   | -2,650              | -731                |
| TOTAL           | 187,816 ( 26.2)  | 184,435 ( 26.2) | 198,034 ( 29.1)  | 10,217              | 13,598              |

% of premium = o/s catastrophe reserve ÷ net premium income (excl. dwelling EQ / CALI) × 100  
 Calculation for the half year based on twice the net premium income (excl. household EQ and CALI).

### 9. Asset Evaluation (Loans)

(Units: Yen million, %)

|                             | Sep 2002 Interim (Share) | Sep 2003 Interim (Share) | Change (Share) | FY2002 (Share)   |
|-----------------------------|--------------------------|--------------------------|----------------|------------------|
| TOTAL                       | 387,665 ( 100.0)         | 355,115 ( 100.0)         | -32,550 ( -)   | 364,359 ( 100.0) |
| Total non-classified assets | 354,921 ( 91.6)          | 325,883 ( 91.8)          | -29,038 ( 0.2) | 334,289 ( 91.7)  |
| Total classified assets     | 32,744 ( 8.4)            | 29,232 ( 8.2)            | -3,512 ( -0.2) | 30,070 ( 8.3)    |
| Class II                    | 16,951 ( 4.4)            | 17,941 ( 5.1)            | 989 ( 0.7)     | 18,539 ( 5.1)    |
| Class III                   | 14,207 ( 3.7)            | 9,564 ( 2.7)             | -4,643 ( -1.0) | 10,006 ( 2.7)    |
| Class IV                    | 1,585 ( 0.4)             | 1,726 ( 0.5)             | 140 ( 0.1)     | 1,523 ( 0.4)     |

### 10. Debt Subject to Risk Control

(Units: Yen million, %)

|                                      | Sep 2002 Interim | Sep 2003 Interim | Change  | FY2002  |
|--------------------------------------|------------------|------------------|---------|---------|
| Debts with failed companies          | 331              | 379              | 47      | 314     |
| Debts overdue                        | 19,686           | 20,093           | 407     | 20,101  |
| Debts overdue for more than 3 months | 1,063            | 763              | -300    | 872     |
| Loans with eased conditions          | 2,574            | 3,941            | 1,367   | 3,872   |
| Total debt subject to risk control   | 23,655           | 25,177           | 1,521   | 25,159  |
| Loans                                | 387,665          | 355,115          | -32,550 | 364,359 |
| As a proportion of loans             | 6.1              | 7.1              | 1.0     | 6.9     |

### 11. Long-Lived Assets

(Unit: Yen million)

|                   | Sep 2002 Interim | Sep 2003 Interim | Change  | FY2002  |
|-------------------|------------------|------------------|---------|---------|
| Long-lived assets | 857,768          | 769,598          | -88,170 | 800,275 |



## 12. Securities

### (1) Latent profit/loss on securities

(Unit: Yen bn)

|                     | Sep 2002 Interim | Sep 2003 Interim | FY2002 |
|---------------------|------------------|------------------|--------|
| Government bonds    | 10.0             | 2.4              | 15.2   |
| Shares              | 84.0             | 139.7            | 21.6   |
| Overseas securities | 6.6              | - 16.3           | - 0.7  |
| Other               | - 4.4            | - 0.1            | - 8.2  |
| TOTAL               | 96.2             | 126.0            | 27.8   |

Note: Monetary debt purchased is included within 'Other'

### (2) Impairment loss on revaluation of securities

(Unit: Yen bn)

|                     | Sep 2002 Interim | Sep 2003 Interim | FY2002 |
|---------------------|------------------|------------------|--------|
| Government bonds    | 0.0              |                  | -      |
| Shares              | 4.1              | 1.1              | 28.8   |
| Overseas securities | 0.7              |                  | 0.8    |
| Other               | 0.4              |                  | 0.4    |
| TOTAL               | 5.4              | 1.1              | 30.2   |

### 13. Other

#### (1) Losses from Motor Theft

(Unit: Payments, Yen bn)

|              | Sep 2002 Interim | Sep 2003 Interim |
|--------------|------------------|------------------|
| Payments     | 3,229            | 3,675            |
| Claims Paid  | 3.3              | 3.4              |
| Loss Reserve | 1.2              | 1.3              |

| FY2002 |
|--------|
| 6,825  |
| 6.8    |
| 1.2    |

Note: Own portion of contracts where Aioi is the lead insurer (direct basis)

#### (2) Impact of natural disasters

(Unit: Yen bn)

|                     | Sep 2002 Interim | Sep 2003 Interim |
|---------------------|------------------|------------------|
| Direct Claims       | 0.3              | 1.4              |
| Net Claims          | 0.2              | 1.1              |
| Outstanding Claims* | 0.0              | 0.3              |

| FY2002 |
|--------|
| 2.4    |
| 2.1    |
| 0.1    |

\* Outstanding Claims = net after claims reserves and recoveries

Note: no large losses from natural disasters