# Adjusted Earnings and Adjusted ROE

Appendix 2

**Adjusted ROE ＝ Adjusted earnings ÷ Adjusted capital**

## 1. Earnings (net of taxes)

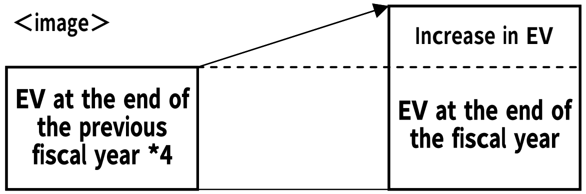
### (1) Domestic property and casualty insurance business

Adjusted Earnings ＝ Net income ＋ Provision for extraordinary reserves *1 ＋ Provision for reserves for price fluctuation *1 － Gains (losses) from assets under asset liability management *2 － Gains (losses) from stocks and properties － Other extraordinary items

### (2) Life insurance business*3

Adjusted Earnings ＝ Increase in EV *4*5

<image>




### (3) Overseas property and casualty insurance business

… Net income shown in financial statements minus overhead cost for overseas business

### (4) Other businesses

… Net income shown in financial statements

## 2. Capital (Average capital of the beginning and the end of the fiscal year, after tax basis)

### (1) Domestic property and casualty insurance business

Adjusted Capital ＝ Capital ＋ Extraordinary reserves, net of tax ＋ Reserves for price fluctuation, net of tax

### (2) Domestic Life insurance business

Adjusted Capital ＝ Embedded Value

### (3) Overseas insurance business and (4) other businesses

… Capital shown in financial statements

*1 Negative figures in case of a reversal of extraordinary reserve or reserve for price fluctuations.

*2 Realized and unrealized gains (losses) arising from bond securities and interest rate swap transactions utilized in asset liability management.

*3 Earnings of our life insurance business in Brazil are based on the calculation described in (3) immediately below.

*4 EV: Embedded Value
Sum of value of in-force business and shareholder equity of our life insurance companies.
(Commonly used for life insurers in Europe.)

*5 Excluding the effect of capital transactions such as a capital increase.