

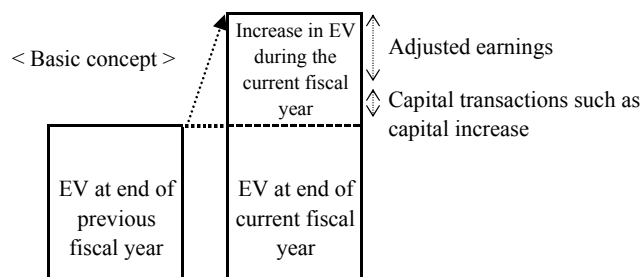
Adjusted earnings and adjusted ROE1. Adjusted earnings<sup>\*1</sup>

## (1) Property and casualty insurance business

$$\text{Adjusted earnings} = \text{Net income} + \text{Provision for catastrophe reserves etc.}^{*2} + \text{Provision for reserves for price fluctuations}^{*2} - \text{Gains or losses from sales or valuations of ALM bonds and interest rate swaps}^{*3} - \text{Gains or losses from sales or valuations of stocks and properties} - \text{Extraordinary gains/losses, valuation allowances and others}$$

(2) Life insurance business<sup>\*4</sup>

$$\text{Adjusted earnings} = \text{Increase in EV}^{*5} \text{ during the current fiscal year} - \text{Capital transactions, including capital increase}$$



## (3) Other businesses ... Net income determined following financial accounting principles

2. Adjusted capital<sup>\*1</sup> (average balance basis)

## (1) Property and casualty insurance business

$$\text{Adjusted capital} = \text{Capital} + \text{Catastrophe reserves, etc.} + \text{Reserves for price fluctuations}$$

(2) Life insurance business<sup>\*4</sup>

$$\text{Adjusted capital} = \text{EV}^{*5}$$

## (3) Other businesses ... Net assets determined following financial accounting principles

3. Adjusted ROE

$$\text{Adjusted ROE} = \text{Adjusted earnings} \div \text{Adjusted capital}$$

\*1 After tax

\*2 Reversals are subtracted

\*3 ALM: asset liability management  
Excluded as compensation for fluctuations in the market value of liabilities of ALM

\*4 Calculations are based on (3) criteria for life insurance companies in certain regions

(Overhead costs incurred by the head office are deducted from profits)

\*5 EV: embedded value  
An indexed value in which the net present value of profits to be gained from premiums written is added to the net asset value