

## **Announcement of merger of subsidiaries**

Sompo Japan Insurance Inc. (hereinafter “Sompo Japan”), our subsidiary, has decided on the merger of its subsidiaries, Yasuda Seguros S.A. (hereinafter “Yasuda Seguros”) and Marítima Seguros S.A. (hereinafter “Marítima”) in Brazil.

\*This merger assumes approval of regulatory authorities in Brazil.

### **1. Background and purpose of merger**

The insurance business in Brazil has been expanding an average 12% per year for 10 years. The market expansion has been supported by continuing economic growth in Brazil, and we expect economic growth in Brazil to continue in the foreseeable future.

NKSJ Group has been operating its insurance business in Brazil for more than 50 years through Yasuda Seguros (founded in 1958). We have been working on increasing the volume of gross premium, expanding our knowledge base, and improving our business through Marítima (acquired share in 2009, acquired management rights in 2013), since we recognize Brazil as our important region for global business development.

The merger of Yasuda Seguros, having strength in corporate line, and Marítima, having strength in personal line, will enable them to provide their services reciprocally.

Our group continues our effort to being the most highly evaluated service company among customers as a globally competitive organization.

### **2. Types of merger, name of new company and schedule**

- (1) Types of merger: Absorption type. Marítima will be surviving company.
- (2) Name of new company: Yasuda Marítima Seguros S.A.
- (3) Date of merger: December, 2014 (subject to change)

### **3. Overview of Surviving Company (Marítima)**

- (1) Corporate Name : Marítima Seguros S.A.
- (2) Representative : Francisco Caiuby Vidigal Filho, CEO
- (3) Head office : São Paulo, São Paulo state, Brazil
- (4) Foundation : 1943
- (5) Business industry : Insurance
- (6) Employees : 1,553 (Dec. 2013)
- (7) Capital : 495 million reais (approximately 22.6 billion yen)
- (8) Main shareholders (prior to the completion of the acquisitions) :  
Yasuda Seguros S.A. (common shares 99.7%, preferred shares 99.8%) etc.

(9) Financial summary

unit: 1million reais (100 million Yen)

|                   | 2011  |       | 2012  |       | 2013  |       |
|-------------------|-------|-------|-------|-------|-------|-------|
| Gross Premium     | 1,476 | (672) | 1,664 | (757) | 2,011 | (915) |
| Income after Tax  | 23    | (11)  | 28    | (13)  | 44    | (20)  |
| Total Assets      | 1,581 | (720) | 1,709 | (778) | 2,151 | (979) |
| Total liabilities | 1,187 | (540) | 1,286 | (585) | 1,586 | (722) |
| Total capital     | 394   | (179) | 423   | (193) | 565   | (257) |

\*These are consolidated figures includes our subsidiary, Marítima Saude Seguros S.A.

**3. Overview of Extinct Company (Yasuda Seguros)**

- (1) Corporate Name : Yasuda Seguros S.A.
- (2) Representative : Mikio Okumura, CEO
- (3) Head Office : São Paulo, São Paulo state, Brazil
- (4) Foundation : 1958 (start of business : 1959-)
- (5) Business industry : Insurance
- (6) Employees : 410 (Dec. 2013)
- (7) Capital : 851 million reais (approximately 38.7 billion yen)
- (8) Main shareholders : Sompo Japan Insurance Inc. (99.96%)

\*All shares of Yasuda Seguros are common shares; no preferred shares are issued.

(9) Financial summary

unit: 1million reais (100 million Yen)

|                   | 2011 |       | 2012  |       | 2013  |       |
|-------------------|------|-------|-------|-------|-------|-------|
| Gross Premium     | 365  | (166) | 414   | (188) | 585   | (266) |
| Income after Tax  | 27   | (12)  | 28    | (13)  | 48    | (22)  |
| Total Assets      | 974  | (443) | 1,048 | (477) | 1,624 | (739) |
| Total liabilities | 412  | (188) | 460   | (210) | 604   | (275) |
| Total capital     | 561  | (255) | 588   | (268) | 1,020 | (465) |

\* Income after tax of Yasuda Seguros includes net income of affiliate company, Marítima, based on equity method.

\*Currency Exchange Rate is based on the rate of 1 Brazilian real = 45.52 Japanese Yen (April 2014)

Upon the merger of Sompo Japan and NIPPONKOA Insurance Company, Limited (“Nipponkoa”) in September 2014, NKSJ Holdings, Inc. will, with a view to accelerating growth of the Group based on a strengthened brand, change the Group’s name to the Sompo Japan Nipponkoa Group and change its name to Sompo Japan Nipponkoa Holdings Inc..

\* The merger between Sompo Japan and Nipponkoa is subject to approval by the relevant authorities.