

**Expansion in Australia: Acquisition of MLC Life
Insurance Business and Development of
Partnership with National Australia Bank**

October 28, 2015



<Summary of main points>

Deal outline

- ✓ Nippon Life to acquire 80% stake in the life insurance business of MLC Limited (“MLC”), a subsidiary of one of Australia’s leading banks, National Australia Bank (“NAB”); other 20% to be retained by NAB
- ✓ Agreed acquisition price: approx. A\$2.4 billion (¥204 billion*); deal expected to complete in Sept.–Dec. 2016 pending regulatory approvals
- ✓ 20-year sales agreement to be signed between NAB and MLC

Overview of NAB and MLC

- ✓ NAB: established in 1858, NAB is the No. 1 bank in Australia by assets, with over 12.7 million customers
- ✓ MLC: established in 1886, MLC is one of the leading life insurers in Australia with a strong brand

Strategic rationale

- ✓ For Nippon Life, the aim is to increase Group Profit to create a stable and sustainable earnings base for funding significantly enhanced policyholder benefits
- ✓ Targeting higher enterprise value at MLC through the following initiatives:
 - Pursuit of Group synergies (expertise from Nippon Life relating to insurance products and sales)
 - Increase the competitiveness of MLC through new investments
 - Increased sales by leveraging the NAB network

I . Deal outline

II . Overview of NAB and MLC

III . Strategic rationale

I-1. Overview of 3-Year Mid-Term Plan

- Strengthening Group-wide businesses is a key aim of the Three-Year Mid-Term Plan (FY2015–FY2017)

Firm-wide
Target

**Make Nippon Life a company of excellence
in “scale,” “quality,” and “credibility”**

Establish a mid to long-term foundation for growth and secure a solid No. 1 status in Japan

**Growth
Strategy**

**Expansion of Domestic Life
Insurance Business
(Enhance Segment based
Strategy)**

Tap into new markets by
fully utilizing products &
channels

- Establish an organizational structure which can respond in more detail to diversified customer needs
 - Provide the optimal combination of “Products x Channels” based on the understanding of diverse customer needs

Proactively reach out to customers with less contact opportunities

**Strengthen
Group-wide Businesses**

- Improve Group-wide profitability, focusing on overseas insurance business, asset management businesses and businesses instrumental to the exploration of the domestic life insurance market

**Establish
Business
Base**

Expansion of Customer Base

- Enhance customer service capabilities which meets market characteristics, etc.

**Strengthen
Financial Soundness**

- Accumulate capital to fulfill long-term responsibilities
- Improve profitability through stable, long-term investment
- Promote ERM (Enterprise Risk Management)

Develop Human Resources

Human Value Improvement Project

- Promote our firm-wide target to “develop human resources,” “create a corporate culture,” and “establish an ideal working environment” which will result in the improvement in competency of each and every employee

I-2. Overseas Business Policies

- Nippon Life is looking to expand overseas over the mid to long term, based on “creating Group synergies,” “building relationships with alliance partners,” and through “regional/business diversification”

Goal

Building on the domestic earnings base, develop mid to long-term growth opportunities in overseas markets

Overseas Business Policies

- Cultivating greater mutual understanding over time with major local partners

Building relationships with alliance partners

Creating Group synergies

- Pursuing synergy through sharing of resources and know-how between Nippon Life and overseas subsidiaries

**Regional/
business diversification**

- Regions (advanced/developing countries)
- Businesses (insurance/asset management)

I-3. History of Overseas Operations

Insurance

1991

[US]

- Nippon Life Insurance Company of America established



1997

[Thailand]

- Stake in Bangkok Life



2003

[China]

- Nissay-Greatwall Life established



2011

[India]

- Stake in Reliance Life



2014

[Indonesia]

- Stake in Sequis Life



2015

[Australia]

- Agreement to acquire MLC



Taking in growth in overseas insurance markets, steady development of asset management infrastructure (accumulating experience & expertise)

New stage of overseas business development

Asset management

1984~

[US/UK]

- Asset management base established

1990

[US]

- Stake in PanAgora Asset Management



2012

[India]

- Stake in Reliance Capital Asset Management



2013

[US]

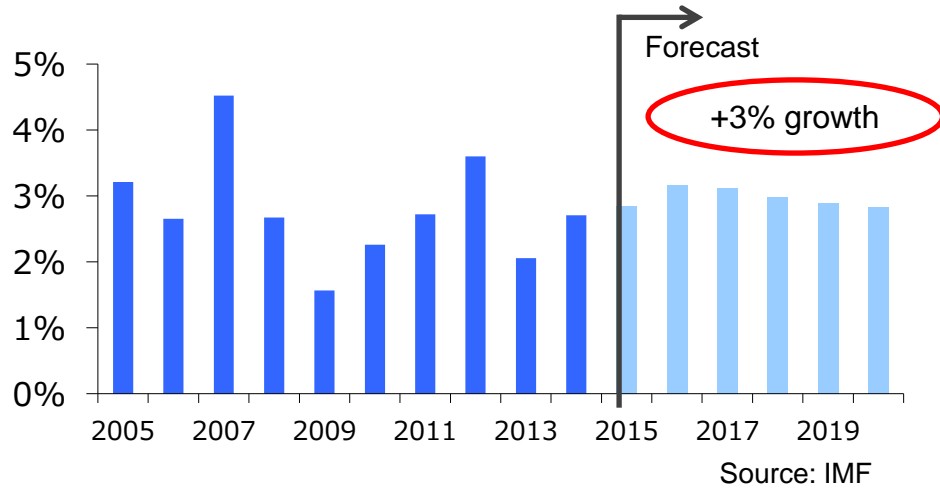
- Stake in Post Advisory Group



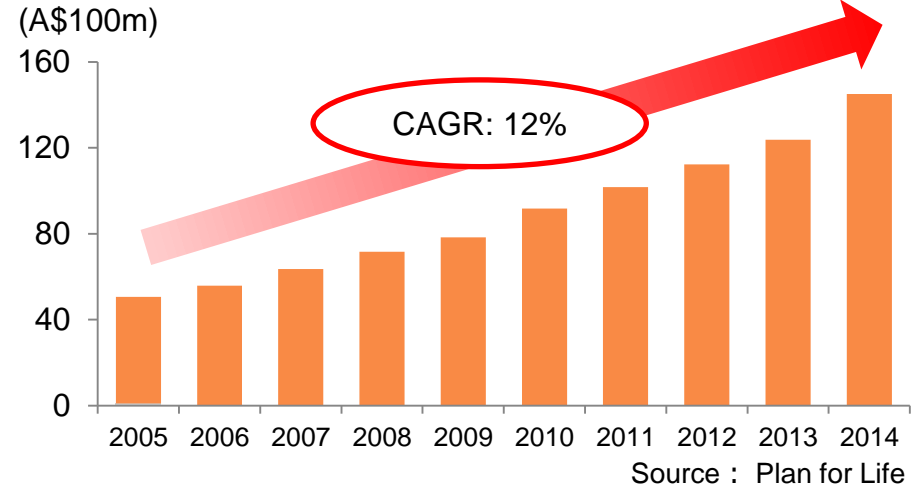
I-4. Australian Market

- Australia's projected +3% economic growth from 2015 onwards is among the fastest of developed countries
- 10-year historical CAGR for premium is at a high level of 12%

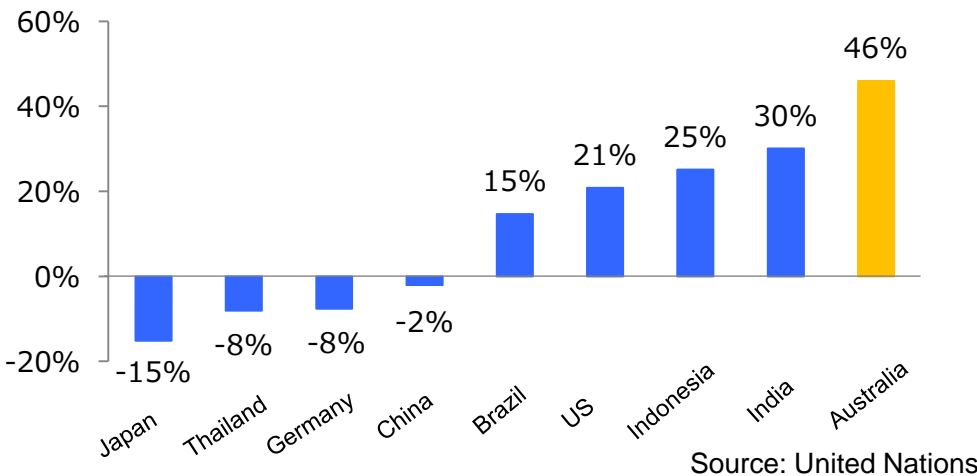
■ Real GDP growth (2005–2020)



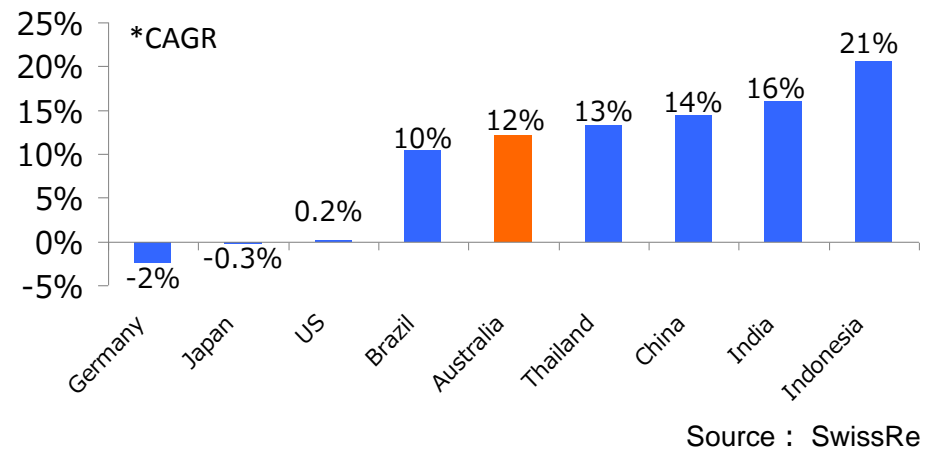
■ Premium income (protection products)



■ Population growth forecasts for major countries (2015–2020)



■ Premium income growth in other countries (2005–2014)



I-5. Deal outline

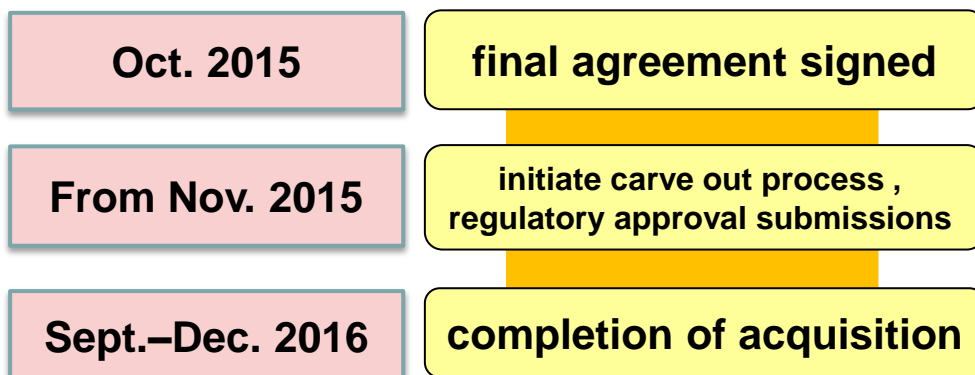
- Nippon Life to acquire 80% stake in MLC's life insurance business, with NAB retaining 20%
- 20-year distribution agreement to be signed between NAB and MLC

■ Overview of transaction

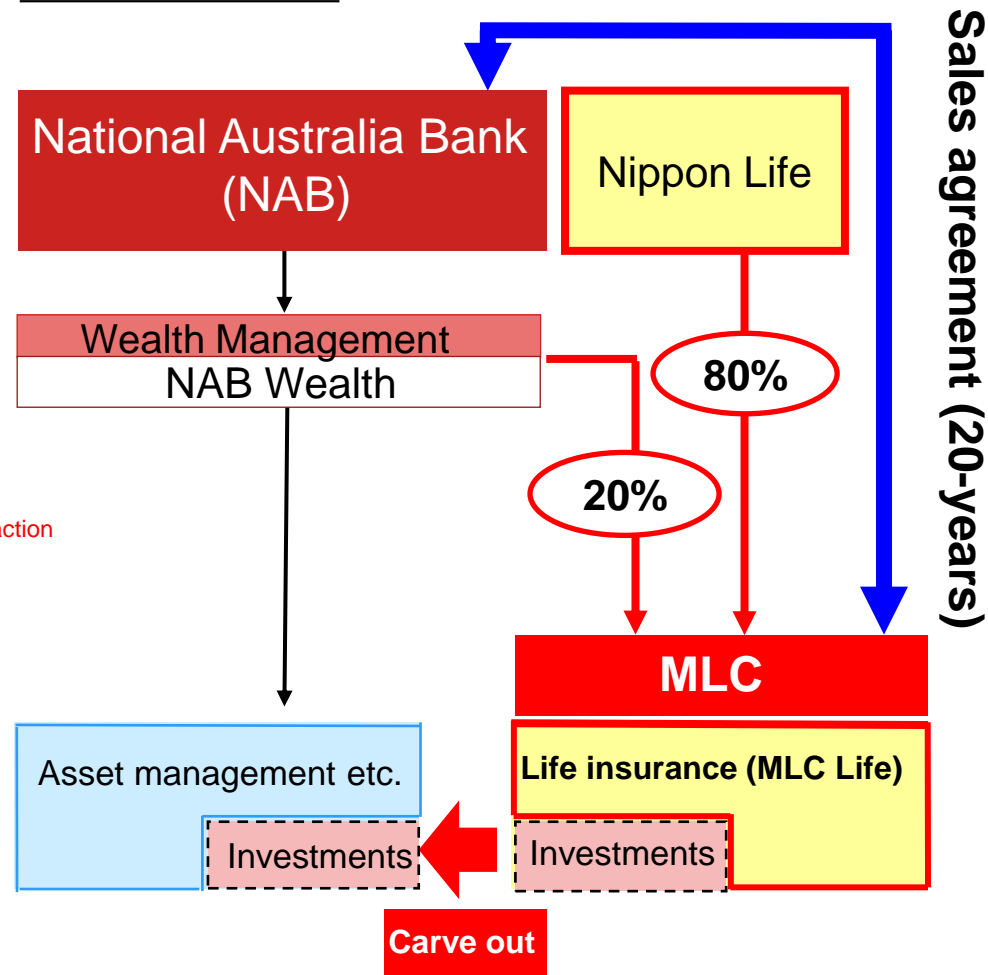
Transaction structure	Nippon Life to take 80% equity stake in MLC's life insurance operations after MLC wealth management business carved out, NAB to retain 20% stake)
Conditions	Pending regulatory approvals in Japan and Australia
Acquisition price	A\$2.4 billion (approx. ¥204 billion) *
Other	Nippon Life to appoint directors to board of MLC

*Final price to be adjusted for any shareholder dividends to be paid prior to completion of transaction

■ Future schedule (projected)



■ Deal structure



Investment advisory operations carved out from MLC prior to Nippon Life taking stake in MLC's life insurance business

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II -1. Overview of National Australia Bank (NAB)


- Established in 1858, NAB is Australia's No. 1 bank by total assets with a customer base of over 12.7 million people
- NAB Wealth operations (incl. life insurance) generate 7% of group profits

Key data

Company name	National Australia Bank
Established	1858
Head office	Melbourne, Australia
Branches	1,700
Employees	Over 42,000
Customers	Over 12.7 million
Credit rating	AA- *


* S&P long-term corporate rating, March 2014

Senior executives



Andrew Thorburn: Group CEO

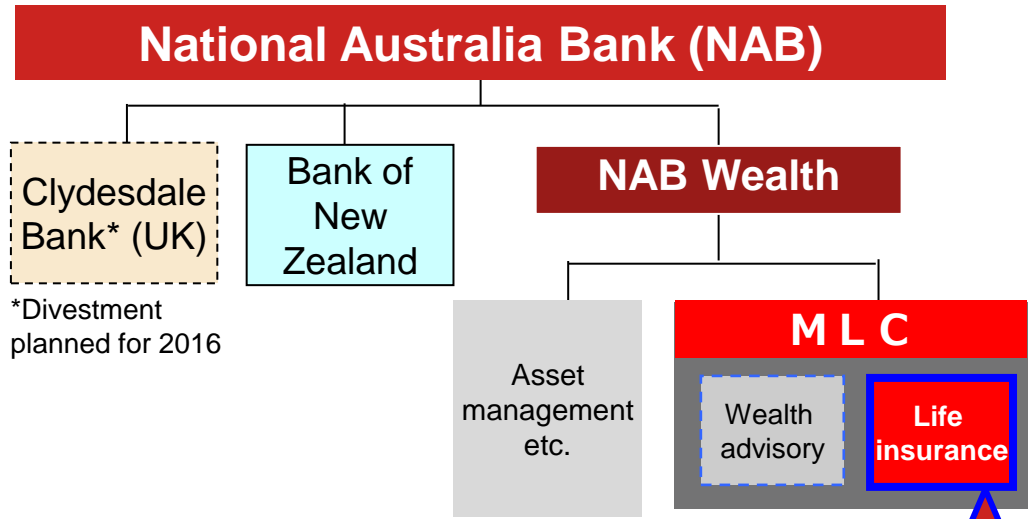
- Joined NAB in 2005; appointed CEO in August 2014 after heading up retail banking and Bank of New Zealand operations



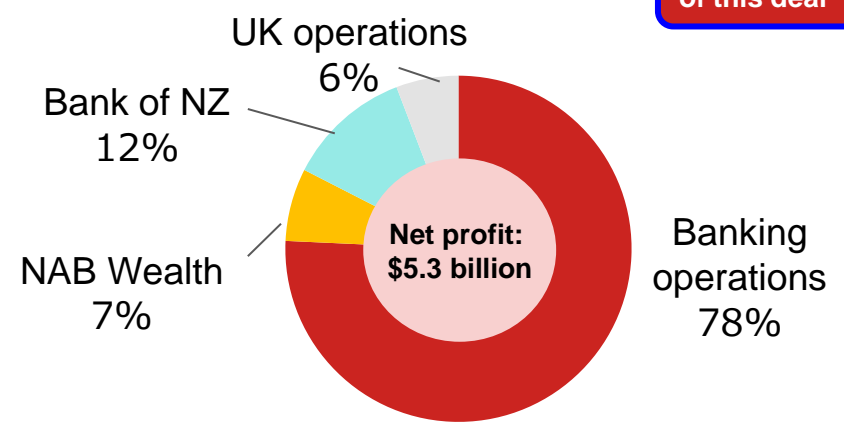
Andrew Hagger: Group Executive, NAB Wealth

- Joined NAB in 2008; appointed to current position in April 2013 after heading up wealth management and marketing operations

NAB Group structure



NAB revenue by business segment (FY2014)



II -2. Overview of MLC

- Established in 1886, MLC is one of Australia's top life insurers with a strong brand

Key data (post deal completion)

Company name	MLC Limited (MLC = M utual L ife & C itizens)
Established	1886
Senior executives	CEO: David Hackett (tbc) COO: Sean McCormack (tbc)
Insurance revenues (individual/group)	A\$1.78 billion (approx. ¥151 billion)*
Net profit	A\$160 million (approx. ¥13.6 billion)*
Policies in force	Approx. 1.4 million
Employees	Approx. 1,000

*FY2015, net profit based on cash earnings

Senior personnel (positions tbc after deal completion)



CEO: David Hackett

- ✓ Joined NAB in 2010
- ✓ Head of life insurance operations



COO: Sean McCormack

- ✓ Joined NAB in 2001
- ✓ Involved in product development and bancassurance channels

Market rankings (individual protection policies) (A\$100m)

	Life insurer	Premium income	Share
1	AMP	17.3	18.7%
2	MLC	13.2	14.3%
3	OnePath	11.2	12.0%
4	CommInsure	10.9	11.8%
5	TAL	9.8	10.6%
6	BT	8.4	9.1%
7	Suncorp	7.6	8.2%
	Industry total (18 firms)	92.3	100.0%

Source: Plan for Life (as of end-June 2015)

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III-1. Growth Opportunity from Investment into MLC

Goal

Develop base for mid to long-term growth, targeting No. 1 presence in Australia

Merging Strengths

NAB's strengths

- NAB Group sales channels
- Trusted brand developed through its long history
- Large customer base (over 12.7million)



Nippon Life's strengths

- Long-term management
- Comprehensive customer servicing capabilities (administration, systems, follow-up)
- Asset management expertise in product development

Growth potential of MLC

- ① Changing market conditions
 - Growth in premium income from the superannuation system* amid product/channel diversification
- ② Increased sophistication and efficiency of its existing business
 - IT investment to fortify product development and upgrade customer service capabilities

*Superannuation is a mandatory savings system for employees to supplement the basic state pension; a range of life policies can now be purchased through this system (with tax advantages)

III-2. Business Development Plans

1 Pursuit of Group synergies

- Promotion of sales using Nippon Life's expertise
- Utilising Asset management capabilities of Nippon Life Group

2 Enhance MLC's competitiveness through new investments

- Operational efficiency gains, better customer service and stronger product development through investment in new IT systems

3 Increased sales by leveraging NAB's network

- Sales expansion via NAB-owned agency channels
- Effective use of NAB's bancassurance channel