

Norinchukin and MUFG to Strengthen and Expand Retail Business Alliance

Tokyo, May 15, 2017 — The Norinchukin Bank (Norinchukin), Mitsubishi UFJ Financial Group, Inc. (MUFG), and Mitsubishi UFJ NICOS Co., Ltd. (MUN) today announced that they have reached agreement on an initiative to strengthen and expand the strategic retail business alliance formed by the three parties in November 2005.

1. Strengthening and expanding the strategic business alliance—purpose

In recent years, the business environment of financial institutions has seen significant change and the pace of change is accelerating. For example, an aging demographic profile and longer life spans, have led to an increasing diversity of lifestyles, while zero-interest-rate policies have led to an era of extremely low interest rates for retail clients. Within this environment, retail clients' financial needs are becoming increasingly diverse and sophisticated. Information and communication technologies (ICT) are likewise characterized by rapid shifts in underlying trends. Some of these innovations which have been in the spotlight include the “Internet of Things” (IoT), the net-enabled interconnectivity of information and objects around us, and “FinTech,” the fusion of finance and cutting-edge technology.

Financial institutions must meet the challenges presented by this environment, remain abreast of the latest technological developments and satisfy the multifaceted financial needs of clients in a timely and appropriate manner.

When we announced this alliance in November 2005, we described how it would make “optimal use of the extensive customer base and operational network of JA Bank, and the advanced technology and product marketing of MUFG.” Now, in light of the developments outlined above, the time has come to strengthen and expand this alliance.

For its part, JA Bank has been pursuing in-depth initiatives that will contribute to increased agricultural income and the revitalization of local communities, and, toward these ends, seeks to provide its clients with sophisticated, high-quality financial services. Likewise, the MUFG group, as a preferred, globally trusted financial institution, has been working to contribute to activating personal consumption in Japan via credit card settlement services, etc. in its consumer finance business, as well as contribute to the shift from savings to investment via its retail banking business, particularly through its asset management and inheritance businesses. This latest move to strengthen and expand the alliance is expected to provide strategic support to both parties' policies.

2. Strengthening and expanding of strategic business alliance—overview

(1) Norinchukin and MUN will jointly fund a new company.

- (i) First, MUFG will make MUN a 100% owned subsidiary, thereby enabling a more flexible response to changes in the business environment and the swift pursuit of group synergies. MUN will jointly

establish a company with Norinchukin whose main purpose will be to provide settlement solutions to the JA Card business of the JA Group. MUN will take a 49% stake in this new entity and Norinchukin a 51% stake.

(ii) MUN will contribute highly sophisticated infrastructure and know-how for the new entity, which will leverage these to provide specialized settlement solutions to other JA Group members.

(2) Norinchukin and MUFG will strengthen and expand their business alliance in other areas as well.

The two parties will explore ways in which they can collaborate over a broader range of fields.

3. Review of capital arrangements

Norinchukin will take a 51% stake in the new entity and MUN a 49% stake. In addition, MUFG will acquire Norinchukin's 15% stake in MUN through a share exchange agreement under which MUN will be 100% owned by MUFG.

4. Schedule

Norinchukin and the MUFG group are progressing discussions toward formation of the new company by the end of September 2017.

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<Overview of the new company>

Name	JA Card Co., Ltd. (tentative name)
Planned establishment	October 1, 2017
Shareholders (contribution ratio)	Norinchukin (51%) MUN (49%)
Business description	Overall planning and planning for marketing/sales promotion pertaining to the provision of settlement solutions primarily to JA Card, etc.
Business commencement (planned)	January 1, 2018