

Mitsubishi UFJ Financial Group, Inc. (MUFG)  
Mitsubishi UFJ Securities Holdings Co., Ltd.  
MUFG Bank, Ltd.  
KDDI Corporation

## MUFG and KDDI announce share capital changes involving kabu.com Securities and Jibun Bank

**Tokyo, February 12, 2019** --- MUFG, its subsidiaries Mitsubishi UFJ Securities Holdings Co., Ltd. (“MUSHD”) and MUFG Bank, Ltd. (“MUFG Bank”), and KDDI Corporation (“KDDI”) today announced that they have agreed to conduct share capital changes concerning MUSHD’s consolidated subsidiary kabu.com Securities Co., Ltd. (“kabu.com Securities”) Jibun Bank Corporation (“Jibun Bank”), an equity method affiliate of KDDI and MUFG Bank.

### 1. Background and aims

MUFG Bank and KDDI jointly established Jibun Bank in June 2008 as an online bank specializing in mobile services. Jibun Bank and kabu.com Securities have engaged in various business collaborations, such as a financial products intermediary service that launched in December 2013. MUFG and KDDI have also conducted various collaborations in online financial business, expanding services such as the “Stock purchase discounts with au,” a KDDI and kabu.com Securities promotional campaign whereby users can avail of lower transaction fees when trading stocks.

MUFG and KDDI reached the current agreement based on their shared recognition that, in order to increase the momentum of their online financial businesses and further raise the corporate value of both Jibun Bank and kabu.com Securities, they need to leverage KDDI Group’s customer base, digital marketing resources and big data to create a new financial experience that combines mobile convenience and financial services, as well as enhance collaboration with KDDI Group services.

Looking ahead, MUFG and KDDI will unite MUFG’s financial know-how and customer base of 34 million individual customers and 1.3 million corporate customers in Japan, with KDDI’s approx. 40 million-strong customer base, over 15 million au Smart Pass members and approx. 2,500 au shops,<sup>\*1</sup> as well as its settlement platform and IT know-how, in initiatives to raise the corporate value of Jibun Bank and kabu.com Securities.

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<sup>\*1</sup> Figures for KDDI are as of January 31, 2019. au customers excludes corporate customers.

## 2. Details of share capital change agreements, etc.

### (1) kabu.com Securities

KDDI decided at a meeting of its Board of Directors today that LDF LLC (“LDF”), a wholly-owned subsidiary it plans to establish, will launch a tender offer as defined in the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent revisions) (“tender offer”)<sup>\*2</sup> to acquire the ordinary shares (excluding ordinary shares held by MUSHD) and new share acquisition rights of kabu.com Securities.

Additionally, MUSHD and KDDI today concluded a shareholders’ agreement pertaining to LDF’s launch of the tender offer,<sup>\*2</sup> the post-tender offer management of kabu.com Securities, and other matters.

MUFG Bank decided at a meeting of its Executive Committee today to subscribe 21,035,200 shares (6.31%)<sup>\*3</sup> to the tender offer and concluded an agreement with KDDI pertaining to the tender.

After the completion of the tender offer and related procedures, the final shareholding ratios of kabu.com Securities are expected to be as below.

|   |  |        |
|---|--|--------|
| Shareholding ratios<br>before change<br>(As of Sep. 30, 2018) | Mitsubishi UFJ Securities Holdings Co., Ltd. | 52.96% |
|   | MUFG Bank, Ltd.                              | 6.31%  |
| Shareholding ratios<br>after change                           | Mitsubishi UFJ Securities Holdings Co., Ltd. | 51.00% |
|   | LDF LLC                                      | 49.00% |

MUSHD, KDDI and kabu.com Securities today concluded a business alliance agreement agreeing that, subject to completion of the tender offer, in order to grow kabu.com Securities’ business to a scale comparable to those of leading competitors specialized in online securities, they will focus on expanding its customer base and strengthening product competitiveness through continuous support from MUSHD and referrals from KDDI’s customer base, maximizing corporate value, and renaming the firm au kabucom Securities Co., Ltd. (tentative)

For details on the tender offer and other matters, please refer to the press release “Plan to launch tender offer for shares of kabu.com Securities Co., Ltd.,” issued by KDDI today.

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<sup>\*2</sup> Subject to fulfillment of prerequisites stipulated in “Plan to launch tender offer for shares of kabu.com Securities Co., Ltd.”

<sup>\*3</sup> Subject to fulfillment of prerequisites stipulated in the subscription agreement for this tender offer.

## (2) Jibun Bank

MUFG Bank and KDDI today concluded a shareholders' agreement where Jibun Bank will conduct a capital increase through a third-party allotment of shares (approx. JPY 25 billion) solely to KDDI on April 1, 2019, Jibun Bank will become a consolidated subsidiary of KDDI,<sup>\*4</sup> the firm will be renamed au Jibun Bank Corporation, and with regard to other matters pertaining to Jibun Bank's management, etc., following the allotment.

|  |                  |        |
|--|------------------|--------|
| Shareholding ratios<br>before share allotment<br>(as of January 1, 2019) | KDDI Corporation | 50.00% |
|  | MUFG Bank, Ltd.  | 50.00% |
| Shareholding ratios<br>after share allotment                             | KDDI Corporation | 63.78% |
|  | MUFG Bank, Ltd.  | 36.22% |

MUFG will aim to maximize the enterprise value of Jibun Bank by providing it with financial business-related knowledge, such as the accommodation of increasingly sophisticated financial regulations and financial product development, and security initiatives we have developed over many years, as well as collaborating to create next generation financial services that combine advanced digital technologies and new ideas and services from domestic and foreign fintech companies.

At the same time, KDDI will aim to maximize the corporate value of Jibun Bank by furnishing its long-cultivated customer base, digital marketing resources and big data, continuously creating touch-points with customers and supporting it in strengthening its ability to offer services suited to customers' various life stages.

For details on the capital increase through a third-party allotment, please refer to the press release "Jibun Bank Corporation to conduct capital increase through third-party allotment, becoming subsidiary of KDDI," issued by KDDI today.

## (3) Schedule

|                                   | kabu.com Securities   | Jibun Bank   |
|-----------------------------------|---|--|
| April 2019<br>(planned)           | Tender offer launched by KDDI<br>(following compliance with<br>anti-trust regulations in<br>relevant jurisdictions) | Capital increase through third-party<br>allotment to KDDI/become<br>consolidated subsidiary<br>(planned for April 1) |
| By March 31,<br>2020<br>(planned) | Name change to<br>au kabucom Securities Co., Ltd.<br>(tentative)  | Name change to<br>au Jibun Bank Corporation <sup>*4</sup>  |

-End-

<sup>\*4</sup> Subject to regulatory approvals.

### **About MUFG**

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with over 1,800 locations in more than 50 countries. The Group has over 150,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing. The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges. For more information, visit <https://www.mufig.jp/english>.

### **About KDDI**

KDDI is telecommunication service provider in Japan, offering both mobile and fixed-line communications. With its well-established base of over 50 million customers, and through mobile services and shops offering its "au" brand, KDDI is expanding its services into the "Life Design" business, which includes e-commerce, fintech, nationwide electric power utility services, entertainment and education. With a 60-year history, KDDI is now focusing on creating smart infrastructure through IoT technologies and open innovation with partners and start-up companies in diverse industries. KDDI is accelerating the global growth of its telecommunications consumer business, with operations in Myanmar and Mongolia, and in the global ICT business with the "TELEHOUSE" brand. KDDI (TYO:9433) is listed on the Tokyo stock exchange. <http://www.kddi.com/english/>.