

[Translation]

February 12, 2019

To Whom It May Concern

Name of company	KDDI Corporation
Representative	Makoto Takahashi President, Representative Director (Code: 9433, First Section of the Tokyo Stock Exchange)
Contact person	Akira Dobashi Executive Officer, General Manager General Administration & Human Resources Division Corporate Sector

Announcement of Subscription for Capital Increase through Third-Party Allocation of Jibun Bank Corporation Shares (Conversion into Subsidiary)

We would like to announce that a resolution was passed at our Board of Directors' meeting held on February 12, 2019 to subscribe for all shares issued in the capital increase through third-party allocation to be implemented by our equity-method affiliate, Jibun Bank Corporation (representative: Eiichi Kashiwagi, **President, Representative Director**) ("**Jibun Bank**"), and to make Jibun Bank our subsidiary as stated below, subject to certain conditions, including acquiring permissions and authorizations of the competent authorities.

For the overall picture of our financial business reinforcement scheme, please see "Incorporation of Financial Holdings Company, 'au Financial Holdings'"⁽¹⁾ released on our website today.

(1) https://news.kddi.com/kddi/corporate/english/ir-news/2019/02/12/pdf/press_20190212d.pdf

1. Reasons for the Subscription for Capital Increase through Third-Party Allocation and Conversion into Subsidiary

Since the incorporation of Jibun Bank in 2008 through a joint investment with MUFG Bank, Ltd., we have obtained a license for bank agency services for the first time as a telecommunications carrier and have been contributing to the customer base expansion of Jibun Bank. We offer benefit services targeting au customers, such as "au Housing Loan" and "Jibun Bank Card Loan au-Limited Discount" in cooperation with Jibun Bank. In April 2018, we added the "Real Time Charging" function offered by Jibun Bank to our "au WALLET Prepaid Card." These are examples of our efforts to further reinforce our coordination with Jibun Bank.

Going forward, we will further accelerate our business strategy, "Integration of Telecommunications and Life Design," and enhance our proposal capability for our customers. We also acknowledge the necessity to reinforce our settlement and financial businesses to

solidify our and our group's ecosystem. We have decided that it would be in the interest of our and Jibun Bank's further business growth to reinforce our service proposal capability according to customer needs. This will be achieved through enhancing the business synergies with Jibun Bank by leading its business management by making it our subsidiary and furthering the coordination of its services with those offered by our group, and by using the customer base, digital marketing resources and big data that we have developed to date. Accordingly, we have decided to subscribe for the capital increase through third-party allocation of Jibun Bank's shares and make it our subsidiary.

2. Method of Conversion into Subsidiary

We intend to subscribe for all of the 608,614 shares to be issued by Jibun Bank in its capital increase through third-party allocation. As a result, we will hold 1,408,614 shares (63.78%) in Jibun Bank and make it our consolidated subsidiary.

3. Overview of Jibun Bank

(1) Name	Jibun Bank Corporation			
(2) Address	Nihonbashi Dia Building 14F, 1-19-1 Nihonbashi, Chuo-ku, Tokyo			
(3) Names and Titles of Representatives	Eiichi Kashiwagi, President, Representative Director Masanobu Tanaka, Executive Vice President, Representative Director			
(4) Summary of Business	Internet-only bank			
(5) Capital Stock	50,000 million yen			
(6) Date of Establishment	June 17, 2008			
(7) Major Shareholders and their Shareholding Ratio	KDDI Corporation (50.0%) MUFG Bank, Ltd. (50.0%)			
(8) Our Relationship with the Company	Capital Relationship	Jibun Bank is our equity method affiliate in which we have a 50.0% equity interest.		
	Human Relationship	Three of the directors and one of the company auditors of Jibun Bank are KDDI officers. 22 of our employees have been seconded to Jibun Bank.		
	Trading Relationship	We are a bank agent of Jibun Bank.		
(9) Financial Position and Operating Results of the Company in the Past 3 years (Japan GAAP)				
	Fiscal year ended	March 2016	March 2017	March 2018
	Net assets(Millions of yen)	37,792	66,665	67,258
	Total assets(Millions of yen)	807,086	872,950	1,082,982
	Net assets per share (yen)	37,792.18	41,666.23	42,036.67
	Ordinary profit(Millions of yen)	23,646	28,227	32,140
	Ordinary income(Millions of yen)	1,294	1,704	1,313
	Net income(Millions of yen)	1,275	1,803	1,074
	Net income per share (yen)	1,275.27	1,437.18	671.56
	Dividend per share (yen)	There were no dividends distributed.		

4. Number of Shares to Be Acquired, Acquisition Value, and Number of Shares Held Before and After the Proposed Acquisition

(1) Number of Shares	800,000 shares (Number of voting rights: 800,000)
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Held Before the Proposed Acquisition	(Voting rights holding ratio: 50.0%)
(2) Number of Shares to Be Acquired	608,614 shares (Number of voting rights: 608,614)
(3) Acquisition Value	Ordinary shares: Approximately 25,000 million yen Advisory fee and other costs (estimate): Approximately 17 million yen Total (estimate): Approximately 25,017 million yen
(4) Number of Shares Held After the Proposed Acquisition	1,408,614 shares (Number of voting rights: 1,408,614) (Voting rights holding ratio: 63.78%)

5. Timetable

(1) KDDI Board of Directors Resolution Date	February 12, 2019
(2) Contract Execution Date	February 12, 2019
(3) Payment Date	April 1, 2019 (anticipated)

6. Future Outlook

While we believe that the proposed transaction will contribute to the medium- to long-term growth of our group, its impact on our results for the fiscal year ending March 2019 will be minor. Any impact that must be disclosed will be announced promptly when available.

(For reference)

Forecast of the Consolidated Results for the Fiscal Year Ending March 2019 and Consolidated Actual Results for the Fiscal Year Ended March 2018

(Millions of yen)

	Operating Revenue	Operating Income	Profit for the Period Attributable to Owners of the Parent	Basic Earnings Per Share (yen)
Forecast of the consolidated results for the fiscal year ending March 2019	5,150,000	1,020,000	620,000	262.07
Consolidated actual results for the fiscal year ended March 2018	5,041,978	962,793	572,528	235.54