

[Translation]

<Press Release>

February 12, 2019

KDDI Corporation

## Incorporation of Financial Holding Company “au Financial Holdings”

~ Commencement of the “Smart Money Concept” with au Brand unification of a settlement and finance company ~

KDDI will incorporate an intermediate financial holding company, “au Financial Holdings Corporation” (“au Financial Holdings”) (Note 1) in order to strengthen its settlement and financial business and start the “Smart Money Concept” which ensures customer satisfaction by providing comprehensive smartphone-centric settlements and financial transactions.

KDDI will transfer five companies, namely Jibun Bank Corporation (“Jibun Bank”), which will become KDDI’s subsidiary, as well as KDDI Financial Service Inc. (“KDDI Financial Service”), WebMoney Corporation (“WebMoney”), KDDI Asset Management Company, Limited (“KDDI Asset Management”) and KDDI Reinsurance Corporation (“KDDI Reinsurance”), which are KDDI’s subsidiaries, to the control of “au Financial Holdings” on April 1, 2019 (to be fixed) (Note 2).

In addition, KDDI plans to unify the company names of the five companies under the control of “au Financial Holdings” and au Insurance Company, Limited (“au Insurance Company”) and kabu.com Securities Co., Ltd. (“kabu.com Securities”), which are members of the KDDI group, to names that include the au brand, within FY2019 (Note 3).



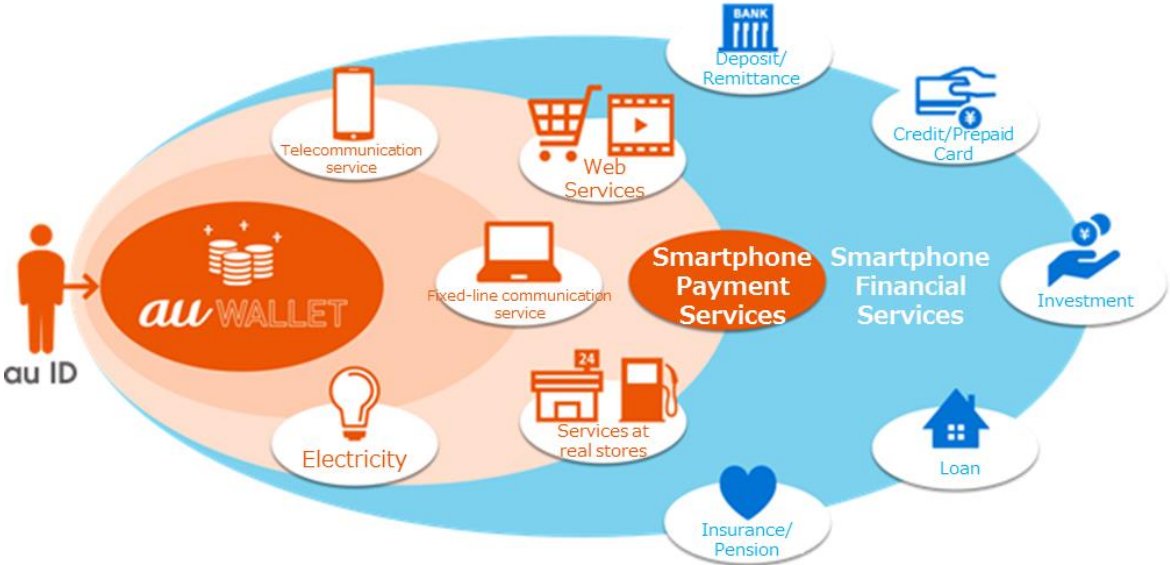
The KDDI group provides life design services centering communication services, which is the main service provided by the KDDI group, as well as commerce, finance, energy, entertainment and education services, and aims to create new customer experience value through “Integration of Telecommunications and Life Design.”

In the financial service area, the KDDI group incorporated Jibun Bank in 2008, by which the KDDI group introduced internet banking specialized for mobile terminals ahead of other providers. Furthermore, in 2014, the KDDI group started the “au WALLET Concept” in which the internet and

reality are integrated centering on au ID, and has been expanding life design services, such as the integrated shopping mall “Wowma!” and “au Denki” in addition to “au WALLET,” which can be used in shopping at physical shops. With respect to “au WALLET,” more than 20 million customers have applied for the service, the au WALLET balance and WALLET point balance is 100 billion yen or more (Note 5), and the total Gross Merchandise Value in the au Economy Zone has expanded to 2.5 trillion yen (Note 6).

KDDI (au) will soon start the “Smart Money Concept,” which ensures customer satisfaction by providing comprehensive smartphone-centric settlements and financial transactions using smartphones, which have developed into the center of customers’ lives, and will be used as the entrance to access various services, such as deposit, settlement, investment, loan and insurance services.

Going forward, centering on “au WALLET”, KDDI (au) plans to provide one stop services to support customers’ activities pertaining to money, including saving, paying, increasing, borrowing or preparing for the future, . Furthermore, KDDI (au) plans to expand the service in line with customers’ respective life plans.



<Smart Money Concept>

KDDI will sequentially expand the targets of the services of au ID, WALLET point, au WALLET application, and au PAY after the summer of 2019 so that customers who do not have au mobile phones can use the services as well.

In addition, we hereby announce that the “FinTech Fund Program” has been newly added to the “Investment Program” that was established in “KDDI Open Innovation Fund No. 3” (“KOIF No. 3”). KOIF No. 3 has been incorporated in cooperation with Global Brain Corporation (Headquarters: Shibuya-ku, Tokyo, Representative Director and President: Yasuhiko Yurimoto) in order to contribute approximately 20 billion yen to venture companies that have innovative technologies and business activities, during a five year period, with a view to future changes. KDDI and the au financial Group (Note 7) will actively work on collaborative creation of business with FinTech venture companies through this Investment Program.

The KDDI group will promote “Integration of Telecommunications and Life Design” and create new experience value with customers and partner companies as “the company that customers can feel closest to”

For the details, please see the Appendix.

■ “au Financial Holdings”

1. Purposes

KDDI incorporated Jibun Bank (banking business) in 2008, and after that, made WebMoney (electronic money issuance business) its wholly-owned subsidiary through a tender offer in 2011. Furthermore, it has expanded its financial services by, among other actions, incorporating KDDI Financial Service (comprehensive credit purchase intermediary business) in 2014, KDDI Reinsurance (reinsurance business) in 2016 and KDDI Asset Management (investment management business) in 2018.

KDDI will soon transfer Jibun Bank, WebMoney, KDDI Financial Service, KDDI Asset Management and KDDI Reinsurance to the control of “au Financial Holdings”, which is KDDI’s consolidated subsidiary (Note 1) (Note 2). By quickening decision making and strengthening governance through separating them from KDDI and making them independent businesses, KDDI will aim to maximize the synergy and improve product value.

2. Company overview

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|---|---|
| (1) Trade name                                      | LDF Incorporation Preparation Company<br>(the trade name is planned to be changed to “au Financial Holdings Corporation” as of April 1, 2019) |
| (2) Summary of main business                        | Business management of financial business companies   |
| (3) Date of incorporation                           | January 30, 2019  |
| (4) Location of the head office                     | 3-10-10 Iidabashi, Chiyoda-ku, Tokyo  |
| (5) Major shareholders and their shareholding ratio | KDDI Corporation (100.0%)   |
| (6) Total number of issued shares                   | 4,000 shares  |
| (7) Stated capital                                  | 100 million yen   |

■ Each company whose company name will be changed to the au brand name

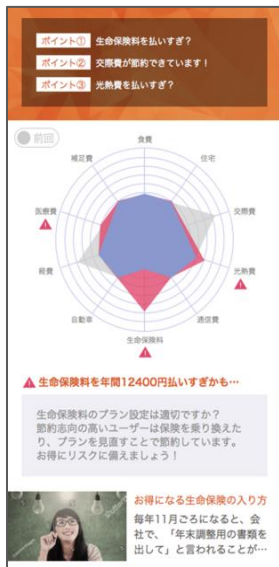
The company names of the five companies under the control of “au Financial Holdings” and kabu.com Securities will be changed to names including the au brand within FY2019. (Note 3)

	New company name	Current company name
1	au Jibun Bank Corporation	Jibun Bank Corporation
2	au Financial Service Corporation	KDDI Financial Service Inc.
3	au PAY Corporation	WebMoney Corporation
4	au Asset Management Corporation	KDDI Asset Management Company, Limited
5	au Reinsurance Corporation	KDDI Reinsurance Corporation
6	au kabucom Securities Co., Ltd.(Tentative)	kabu.com Securities Co., Ltd.

■ “au WALLET application”

From April 2019, KDDI will renovate the “au WALLET application” in a phased manner and initiate a new smartphone settlement service, “au PAY”. KDDI also plans to expand the application functions by providing a personal financial management tool to help customers assess their household budgets and life plans. Through these renovations, centering on “au WALLET”, KDDI will ensure customer

satisfaction by providing one-stop services, smartphone-centric settlements and financial transactions for saving, paying, increasing, borrowing or preparing for the future. Also, KDDI will expand the service in line with customers' respective life plans.



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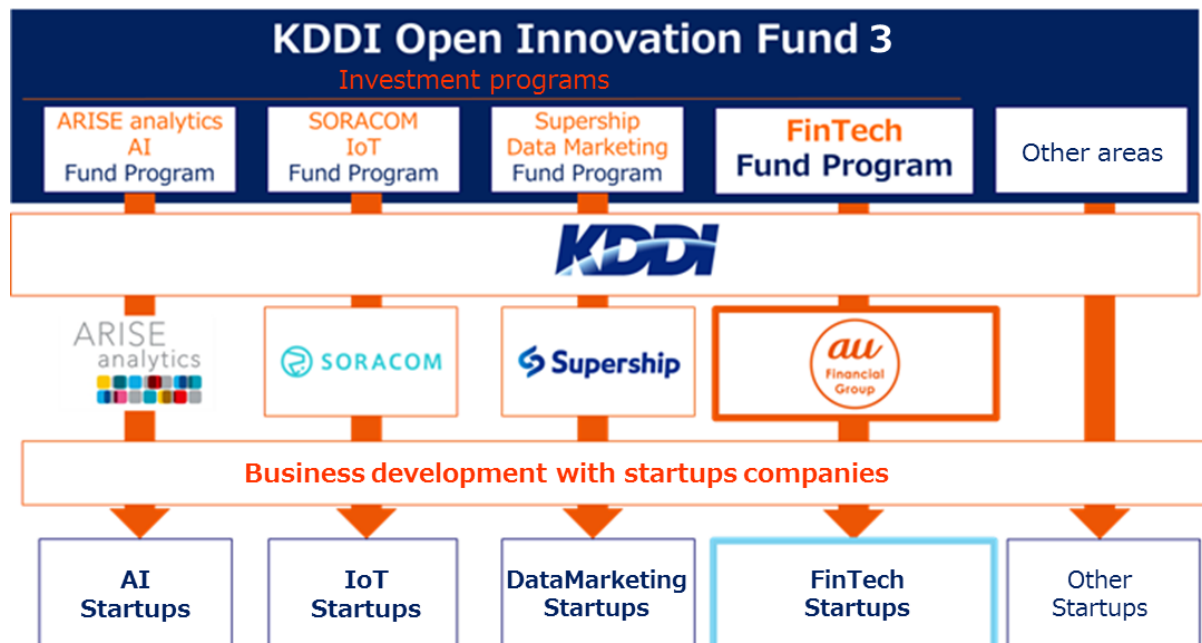
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\* The above images are for illustrative purposes only.

■ **au Financial Holdings Corporation , Fin Tech Fund Program**



## (Reference) Overview of each company under the control of “au Financial Holdings”

### 1. Jibun Bank

<b>Company name</b>	<b>Jibun Bank Corporation</b>
Summary of main business	Internet-only bank
Date of incorporation	June 17, 2008
Location of the head office	Nihonbashi Dia Building 14F, 1-19-1 Nihonbashi, Chuo-ku, Tokyo
Representative	President, Representative Director: Eiichi Kashiwagi Executive Vice President, Representative Director: Masanobu Tanaka
Major shareholders and their shareholding ratio	KDDI Corporation: 50.0% MUFG Bank, Ltd.: 50.0%
Total number of issued shares	1,600,000 shares
Stated capital	50 billion yen
Company overview	<p>Jibun Bank is an internet-only bank designed for mobile terminals, which was incorporated by the joint capital investment of KDDI and MUFG Bank in 2008. It aims to become the financial institution which is ranked first for customer satisfaction, by fully utilizing the features of smartphones and providing high-quality financial services which achieve both convenience and safety as a “bank for each customer.”</p> <p>In cooperation with KDDI, Jibun Bank provides exclusive services targeting customers of au, such as “au Housing loan” and “Jibun Bank Card Loans, au User-Limited Discount,” and it has further enhanced cooperation with KDDI by, among other things, adding the “Real-time charging,” function of Jibun Bank to the KDDI “au WALLET Prepaid Card” in April 2018.</p> <p>Furthermore, Jibun Bank won the “Best Digital Only Retail Bank in Japan” in 2017 (Note 8), and approximately 90% of transactions have been conducted through smartphones. Thus, it provides services to make customers’ lives richer and more convenient, centering on smartphones.</p>

### 2. KDDI Financial Service

<b>Company name</b>	<b>KDDI Financial Service Inc.</b>
Summary of main business	Money lending business Comprehensive credit purchase intermediary business Non-life insurance agents and brokers Bank agency services
Date of incorporation	February 14, 2014
Location of the head office	Mark Light Toranomom 13F, 2-3-1, Nishi-Shimbashi, Minato-ku, Tokyo
Representative	President, Representative Director: Takashi Ishiduki
Major shareholders and their shareholding ratio	KDDI Corporation: 90.0% Jibun Bank Corporation: 5.0% Mitsubishi UFJ NICOS Co., Ltd.: 5.0%
Total number of issued shares	200,000 shares

Stated capital	Approximately 5.2 billion yen
Company overview	<p>KDDI Financial Service was incorporated in February 2014 for the purpose of providing highly innovative, convenient, and safe finance and settlement services that respond to customers' needs, and it has engaged in many types of business including the issuance of the "au WALLET Credit Card."</p> <p>In October 2018, the number of effective members of the "au WALLET Credit Card" exceeded 4 million, and its business is steadily expanding. In the future, it will realize the provision of new finance and settlement services which suit each customer, centering on advanced "credit granting."</p>

### 3. WebMoney

<b>Company name</b>	<b>WebMoney Corporation</b>
Summary of main business	<p>Electronic money issuance business  Funds transfer service  Business of issuing prepaid payment instruments for third-party business</p>
Date of incorporation	March 24, 1988
Location of the head office	Mark Light Toranomon 12F, 2-3-1, Nishi-Shimbashi, Minato-ku, Tokyo
Representative	President, Representative Director: Yasuhiro Morita
Major shareholders and their shareholding ratio	KDDI Corporation: 100%
Total number of issued shares	30 shares
Stated capital	Approximately 500 million yen
Company overview	<p>For 20 years, WebMoney has led the industry by providing a settlement business in the online area, mainly involving issuance and sale of the server-management type electronic money, "WebMoney". After participating in the KDDI group in 2011, WebMoney expanded its business to the real settlement area, such as starting to issue the "WebMoney Card with Prepaid MasterCard® Card" and "au WALLET Prepaid Card" (in cooperation with KDDI) which are the first prepaid cards in Japan which can be used both on the Internet and at physical shops, in 2014.</p> <p>In the future, WebMoney will develop and provide services which will enable customers to make easier, safer and more convenient settlements in order to realize a cashless society.</p>

### 4. KDDI Asset Management

<b>Company name</b>	<b>KDDI Asset Management Company, Limited</b>
Summary of main business	<p>Financial business  Investment management business  Defined contribution pension plan operational management business</p>
Date of incorporation	January 4, 2018
Location of the head office	Chiyoda First Building South, 3-2-1 Nishi-Kanda, Chiyoda-ku, Tokyo
Representative	President, Representative Director: Takashi Fujita
Major shareholders and their shareholding ratio	KDDI Corporation: 66.6% Daiwa Securities Group Inc.: 33.4%
Total number of issued shares	80,000 shares

shares	
Stated capital	1 billion yen
Company overview	<p>With the basic concept, “Money in Japan to work,” KDDI Asset Management was incorporated on January 4, 2018 as a joint venture that supports the asset formation of customers, focusing on the young generation of digital natives, through the capital and business alliance of KDDI and Daiwa Securities Group.</p> <p>As a service to support the asset formation of customers, KDDI Asset Management started to provide four investment trusts called the “au Smart” series, in which diversified investment into shares/bonds around the world will be conducted, in September 2018. Also, KDDI Asset Management started to provide “au iDeCo,” which is a smartphone pension for which the pension can be managed by way of the one-stop system through smartphones, in October 2018.</p> <p>In the future, KDDI Asset Management will enhance services to support asset formation and aim to realize a richer life for customers.</p>

## 5. KDDI Reinsurance

<b>Company name</b>	<b>KDDI Reinsurance Corporation</b>
Summary of main business	Reinsurance business
Date of incorporation	November 16, 2016
Location of the head office	Pohnpei, Federated States of Micronesia
Representative	President: Tomohiko Katsuki
Major shareholders and their shareholding ratio	KDDI Corporation: 100%
Total number of issued shares	1,500,000 shares
Stated capital	1.5 billion yen
Company overview	<p>KDDI Reinsurance undertakes the business of compensation for mobile terminals of KDDI and MVNOs (mobile virtual network operators) and original insurance agreements, whose income and expenditure is stable, of KDDI group, by the way of reinsurance. Among other things, it acts to optimize the KDDI group’s insurance cost and to cooperate in development of original insurance agreement products for au customers, and it also plays an important role in strengthening non-communication businesses that are promoted by KDDI.</p>

<<Reference: Other press releases published as of today that relate to this matter>>”

- “Announcement Regarding the Company Split (Simplified Absorption-type Company Split) with a Consolidated Subsidiary, and Change of Sub-subsidiary”
- “Announcement of Subscription for Capital Increase through Third-Party Allocation of Jibun Bank Corporation Shares (Conversion into Subsidiary)”
- “Announcement of Planned Commencement of Tender Offer for Shares in kabu.com Securities Co., Ltd. (Code No. 8703)”
- “Capital Transfer of kabu.com Securities and Jibun Bank”

(Note 1) The incorporation of a financial holding company is subject to the acquisition of approval from the relevant authorities. The company name is planned to be changed from “LDF Incorporation Preparation Company” as of April 1, 2019.



- (Note 2) It is subject to effectuation of a capital increase through a third-party allocation to KDDI of Jibun Bank, acquisition of approval from relevant authorities, and the like.
- (Note 3) The change of the company name of Jibun Bank is subject to the obtaining of approval from the relevant authorities. Furthermore, with respect to a change of company names, KDDI Asset Management Company, Limited is required to obtain consent from Daiwa Securities Group Inc., which is its shareholder, au Insurance Company is required to obtain consent from Aioi Nissay Dowa Insurance Co., Ltd., which is its shareholder, and kabu.com Securities is required to complete the settlement concerning the tender offer for the company, and to go private, which was announced as of today.
- (Note 4) Logos are currently under discussion, and have not been determined.
- (Note 5) As of January 31, 2019. One point is calculated as one yen.
- (Note 6) Forecast of the fiscal year ending in March, 2019.
- (Note 7) The “au financial Group” is the collective name for the six companies, namely au Financial Holdings, Jibun Bank, KDDI Financial Service, WebMoney, KDDI Asset Management, and KDDI Reinsurance.
- (Note 8) Awarded by an Asian bank magazine, “The Asian Banker”, in 2017.

End