

Disclosure  
2022

**Rakuten**  
**Bank**

Annual Report  
Year ended March 31, 2022

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## Management Philosophy

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We are conscious of our social responsibility and public role as a bank, and we will work to win the unshakable trust of society and firmly establish our value through our commitment to sound and efficient business operations based on a high level of self-discipline. Moreover, as a member of the Rakuten Group, we share the Mission, Vision, Values and Principles set forth below. We aim to contribute to society while boosting corporate value and aspire to coexist with society as a Global Innovation Company.

### 1. Mission: Contribute to society by creating value through innovation and entrepreneurship

- Empowering people to realize their hopes and dreams, embracing new thinking, Rakuten changes the world through innovation.

### 2. Vision: Global Innovation Company

- We drive disruptive innovation, engaging knowledge, creativity, and passion from around the world to achieve ambitious goals and help build communities in which people can pursue their dreams and live in happiness.

### 3. Values and Principles: Rakuten Shugi (Rakuten Basic Principles)

- Comprising two components—Brand Concepts and Five Principles for Success—Rakuten Shugi embodies the core values of the Rakuten Group, understood and practiced by our employees.
- With Rakuten Shugi as a common foundation, we possess an entrepreneurial spirit that drives us to get things done.
- By working with local communities and nurturing a robust corporate culture enabling each member of our diverse team to perform at their best, the Rakuten Group is committed to boosting corporate value and contributing to progress in society.

## Management Policies

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1. In view of the public nature of banking operations, we will ensure sound and efficient management to maintain public trust and thoroughly protect our depositors. We will work towards smoother financing and strive to enhance our settlement function, part of the social infrastructure.
2. As a member of the Rakuten Group, we will make maximum use of the Group's management resources to boost corporate value. At the same time, we will pay full attention to ensuring the independence of our management and operate in accordance with the official guidelines for overseeing major banks issued by the relevant authorities.
3. We will remain committed to a customer-first approach, providing services to address and satisfy the diverse needs of our customers.
4. We will enhance human resources development, maintain workplace environments where employees can engage in work enthusiastically, and continue to create worthwhile and rewarding workplaces.

## Message from the President & CEO

### To all our stakeholders

Thank you for your continued support for Rakuten Bank. It is my pleasure to present our Annual Report 2022, which features information such as our financial status in fiscal 2021.

In fiscal 2021, the global economy performed strongly, led by personal consumption and investment. This was mainly due to the effect of economic measures to bolster economies weakened by COVID-19 in the United States and Europe, and a recovery in demand resulting from the lifting of lockdowns. However, clouds began to appear on the economic horizon through the second half, with fiscal and monetary policy proving increasingly ineffective and disruption emerging in supply chains. In Japan, socioeconomic activity slowly returned to normal levels. Significant progress was made in COVID-19 vaccinations, and consumers gradually transitioned from strict restrictions on movement to living together with COVID-19. At the same time, the outlook became increasingly uncertain for both the global economy and the Japanese economy, with the emergence of significant concerns over the tight supply of semiconductors worldwide, soaring raw materials prices, and Russia's invasion of Ukraine, among other factors.

In fiscal 2021, with new cases of COVID-19 appearing on a daily basis, we worked to protect the health and safety of our employees while continuing to provide a full range of services to our customers, to fulfill our duty as an important part of the social infrastructure. The digital shift in our customers' behavior patterns and the business activities of our corporate customers, which began in the context of the COVID-19 pandemic, also provided a boost to our operations.

As a result, we posted consolidated ordinary income of ¥106,026 million (+2.5% YoY), consolidated ordinary profit of ¥27,909 million (+1.1% YoY), and net income attributable to owners of parent of ¥20,039 million (+3.6% YoY). The consolidated capital adequacy ratio remained at a sound level of 10.62%.

We made maximum use of the Rakuten Ecosystem to efficiently acquire new customers, strongly promoted initiatives to encourage our customers to open daily current accounts at our bank, and strived to increase deposits and expand customers' cross-use of our services. The success of these strategies pushed the balance of deposits beyond ¥7 trillion (on a non-consolidated basis) in December 2021, with the number of accounts exceeding the 12 million marks in January 2022. Moreover, as of the end of fiscal 2021, the number of accounts used to receive salary had increased 49.1% year on year and the number of account transfers had increased 16.3% year on year, representing significant business growth.

We also continued to develop new services to enhance customer convenience and engage in initiatives to enable customers to use our services at even more affordable prices. Specifically, we began accepting applications to open personal accounts and receive card loans using eKYC, enabling our customers to apply for personal accounts and card loans more easily and quickly. For Money Bridge, our account linking service with Rakuten Securities, we added US equities transactions (settled in yen) to the scope of the automatic sweep function (automated funds transfer between accounts), making it more convenient for users to trade US equities through Rakuten Securities. We also added companies such as the Kyushu Electric Power Company, Incorporated and The Mitsubishi UFJ Factors Limited to the list of merchants to which payments can be through the Rakuten Bank Convenience Store Payment. This service enables users to make payments by simply scanning the barcode on a convenience store payment slip using the Rakuten Bank App, without the need to pay in person at a convenience store. The addition of these new companies greatly expands the range of convenience store payment slips that can be paid using the Rakuten Bank App. Meanwhile, with the abolition of interbank transfer fees and the establishment of Domestic Funds Transfer System operating fees by the Japanese Banks' Payment Clearing Network in October last year, we have lowered the fees for funds transfers to other banks, making this service more affordable for our customers. We have also used an open API to provide our internet banking services to the customers of THE NISHI-NIPPON CITY BANK, LTD., in addition to the customers of The Ogaki Kyoritsu Bank, Ltd., who already had access to these services. As part of our open platform strategy, we believe this initiative contributes to the digitalization of banking services in Japan by providing the convenience of our internet banking services to customers without an account at Rakuten Bank. Our open platform initiatives target not only the customers of regional financial institutions but also the customers of business corporations and non-bank financial institutions. We are currently preparing to make our internet banking services accessible to customers of the Dai-ichi Life Group.

At Rakuten Bank, we are also engaged in various initiatives to achieve a diverse society. We have expanded the application channels for Rakuten Bank LGBT Home Loans, launched in October 2017, which do not require the submission of an official document recognizing partnership. We have also expanded our real estate business, mainly in Fukuoka Prefecture, partnering with Miyoshi Real Estate Co., Ltd., which has physical sites for customer contact. As a result, customers are now able to access our LGBT Home Loans, not only via the internet but also at physical locations. In addition, we have improved our services to meet the needs of a diverse society, enabling customers to use savings accounts with their former (maiden) names, based on customer requests.

These strategies and service improvements have gained external recognition, with Rakuten Bank declared Country Winner in the Global Finance World's Best Consumer Digital Bank Awards, hosted by the US financial magazine Global Finance, for seven consecutive years. We were also awarded Best Digital Bank in the 2021 Asiamoney Best Bank Awards for Japan, hosted by the Asian financial magazine Asiamoney, for the fourth consecutive year.

Rakuten International Commercial Bank, our subsidiary in Taiwan, which began operation in January 2021, is progressively building up its reputation among Taiwanese consumers through collaboration with the various services offered by the Rakuten Group in Taiwan—such as e-commerce, credit cards, electronic books, and sports businesses—and strengthened partnerships with local companies. By using the internet banking know-how, we have developed over two decades in Japan's banking industry and the Rakuten Group's cutting-edge IT technologies to pursue more convenient services and leveraging our cost advantage as an internet bank to provide our customers in Taiwan with valuable services, we hope to establish a secure position in Taiwan's banking industry and develop highly profitable businesses.

In April this year, we announced our Medium- to Long-term Vision. Characterizing our business expansion up until now as the "first growth stage," we set forth strategies and targets to achieve further business growth and lead the digitalization of the banking industry for the zero-cash era, in our "second growth stage." As a leading fintech company, we aim to continue to be the "safe, secure, and most convenient bank." We intend to contribute to all our stakeholders through business expansion, better performance, and the maximization of corporate value. I look forward to your continued support for Rakuten Bank.



July 2022

**President & CEO Hiroyuki Nagai**

Rakuten Bank

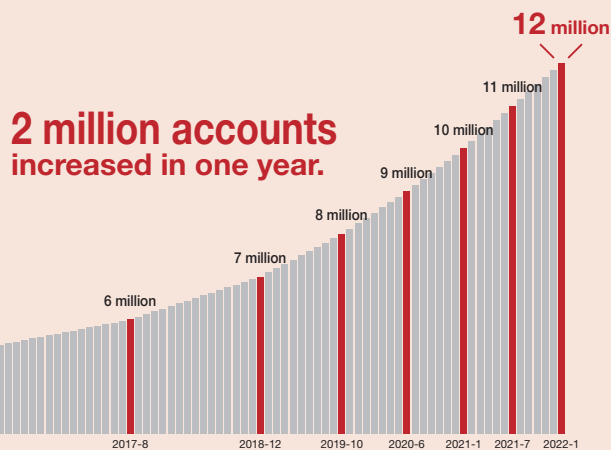
# New Topics

## Rakuten Bank has been selected and surpassed 12 million accounts!

Rakuten Bank has steadily increased the number of accounts since its opening in July 2001, and on January 28, 2022, the number of accounts surpassed 12 million\*.

\*1 The number of closed accounts is excepted.

As one of the pillars supporting the Rakuten Ecosystem (economic zone), Rakuten Bank participates in the "SPU (Super Point Up Program)", which increases the reward point multiplier on "Rakuten Ichiba" and has an account linkage service "Money Bridge" with Rakuten Securities. Through collaboration with other Rakuten Group services, we strive to provide highly convenient services for users. In addition, Rakuten Bank is used by many individual and corporate customers as a convenient bank that can be used anytime, anywhere and is completed online.



Plenty of useful and profitable functions !

Click here for details. ▶

Rakuten Bank Merits 検索

<https://www.rakuten-bank.co.jp/merit/>



## Rakuten Bank started online identity verification using eKYC.

Rakuten Bank has started handling account opening applications and card loan applications for individual customers using the online identity verification service "Polarify eKYC" provided by Polarify Inc. Customers can apply it from the Rakuten Bank App.

\* eKYC is an abbreviation of "electronic Know Your Customer".

It is a personal identification method that can be completed only online.

By utilizing eKYC,

Accounts can be opened **as soon as the next day** after application.

Card loan enrollment completed in the **shortest next business day!**



There are **TWO** ways to verify customer identity.

### Face authentication method

Take photos of customers identity verification document with smartphone.

- Driver's license
- My number card
- Basic Resident Register Card



### IC chip reading method

Read the IC chip information of the identification document with customers face photo

- Driver's license
- My number card



Click here for details of how to submit identity verification documents in App.

<https://www.rakuten-bank.co.jp/account/application.html>



## Key Events in Fiscal 2021 (April 1, 2021~March 31, 2022)

### New Products and New Services

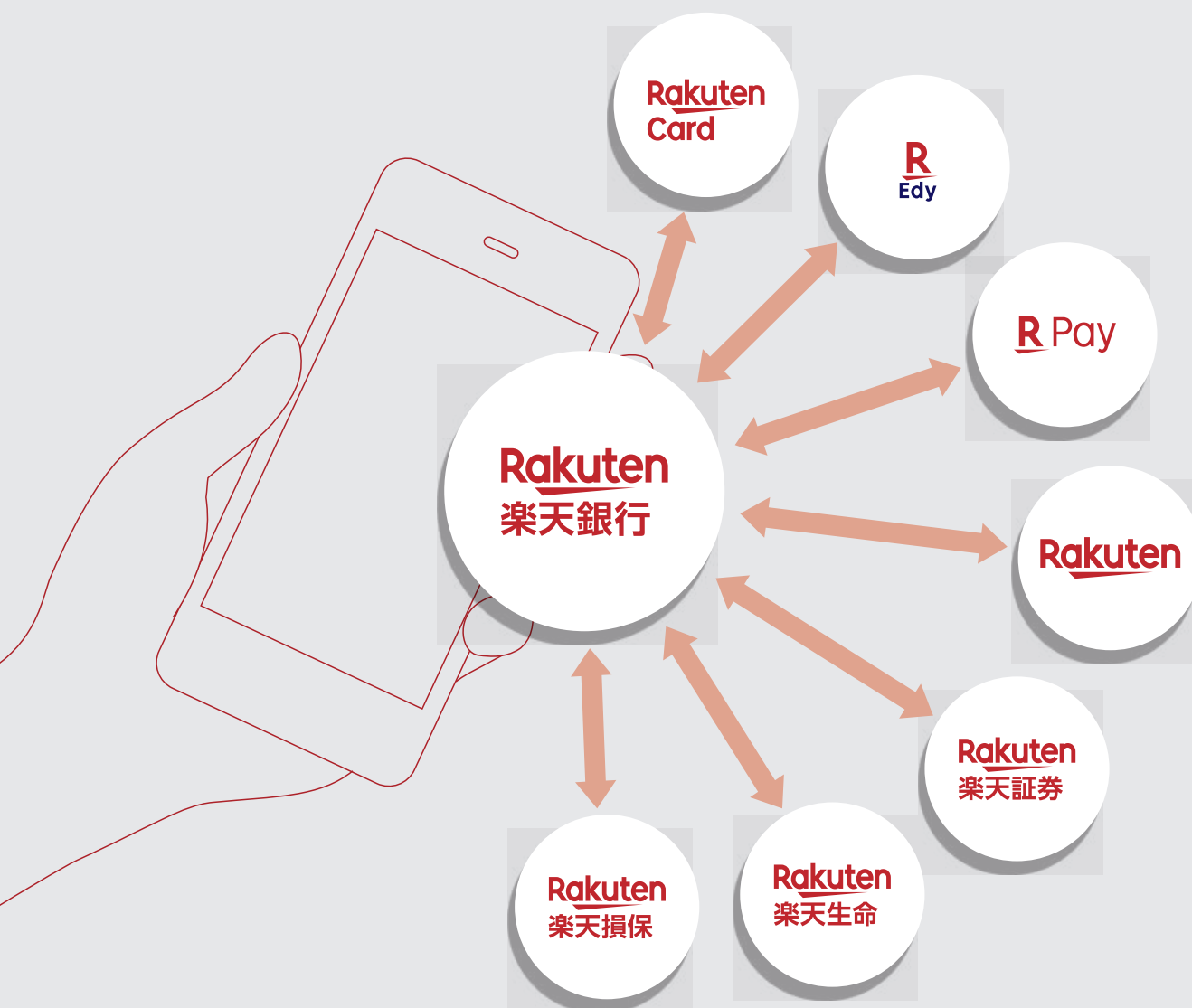
- 2021**
- Started account transfer and Pay-easy service for public money of Gunma Prefecture, Yokohama City and Sapporo City. (April)
  - Started tie-up with Miyoshi Real Estate Co., Ltd. for Rakuten Bank LGBT Home Loan. (April)
  - Automatic deposit/withdrawal function of Rakuten Bank × Rakuten Securities account linking service "Money Bridge" supports US stock trading. (April)
  - Started providing "Rakuten Bank Convenience Store Payment" for Kyushu Electric Power Company, Incorporated. (May)
  - Started account transfer service for TEPCO Energy Partner, Incorporated. (August)
  - Started account transfer service for Chubu Electric Power Miraiz Company, Incorporated. (November)
  - Started consideration of providing Internet banking services to Dai-ichi Life Group customers. (December)
- 2022**
- Started handling account opening applications and card loan applications for individual customers using eKYC. (February)
  - First regional bank in Kyushu-
  - Started "account linking service" with THE NISHI-NIPPON CITY BANK, LTD. (March)

### Others

- 2021**
- Rakuten Bank × Rakuten Securities account linking service "Money Bridge" deposit balance surpassed 3 trillion yen. (April)
  - Rakuten Bank Home Loan balance exceeded ¥700 billion. (June)
  - Total deposits exceeded ¥6 trillion. (June)
  - Became the first Internet bank in Japan to exceed 11 million accounts. (July)
  - 20th anniversary since launch. (July)
  - Received "Country Winner" of the Global Finance World's Best Digital Bank Awards for the seventh consecutive year. (August)
  - Rakuten Bank × Rakuten Securities account linking service "Money Bridge" exceeded 3 million accounts. (December)
  - Rakuten Bank × Rakuten Securities account linking service "Money Bridge" deposit balance surpassed 4 trillion yen. (December)
  - Total deposits exceeded ¥7 trillion. (December)
- 2022**
- Received "Best Digital Bank" of Asiamoney best bank awards 2021 Japan for the third consecutive year. (January)
  - Became the first Internet bank in Japan to exceed 12 million accounts. (January)
  - Received the first prize in MyVoice Communications, Inc's Internet Banking Survey. (February)

# Advantages of Rakuten Bank

## Innovative services fulfilling the potential of the Internet



We strive to become a “reliable, secure and the most convenient bank,” and offer various services.

Since our bank began, we have aimed to provide convenient and secure payment services as a pioneer of Internet banking. Open 24 hours a day, with access via the Internet, smartphones and mobile phones, we provide settlement services and a wide range of services including financial products and various loans. In addition, as a member of the Rakuten Group, we also provide value-added services. Customers can earn

Rakuten Points by using our banking services, and the Money Bridge, an account linking service between Rakuten Bank and Rakuten Securities that offers preferential interest rates. We also have been advancing alliances with other companies in the Rakuten Group such as Rakuten Card, Rakuten Edy, Rakuten Payment, Rakuten Life Insurance and Rakuten General Insurance to provide more convenient and cost-efficient services.

# 6 reasons why customers choose Rakuten Bank

## 1 Available 24 hours a day from ATMs in nearby convenience stores

Rakuten Bank customers can use ATMs in convenience stores at any time, in addition to approximately 100,000 ATMs across the country, including JAPAN POST BANK ATMs and ATMs of Japan's large commercial banks.

\* ATMs of AEON Bank, Seven Bank, E-Net, LAWSON Bank, and MUFG Bank are available 24 hours a day (excluding system maintenance time).

## 2 Free deposits and withdrawals from ATMs up to 7 times per month

Customers can deposit and withdraw from ATMs in convenience stores and banks without worrying about fees.

\* For the second months after opening an account, ATM fees are free up to 3 times per month. By applying for Happy Program, Super VIP category customers can use ATMs for free up to 7 times per month after that period.

## 3 Free transfers to other banks up to 3 times per month

Convenient when making rent payments or shopping online. Automatic monthly transfer registration is available for monthly payments. Transfer fee between Rakuten Bank accounts is free.

\* By applying for the Happy Program after opening the account, VIP and Super VIP category customers can use bank transfers for free up to 3 times per month.

## 4 Earn and spend Rakuten Points

By applying for the Happy Program, customers can earn Rakuten Points when making eligible transactions. These Rakuten Points can be used for transfer fees, Debit card payment, Prepaid card charge, and payment when shopping on Rakuten Ichiba.

## 5 Almost all of our services are available on the smartphone app

Almost all our services including account opening, checking account balance and bank transfers are available through the Rakuten Bank App. Customers can also use our asset management tools via the app.

## 6 Attractively high interest rates

As an Internet bank, we offer attractively high interest rates. By applying for Money Bridge, the account linking service with Rakuten Securities, customers can receive interest rates that are up to five times higher (as of June 30, 2022) on Rakuten Bank's ordinary deposits. In addition, we provide a wide range of deposit products.

In  
addition

## Rakuten Bank offers a complete security support system

We provide variety of functions such as sending Transaction Notification Email and One-Time Authentication, a password which is issued for each transaction.

Smartphone will become your bank!

# Rakuten Bank's "Personal" Services

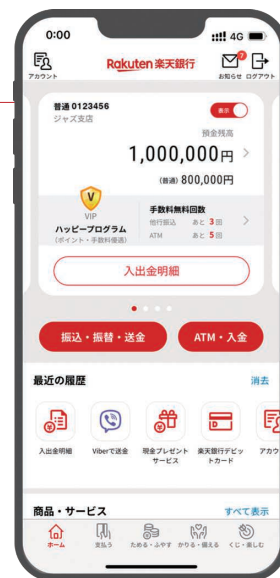
Rakuten Bank strives to improve convenience through creating better services and offering them to our customers.

## Rakuten Bank App

- Wide range of services is available at any time anywhere! -

The Rakuten Bank App for smartphones offers almost all of our banking services, including account opening, checking transaction details, paying into or repayment of deposits, bank transfers, asset management and an ATM locator.

- Assets in custody balance inquiry
- Checking transaction details
- Transfer
- Transfer by Viber, Transfer by Facebook, Transfer by email
- Rakuraku Warikan
- ATM locator
- Rakuten Bank Debit Cards
- Rakuten Bank Card
- Rakuten Bank Prepaid Card
- Application for account transfer (automatic withdrawal)
- Rakuten Bank Convenience Store Payment Service
- Pay-easy
- Yen deposits (Term deposits, Structured deposits, etc.)
- Foreign currency deposits, Foreign currency term deposits
- Receipt of foreign currency remittance
- Card loan
- Home loan
- BIG・toto・lottery ※Only iPhone users
- Public Races
- Campaign application
- CASHb for Rakuten Bank
- Cash Gift Service
- Money Support (Asset Management Tool)
- Security settings
- Change of customer information
- Background selection



### Biometric authentication function



Enable quick login to Rakuten Bank App without entering the login password.

You are able to login to Rakuten Bank App for smartphones by authenticating your registered Fingerprint or Face<sup>1</sup> to smartphone for easy and convenient login<sup>2</sup> without even entering the password.

Fingerprint authentication is available for both iPhone<sup>3</sup> and Android<sup>4</sup>.

Face authentication is not available for some Android models.

<sup>1</sup> Fingerprint authentication and Face authentication are only available to log-in to Rakuten Bank App for smartphones, for transactions such as transfer require entry of security code.

<sup>2</sup> Login by entering the password is still available.

<sup>3</sup> Fingerprint authentication and Face authentication are only available for after iOS8, and after iPhone5s models.

<sup>4</sup> Only available for after Android M6.0, and some models, and compatible devices are expanding.



### Convenient QR code function

Transition of Quick log-in function when changing the model of smartphones

By using QR code, you can use Quick log-in on Rakuten Bank App after changing the model of smartphones.



### Dashboard function

Deposit, security setting, debit card usage, foreign currency deposit and so on can be easily checked on home screen.

### History function

Immediate access to previously used functions from the history on home screen.



Convenient Feature

You can earn Rakuten Points by the convenience store payment slip

# Rakuten Bank Convenience Store Payment (Convenience store slip payment by Rakuten Bank App)

By reading barcodes printed in convenience store payment slips, you can pay the bill at anytime and anywhere without going to convenience stores. This is a convenient, valuable App payment service, and you can also earn Rakuten Points.

Advantages of Rakuten Bank Convenience Store Payment

- Easy payments by reading the barcode
- Can earn Rakuten Points
- Fees may be free for some companies



**1** Log-in on Rakuten Bank App

Activate Rakuten Bank App by smart phone, and log-in.



**2** Select the convenience store payment

Select the convenience store payment service from [Payment] tab.



**3** Read the barcode by the smartphone camera

Activate the smartphone camera and read the barcode of payment slips.



**4** Finish payment after confirming the payment

If there is no problem with the payment content, enter PIN code and complete the payment.

Splitting the payment easily by Rakuten Bank App

## Rakuraku Warikan

Rakuraku Warikan is a convenient, easy-to-use service that enables the organizer to split the payment for parties or travels more easily. Various services are available, such as calculating split payments, sending invoice messages and managing payments. It is more convenient when linking bank accounts with "Viber" (Rakuten Group's free calling and messaging App) accounts.

Advantages of Rakuraku Warikan

- Split calculation by easy operation
- In addition to equal split, payment amount adjustments are available
- Can send invoice message
- By easily confirming the payment statement, you never forget receiving payments
- More convenient when linking with the Viber account
- Participants don't need Rakuten Bank accounts



Image of split calculation



Image of invoice



Image of payment management



Collectively manage asset balances and understand net balance at a glance

# Money Support (Free Asset Management Tool)

“Money Support” enables customers to collectively and automatically manage the asset balances of Rakuten Bank, other banks and securities firms accounts and the transaction histories of their credit cards, etc.

- 1 Can link to major banks, securities firms, credit card companies, electronic money and point programs.
- 2 Automatically collects information from registered financial institutions and enables customers to easily manage their net balance.
- 3 Provides high security utilizing the Bank’s secure environment.
- 4 Provides advice on financial products based on customer’s asset status.



Image of asset data chart  
Assets are displayed automatically by categories.



Image of net balance data chart  
The transition of balance can be reviewed for the past 3 years.



Can easily transfer money using Viber contact information, Facebook friend information or an email address

# Easy Bank Transfer

Enables customers to make transfers without the bank account information.

- 1 No transfer fee required when payees have Rakuten Bank accounts which are linked with Viber or Facebook accounts, or an email address.
- 2 Can transfer money to other banks' accounts.
- 3 Can transfer money with a message.

Viberで送金

Facebookで送金

メルマネ

Rakuten Viber



## How to use “Transfer by Viber”

(How to transfer money)

\* Transferring via Rakuten Bank App. (Sending via Viber App is also available.)

- 1 Select a friend to transfer money to
- 2 Enter amount of money to transfer
- 3 Complete money transfer

(How to receive money)

- 1 Open the receipt URL in the remittance notification
- 2 Select how you wish to receive the money
- 3 Complete receiving money



1% point back, plus payment by points is available

## Rakuten Bank Debit Card (Mastercard, JCB, Visa)

Rakuten Bank debit card can be used as if it were cash, without concerning about overuse, as the amount used will be immediately withdrawn from the customer's Rakuten Bank account. In addition, it supports touch payment (non-contact payment), and customers can easily and speedily pay by simply touching it at domestic and overseas contactless member stores.

They can also earn 1 Rakuten Point per 100 yen payment by debit cards and use the Rakuten Points for debit cards payment (domestic/overseas shopping).



**Rakuten Bank Debit Card (Mastercard)**

No charge for annual membership fee and accepted at authorized Mastercard merchants all over the world!



**Rakuten Bank Panda Debit Card (JCB)**

Popular design of Okaimono Panda



**Rakuten Bank Debit Card (JCB)**

No charge for annual membership fee and accepted at authorized JCB merchants all over the world!



**Rakuten Bank Gold Debit Card (Visa)**

Visa Gold card membership benefits and shopping/travel insurances\* available

\* For only Rakuten Bank Gold Debit Card (Visa)



**Rakuten Bank Silver Debit Card (Visa)**



**Rakuten Bank Basic Debit Card (Visa)**

No charge for annual membership fee and accepted at authorized Visa merchants all over the world!

First in Japanese banking industry! Able to use overseas too!

## Rakuten Bank Prepaid Card (JCB)

Prepaid card with international brand can be used in Japan and overseas.

1. Presenting premium value depending on the amount of money per charge!
2. Automatic charge function from Rakuten Bank account is available!
3. Both annual and issuance fees are free!
4. Rakuten Points are available for the charge!

### Recommended to the customers below!

- Customers who are students, housewives and senior citizens  
As general rule, customers who are over 16 years old can apply for a Rakuten Bank Prepaid Card (JCB), and no examination is required.  
Charge=Prepayment. Customers can set the usage upper limit per day, to prevent spending too much money.



### Premium values depending on the amount of charge

¥5,000~¥9,999	¥10,000~¥29,999	¥30,000~¥49,999	Over ¥50,000
¥25	¥70	¥240	¥500



Customer loyalty program with Rakuten Points

# Happy Program

A customer loyalty program which offers customers a variety of benefits for linking their bank accounts to their Rakuten member information.

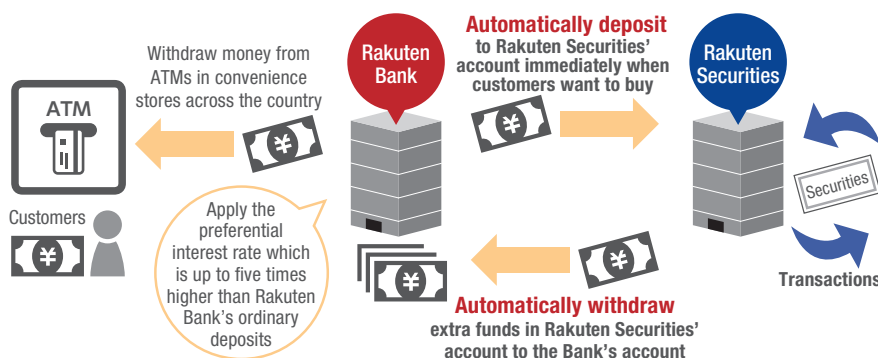
1. Customers are assigned a membership tier based on either their Rakuten Bank account balance or the number of transactions. Depending on their tier, customers can make up to 7 transactions per month on ATMs, and make up to 3 transfers to other banks per month, without being charged fees.
2. Customers can also earn Rakuten Points on a target transaction basis simply by entering the program.
3. Rakuten Points can be used to pay bank transfer fees, debit card payments, and foreign currency deposits.

	ATM Fee [Free use times]	Transfer Fee to Other Bank [Free use times]	Rakuten Points Leverage Rate of Gain	Rakuten Points as Transfer Fee
<b>SV Super VIP</b> Balance of ¥3 million or more, or 30 transactions or more	7 times/month	3 times/month	3 times	<b>Payment with points allowed</b>
<b>V VIP</b> Balance of ¥1 million or more, or 20 transactions or more	5 times/month	3 times/month	3 times	
<b>Pr Premium</b> Balance of ¥500 thousand or more, or 10 transactions or more	2 times/month	2 times/month	2 times	
<b>A Advanced</b> Balance of ¥100 thousand or more, or 5 transactions or more	1 time/month	1 time/month	1 time	
<b>B Basic</b> Entry	—	—	1 time	

An account linking service connecting bank and securities accounts

# Money Bridge

The account linking service offered by Rakuten Bank and Rakuten Securities. By simply connecting their Rakuten Bank account to their Rakuten Securities account, customers can receive preferential interest rates for their ordinary deposits in Rakuten Bank.



### What Money Bridge enables customers to do

- Preferential interest rates** By just applying for Money Bridge, which is free of charge, customers can receive preferential interest rates for their ordinary deposit of Rakuten Bank (As of June 30, 2022).
- Automatic deposit and withdrawal (Sweep) services** Customers can trade smoothly when they make a purchase order at Rakuten Securities by utilizing "automatic deposit (sweep)" to cover shortage of funds from Rakuten Bank's ordinary deposits account balance. In addition, funds in Rakuten Securities account will be transferred to Rakuten Bank account automatically at night of every business day. Therefore, our customers do not need to transfer money from Rakuten Securities account by themselves, and preferential interest rates will be applied. Deposit and withdrawal charges are free. Customers can set the amount of money to keep in Rakuten Bank at the time of automatic withdrawal, in addition to the amount of money to keep in Rakuten Securities at the time of automatic deposit.
- Earning Rakuten Points** Customers can earn Rakuten Points through Rakuten Bank Happy Program depending on the transactions at Rakuten Securities.
- Investment Anshin Service** For customers with margin transaction accounts at Rakuten Securities, we provide the service that automatically transfers funds from a customer's Rakuten Bank ordinary deposit account to their Rakuten Securities account when the margin guarantee funds ration needs improvement or there are insufficient funds to complete a transaction.

Rakuten Bank started direct payment service for "Rakuten Pay (app payment)"

## Rakuten Bank Direct Payment for "Rakuten Pay (app payment)"

Rakuten Bank Direct Payment for "Rakuten Pay (app payment)" started in January 2021. When customers set Rakuten Bank as payment account of Rakuten Pay, the amount settled with Rakuten Pay will be drawn immediately from Rakuten Bank account.

Savings

Attractively high interest rates and other services

### Yen Deposits (Ordinary deposits/Term deposits/Structured deposits)

By applying for Money Bridge, the account linking service with Rakuten Securities, customers can receive interest rates that are up to 5 times higher (as of June 30, 2022) on Rakuten Bank's ordinary deposits. In addition, term deposits from as short as

1 week to as long as 10 years are available, along with structured term deposits which include special maturity options and high interest rates, as we have put together a financial product lineup to meet our customers' diverse needs.

※ There is a limit on the balance that will be eligible for the preferential interest rate of 0.10% (before tax) per annum when enrolled in Money Bridge.

- The deposit balance of under 3 million yen or less: 0.10% per year (0.079% per year after tax)
- The deposit balance of over 3 million yen: 0.04% per year (0.031% per year after tax)

#### Lineup of Structured Deposits

##### Structured Term Deposit (Extension of term type) Rakuten Exte Deposit (Flat)

Term deposit in JPY through which Rakuten Bank can optionally extend the term at a higher interest rate. The maximum deposit term is 10 years and 15 years, and the favorable interest rate is continually applied when the maturity is renewed. Covered by deposit insurance. \*

\* A part of the interest may not be protected. More details are on our website.

##### Structured Term Deposit (Extension of term type) Rakuten Exte Deposit (Step Up)

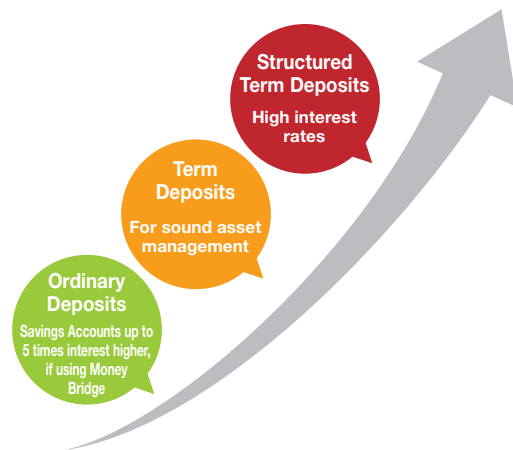
Term deposit in JPY through which Rakuten Bank can optionally extend the term at a higher interest rate than normal term deposits. The maximum deposit term is 10 years, and a higher interest rate is applied when the maturity is renewed. Covered by deposit insurance. \*

\* A part of the interest may not be protected. More details are on our website.

##### Structured Term Deposit (Extension of term type) Rakuten Dual Term Deposit (JPY/Foreign Currency)

Term deposit in JPY with a redeeming currency option that has a higher interest rate than normal term deposits. Deposits in JPY can be redeemed in JPY or a foreign currency on maturity. Covered by deposit insurance. \*

\* A part of the interest may not be protected. This term deposit is payable in a foreign currency and not covered by deposit insurance when the principal and the interest are transferred to a foreign currency ordinary deposit account. More details are on our website.



#### Terms & Conditions

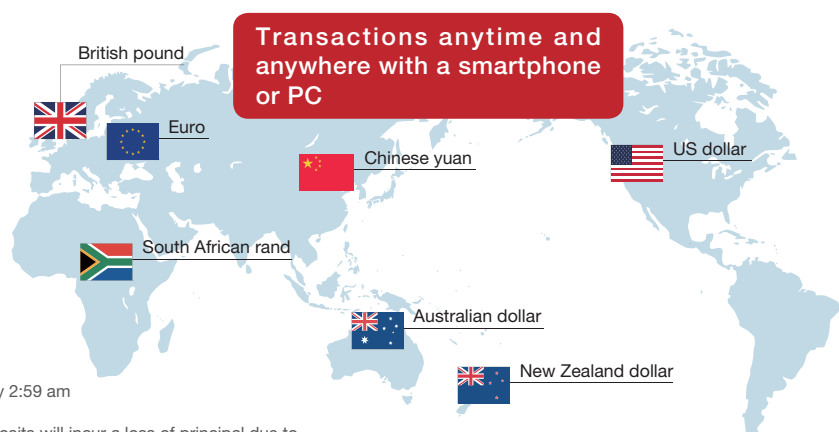
- In principle, early withdrawal is not possible regardless of whether the term is lengthened or shortened.
- In the case where Rakuten Bank grants an exception for compelling circumstances, an early withdrawal penalty will be charged, and there is a high risk that this will result in a loss of principal.
- Thoroughly review the product details and always apply for the products only with excess available funds which have no plan for usage until maturity.
- Please see our website for more details (in Japanese) and carefully confirm each product's detailed description, pre-contract documents, and product warning documents.
- Depending on the judgment of Rakuten Bank, the Rakuten Dual Term Deposit principal and interest can be redeemed in a foreign currency.

Currency exchange at competitive rates

## Foreign Currency Deposits (Foreign currency ordinary deposits/Foreign currency term deposits)

Rakuten Bank's exchange rates are linked to prevailing market exchange rates. It is possible to conduct foreign deposit transactions anytime, anywhere 24 hours a day during transaction hours\* from a PC or a smartphone. We currently provide 7 currencies (as of June 30, 2022), with low exchange costs for transactions in each available currency.

\* In general, every week from Monday 8:00 am to Saturday 2:59 am



#### Terms & Conditions

- It is possible that foreign currency deposits will incur a loss of principal due to a loss on foreign exchange due to fluctuations in the exchange rate.
- This product is not covered by deposit insurance.



## Account Transfer (Automatic Withdrawal)

Rakuten Bank offers account transfers of over 190 types of payment including credit cards such as Rakuten Card, mobile phone bill, rent and insurance fees. Happy Program members can also earn Rakuten Points per withdrawal.

Benefits of designating Rakuten Bank for Rakuten Card payment account

- Rakuten Bank ordinary deposit interest rate will be doubled!  
If you select Rakuten Bank for Rakuten Card payment account, the interest rate on Rakuten Bank ordinary deposits of the month following the withdrawal will be doubled.
- You can earn a maximum of nine points of Rakuten Points every month!  
If you register for the Happy Program and Rakuten Card payment is withdrawn from the Rakuten Bank account, you can earn triple Rakuten Points (a maximum of nine points).
- You can earn up to +1 time Rakuten Points when you shop at Rakuten Ichiba with your Rakuten Card!
- You can get a reminder email of the insufficient funds beforehand!  
The reminder emails prevent failure to withdraw funds due to insufficient balance.
- We carry out withdrawal up to 4 times a day!  
You can deposit after 3 p.m. and meet the withdrawal time.
- You can get a notice email on completion of the account transfer!  
The e-mail notifies you that the withdrawal was completed without problems.

※If customers withdraw their Rakuten Card usage fees from their Rakuten Bank accounts, they receive 0.5 times more points for Rakuten Card payment on Rakuten Ichiba. In addition, if customers receive their salary, bonus, or pension at Rakuten Bank, they receive 0.5 times more points for Rakuten Card payments made at Rakuten Ichiba.

## Monthly Transfer Registration

Rakuten Bank offers free automatic withdrawals of monthly fixed payments such as rent, parking charge, insurance fees, loan repayment, tuition fee, cumulative deposits, and sending money to your parents or children. You will no longer need to go to a bank every month for money transfer or worry about forgetting payments.

Easy transaction completed via the Internet with low transaction fee

## International Remittance Services

### 1 Low transaction fee

The remittance fee per a transaction is ¥750 for personal customers. \* There are no introductory or monthly fees.

\* There is a fee of ¥1,000 per transaction if a remitter bears the intermediate fee via a foreign bank. Remittance in Japanese yen for personal customers cost an additional ¥3,000 as a lifting charge.

### 2 24-hour transactions via the Internet

The easy transaction process does not require customers to visit a branch or paperwork.

\* Except 11:50 pm-0:10 am weekdays, from 11:50 pm on Saturdays until 6:00 am on Mondays, Dec. 31-Jan. 3 and other times as necessary for system maintenance.

### 3 68 currencies and over 200 countries

The personal international remittance service can send 68 currencies to over 200 countries and regions. Transactions are completed in one to three business days depending on the currency, the country, and the intermediate bank.

### 4 International remittance receipt service

The transaction fee per receipt is ¥2,450 for personal customers.

A remittance received in a foreign currency can be transferred to a foreign currency ordinary deposit in the same currency<sup>1</sup> or to a yen ordinary deposit in Japanese yen.<sup>2</sup>

<sup>1</sup> A foreign currency ordinary deposit account is required.

<sup>2</sup> Our exchange rate will be applied when depositing a foreign currency to a yen ordinary deposit account in Japanese yen.



Offering a variety of loan services that meet customers' financing needs!

# Loan Services

- Card Loan
- Home Loan
- University Education Loan
- Travel Loan
- Bridal Loan
- Mortgage Loan
- Reverse Mortgage

## Advantages of Rakuten Bank Super Loan (card loan)

Good interest rate for refinancing

Loans for various purposes

1. Procedures from application to borrowing can be completed via smartphone. Required documents can be submitted by Rakuten Bank App.
2. Can receive money by bank transfer or from Partner ATMs.
3. Can repay at Partner ATMs all over Japan for free of charge.

## Advantages of Rakuten Bank Home Loan (interest rate selection type)

1. Easy procedure via Web and mail. Video consultation via Skype or Zoom is also available.
2. Loan fee of interest rate selection type is ¥330,000 (including tax).
3. Group credit life insurance<sup>1</sup> fee is free even with cancer insurance rider (50% protection)<sup>2,3,4</sup> and all diseases protection rider<sup>5</sup>.

### The balance of loan guarantee

- When borrower dies
- When diagnosed with the prescribed severe disability
- When diagnosed with a life expectancy within 6 months

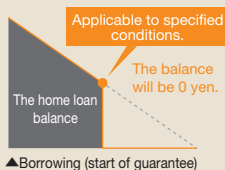
Living Needs Benefit Rider

- When the prescribed disability status continues for over 1 year

All Diseases Protection Rider (Disability security with special agreement)

The home loan balance will be

**0** yen.



▲Borrowing (start of guarantee)

In addition,



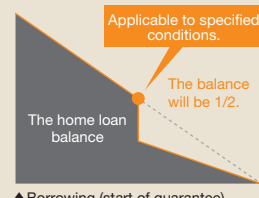
### The balance of loan guarantee

- When diagnosed as the prescribed cancer

Cancer Insurance Rider (50% protection)

The home loan balance will be

**50%**



▲Borrowing (start of guarantee)

\* There is no Cancer Insurance Rider coverage for 90 days from the insurance start date.  
\* Cancer Insurance Rider coverage begins on the 91<sup>st</sup> day after the start of guarantee.

### The guarantee of monthly loan repayment amount

- When the prescribed disability status continues for over 15 days on the 27<sup>th</sup> of every month

All Diseases Protection Rider (Disability security with special agreement)

The guarantee of monthly loan repayment amount. (36 months in total)

When the prescribed disability status continues for over 15 days

The guarantee of loan repayment amount

27<sup>th</sup> of every month

#### ■What is the prescribed disabilities?

A statement of being hospitalized for the purpose of treating illness or injury, and a condition that corresponds to a prescribed condition due to illness or injury and is being treated at home, etc. under the direction of a doctor. However, there are some illness such as mental disorders, pregnancy, parturition and puerperium are not covered by guarantees.

<sup>1</sup> The underwriting insurance company is Rakuten Life Insurance Co., Ltd.

<sup>2</sup> It is a plan "50% Protection Cancer Danshin (with All Diseases Protection Rider<sup>3</sup>)" that guarantees 50% of the home loan balance when customers are diagnosed as a prescribed cancer. Customers can also choose "100% Protection Cancer Danshin (with All Diseases Protection Rider<sup>3</sup>)" that guarantees 100% of the home loan balance with an additional interest rate of 0.2% per year when they are diagnosed as the prescribed cancer.

<sup>3</sup> Some malignant neoplasms (cancer) are not covered by the guarantee.

<sup>4</sup> We guarantee 50% of customers' debt balance when the doctor confirms that they have prescribed cancer for the first time after the 91<sup>st</sup> day of the guarantee start date. Payment is not possible if the prescribed cancer diagnosis is confirmed within 90 days including the day before or from the start date of guarantee. (Including recurrence, metastasis after 90 days).

<sup>5</sup> All Diseases Protection Rider is the sales name of the "Disability security with special agreement" The Disability security with special agreement guarantees a prescribed disability condition due to illness or injury. However, there are some illnesses such as mental disorders, pregnancy, parturition and puerperium are not covered by guarantees.

4. A maximum loan amount (with creditor group insurance) of interest rate selection type is ¥200 million (available only for applications via alliance partner), the first time to offer this service among Internet banks in Japan.
5. Flat 35 interest rate is the lowest level in the industry.

## Advantages of Rakuten Bank Mortgage Loan

Secured loans with low interest rates. No restriction of finance use fulfills wide range of customer needs.

1. The financing amount is from ¥1 million to less than ¥100 million.
2. Nationwide real estate is eligible for Rakuten Bank Mortgage Loan.

## Advantages of Rakuten Bank Reverse Mortgage

Suitable for seniors who are worried about retirement funds. Finance with your home as collateral while continuing to live at home.

1. Monthly payment is interest only.
2. The financing amount is from ¥1 million to ¥100 million.
3. Target area of homes eligible for Rakuten Bank Reverse Mortgage is nationwide.



At the 25<sup>th</sup> of each month, membership tier of the Happy Program will be upgraded one stage if customer borrows loan and sets Rakuten Bank as a repayment account.

※ "Rakuten Bank Reverse Mortgage" is not eligible for Happy Program.



The number of winning BIG first prize is increasing!

## Sports Lottery, BIG and toto

The number of winning BIG first prize (over ¥600 million) in Rakuten group is NO.1, 9 years in a row\*. Customers can purchase BIG and toto 24 hours a day on the Rakuten Bank website from PCs and smartphones. Prize money will be automatically transferred to Rakuten Bank account. Omakase BIG (reserved purchase) is available to avoid forgetting to purchase.

\* The year 2013~2021 (Except for the 838<sup>th</sup> BIG)



BIG is a simple lottery in which customers decide how many tickets they want to purchase. A computer is used to randomly generate the results of the matches. MEGA BIG's first prize ¥1.2 billion, BIG's first prize ¥600 million maximum (when occurring carry-over).



toto is a lottery for guessing soccer game results mainly in the J.League. Beginners can also take advice from the computer in guessing the results. The first prize ¥500 million maximum (when occurring carry-over).

Complete everything online

## Number-Selection Lotteries LOTO and Numbers

The purchase of LOTO7, LOTO6, Mini LOTO, Numbers4, and Numbers3 and receipt of the winning money can be completed by the Internet. The Automatic Purchase System to avoid forgetting to purchase and automatic additional purchase function when occurring carry-over is available. Rakuten Points are earned based on the number of purchases.



Complete everything online

## Public Races

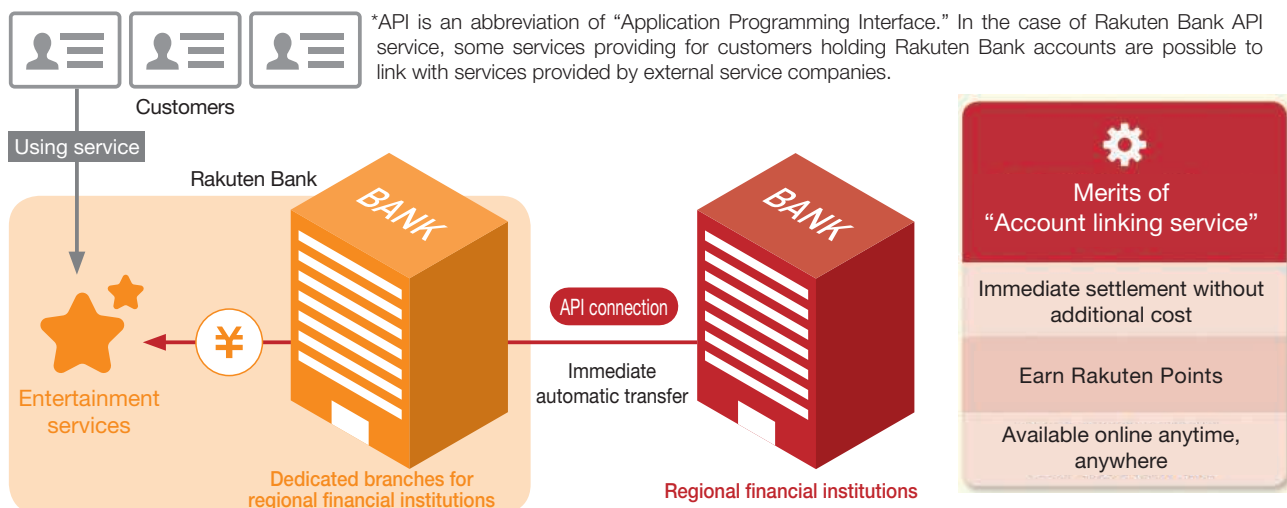
Customers can use their account for the public races (horse/boat/bike/auto). Rakuten Points are given to the bets on these races.



First API connection between Banks in Japan!

## "Account Linking Service" with Regional financial institutions

"Account linking service" automatically transfers the usage fee of the Rakuten Bank entertainment service (Rakuten Bank toto, Rakuten Bank lottery, public races) from regional financial bank accounts to the account of Rakuten Bank's exclusive branch without additional cost. It is a service that can be transferred and settled immediately. Following the Ogaki Kyoritsu Bank (OKB), we have also started account linking service with The Nishi-Nippon City Bank (NCB).



Increase savings

Convenient application and transaction via your smartphone!

## New Rakuten Bank FX

New Rakuten Bank FX is a foreign exchange service providing one-stop transaction from customer's saving accounts. With a Rakuten Bank account, customers can start transaction after

applying for a dedicated FX account via a PC and a smartphone.

The major currency pair USD/JPY offers a low spread of 0.003 yen (with exceptions).

### 1 26 pair currencies

The New Rakuten Bank FX has not only a wide range of popular currency pairs such as USD/JPY and EUR/JPY, but also foreign pairs such as EUR/USD and AUD/NZD. Total 26 pair currencies are available.

### 2 Free transfer, free transaction

Customers can transfer money from their Rakuten Bank ordinary deposit accounts to the dedicated FX accounts with no charge. Transaction fee is also free of charge.

### 3 Various transaction channels

New Rakuten Bank FX offers 3 different transaction channels for free.

"New Rakuten Bank FX powered by MARKET SPEED" for Windows

"New Rakuten Bank FX powered by iSPEED" for smartphone

"New Rakuten Bank FX-WEB" for Mac and Windows

The advanced free trading tool app New Rakuten Bank FX powered by iSPEED for smartphone

Enables our customers to check exchange rate and news, and make an immediate order while checking chart even in a smartphone size by "AS Speed Order" function. The biometrics authentication for log-in with registered fingerprint and face authentication are also available.



### "New Rakuten Bank FX Virtual Trade"

The app "New Rakuten Bank FX Virtual Trade" enables customers to experience FX trade, a first in the Japanese banking industry.

All you need to do is to register a nickname, and you can use the app free of charge.

The app has the same user interface as our real FX trading app and users can experience FX trading with real-time exchange rates.

In addition, the app has a study function for users to learn about FX trade.

To support corporate and sole proprietor customers

# Rakuten Bank's "Corporate" Services

As a total solution partner of customers who run a business, Rakuten Bank offers a more convenient and diverse lineup of services.

Addressing the needs of corporate and sole proprietors customers in "Card Payment"

## Rakuten Bank Business Debit Card

Can be used for payments of expenses, etc., instead of cash, making settlements easy

1. No examination is required when applying as amounts spent are immediately withdrawn from the customer's bank account.  
\* Some transactions are not immediately withdrawn and will be charged later.
2. Debit cards are accepted at all JCB member stores (both online and offline) for the payment of transportation expenses, business trip expenses, equipment purchases and general purchases, etc.
3. 1% cashback on spending.
4. Up to 9,999 cards can be issued for each account, making it convenient for reimbursement payment to employees.

Business debit card will be useful in these scenes!



At the stores and restaurants in Japan!

Debit card is accepted at all JCB member stores in Japan.  
\*There are some stores and services for which debit card is not accepted.



For purchasing goods via online!

Customers can make a payment by entering the debit card number, same as entering the credit card number.



For overseas business trip!

Customers can use the cards at the stores with "JCB" mark abroad like in Japan. No need to exchange money!



Can deposit sales proceeds in nearby convenience stores 24 hours a day

## Rakuten Bank Sales Proceeds ATM Deposit Service / 24 Hours Deposit BOX

Service enabling customers to safely deposit and manage sales proceeds via ATM at any time

1. Deposit can be made at about 100,000 tie-in ATMs across Japan 24 hours a day, 365 days a year.
2. Easy and safe for store staff to deposit by deposit-only card.
3. Multiple deposit-only cards can be issued for each account.
4. Easy to manage and understand each store's sales proceeds by monitoring individual deposit-only cards.

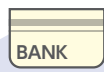


Recommended to the customers below!

- Corporate customers with multiple stores
- Customers who don't have night deposit of their banks near their stores



Can deposit each store's sales proceeds via ATMs 24 hours a day



Can apply for, add and cancel the account in units of one account



More reasonable price than night deposit of traditional banks

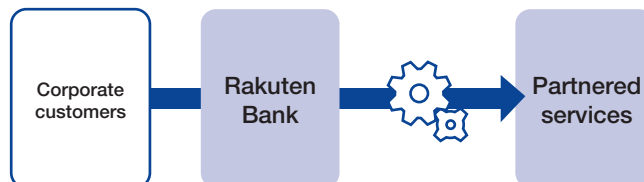


Deposited proceeds will be automatically transferred to customer's corporate business account

Customers can use valuable and convenient services provided by partnered companies

## Rakuten Bank Business Support Program

If customers have our corporate accounts, they can access useful cloud services for business provided by companies partnered with Rakuten Bank for free. \*Except some services.



Provide business funds for a wide range of industries and business categories

## Rakuten Bank Business Loan

Financing service for businesses based on customers' needs

1. Supporting a wide range of industries, including Internet related businesses, manufacturing, the service industry, restaurant businesses and real estate businesses.
2. Rakuten Bank sales representatives directly confirm the purpose of loan and financial condition with customers and conduct a predetermined screening.

### <Examples of loan customers>

- Lighting equipment rental company for offices and stores
- Apartments renovation company
- Confectionery manufacture and sales company
- Digital content production company, etc.

Applicable applicants

Corporations or sole proprietors who meet requirements below:

- Customers with Rakuten Bank ordinary deposit accounts
- Customers who can submit the fixed financial statements or final return forms for 3 years
- Customers who have no arrears in taxes, and loan delinquencies from other financial institutions at the time of application
- Customers who meet Rakuten Bank's examination criterion

Use of funds

· Working capital · Equipment capital

Term of loan

Within 5 years in principle

Can transact via the Internet 24 hours a day

## International Remittance Services

Service to make remittances to over 200 countries and regions in the world and receive remittance from abroad via the Internet at any time, easily and securely

1. Can make transactions via the Internet 24 hours a day, including at night and on Saturdays.\*1
2. Can make international remittances to over 200 countries and regions in 68 currencies.\*2
3. Remittance fee is only ¥1,000 per transaction. (In the case of transferring in foreign currency)
4. Can receive remittance from abroad without preliminary application. Remittance receipt fee is ¥2,000 per transaction regardless of the amount.

\*1 Except 11:50 pm-0:10 am, weekdays, from 11:50 pm on Saturdays until 6:00 am on Mondays, Dec. 31-Jan. 3 and other times as necessary for system maintenance.

\*2 Can't transfer abroad in foreign currency from foreign currency ordinary deposit. It is necessary to exchange from yen ordinary deposit to foreign currency each time to make remittance.

	Remittance	Remittance receipt
Fees (per transaction)	¥1,000 <sup>3</sup>	Corporate customer: ¥2,000 Sole proprietor: ¥2,450 A remittance received in a foreign currency can be transferred to a foreign currency ordinary deposit in the same currency <sup>4</sup> or to a yen ordinary deposit in Japanese yen <sup>5</sup> .
Currencies	68 currencies	6 currencies (USD, EUR, GBP, AUD, NZD, ZAR)

<sup>3</sup> There is a fee of ¥1,000 per transaction if remitter bears the intermediate fee via foreign bank. Remittance in Japanese yen for sole proprietors cost an additional ¥3,000 and ¥2,500 for corporate customers as a lifting charge.

<sup>4</sup> A foreign currency deposit account is required.

<sup>5</sup> Our exchange rate will be applied when depositing a foreign currency to a yen ordinary deposit account in Japanese yen.

Enables transfers without payees' bank account number

## MailMoney Mass Payment

Service to execute large volumes of transfers for cash back or repayment, etc., without knowing the payees' bank account information

1. Can execute up to 3,000 transactions per application with payees' email addresses and names.
2. Payees can receive money in their specified bank accounts. (Transfers to other banks are also possible)
3. Safe data management without needing to hold large amounts of bank account information.
4. Can transfer money for cash back, repayment, purchase payment, etc., without payees' bank account information.

Check!

### Recommended to the customers below!

- Corporate customers who need to transfer money to their mass customers without their bank account information
- Corporate customers who are considering a cash back campaign, etc.
- Corporate customers who expect to occur mass repayment process



Enables to execute mass transfer easily and at a low cost

## Multi-Transfer Service

Service to execute large volumes of transfers to Rakuten Bank and other banks easily at a low cost

1. Can execute up to 3,000 transactions per application. (Can transfer more than 3,000 by using transmission service)
2. Low transfer fees in the industry. (Over ¥30,000 to other banks: ¥229, Less than ¥30,000: ¥150, Within Rakuten Bank: ¥105)
3. Purchasing software, initial installation cost and maintenance costs are unnecessary.
4. Can make a request to transfer to other banks by 11:00 pm in the previous business day and to Rakuten Bank by 7:00 pm on the same day.

Check!

**Recommended to the customers below!**

- Corporate customers with mass expenses payment recipients and suppliers
- Corporate customers who are considering to enhance money transfer operational efficiency



Can collectively transfer to employees' accounts

## Salary and Bonus Transfer Service

Service enables customers to execute up to 3,000 transfers of salary and bonus per request and reduce costs of transfer fees

1. Purchasing software, initial installation cost and maintenance costs are unnecessary.
2. Low transfer fees in the industry. (To other banks: ¥229, Within Rakuten Bank: ¥52)
3. Enables customers to reduce transfer fees if the payroll accounts of employees of the customers are held at Rakuten Bank. In addition, employees who deposit their salaries into Rakuten Bank accounts are able to earn Rakuten Points and other benefits. (No fees on bank transfer to other banks 3 times per month)

Check!

**Recommended to the customers below!**

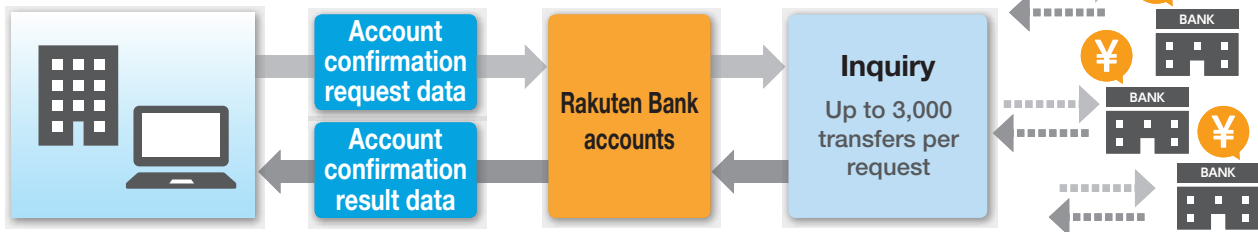
- Corporate customers who have employees with Rakuten Bank personal accounts
- Corporate customers who are considering to reduce costs of salary and bonus transfer

Enables customers to securely execute transfers on the date of payment

## Account Verification Service

Service enables customers to confirm existence of payee accounts and the name of the account holder in advance

1. Can confirm the existence of payee accounts and whether the name of account holder is correct in advance when they register payee information to avoid transfer errors and incorrect remittance.
2. Convenient when executing large volumes of transfers to new payees.



Multiple staff can use multiple accounts securely and conveniently

## Account Management Plus

Service enables customers to specify accessible services and accounts for each staff member as well as login to multiple accounts through a single ID

1. Issues one ID per staff and enables staff to use services. (Enables to set and manage authorization of deposit and withdrawal inquiry, registration and approval for payment and settlement such as transfer, etc.) (Multiple user function)
2. Enables customers with multiple accounts to assign each staff member with accessible accounts and access to multiple accounts through a single ID without the need to log into each account. (Multiple accounts management function)

In addition to regular withdrawals, real time withdrawals possible

## Account Transfer (Automatic Withdrawal)

Service offering automatic withdrawals of monthly bills from customers' accounts

1. Withdrawals of ongoing bills from a Rakuten Bank account.
2. Can set automatic withdrawals or transfers via the Internet.
3. In addition to the monthly payments or regular bill collection, customers with corporate accounts can enjoy immediate withdrawal every time using any service.

Can accept immediate settlements via the website, as well as be utilized in new customer acquisition

## Rakuten Bank Easy Settlement Plus

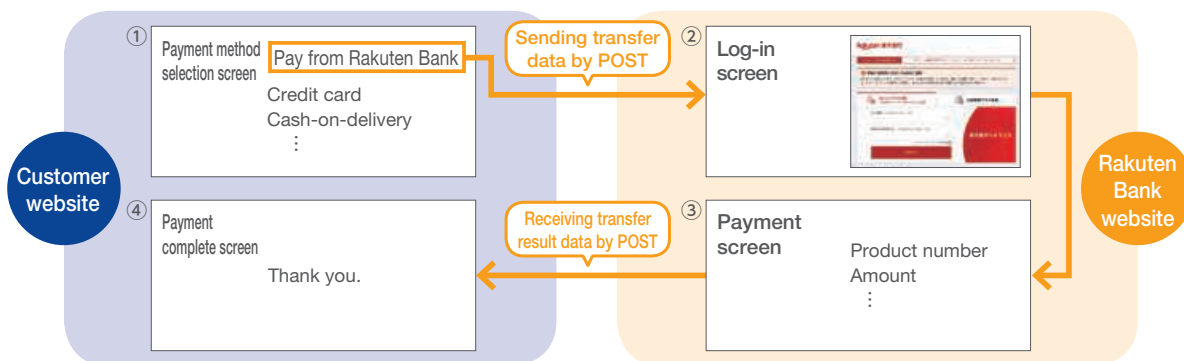
Service enables customer's clients to make an immediate payment through a dedicated payment screen on the customer's website if the client has a Rakuten Bank ordinary deposit account

1. As information necessary for settlements (such as the purchase amount, the customer ID and product number) can be transferred to Rakuten Bank, clients can make immediate settlements on a customer's website without the need to input any information.
2. Enables customers to acquire new clients who have Rakuten Bank accounts by introducing this service which enables clients with Rakuten Bank accounts to pay easily.
3. Available for EC stores' link payments, or securities companies and FX's transactions.

**Check!**

### Recommended to the customers below!

- Customers with a full-scale E-commerce website operation
- Customers such as securities firms who offer quick transfer services
- Customers who run large-scale businesses



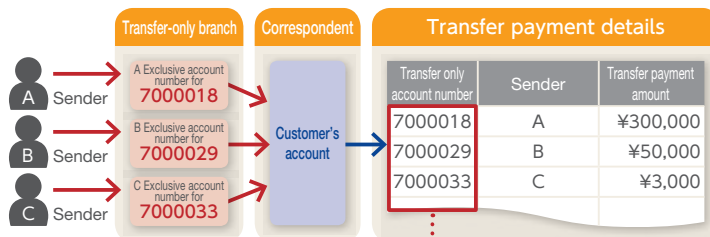
\* We also offer "Rakuten Bank Easy Settlement" which can be introduced by just adding a link to customer's website and without requiring system development. With "Rakuten Bank Easy Settlement," customer's clients have to enter necessary information such as the product they wish to purchase and amount by themselves as such data isn't transferred to Rakuten Bank.

Significantly reduce the trouble of identifying senders and clearing by utilizing transfer payment-only account

## Rakuten Bank Secured Receipt Service / Rakuten Bank Just Match

The service makes clearing easy by identifying the sender of funds by their "transfer payment-only account number" which is issued to each sender

1. Easy to identify the sender by the "transfer payment-only account number" issued to each sender.
2. Easy for small and medium-sized businesses to use as it is available from 100 bank accounts.
3. Makes it possible to prevent erroneous payment by "transfer payment-only account number" with check digit (selectable).
4. Upon receiving a transfer payment to the transfer payment-only account assigned to each sender, funds will be automatically transferred to customers' Rakuten Bank main account.
5. Real-time deposit confirmation is possible when deposit details are retrieved via API



It is possible to confirm senders by the account numbers!

**Check!**

### Recommended to the customers below!

- Corporate customers who are considering rationalization of accounts receivable cash application
- Customers who receive deposits from unspecified large number of clients

Attractive easy, reliable and high interest rates

## Yen Deposits (Ordinary deposits / Term deposits)

Customers can complete all process such as application and cancellation via the Internet. Customers can deposit from as short as one week to effectively manage the excess funds.

In addition to high interest rates, ordering in real time is possible

## Foreign Currency Deposits (Foreign currency ordinary deposits)

It is possible to conduct transactions of foreign currency deposits 24 hours a day during transaction hours.\* Rakuten Bank's exchange rates are linked to prevailing market exchange rates.

\* In general, every week from Monday 8:00 am to Saturday 2:59 am

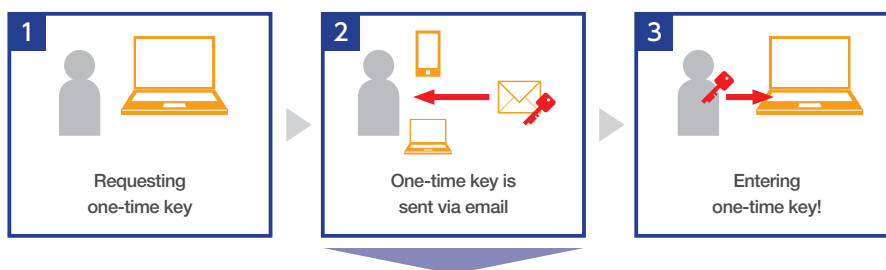
## Security

# As an Internet bank, we constantly implement new measures to maintain and improve a strong level of security

### Important Security Measures

## One-Time Authentication ... High-security function where the password changes each time

- » A one-time password key (One-time key) is generated for each transaction and delivered via email to the customers' registered email address
- » Effective security feature to prevent identity theft
- » Effective security feature to counter keystroke logging and other spyware programs



**We request our customers to register their mobile phone or smartphone email address to ensure more secure environment for the transaction.**

\*Mobile phone or PHS phone email addresses cannot be used for corporate accounts.

## Rakuten Bank App for Business ... Enhancing security by smartphone

**Smartphone app for corporate and sole proprietary business accounts which enables our customers to conduct authentication by a password valid for a certain period that is displayed on the smartphone.**

- » A stronger security by "One-time Password" which will change every 30 seconds
- » Enables our customers to make a transaction quickly and securely as they can easily check by smartphone
- » A user can add up to five hand-sets used for authentication



### Rakuten Bank's Security Environment

#### Security Questions

When a customer logs into their Rakuten Bank account, an overall analysis of their PC environment is done, and if additional authentication is deemed necessary through the automated system, a security question will be asked to complete the login.

#### Security Card

When judged by the Rakuten Bank system as required in case of important transactions such as transfer to other banks, a personal authentication is required by entering alphanumeric characters on the security card.

#### Timeout

After logging in to Rakuten Bank, if there are no interactions

for a certain period of time, the system will automatically log the customer out, preventing possible fraudulent use by third parties.

#### Mobile Access Restriction

Restriction of login to a specified mobile phone and mobile site/smartphone application.

#### IP Restriction Service

By pre-registering an Internet provider (domain name, IP address), customers can restrict transactions that require authentication to their registered IP addresses.

**Advantage** Prevention of identity theft or fraudulent use by third parties

## Security

### Debit Card Authentication

When shopping online at 3D Secure (MasterCard ID Check, J / Secure, VISA Secure) member stores, entering the one-time key that arrives at the registered e-mail address in addition to the debit card information to verify identity.

\* At our discretion, customers may be asked to enter the registered 3D Secure Password.

### Maximum Limits on Transfers

Customers can choose to set a limit for the available amount for transfer per day (units of ¥1,000).

### ATM Withdrawal Restriction

Customers can choose to restrict withdrawals to specific ATM alliance partners, set a maximum ATM withdrawal amount, and/or limit the time of day for withdrawals.

### Debit Use Restriction

Customers can utilize the optional settings to restrict use of their debit card and/or set daily usage limits in units of ¥1,000.

**Advantage** Minimize the potential loss amount in the case of damages from a lost and/or stolen card

### Security Keyboard

We provide a security keyboard, which utilizes one-time functionality, enables our customers to enter their login passwords or pin code on the screen without the need for a keyboard.

**Advantage** Prevention of key loggers

### 256-bit SSL Encryption

Private information is encrypted utilizing 256-bit SSL encryption technology, which is the de facto global standard, to prevent the theft and/or alteration of customers' personal information. Our mobile banking services utilize the same level of 256-bit SSL encryption as our online services.

**Advantage** Prevention of theft and/or manipulation of customers' valuable information

### DigiCert Extended Validation SSL

In order to confirm the existence of a website's operator, a certificate is issued through a strict authentication process in compliance with universal industry standards. As a security countermeasure against fraud related to phishing, which has seen an escalation in damages, we employ DigiCert's (former Symantec) Extended Validation SSL (EV-SSL).

**Advantage** Prevention of damages from fraud related to phishing

## Compensation/Remedies for Damages

**In the case that a customer falls victim to fraud, Rakuten Bank will cooperate with law enforcement to provide any required information and help any investigations. In addition, we have prepared multiple remedies to resolve issues related to any fraud.**

### Personal Customers

#### Compensation for Cash Card Related Fraud

For personal customers, in the case of fraudulent use related to the automatic withdrawal of funds (ATM etc.) by a third party from a falsified or stolen cash card, the general principal is that Rakuten Bank will compensate the customer in full for the loss.

### Corporate and Sole Proprietor Customers

#### Compensation for Internet Banking Fraud

In the case that a corporate or a sole proprietor customer is a victim of an unauthorized repayment through Internet banking, we will compensate the customer to the maximum limit.

#### Compensation for Internet Banking Fraud

In the case that an personal customer is a victim of an unauthorized repayment through Internet banking, in compliance with the Deposit Insurance law and in agreement with the Japanese Bankers Association, if the customer is not personally at fault for the fraud, we will compensate the customer, even if Rakuten Bank is not at fault.

\* In cases of a customer's gross negligence or negligence regarding cash card or Internet banking, it is possible that the loss will be deemed ineligible for compensation or only partial compensation will be paid. For more details, please refer to our website.

#### Relief for Bank Transfer Scams

For damages related to bank transfer scams, customers can request a damage recovery benefit in accordance with the Furikome Fraud Relief Act (Act on Damage Recovery Benefit Distributed from Fund in Bank Accounts Used for Crimes). For more details, please refer to our website.

#### Shopping Insurance (Card Purchase Movable Comprehensive Insurance)

For products purchased with the Rakuten Bank Debit Card (Gold and Silver), for 60 days after purchase, losses from breakage or property loss, including accidental loss, will be compensated.

\* Some cases may not be subject for compensation. For more details, please refer to our website.

## Sustainability Initiatives

**Rakuten Bank recognizes its responsibility to run a highly public business and is committed to operating responsibly toward the realization of a sustainable society.**

### Sustainability Declaration

#### **[Foreword]**

We are conscious of our social responsibility and public role as a bank, and we will work to win the unshakable trust of society and firmly establish our value through our commitment to sound and efficient business operations based on a high level of self-discipline.

Moreover, as a member of the Rakuten Group, we share the Group's Mission, Vision, Values and Principles. We aim to contribute to society while boosting corporate value and aspire to coexist with society as a Global Innovation Company in the fintech domain.

Our corporate culture, based on the Rakuten Group's shared aim "to contribute to the creation of a sustainable society through the power of innovation and partnership," also extends to business challenges associated with "sustainability."

#### **[Current Situation and the Role of Rakuten Bank]**

The digital shift precipitated by the COVID-19 pandemic continues to evolve, even as consumption and economic activity return to normal.

This change has raised questions about the future of society. At Rakuten Bank, our operations have always been based on our Basic Policy for Customer-Oriented Business Conduct, aimed at helping our customers achieve stable asset formation and, by extension, providing a smooth flow of funds for sustainable economic development. However, we must also take bolder and more innovative action to bring about the changes needed to overcome the various challenges facing Rakuten Bank and transition to a sustainable and resilient society. As members of the banking industry, we have a social responsibility and a public role. As such, we believe it is vital that we actively address environmental issues, including climate change.

Recent circumstances have clearly demonstrated the limits of traditional approaches, and it is increasingly important that we mobilize knowledge, creativity, and passion from around the world, engaging in disruptive innovation to achieve ambitious goals. We believe that the significance of our existence in society lies in making further contribution in resolving social issues while fulfilling our function in financial markets. We regard this as our mission as a pioneering digital bank that has led the digitization of financial services, and a duty we owe to future generations.

#### **[Toward Sustainable Business Management]**

As an internet bank without a physical branch network, our very existence is environmentally friendly. We believe that our management philosophy is also consistent with our basic policy on sustainable business management, and this is reflected in the wording of our Basic Policy for Sustainable Business Management.

#### **[Basic Policy for Sustainable Business Management]**

**As a member of Rakuten Group, Rakuten Bank is committed to its mission to "contribute to society by creating value through innovation and entrepreneurship." We will maintain a high level of ethical awareness, enhancing our corporate value as we contribute to and coexist with society.**

## Sustainability Initiatives

### Initiatives for Sustainable Business Management

#### Rakuten Clutch Special Charity Fund

We operate the Rakuten Clutch Special Charity Fund, a group-wide initiative of the Rakuten Group, featuring Clutch, a mascot of the Tohoku Rakuten Golden Eagles.



#### List of Clutch Special Charity Fund Donations

- Donation for Japan heavy rains of July 2021
- Donation for Japan heavy rains of August 2021
- COVID-19 crisis response fund (3rd period)
- Disaster preparedness fund
- Donation for Tonga eruption of January 2022
- Donation for Ukraine humanitarian aid
- Donation for Fukushima Earthquake of March 2022

#### Charity Fundraising Activities

Our corporate website presents the organizations to which donations can be made through Rakuten Bank accounts. We offer a system that enables Rakuten Bank account holders to make easy, fee-free donations by utilizing the Rakuten Bank Easy Settlement service.\*

\* Account holders can click on the "donate" button and log in to display a payment screen with the account information for the recipient organization. Account holders simply need to enter the amount to carry out their donation without the risk of mistakes.

#### "chokotto iikoto" program

Under the "chokotto iikoto" program, Rakuten Bank donates 1-10 yen to designated organizations each time customers use a service eligible for rewards provided by one of the program's partner companies, such as points conversion, surveys, etc. (the cost of the donation is borne by the partner company).



#### Task Force on Climate-related Financial Disclosures (TCFD)

Rakuten Bank has participated in the international Task Force on Climate-related Financial Disclosures (TCFD)\* initiative as an official supporter since March 2022. We will respond to our stakeholders' expectations with fuller information disclosure concerning climate change.

\* The TCFD was established by the Financial Stability Board (FSB) in response to a call to action from leaders of countries participating in the 2015 G20 meetings.

#### Donation of Disaster Supplies

At Rakuten Bank, we maintain a food reserve to prepare for the risk of large-scale natural disasters and other crises. In March 2022, we donated food to food bank organizations as part of the renewal of this food reserve for disaster prevention.

The food we donated was allocated free of charge between welfare facilities and organizations that support those in need.



#### Financial Literacy

On Saturday, March 26, 2022, we hosted an online financial literacy seminar for the children of employees. The theme of the seminar was "The Past and Future of Cashless Finance."



#### Financial Inclusion

##### • Rakuten Bank LGBT Home Loans

In October 2017, Rakuten Bank became the first bank in Japan to offer home loans that do not require the submission of an official document recognizing partnership, when it launched Rakuten Bank LGBT Home Loans.



##### • Rakuten Bank Reverse Mortgage

In December 2020, Rakuten Bank became the first internet bank in Japan to offer reverse mortgages. Reverse mortgages allow homeowners to use their homes to secure bank loans while continuing to live in their homes.



##### • Rakuten Bank Education Loan

Rakuten Bank offers education loans for college tuition (including entrance fees, tuition, textbooks, etc.). Preferential interest rates are available for affiliated universities.



## Financial Highlights

In fiscal 2021, core net business profit was ¥27.4 billion, ordinary profit was ¥27.9 billion, and net income attributable to owners of parent was ¥20.0 billion.

The total number of accounts exceeded 12 million, making Rakuten Bank the first Internet bank\* to achieve this, and the deposit balance also steadily increased and surpassed ¥7.5 trillion. In addition, home loan balance exceeded ¥790 billion.

\*According to a Rakuten Bank survey (as of January 2022)

(Unit: Millions of Yen)

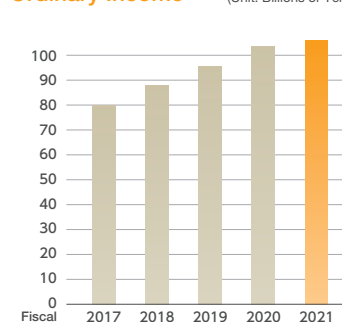
	Fiscal 2017 (March 31, 2018) Consolidated	Fiscal 2018 (March 31, 2019) Consolidated	Fiscal 2019 (March 31, 2020) Consolidated	Fiscal 2020 (March 31, 2021) Consolidated	Fiscal 2021 (March 31, 2022) Consolidated
Ordinary Income	79,720	87,720	95,513	103,386	106,026
Gross Ordinary Profit	47,420	53,050	58,093	63,816	65,287
Net Interest Income	50,826	54,609	57,164	55,946	54,742
Net Fee and Commission Income	▲ 7,337	▲ 6,039	▲ 4,050	2,842	5,537
Net Other Operating Income	3,930	4,481	4,979	5,027	5,007
General and Administrative Expenses	23,484	25,881	31,513	35,810	37,620
Ordinary Profit	23,660	27,329	27,275	27,581	27,909
Net Business Profit	23,593	27,052	26,579	28,033	27,436
Core Net Business Profit	23,936	27,093	26,320	27,709	27,480
Net Income Attributable to Owners of Parent	16,433	19,039	18,960	19,337	20,039

Note: Core net business profit = Net business profit (before transfer to general allowance for loan losses) – Gains (losses) related to bonds

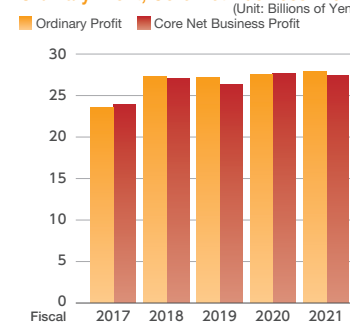
## Ordinary Income, Ordinary Profit and Core Net Business Profit

Ordinary Income, Ordinary Profit and Core Net Business Profit Ordinary income was ¥106.02 billion (a year-on-year increase of 2.5%), ordinary profit was ¥27.99 billion. The contributing factor of increase in sales is the increase in commission income, as account transfer fees and card-related fees such as debit cards increased steadily due to an increase in the number of new accounts and the progress of individual customers becoming main bank accounts. The core net business profit showing the performance of the main business was ¥27.48 billion.

Ordinary Income (Unit: Billions of Yen)



Ordinary Profit, Core Net Business Profit (Unit: Billions of Yen)

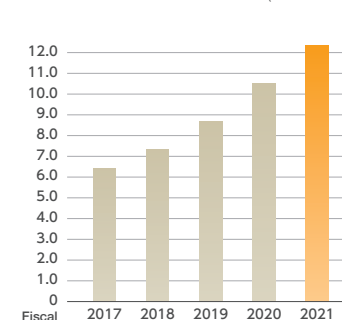


## Total Accounts and Total Settlements

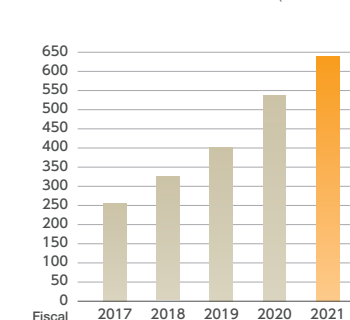
Total Accounts and Total Settlements Total number of accounts reached 12.31 million\* (a year-on-year increase of 17.0%). 79.8% of all personal accounts are registered as Happy Program members (Rakuten ID linkage), and 27.3% of personal customers have applied for the Money Bridge (bank/securities account linking service with Rakuten Securities, as of March 31, 2022). In addition, the total number of settlements increased significantly to 639 million (an increase of 18.9%) due to the increase in account transfers and the use of debit card.

\*non-consolidated (As of March 31, 2022)

Total Accounts (Unit: Millions)



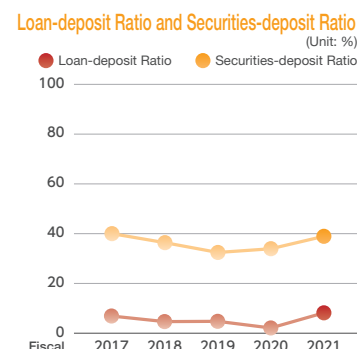
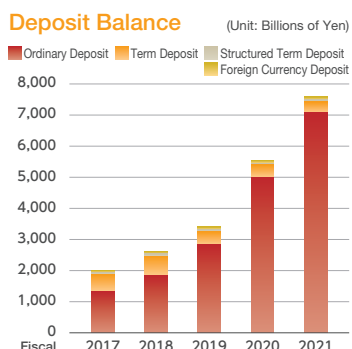
Total Settlements (Unit: Millions)



## Financial Highlights

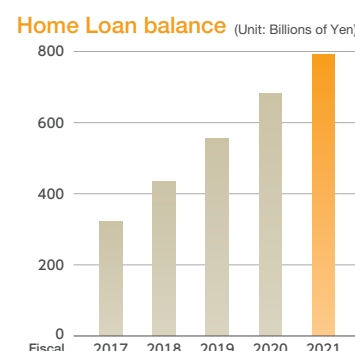
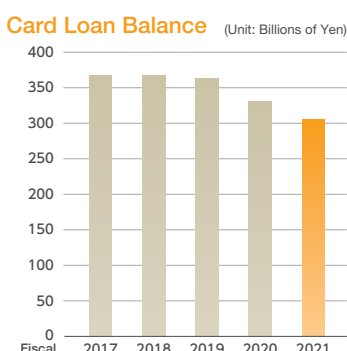
### Deposit Balance, Loan-deposit Ratio and Securities-deposit Ratio

Deposits as of the end of fiscal 2021 were as follows: Ordinary deposits were ¥7075.4 billion, term deposits were ¥343.1 billion, structured term deposits were ¥71.0 billion and foreign currency deposits were ¥94.6 billion, leading to total deposits of ¥7,584.3 billion (a year-on-year increase of 36.7%). Our loan-deposit ratio achieved 38.8%, and our securities-deposit ratio was 7.6%.



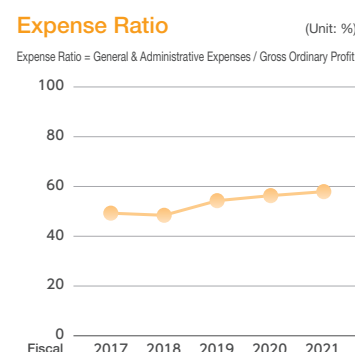
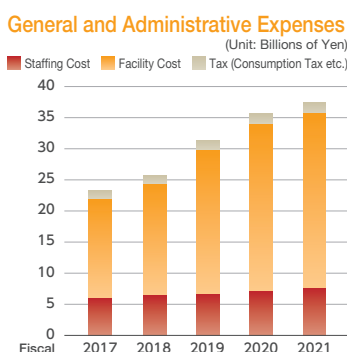
### Loan Balance

The balance of Rakuten Bank Super Loan (card loan) as of the end of fiscal 2021 reached ¥304.7 billion. The number of membership exceeded 0.71 million (a year-on-year increase of 4.5%). Home Loan balance increased significantly and surpassed ¥700.0 billion in June 2021. Thus, total loans outstanding was ¥2,943.8 billion (an increase of 55.2%).



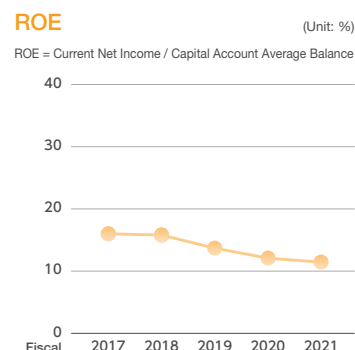
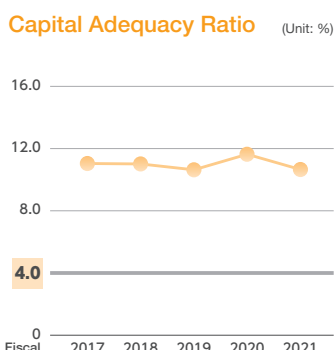
### General and Administrative Expenses and Expense Ratio

General and administrative expenses were ¥37.6 billion (a year-on-year increase of 5.0%) in the fiscal 2021. However, due to gross ordinary profit steadily increasing to ¥65.2 billion (a year-on-year increase of 2.3%), the expense ratio increased only 1.5pt from the fiscal 2020 to 57.6%.



### Capital Adequacy Ratio and ROE

The capital adequacy ratio (Japanese standard) was 10.62%, and we maintained the healthy level. ROE was 11.28%.



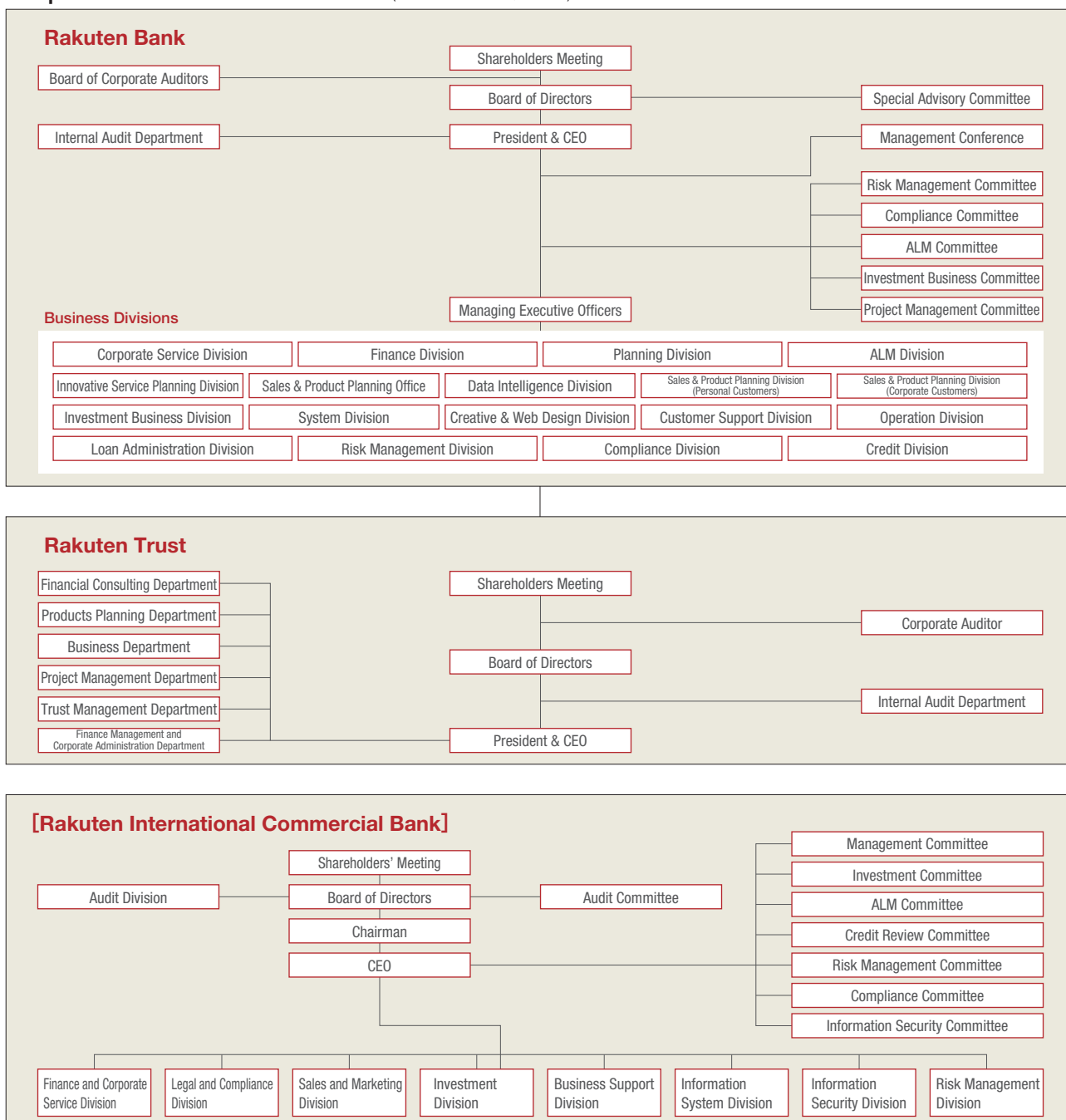
## Business Operations

# Strengthening our management structure to meet our public responsibilities.

### Corporate Governance

At Rakuten Bank, we are aware that maximizing corporate value while also meeting our public responsibilities as a bank is fundamental to the concept of corporate governance. Therefore, we have established a corporate management framework that strengthens corporate governance while maintaining efficient and fair decision-making and business management systems utilizing transparent and sound management policy decision-making processes, strengthened mutual supervision provisions, a clearly defined compliance framework and clear disclosure mechanisms.

### Corporate Governance Structure (As of June 30, 2022)



## Business Operations

### Outline of the Corporate Governance Structure (As of June 30, 2022)

#### 1 Overview of the Corporate Structure

Rakuten Bank has adopted a corporate auditor system.

The Board of Directors consists of 5 members, including 3 external directors who have extensive business experience and are capable of evaluating and auditing the business results from an objective point of view.

In addition, an independent Board of Corporate Auditors of 4 members, including 3 external auditors has been set up with highly experienced specialists having extensive knowledge from the finance industry to effectively monitor and audit management.

#### 2 Details of the Corporate Structure

The Board of Directors, which holds ordinary meetings once a month as a general rule, strives to enhance the fairness and transparency of operations as the body for monitoring management, resolving statutory matters, determining basic policy, exchanging opinions from a broad perspective and building a business management system, among others.

The Management Conference meets twice a month as a general rule. It serves as a consulting body for matters to be decided by the Board of Directors, in order that the Board of Directors may make decisions on the matters on the agenda or obtain the necessary information to monitor management; in addition, it inspects the matters resolved by the Board of Directors and performs operations based on the business management policy determined by the Board of Directors.

Additionally, the Risk Management Committee, the Compliance Committee, the ALM Committee, the Investment Business Committee and the Project Management Committee have been set up in order to conduct necessary deliberations prior to the formal decision-making by Rakuten Bank.

#### 3 Appropriate Role of Corporate Governance in a Wholly Owned Subsidiary of a Business Holding Company

As a wholly owned subsidiary of a business holding company, we have taken the following measures toward achieving an appropriate role for corporate governance. As a general rule, half of the members of the Board of Directors are selected from outside of the Rakuten Group and a system is in place that effectively checks the relationship between board members and the Rakuten Group. Additionally, we have established a Special Advisory Committee consisting of outside directors and outside corporate auditors, which must be consulted in advance on management policy decisions made according to requests from Rakuten Group, Inc., related to their group business strategy, human resource matters regarding both Rakuten Bank group and the Rakuten Group, and the conducting of transactions and actions with the Rakuten Group, thereby ensuring an appropriate governance structure as a bank.

#### 4 Internal Audits and Audits by Corporate Auditors

The 9 members of the Internal Audit Department, which reports directly to the CEO, are responsible for conducting internal audits. Internal audits on the divisions and subsidiaries of Rakuten Bank are conducted in accordance with the Regulations for Internal Audit and internal auditing plans, which have been resolved by the Board of Directors, in order to verify the appropriateness and efficiency of the system of internal controls over business operations in general and the risk management framework.

Promptly upon completion of the internal audit, the Internal Audit Department reports the results to the CEO, as well as the Board of Directors and Board of Corporate Auditors. Moreover, the Internal Audit Department reports on the status of activities of the Internal Audit Department and the improvement status of recommendations given in the course of the internal audits to the Board of Directors and Board of Corporate Auditors every three months. The Internal Audit Department maintains open channels of communication with the corporate auditors in order to share various issues relating to internal controls. The Internal Audit Department also engages in exchanges of opinions with the accounting auditors as appropriate, in order to confirm the necessary improvements in internal controls recognized by the accounting auditors.

Audits by corporate auditors are conducted by the 4 corporate auditors, including 1 standing corporate auditor. They involve the audit of the directors' execution of duties and accounting audits. In the course of conducting audits, each corporate auditor draws up an audit policy and audit plan, attends Board meetings and other important meetings, hears reports from the CEO and other members of management, communicates with the Internal Audit Department, inspects important documents and performs audits on the divisions and subsidiaries of Rakuten Bank. The Board of Corporate Auditors also receives reports on the results of accounting auditor's audits from the accounting auditors, confirms their appropriateness, and determines accounting auditors' appointment.

## Business Operations

### 5 Accounting Audits

In fiscal 2021, Rakuten Bank entered into an audit service agreement with ERNST & YOUNG SHINNIHON LLC and underwent an accounting audit.

The name of the certified public accountants that provided accounting auditing services in the current fiscal year and the structure of assistants for accounting auditing services are as described below. The number of years they continuously executed the audit of Rakuten Bank is not stated, as ERNST & YOUNG SHINNIHON LLC has been auditing Rakuten Bank for seven years or less.

The names of certified public accountants who executed audit work: Designated Limited Liability Partners and Engagement Partners: Yasuo Iwasaki, Kenji Kuroki.

Structure of assistants for accounting audit services: 5 certified public accountants and 9 other persons.

### 6 Relationship with External Directors and External Corporate Auditors

Rakuten Bank has 3 external directors and 3 external corporate auditors.

Rakuten Bank has no human, capital or operational relationships or any other special interests with them.

## Business Operations

# Established a well-organized management structure to cope with risks unique to Internet bank.

### Risks Unique to Internet Banks

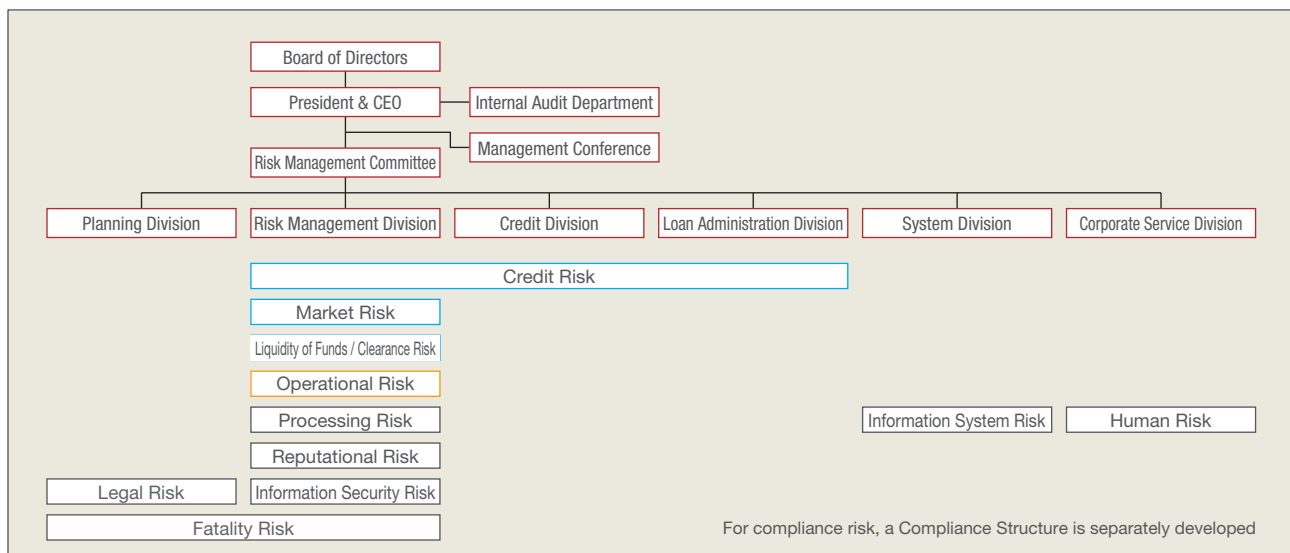
At Rakuten Bank, we verify the risk profile at least once a year and report to the Risk Management Committee. We discuss various risks identified in the verification, the status of those risks, necessary countermeasures and subsequent monitoring methods, and implement risk management systems based on the risk characteristics of an Internet bank.

We raise funds mainly from deposits from individual customers in all regions of Japan, and in order to manage the funds safely, the majority of the investment is for individual customers such as home loans, card loans, and Rakuten Card trust beneficiary right. Hence, we regard personal credit as the center of credit risk and manage the risk by monitoring the status of the portfolio for each product and reporting to the Risk Management Committee. In addition, since we are a bank that does not have physical stores, we believe that we may be more susceptible to reputation on the Internet than other financial institutions. We recognize that there is a liquidity risk, and we are constantly monitoring and responding to reputational risks.

### Risk Management Framework

Rakuten Bank's Board of Directors has established our risk management policies in the Regulations for Bank-wide Risk Management, which include specific regulations and detailed regulations for each division based on the overall policy. Business is conducted in accordance with the rules and regulations prescribed. Our overall risk management system is centrally managed by the Risk Management Division, with monthly reporting to the Risk Management Committee, Management Conference and Board of Directors. Meanwhile, the Regulations for Crisis Management is in place for cases of business incidents and/or natural disaster which allows us to take all possible measures necessary to ensure that we can serve our public function as a bank, even in unforeseen circumstances.

### Risk Management Framework (As of June 30, 2022)



## Business Operations

### 1 Integrated Risk Management Framework

#### (1) Capital Risk Management

We have been managing capital allocations (hereinafter referred to as "capital allocation management") for the purpose of containing the level of risk exposure (including credit risk, market risk, and operational risk) within the amount of capital allocated and ensuring sound management.

In specific terms, by setting the upper limit of possible risk (allocable capital) and by avoiding eroding capital under the rapid downturn of economy and markets through securing a fixed surplus capital (hereinafter referred to as "capital buffer"), we ensure risk exposure is contained within the capital allocated to each risk category, namely market risk, credit risk, and operational risk. The amounts of the capital allocations are determined on a quarterly basis by the Board of Directors.

#### (2) Stress tests

In order to formulate and execute forward-looking business strategies, we use stress test methods. We analyze and grasp the impacts of changes in the business environment and risk profile due to future "Changes of the economic environment," "Changes of the business trends," and "Other changes of the social situations, natural or man-made disasters."

In specific terms, we develop several scenarios such as "Changes of the economic environment (interest rates, foreign exchange rates, and stock prices)," "Changes of the business trends (corporate performances, employment environment, annual earnings)," and "Other changes of the social situations (international political situations, domestic security situations, etc.), natural (earthquake, storm and flood disaster, etc.) or man-made (wars, terrorisms, infrastructure failures) disasters." We conduct "Verification of the capital buffer sufficiency on the capital allocation," "Verification of the influence on prospective revenue," "Verification of the influence on business continuity" quarterly and report the results to the Risk Management Committee, Management Conference and the Board of Directors.

### 2 Market Risk and Credit Risk Management Framework

#### (1) Market Risk Management

Rakuten Bank defines market risk as the risk of declining profits or incurring losses due to fluctuations in the value of assets held as a result of fluctuations in interest rates, foreign exchange rates and stock prices. Moreover, the sources of such assets include (i) investment assets generated through investment operations and (ii) securities and other assets held for strategic purposes including 1) Japanese government bonds, municipal bonds and government backed bonds, 2) Japan Housing Finance Agency Mortgage Backed Securities, 3) listed stocks, ETFs, 4) foreign currency and 5) other marketable assets. Rakuten Bank has stipulated the method of measurement of risk capital, loss-cut rules, monitoring methods and cycles for each of the above assets in the Regulations for Market Risk Management and Detailed Regulations for Market Risk Management. The maximum amount of potential loss (Value at Risk) is calculated on a daily and monthly basis, and the measurements results are used in the management of capital allocation. The status of compliance with each rule is reported on a daily and/or monthly basis to the Risk Management Committee, Management Conference and the Board of Directors, etc.

#### (2) Credit Risk Management

Rakuten Bank defines credit risk as the risk of decrease or the loss of the value of assets and incurring losses mainly due to deterioration in an obligor's financial position. Moreover, the sources of such assets include (i) trade-receivables generated through the provision of services, (ii) investment assets generated through investment operations, (iii) receivables generated through loan operations, and (iv) securities and other assets held for strategic purposes. Rakuten Bank has stipulated the method of measurement of risk capital, decision-making processes as to credit offering in relation to the value, loss-cut rules, and monitoring methods and cycles for each of the above assets in the Regulations for Credit Risk Management and Detailed Regulations for Credit Risk Management.

As mentioned above, Rakuten Bank mainly deals with small-lot credit for individuals such as home loans, Rakuten Bank super loans (card loans), and trust beneficiary rights of Rakuten Card Co., Ltd. By implementing risk measurement for each pool created according to product and debtor characteristics, we quantitatively grasp and manage this credit risk. For securities holdings and corporate customers with business loans, we grant common debtor ratings stipulated in the "Internal Rating Detailed Rules" and manage credit limit based on the credibility of the obligors. In addition, the status of credit risk management is reported monthly to the Risk Management Committee, Management Conference and the Board of Directors, etc.

### 3 Liquidity Risk Management Framework

In order to ensure that operations remain continuous without interruption, even in the event of a drastic outflow of deposits such as in the event of a run on banks, or in situation of stress under which asset outflows are expected to continue over a period of time, Rakuten Bank has set forth the basic policy on liquidity risk in the Regulations for Bank-wide Risk Management and Regulations for Liquidity Risk Management for the purpose of securing funding based on the holding and utilization of assets, which are convertible into cash. Additionally, Rakuten Bank manages liquidity risk through the clarification of an action plan intended to ensure sufficient liquidity and control reputational risk by setting forth the Liquidity Risk Contingency Plan, whose basic policy involves a judgment of the situation and its categorization into "Normal," "Requiring Caution," "Cause for Concern" or "Crisis Point," depending on the fund liquidity status (mode determination) and taking appropriate actions. The liquidity risk management monitoring results are reported monthly to the Risk Management Committee and the Board of Directors, etc.

## Business Operations

### 4 Operational Risk Management Framework

In accordance with the Regulations for Bank-wide Risk Management and the Regulations for Operational Risk Management, Rakuten Bank recognizes the reinforcement of our operational risk management framework to be one of our priority management tasks and has been developing and improving our operational risk management framework, as well as enhancing its sophistication.

#### (1) Processing Risk Management Framework

In order to address potential processing risks, Rakuten Bank, as a general rule, conducts an Operational Risk Assessment every year, with particular emphasis on identifying the location, type and impact of risks inherent in the bank's processing flow. At the same time, an evaluation of the control status of such risks is conducted and risk reduction measures are deliberated and implemented for processing flows, which are determined to be high risk. Additionally, in order to address risks that have materialized, Rakuten Bank defines events that require reprocessing or responses from the entire organization, separate from normal business processes, as a result of the willful intent or inadvertent administrative error of the bank's executives, employees or subcontractors, or errors in the systems or administrative processes as incidents, and has been striving to reduce risks by building a framework to prevent the recurrences of incidents that match the degree of materialization of such risks.

The status of assessment and the occurrence/causes/prevention measures of such incidents are reported to the Risk Management Committee, etc.

#### (2) Information System Risk Management Framework

As Rakuten Bank depends on computer systems for the greater part of our business operations, we recognize information system risk to be one of our most fundamental risks; and accordingly have built a management framework, in addition to strictly overseeing the planning, development and operation of our company-wide systems. Moreover, in addition to duplicating networks and hardware and implementing off-site storage of customer data in preparation for disasters and failures, Rakuten Bank has established a disaster control center capable of quickly resuming operations following disasters to ensure even more reliable and safe operations. Furthermore, a detailed Contingency Plan has been set forth that places the highest priority on the preservation of customers' assets, as part of a framework that allows customers to engage in transactions with peace of mind. Rakuten Bank's overall policy on information system risk has been resolved by its Board of Directors and articulated in the Regulations for Information System Risk Management. Based on the Regulations, purpose based rules and office manuals are placed to familiarize our employees with the overall policy on information system risk. Additionally, the management status of information system risk is reported on a monthly basis to the Risk Management Committee, the Board of Directors and other committees.

#### (3) Information Security Risk Management Framework

In order to address the threats to customer assets, customer information, bank assets and bank information, Rakuten Bank implements the following measures based on the risk management frameworks for information security risk, information system risk and compliance risk, which have been set forth in the management of operational risk. The Risk Management Division is responsible for the overall management of information security risk, the System Division is responsible for the management of system security associated with information system risks, and the Planning Division is responsible for dealing with financial crimes, while a mechanism has been put in place that ensures the absence of any gaps among the risk management of each division. Moreover, we have reinforced our information security by conducting checks in compliance with FISC (The Center for Financial Industry Information Systems) safety standards and other information security standards, primarily on system confidentiality, integrity and availability, while, in terms of external threats to our web system, we implement the latest system security measures, including the performance of regular security tests by a third party. Additionally, incident reports relating to information security risk, security status of information system and reports on the handling status of financial crimes are given by each division on a monthly basis to Risk Management Committee, Compliance Committee, and the Board of Directors, etc.

#### (4) Management Framework of Other Operational Risks

##### (i) Reputational Risk

Rakuten Bank defines reputational risk as the risk of disruption to the bank's operations due to media reports and/or rumors stemming from false facts or actual materialization of various risk cases relating to the bank's operations and manages such risks by establishing the Regulations for Reputational Risk Management which set forth basic management policies and the response methods in the event that such risks materialize.

##### (ii) Human Risk and Legal Risk

Rakuten Bank defines human risk as the risk incurred from HR operations, such as inequality or inequity in the bank's human resources management (including problems with remuneration, benefits, dismissal, etc.) and discriminatory conduct (including sexual harassment), and an increase in the number of employees going on long-term leave as a result of mental problems, and other factors, and legal risk as the risk of incurring losses (including litigation costs and attorney fees) from penalties, administrative dispositions, compensation for damages and voided contracts, and other issues as a result of statutes or litigation, and manages such risks by establishing the Regulations for Human Risk Management and the Regulations for Legal Risk Management which set forth the basic policies on the management of such risks.

## Business Operations

### Compliance Structure

Rakuten Bank understands that we have a public responsibility as a bank, and are aware of the paramount importance of sound management policy and maintaining society's trust and reliance, while conducting business operations with a high ethical standard. Therefore, we require our executives and employees to perform their duties with the highest ethical standards, while abiding by relevant regulations and laws, in accordance with our social responsibility. Compliance activities are mainly handled through the following initiatives.

- At Rakuten Bank, Compliance Division has been established under the Executive Officer in charge of compliance to oversee company-level compliance. In recognition that compliance is enhanced by the awareness and actions of each and every employee, Compliance Division strives to spread awareness of compliance in daily operations by Formulating and implementing "Compliance Program," which is a concrete practical plan for achieving compliance, and conducting training.
- A Compliance Committee has been established, which meets on a regular basis, to review business matters from a compliance perspective and raise issues related to managing audit and/or Board of Director decisions.
- The Board of Directors has established the Compliance Program, and oversees and reviews its progress of implementation on a routine basis.
- The Project Management Committee, the Investment Business Committee and the Risk Management Committee meetings are attended by the Executive Officer in charge and/or the General Manager of the Compliance Division to deliberate business projects.
- Compliance and legal reviews are conducted on various business projects by the personnel in charge of compliance and/or the compliance officer and the Legal Affairs Department.
- As money laundering, terrorist financing and financial crimes are becoming more complex and sophisticated, we recognize that our products and services can be used for these criminal activities. Under these circumstances, we consider that measures to prevent money laundering, terrorist financing and other financial crimes are one of the most important management issues, and we are taking effective measures. Regarding risks related to such financial crimes, based on a risk-based approach, we have formulated and updated a risk assessment report that shows countermeasures according to risk assessments by segment, and have established a management system that can respond to changing situations.
- We actively promote initiatives to shut out antisocial forces by such means as including provisions to exclude organized crime groups in the various trading rules including Terms & Conditions for Rakuten Bank Account Services and Terms & Conditions for Super Loan Membership.
- We have established various rules including a code of ethics, compliance regulations and compliance manuals, and review them as necessary. In addition, we make efforts to educate our employees by conducting training for all employees and thematic training for a limited group of employees.
- As part of our efforts to early detect and correct legal violations, we have established the Compliance Hotline, a contact point for internal whistleblowing, and external whistleblowing contact points (law firms and the hotline and external contact points of our parent company) to provide a framework for employees to report any issues directly, in accordance with the revised Whistleblower Protection Act.

The designated dispute resolution agency in compliance with the Banking Act to which Rakuten Bank belongs:

The Japanese Bankers Association (JBA)

**Contact** JBA Customer Relations Center

**Phone number** 0570-017-109 or 03-5252-3772 (in Japan)

## Corporate History

2000	January	Establishment of Japan Electronic Settlement Planning, Inc. (capital ¥400 million) for the purpose of establishing a bank in Chiyoda-ku, Tokyo.
	June	Certification based on the revision of New Business Creation Promotion law by the Ministry of Trade and Industry.
	October	Establishment of our data center.
2001	July	Official launch of eBANK, after obtaining a banking license. (Financial Supervisory Bureau No. 3912)
2002	April	Launch of Mobile Banking Service.
	November	Launch of Easy Bank Transfer (MailMoney) email transfer service.
2003	July	Launch of ATM deposit and withdrawal service via Japan Post.
	August	Launch of ATM deposit and withdrawal service via IY Bank (Present: Seven Bank, Ltd.).
	December	Launch of IP address restriction service.
2004	December	Started handling personal business accounts.
2005	February	Registered with Kanto Local Finance Bureau as a financial institution able to execute securities business. (Kanto Finance Bureau No. 609)
	November	Launch of investment trust business.
2006	January	Direct connection to the National Bank data communications system.
	February	Obtained a license to be a principal member of Visa International Service Association.
2007	June	Registered with Kanto Local Finance Bureau as a financial institution able to execute futures transactions business. (Kanto Finance Bureau No. 176)
	July	Launch of cash card with Visa Debit card function.
2008	September	Received approval from the Financial Services Agency to operate guaranteed unsecured personal loans business.
	September	Capital and business alliance with Rakuten, Inc. (Current; Rakuten Group, Inc.)
2009	February	Received approval for Rakuten, Inc. (Current; Rakuten Group, Inc.) to become the majority shareholder of eBANK and our parent company.
	March	Received approval from Financial Services Agency to operate personal credit business.
	April	Inherited part of the card loan business of Rakuten Credit, Inc. and launched personal card loan business.
	May	Rakuten Mortgage Co., Ltd. became a wholly owned subsidiary of Rakuten Bank, Ltd.
	July	Head office moved to Shinagawa-ku, Tokyo.
2010	March	Launch of eBANK Happy Program customer loyalty program.
	May	Change of corporate name to Rakuten Bank, Ltd.
	July	Launch of business alliance with Rakuten Securities, Inc. to provide financial product intermediary business.
	September	Launch of "Rakuten Bank App", the first bank in Japan to offer bank transfers.
	October	Became a wholly owned subsidiary of Rakuten, Inc. (Current; Rakuten Group, Inc.)
	December	Acquisition of Rakuten Mortgage Co., Ltd.'s business.
	2011	January
April		Launch of Rakuten Bank x Rakuten Securities account linking service Money Bridge.
2012	January	Launch of Rakuten Bank Home Loans (interest rate fixed and variable type).
2013	January	Transfer of domestic investment trust sales business to Rakuten Securities, Inc.
	January	Domestic investment trust sales business transferred to Rakuten Securities, Inc.
	June	Started overseas remittance service for individual customers.
2014	November	Launch of Rakuten Bank Home Loans (interest rate selection type).
	December	Total deposits surpassed ¥1 trillion.
	April	Received a long-term issuer rating (A-) and a short-term issuer rating (J-1) from Japan Credit Rating Agency, Ltd.
2015	April	Launch of "Rakuten Bank Real Estate Secured Loan".
	August	Launch of Transfer by Facebook, a transfer service using Facebook.
	September	Acquired 100% ownership of The Trans Value Trust Company, Limited (Current: Rakuten Trust Co., Ltd.).
	December	Launch of Rakuten Bank Education Loan.
2016	April	Launch of Rakuten Bank Debit Card (JCB).
	May	Became the first Internet bank in Japan to surpassed 5 million accounts.
	August	Head office moved to Setagaya-ku, Tokyo.
2017	March	Rakuten Bank Home Loan (interest rate selection type) balance surpassed ¥100 billion.
	March	Launch of Rakuten Bank Business Debit Card (JCB).
	July	Started a partnership of the bank agency businesses with Rakuten Securities, Inc.
	August	Launch of Rakuten Bank Business Loan.
	August	Launch of "Rakuten Bank App for Business".
2018	September	Launch of Transfer by Viber, a transfer service using Viber.
	November	Started a partnership of the bank agency businesses with Rakuten Life Insurance Co., Ltd.
	January	Launch of Rakuten Bank Prepaid Card (JCB).
2019	March	Launch of salary and bonus transfer service.
	March	Rakuten Bank Home Loan (interest rate selection type) balance surpassed ¥200 billion.
	July	Total deposits of Rakuten Bank x Rakuten Securities account linking service "Money Bridge" surpassed ¥1 trillion.
	August	Became the first Internet bank in Japan to surpassed 6 million accounts.
	December	Total deposits surpassed ¥2 trillion.
	March	Rakuten Bank Home Loan (interest rate selection type) balance surpassed ¥300 billion.
	December	Became the first Internet bank in Japan to surpassed 7 million accounts.

2019	February	Launch of Rakuten Bank Convenience Store Payment.	
	February	Rakuten Bank Home Loan (interest rate selection type) balance surpassed ¥400 billion.	
	June	Started a partnership of the bank agency businesses with Rakuten General Insurance Co., Ltd.	
	June	Rakuten Bank × Rakuten Securities account linking service "Money Bridge" surpassed 1 million accounts.	
	July	Acquired the banking business license in Taiwan.	
	October	Started a partnership of the bank agency businesses with Rakuten Card Co., Ltd. Became the first Internet bank in Japan to surpass 8 million accounts.	
	November	Started a business alliance with The Ogaki Kyoritsu Bank Ltd. and provided "account linking service" with open API.	
	November	Total deposits surpassed ¥3 trillion.	
	December	Rakuten Bank Home Loan (interest rate selection type) balance surpassed ¥500 billion.	
	2020	May	Launch of Rakuten Bank Debit Card (Mastercard)
June		Became the first Internet bank in Japan to surpass 9 million accounts.	
July		Head office moved to Minato-ku, Tokyo.	
July		Total deposits surpassed ¥4 trillion.	
August		Total deposits of Rakuten Bank × Rakuten Securities account linking service "Money Bridge" surpassed ¥2 trillion	
September		Rakuten Bank Home Loan (interest rate selection type) balance surpassed ¥600 billion.	
December		Started offering reverse mortgages as the first Internet bank in Japan	
2021		January	Became the first Internet bank in Japan to surpass 10 million accounts.
	January	Rakuten Bank × Rakuten Securities account linking service "Money Bridge" surpassed 2 million accounts.	
	January	Rakuten International Commercial Bank began business operations in Taiwan	
	February	Total deposits surpassed ¥5 trillion.	
	April	Total deposits of Rakuten Bank × Rakuten Securities account linking service "Money Bridge" surpassed ¥3 trillion.	
	June	Rakuten Bank Home Loan (interest rate selection type) balance surpassed ¥700 billion.	
	July	20th anniversary since launch.	
	July	Became the first Internet bank in Japan to surpass 11 million accounts.	
	July	Total deposits surpassed ¥6 trillion.	
	December	Rakuten Bank × Rakuten Securities account linking service "Money Bridge" surpassed 3 million accounts.	
	December	Total deposits of Rakuten Bank × Rakuten Securities account linking service "Money Bridge" surpassed ¥4 trillion.	
	December	Total deposits surpassed ¥7 trillion.	
	2022	January	Became the first Internet bank in Japan to surpass 12 million accounts.
		March	Started a business alliance with THE NISHI-NIPPON CITY BANK, LTD. and provided "account linking service" with open API.

# Rakuten Bank

<https://www.rakuten-bank.co.jp>

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