

Rakuten Bank, Ltd.
Consolidated Financial Report for the Fiscal Year
Ended March 31, 2022 (Under Japanese GAAP)

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Note: The following information was originally prepared and published by Rakuten Bank, Ltd. in Japanese in accordance with the provisions set forth in the Company Law of Japan and the Banking Act of Japan and in conformity with generally accepted accounting principles and practices in Japan. This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 13, 2022

Consolidated Financial Report for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

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 URL: <https://www.rakuten-bank.co.jp>
 Representative: Hiroyuki Nagai, President & CEO
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 Scheduled date of annual general meeting of shareholders: June 27, 2022
 Scheduled date to commence dividend payments: -
 Trading accounts: None
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

(Figures in parentheses indicate negative values)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

Fiscal Year Ended	Ordinary Income		Ordinary Profit		Net Income Attributable to Owners of Parent	
	JPY million	%	JPY million	%	JPY million	%
March 31, 2022	106,026	2.5	27,909	1.1	20,039	3.6
March 31, 2021	103,386	8.2	27,581	1.1	19,337	1.9

(Note) Comprehensive income: Fiscal 2021 JPY19,704MM (-7.3%), Fiscal 2020 JPY21,269MM (17.2%)

Fiscal Year Ended	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income to Own Capital	Ratio of Ordinary Profit to Total Assets	Ratio of Ordinary Profit to Ordinary Income
	JPY	JPY	%	%	%
March 31, 2022	8,529.47	—	11.2	0.3	26.3
March 31, 2021	8,230.48	—	12.2	0.5	26.6

(Reference) Equity in Income from Investments in Affiliates: Fiscal 2021 -, Fiscal 2020 -

(2) Consolidated Financial Position

As of	Total Assets	Total Net Assets	Own Capital Ratio	Total Net Assets per Share
	JPY million	JPY million	%	JPY
March 31, 2022	9,490,689	206,494	1.9	79,626.63
March 31, 2021	6,486,841	186,790	2.5	71,493.91

(Reference) Own Capital: Fiscal 2021 JPY 187,081MM, Fiscal 2020 JPY 167,973MM

(Note) "Own Capital Ratio" is calculated as follows: (Total net assets – Subscription rights to share – Minority interest) / Total Assets x 100 at year end. Own Capital Ratio stated above is not Capital Adequacy Ratio (Japanese domestic standard).

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents Balance at the End of Fiscal Year
Fiscal Year Ended	JPY million	JPY million	JPY million	JPY million
March 31, 2022	1,461,945	(495,980)	—	3,649,133
March 31, 2021	1,501,494	37,548	—	2,682,969

2. Dividends Distribution

Rakuten Bank, Ltd. has not paid out dividends with a record date falling on either of previous or current consolidated fiscal year, therefore, we omit the disclosure of the item.

3. Forecasts for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Rakuten Bank, Ltd. does not disclose consolidated earnings forecast for the next fiscal year.

※ Special notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatements
- (i) Changes in accounting policies due to revision of accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to reasons other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None
- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	2,349,484 shares
As of March 31, 2021	2,349,484 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2022	— shares
As of March 31, 2021	— shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	2,349,484 shares
Fiscal year ended March 31, 2021	2,349,484 shares

[Reference] Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(from April 1, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal Year Ended	Ordinary Income		Ordinary Profit		Net Income	
	JPY million	%	JPY million	%	JPY million	%
March 31, 2022	104,764	2.2	29,530	5.9	20,474	5.1
March 31, 2021	102,442	8.1	27,870	4.1	19,466	4.5

As of	Net Income per Share	Diluted Net Income per Share
	JPY	JPY
March 31, 2022	8,714.37	—
March 31, 2021	8,285.47	—

(2) Non-consolidated Financial Position

Fiscal Year Ended	Total Assets	Total Net Assets	Own Capital Ratio	Total Net Assets per Share
	JPY million	JPY million	%	JPY
March 31, 2022	9,647,755	183,492	1.9	78,099.15
March 31, 2021	6,684,682	165,494	2.4	70,438.53

(Reference) Own capital: Fiscal 2021 JPY 183,492 MM Fiscal 2020 JPY 165,494 MM

(Note) "Own capital ratio" is calculated as follows: (Total net assets – Subscription rights to share) / Total Assets at year end.

Own capital ratio stated above is not capital adequacy ratio (Japanese domestic standard).

Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: JPY million)

	As of March 31, 2021	As of March 31, 2022
Assets		
Cash and due from banks	2,682,972	3,649,136
Call loans	—	10,817
Receivables under securities borrowing transactions	76,397	377,100
Monetary claims bought	1,529,040	1,680,535
Marketable securities	107,504	578,005
Loans and bills discounted	1,895,656	2,943,891
Foreign exchange	7,513	8,642
Other assets	160,020	209,183
Tangible fixed assets	3,278	3,153
Buildings	250	233
Other tangible fixed assets	3,028	2,920
Intangible fixed assets	14,095	16,261
Software	11,261	12,424
Software-in-progress	2,700	3,739
Goodwill	132	97
Other intangible fixed assets	0	0
Deferred tax assets	3,300	5,222
Customer liabilities for acceptances and guarantees	8,521	9,962
Allowance for doubtful accounts	(1,460)	(1,226)
Total assets	6,486,841	9,490,689
Liabilities		
Deposits	5,545,947	7,584,374
Borrowed money	663,200	1,612,000
Foreign exchange	945	3,381
Other liabilities	79,828	72,740
Reserve for employee bonuses	532	563
Reserve for executive bonuses	3	5
Net defined benefit liability	806	1,163
Reserve for reimbursement of deposits	27	3
Reserve for point program	237	—
Acceptances and guarantees	8,521	9,962
Total liabilities	6,300,050	9,284,194

(Unit: JPY million)

	As of March 31, 2021	As of March 31, 2022
Net assets		
Common stock	25,954	25,954
Capital surplus	2,468	2,468
Retained earnings	138,982	159,022
Total Shareholder Equity	167,405	187,445
Valuation difference on available-for-sale securities	(271)	(3,596)
Deferred gains (losses) on hedges	(626)	9
Foreign currency translation adjustments	1,508	3,269
Accumulated remeasurements of defined benefit plans	(42)	(47)
Total accumulated other comprehensive income	568	(363)
Non-controlling interests	18,817	19,413
Total net assets	186,790	206,494
Total liabilities and net assets	6,486,841	9,490,689

(2) Consolidated Statements of Income

(Unit: JPY million)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Ordinary income	103,386	106,026
Interest income	59,498	59,810
Interest on loans and discounts	45,371	44,901
Interest and dividends on securities	88	283
Call loan interest	2	13
Interest on receivables under securities borrowing transactions	16	79
Interest on due from banks	(139)	(259)
Other interest received	14,158	14,791
Fees and commissions	38,368	40,368
Other operating income	4,212	4,179
Other income	483	706
Gain on bad debts recovered	7	15
Other income	476	690
Trust fees	823	961
Ordinary expenses	75,804	78,117
Interest expenses	3,551	5,067
Interest on deposits	3,408	4,813
Other interest expense	143	254
Fees and commissions expense	35,526	34,830
Other operating expense	7	133
General and administrative expenses	35,810	37,620
Other expenses	908	464
Provision on loss for doubtful accounts	649	122
Other expenses	259	341
Ordinary profit	27,581	27,909
Extraordinary profit	90	—
Reversal of asset retirement obligations	90	—
Extraordinary losses	462	1
Loss on disposal of fixed assets	73	1
Head office relocation expenses	19	—
Other extraordinary losses	369	—
Net Income before taxes	27,210	27,907
Income taxes-current	9,047	9,593
Income taxes-deferred	(703)	(773)
Total income and other taxes	8,344	8,819
Current net income	18,866	19,087
Net income attributable to non-controlling interests	(471)	(952)
Net income attributable to owners of parent	19,337	20,039

(3) Consolidated Statements of Cash Flows

(Unit: JPY million)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities:		
Income before income taxes and others	27,210	27,907
Depreciation	3,300	3,914
Amortization of goodwill	35	35
Increase (decrease) in allowance for doubtful accounts	468	(234)
Increase (decrease) in reserve for bonuses	74	26
Increase (decrease) in net defined benefit liabilities	370	350
Increase (decrease) in reserve for loyalty award credits	28	(237)
Increase (decrease) in reserve for reimbursement of deposits	4	(24)
Interest income recognized on statements of income	(59,498)	(59,810)
Interest expenses recognized on statements of income	3,551	5,067
Losses (gains) on securities	(296)	(187)
Losses (gains) on sales of fixed assets	73	1
Net decrease (increase) in loans and bills discounted	(780,161)	(1,048,163)
Net increase (decrease) in deposits	2,140,895	2,036,095
Net increase (decrease) in borrowed money	449,000	948,800
Net increase (decrease) in deposits paid (excluding cash equivalents)	10,000	—
Net decrease (increase) in call loans and others	—	(10,261)
Net decrease (increase) in receivables under securities borrowing transactions	(74,635)	(298,371)
Net decrease (increase) in foreign exchange position(assets)	(1,418)	(1,129)
Net decrease (increase) in foreign exchange position(liabilities)	603	2,435
Net decrease (increase) in monetary claims bought	(239,806)	(154,558)
Net decrease (increase) in security deposits and intangibles	(15,264)	(20,525)
Interest income (cash basis)	59,805	60,571
Interest expenses (cash basis)	(3,528)	(5,180)
Others	(10,225)	(15,105)
Subtotal	1,510,586	1,471,416
Income taxes paid	(9,092)	(9,471)
Net cash provided by (used in) operating activities	1,501,494	1,461,945
Cash flows from investing activities:		
Purchase of securities	(189,668)	(987,468)
Proceeds from sales of securities	50,361	362,946
Proceeds from redemption of securities	182,297	133,980
Purchase of tangible fixed assets	(1,491)	(770)
Purchase of intangible fixed assets	(3,943)	(4,669)
Others	(6)	—
Net cash provided by (used in) investment activities	37,548	(495,980)
Cash flows from financing activities:		
Net cash provided by (used in) financing activities	—	—
Effect of exchange rate change on cash and cash equivalents	926	199
Net increase (decrease) in cash and cash equivalents	1,539,970	966,163
Cash and cash equivalents at the beginning of period	1,107,044	2,682,969
Net increase (decrease) in cash and cash equivalents due to new consolidation	35,955	—
Cash and cash equivalents at the end of period	2,682,969	3,649,133

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Unit: JPY million)

	As of March 31, 2021	As of March 31, 2022
Assets		
Cash and due from banks	2,681,359	3,645,197
Due from banks	2,681,359	3,645,197
Receivables under securities borrowing transactions	42,971	357,736
Monetary claims bought	1,490,069	1,641,564
Marketable securities	384,610	816,094
Government bonds	—	484,123
Short-term bonds	259,730	259,731
Corporate bonds	100,096	51,924
Equity securities	491	491
Other securities	24,292	19,823
Loans and bills discounted	1,895,615	2,942,523
Term loans	1,560,865	2,623,787
Overdraft facilities	334,750	318,735
Foreign exchange	7,513	8,642
Due to foreign banks	7,513	8,642
Other assets	160,846	209,392
Domestic exchange settlement accounts, debit	21,116	24,631
Prepaid expenses	1,835	1,876
Accrued income	5,766	6,389
Initial margins of futures markets	434	627
Derivatives other than for trading	8,584	13,371
Cash collateral paid for financial instruments	11,129	13,023
Other assets	111,978	149,472
Tangible fixed assets	1,596	1,547
Buildings	206	188
Other tangible fixed assets	1,390	1,358
Intangible fixed assets	10,091	11,991
Software	7,390	8,251
Software-in-progress	2,700	3,739
Other intangible fixed assets	0	0
Deferred tax assets	2,946	4,314
Customer liabilities for acceptances and guarantees	8,521	9,962
Allowance for doubtful accounts	(1,459)	(1,212)
Total assets	6,684,682	9,647,755

(Unit: JPY million)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Deposits	5,765,538	7,765,315
Ordinary deposits	5,223,110	7,273,128
Term deposits	445,208	397,538
Other deposits	97,220	94,649
Borrowed money	663,200	1,612,000
Borrowings from other banks	663,200	1,612,000
Foreign exchanges	945	3,381
Foreign bills payable	945	3,381
Other liabilities	79,518	72,024
Domestic exchanges settlement account, credit	12,115	17,762
Income taxes payable	570	595
Accrued expenses	6,378	6,794
Unearned income	705	926
Valuation margins of future markets	13,088	13,797
Derivatives other than for trading	3,312	5,688
Cash collateral received for financial instruments	381	210
Other liabilities	42,966	26,249
Reserve for employee bonuses	457	483
Reserve for retirement benefits	741	1,091
Reserve for reimbursement of deposits	27	3
Reserve for point program	237	—
Acceptances and guarantees	8,521	9,962
Total liabilities	6,519,188	9,464,262
Net assets		
Common stock	25,954	25,954
Capital surplus	2,468	2,468
Capital surplus reserve	2,468	2,468
Retained earnings	137,970	158,444
Voluntary reserves	137,970	158,444
Retained earnings brought forward	137,970	158,444
Total shareholder equity	166,392	186,866
Valuation difference on available-for-sale securities	(271)	(3,383)
Deferred gains (losses) on hedges	(626)	9
Total valuation and translation adjustments	(898)	(3,373)
Total net assets	165,494	183,492
Total liabilities and net assets	6,684,682	9,647,755

(2) Non-consolidated Statements of Income

(Unit: JPY million)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Ordinary income	102,442	104,764
Interest income	59,377	59,602
Interest on loans and discounts	45,371	44,883
Interest and dividends on securities	602	862
Call loan interest	2	1
Interest on receivables under securities borrowing transactions	1	9
Interest on due from banks	(218)	(262)
Other interest received	13,616	14,107
Fees and commissions	38,350	40,300
Commission received on exchange transactions	8,707	8,775
Other fees and commissions income	29,642	31,524
Other ordinary income	4,222	4,179
Profit on foreign exchange	3,601	3,210
Gains on sales of bonds	296	214
Derivatives other than for trading revenue	318	746
Other ordinary income	7	7
Other income	492	682
Gain on bad debts recovered	7	15
Other income	484	667
Ordinary expenses	74,571	75,234
Interest expenses	3,552	4,901
Interest on deposits	3,409	4,648
Interest on interest rate swaps	129	182
Other interest expense	13	70
Fees and commissions expense	35,519	34,774
Exchange fees paid	5,440	4,893
Other fees and commissions expense	30,078	29,881
Other operating expense	—	27
General and administrative expenses	34,591	35,081
Other expenses	908	449
Provision on loss for doubtful accounts	649	122
Written-off of loans	14	40
Other expenses	244	285
Ordinary profit	27,870	29,530
Extraordinary profit	90	—
Reversal of asset retirement obligations	90	—
Extraordinary losses	81	1
Loss on disposal of fixed assets	65	1
Head office relocation expenses	16	—
Net Income before taxes	27,880	29,528
Provision for Income and other taxes	8,852	9,329
Adjustment to income and other taxes	(438)	(275)
Total income and other taxes	8,413	9,054
Current net income	19,466	20,474

6. Other Financial Information

(1) Disclosure based on the categories of the Financial Revitalization Law (Non-consolidated)

(Unit: JPY million)

	As of March 31, 2021	As of March 31, 2022
Claims in bankruptcy and reorganization, and similar claims	14	—
Doubtful claims	1,496	1,060
Substandard claims	22	495
Normal claims	1,912,182	2,961,520
Total	1,913,715	2,963,075

(Note) The above is based on the Act on Emergency Measures for the Revitalization of the Financial Functions.

(2) Consolidated Capital Adequacy Ratio (Japanese domestic standard)

(Unit: JPY million)

	As of March 31, 2021	As of March 31, 2022
Capital adequacy ratio	11.66%	10.62%
Total capital	172,624	192,863
Total required capital	59,179	72,621

(Note) Disclosed based on Financial Service Agency Public Notice No. 7 (2014).

(3) Non-consolidated Capital Adequacy Ratio (Japanese domestic standard)

(Unit: JPY million)

	As of March 31, 2021	As of March 31, 2022
Capital adequacy ratio	10.50%	9.66%
Total capital	159,810	179,197
Total required capital	60,847	74,125

(Note) Disclosed based on Financial Service Agency Public Notice No. 7 (2014).

(4) Valuation Difference on Securities with Market Value (Consolidated)

Valuation Difference

(Unit: JPY million)

	As of March 31, 2020				As of March 31, 2022			
	Market value	Valuation difference		Market value	Valuation difference			
		Profit	Loss		Profit	Loss		
Other marketable securities	235,651	(406)	47	(453)	342,869	(5,304)	162	(5,466)
Equity	—	—	—	—	—	—	—	—
Bonds	100,096	(298)	27	(325)	171,738	(1,720)	41	(1,762)
Other	135,555	(107)	20	(128)	171,130	(3,583)	120	(3,704)

(Note) 1. Valuation Difference and unrealized Profit and Loss as of the end of each fiscal period are recorded as the difference between Book Value (after application of amortized cost method, after booking of impairment loss) and Market Value at each relevant end of period.

2. Furthermore, Bonds held to Maturity is presented below.

(Unit: JPY million)

	As of March 31, 2021				As of March 31, 2022			
	Book value	Unrealized profit and loss		Book value	Unrealized profit and loss			
		Profit	Loss		Profit	Loss		
Bonds held to maturity	6,200	43	43	—	366,209	(1,949)	106	(2,055)

(5) Derivative Transactions (Consolidated)

(i) Interest Rate-Related Transactions

(Unit: JPY million)

Category	Type	As of March 31, 2021			As of March 31, 2022		
		Contract value	Market value	Valuation profit/loss	Contract value	Market value	Valuation profit/loss
Exchange	Interest rate futures	—	—	—	—	—	—
	Interest rate options	—	—	—	—	—	—
OTC	Forward rate agreement	—	—	—	—	—	—
	Interest rate swap	—	—	—	—	—	—
	Interest rate swaption	107,444	12	12	141,640	3	3
	Interest rate options	—	—	—	—	—	—
	Other	—	—	—	—	—	—
	Total			12			3

(Note) 1. The above is based on a mark-to-market valuation and has been recorded on the Statements of Income.

2. Market Value Calculation

Calculated based on Net Present Value and the Option Price Calculation Model.

3. Interest swaps include interest swaption transactions which are difficult to differentiate for our bank.

4. Derivative transactions which hedge accounting are applied are not included in the above.

(ii) Foreign Currency-Related Transactions

(Unit: JPY million)

Category	Type	As of March 31, 2020			As of March 31, 2021		
		Contract value	Market value	Valuation profit/loss	Contract value	Market value	Valuation profit/loss
Exchange	Currency futures	—	—	—	—	—	—
	Currency options	—	—	—	—	—	—
OTC	Currency swap	—	—	—	12,435	(618)	(618)
	FX forwards	1,066,764	5,973	5,973	1,419,013	8,233	8,233
	Currency options	314	—	—	264	—	—
	Other	—	—	—	—	—	—
	Total			5,973			7,614

(Note) 1. The above is based on a mark-to-market valuation and has been recorded on the Statements of Income.

2. Market Value Calculation

FX Forward transactions are stated based on forward exchange rates.

Option transactions are calculated based on Net Present Value and the Option Price Calculation Model.

3. Derivative transactions which hedge accounting are applied are not included in the above.

(iii) Equity-Related Transactions

No relevant transactions

(iv) Debt-Related Transactions

No relevant transactions

(v) Product-Related Transactions

No relevant transactions

(vi) Credit Derivative Transactions

No relevant transactions

(6) Margin Conditions (Non-consolidated)

(Unit: %)

	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Investment yield	1.39	1.01
Fundraising cost	0.76	0.52
Overall investment spread	0.63	0.49
Overall investment spread	0.07	0.06
Overall interest spread	1.32	0.95

(7) Deposit Conditions (Non-consolidated)

(Unit: JPY million)

	As of March 31, 2020	As of March 31, 2022
Ordinary deposits	5,223,110	7,273,128
Term deposits	445,208	397,538
Other deposits	97,220	94,649
Total	5,765,538	7,765,315

(8) Term Deposit Balance per Remaining Period to Maturity (Non-consolidated)

(Unit: JPY million)

	Less than 1 year	Over 1 year Less than 2 years	Over 2 years Less than 3 years	Over 3 years	Total
As of March 31, 2021	426,310	7,301	5,475	6,122	445,208
As of March 31, 2022	376,162	9,757	4,919	6,699	397,538

(9) General and Administrative Expense Conditions (Non-consolidated)

(Unit: JPY million)

	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Employment costs	6,356	6,563
Non-employment costs	26,496	26,674
incl. depreciation costs	3,131	3,231
Tax	1,739	1,843
Total	34,591	35,081

(10) Officers and Employee Conditions (Non-consolidated)

	As of March 31, 2020	As of March 31, 2022
Officers	8	9
Directors	5	5
Auditors	3	4
Employees	779	774
Total	787	783

(Note)

Employees include regular, non-regular or contract employees, and employees seconded to Rakuten Bank, Ltd. while employees from Rakuten Bank, Ltd. seconded to other companies have been excluded.