

Reorganization of FinTech Businesses in Rakuten Group— JCR Will Focus on Group Structure After Reorganization

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on commencement of discussions by Rakuten Bank, Ltd. (security code: 5838) with Rakuten Group, Inc. (security code: 4755) to restructure the FinTech businesses.

- (1) Today, Rakuten Bank and Rakuten Group signed a basic agreement to start discussions on the reorganization of the FinTech businesses. The reorganization is intended to consolidate the entire FinTech businesses, including Rakuten Bank, Rakuten Card, Rakuten Securities Holdings Inc. (holding 51% of the voting rights of Rakuten Securities), and Rakuten Insurance Holdings Co., Ltd. (holding 100% of the voting rights of Rakuten General Insurance and Rakuten Life Insurance), into one group. Since the reorganization constitutes a transaction with the controlling shareholder for Rakuten Bank, various measures have been taken to ensure fairness, and they aim to have the reorganization take effect in October 2024. Rakuten Bank will remain an important consolidated subsidiary of Rakuten Group after the reorganization, and there will be no change in the positioning of the FinTech businesses as a core business segment of the Group. Rakuten Bank's shares are expected to remain listed on the stock exchange as before. As for Rakuten Securities Holdings, Rakuten Group said that it would maintain the policy of listing the shares, but they plan to discuss the possibility of not listing its shares if the reorganization is implemented.
- (2) The long-term issuer ratings of the five operating FinTech business companies have been set equal to Rakuten Group's group creditworthiness, based on the degree of control and involvement by Rakuten Group and their managerial importance in the Group. JCR believes that there will be no change in the strategic and functional importance of each company to Rakuten Group, which aims to expand its Ecosystem, after the reorganization by playing a role in retaining customers. On the other hand, the overall picture, including the scheme of the reorganization, is not yet clear. JCR will focus on the future developments such as group structure of the FinTech businesses after the reorganization.

Hidekazu Sakai, Kenta Asada for Rakuten Card
Tsuyoshi Ohishi, Naoki Shimura for Rakuten Bank
Kengo Sakaguchi, Akira Minamisawa & Naoki Shimura for Rakuten Securities
Seito Achiha, Kota Matsuzawa for Rakuten General Insurance & Rakuten Life Insurance

<Reference>

Issuer: Rakuten Card Co., Ltd.

Long-term Issuer Rating: A- Outlook: Negative

Issuer: Rakuten Bank, Ltd.

Long-term Issuer Rating: A- Outlook: Negative

Issuer: Rakuten Securities, Inc.

Long-term Issuer Rating: A- Outlook: Negative

Issuer: Rakuten General Insurance Co., Ltd.

Long-term Issuer Rating: A- Outlook: Negative

Issuer: Rakuten Life Insurance Co., Ltd.

Long-term Issuer Rating: A- Outlook: Negative



Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)
