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Issuance of Stock Options to the Bank's Employees

Rakuten Bank, Ltd. (the "Bank") hereby announces that at a meeting held today, its Board of Directors resolved to issue stock acquisition rights as stock options (the "Share Options") to its employees based on the conditions outlined below, pursuant to the provisions of Articles 236, 238, and 240 of the Companies Act.

1. Reason for issuing Share Options

Since the value of the Share Options is linked with the Bank's stock price, granting the Share Options to the Bank's employees will allow them to share the gains of shareholders when stock prices rise and feel shareholders' losses when stock prices fall. This alignment of interests is expected to enhance their motivation to achieve greater performance and higher stock prices.

The exercise period for a portion of the Share Options will commence on the date on which one year has passed from the issuance of the Share Options, with the proportion of exercisable Share Options increasing gradually in stages until the day preceding the date on which four years have passed from the issuance; the remaining Share Options will become exercisable thereafter. The Share Options, which will become exercisable in stages in this way, can be exercised on the date on which one year has passed from the issuance, and hence will serve as an attractive compensation scheme for prospective recruits to the Bank. Further, by restricting the exercise of a portion of Share Options until the date on which four years have passed from the issuance, the Share Options will provide incentives for achieving greater performance and higher stock prices in the long term. This strategy also helps in retaining talented staff.

The Bank intends to implement a stock option plan for its employees, as stated above, to attract and retain talented staff and raise employee motivation to achieve sustainable growth in its corporate and shareholder value.

2. Outline of the Issuance of Share Options

(1) Total number of units and persons to whom Share Options will be allotted

2,520 units of Share Options will be allotted to 666 employees of the Bank

(2) Class and number of shares to be issued upon exercise of Share Options

252,000 shares of common stock of the Bank

However, in the event that the Bank carries out a stock split (including a gratis allotment of its common stock; same applies below) or stock consolidation, the number of shares to be issued upon exercise of each unit of Share Options shall be adjusted according to the following formula, provided that such adjustment is made only for the Share Options that remain unexercised or uncancelled at the time of such adjustment. Any fraction less than one share resulting from this adjustment shall be rounded down.

Number of shares to be issued after adjustment = Number of shares to be issued before adjustment x Ratio of stock split or consolidation

Further, if the Bank carries out a merger, a company split, a share exchange, a share transfer, or any

other action that requires it to adjust the number of shares to be issued, the number of shares to be issued shall be adjusted to a reasonable extent, taking into account the conditions of the merger, company split, share exchange, share transfer, or any other similar action.

(3) Total number of Share Options: 2,520 units

The total number of Share Options above is an estimate. In the event that the total number of Share Options to be allotted decreases, such as when the number of applications for subscription is less than the above estimate, the decreased number shall be the total number of Shares Options to be allotted. One hundred shares will be issued for each unit of Share Options. However, in the event of any adjustment in the number of shares to be issued as stipulated in (2) above, the number of shares to be issued for each unit of Share Options shall be adjusted accordingly.

(4) Cash payment for Share Options

No cash payment is required for the Share Options. The Share Options are stock acquisition rights that are fairly issued and granted as the consideration for execution of duties and do not fall under issuance with favorable terms and conditions.

(5) Value of the assets to be contributed upon exercise of Share Options

The price of a unit of Share Options shall be one yen.

(6) Exercise period of Share Options

The exercise period shall be from the date on which one year has passed from the issuance of Share Options (the "date of issuance") to the date on which 10 years have passed from the date of issuance. However, if the commencement or the expiry date of the exercise period falls on the Bank's holiday, the business day immediately following the commencement date shall be the exercise commencement date, and the business day immediately preceding the expiry date shall be the exercise expiry date.

(7) Conditions, etc., for exercise of Share Options

(i) Those who have received an allotment of the Share Options (the "Holders of Share Options") shall remain Directors, Executive Officers, Auditors, or employees of the Bank at the time of exercising the Share Options. However, exceptional treatment may be allowed by the Board of Directors, in consideration of circumstances or in the event that a Holder of Share Options has applied for the exercise of Share Options in accordance with the procedures prescribed by the Bank by the date of his/her retirement (or by the exercise application date immediately following the date of retirement if it is recognized that there are justifiable grounds for not being able to apply by the date of retirement).

(ii) Share Options shall not be inherited. However, exceptional treatment may be allowed by the Board of Directors in consideration of circumstances.

(iii) Share Options shall not be offered for pledge or disposed of in any other way.

(iv) Share Options may be exercised by the Holder of Share Options, in whole or in part, according to the following categories.

i) The entire allotment of Share Options shall not be exercised prior to the date on which one year has passed from the date of issuance.

ii) Between the date on which one year has passed from the date of issuance to the date immediately preceding the date on which two years have passed from the date of issuance, 15% of the allotment of Share Options may be exercised (any fraction less than one unit of exercisable Share Options shall be rounded down).

iii) Between the date on which two years have passed from the date of issuance to the date immediately preceding the date on which three years have passed from the date of issuance, 35% of the allotment of Share Options may be exercised (if a portion of the allotment of Share Options had been exercised prior to the date on which two years have passed from the date of issuance, the total amount exercisable, including the previously exercised portion, shall be 35%; any fraction less than one unit of exercisable Share Options shall be rounded down).

iv) Between the date on which three years have passed from the date of issuance to the date preceding the date on which four years have passed from the date of issuance, 65% of the

allotment of Share Options may be exercised (if a portion of the allotment of Share Options had been exercised prior to the date on which three years have passed from the date of issuance, the total amount exercisable, including the previously exercised portion, shall be 65%; any fraction less than one unit of exercisable Share Options shall be rounded down).

v) From the date on which four years have passed from the date of issuance to the date on which 10 years have passed from the date of issuance, the entire allotment of Share Options may be exercised.

(v) The Holders of Share Options have duties to pay all taxes (including but not limited to income tax, social security contributions, pensions, and employment insurance premiums, regardless of whether they are stipulated in Japan) specified by laws and regulations in relation to stock options and shares. In the event the Bank is obliged to levy income tax, etc., the relevant company obliged to levy income tax, etc., will be able to levy tax from the Holders of Share Options by the methods listed below.

(i) Receipt by cash

(ii) Appropriation of shares owned by the Holders of Share Options

(iii) Deduction from salaries, bonuses, etc. of the Holders of Share Options

(iv) Other methods specified by the Bank

(vi) Other details and conditions for the exercise of Share Options shall be determined by the Board of Directors of the Bank.

(8) Matters concerning increase in capital stock and capital reserve by the issuance of shares upon exercise of Share Options

(i) The amount of capital stock to be increased due to the issuance of shares upon exercise of Share Options shall be one half (1/2) of the maximum amount of increase in the capital stock, etc., as calculated according to Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, with any amount less than one yen arising from such calculation rounded up.

(ii) The amount of capital reserve to be increased due to the issuance of shares upon exercise of Share Options shall be the amount obtained by deducting the amount of capital stock to be increased as described in (i) above, from the maximum amount of increase in the capital stock, etc. set forth therein.

(9) Reasons and conditions for the acquisition of Share Options

(i) The Bank may acquire Share Options without compensation on the date separately prescribed by its Board of Directors, in the case where a proposal for any of the following is approved at the General Meeting of Shareholders of the Bank: a merger agreement under which the Bank will be dissolved; an absorption-type company split (*kyushu-bunkatsu*) agreement or incorporation-type company split (*shinsetsu-bunkatsu*) plan under which the Bank will be split; or a share exchange agreement or share transfer plan under which the Bank will be a wholly owned subsidiary of another company.

(ii) The Bank may acquire Share Options without compensation on the date separately prescribed by its Board of Directors in the case where a Holder of Share Options ceases to satisfy the conditions of (7) (i) above before exercising Share Options.

(iii) The Bank may acquire Share Options without compensation by a resolution of its Board of Directors in the case where a Holder of Share Options waives all or part of his/her Share Options.

(10) Restriction on the acquisition of Share Options by transfer

Any acquisition of Share Options by transfer will require approval by a resolution of the Board of Directors of the Bank.

(11) Treatment of Share Options in case of organizational restructuring

In the event that the Bank conducts a merger (limited to the case where the Bank becomes a dissolving entity), an absorption-type company split, an incorporation-type company split, a share exchange, or a share transfer (hereafter collectively referred to as “Organizational Restructuring”), share acquisition rights of the companies described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Companies Act (the “Restructured Company”) shall be delivered to the Holders of Share Options

remaining at the time when Organizational Restructuring takes effect ("Remaining Share Options") under the following conditions. In such case, the Remaining Share Options will lapse and the Restructured Company will issue new stock acquisition rights. However, the foregoing will apply only to the cases where the delivery of stock acquisition rights of the Restructured Company under the following conditions is stipulated in the merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement, or the share transfer plan.

(i) Number of stock acquisition rights of the Restructured Company to be delivered

The Restructured Company shall deliver stock acquisition rights, the number of which will equal the number of Share Options held by the holder of the Remaining Share Options.

(ii) Class of shares of the Restructured Company to be issued upon exercise of stock acquisition rights

Shares of common stock of the Restructured Company

(iii) Number of shares of the Restructured Company to be issued upon exercise of stock acquisition rights

Shall be determined according to (2) and (3) above after taking into consideration the conditions, etc. of the Organizational Restructuring.

(iv) Value of assets to be contributed upon exercise of stock acquisition rights

The value of assets to be contributed upon exercise of each stock acquisition right shall be determined according to (5) above, after taking into consideration the conditions, etc., of the Organizational Restructuring.

(v) Exercise period of stock acquisition rights

Starting from the later of either the commencement date of the exercise period of Share Options as stipulated in (6) above or the effective date of Organizational Restructuring, and ending on the expiry date of the exercise period of Share Options as stipulated in (6) above.

(vi) Matters concerning the capital stock and capital reserve to be increased due to the issue of shares by the Restructured Company upon the exercise of stock acquisition rights

Shall be determined in accordance with (8) above

(vii) Restriction on acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Restructured Company (or by the majority decision of Directors if such company is not a company with a Board of Directors).

(viii) Reasons and conditions for acquisition of stock acquisition rights

Shall be determined in accordance with (9) above

(12) Handling of any fraction less than one share arising from exercise of Share Options

Any fraction less than one share in the number of shares to be issued to the Holders of Share Options upon exercise of the Share Options shall be rounded down.

(13) Date of issuance of Share Options
Thursday, February 29, 2024

(14) Matters concerning certificates of Stock Acquisition Rights

Certificates of Stock Acquisition Rights shall not be issued.

(15) Other details regarding Share Options

Other details regarding Share Options shall be determined by the Representative Director of the Bank.

(end)