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Notice Regarding Rakuten Bank's Opinion on ISS's Recommendation to Vote Against Our Proposal

We have received information that Institutional Shareholder Services Inc. (hereinafter “ISS”) has recommended voting against “Proposal 1: Partial Amendments to the Articles of Incorporation” (hereinafter “this Proposal”) to be submitted at the 25th Annual General Shareholders’ Meeting scheduled to be held on June 27, 2024. We would like to provide supplementary explanations regarding this Proposal as follows, and we kindly ask for your understanding.

1. Overview of ISS's Recommendation to Vote Against Our Proposal

- (1) Rakuten Bank is proposing to amend its Articles of Incorporation to permanently allow the holding of shareholders' meetings exclusively in a virtual format. However, the proposal does not specify under what circumstances a virtual-only shareholders' meeting would be held.
- (2) While flexibility was required during the COVID-19 pandemic, the pandemic has now subsided, and there are concerns about completely eliminating physical shareholder attendance. Virtual-only shareholders' meetings may impact shareholders' ability to hold directors accountable and hinder meaningful interaction. Thus, ISS recommends voting against this proposal.

2. Rakuten Bank's Opinion

This Proposal is intended to amend the Articles of Incorporation to ensure that a virtual-only shareholders' meeting can be held in case of emergency. It does not mean that we will always conduct shareholders' meetings in a virtual-only format in the future, nor does it deny the traditional in-person shareholders' meetings. It is merely an option to prepare for the spread of new infectious diseases or large-scale disasters. We believe that this content will rather contribute to promoting dialogue with our shareholders. Please see the details below.

- (1) Ensuring Opportunities for Participation in Shareholders' Meetings and Creating Meaningful Dialogue Opportunities

- Virtual-only shareholders' meetings can reduce physical constraints such as travel time and costs for shareholders who find it difficult to attend the venue, providing more opportunities for a larger number of shareholders to participate.
- We believe that providing more shareholders with the opportunity to participate in discussions will allow us to hear diverse opinions and reflect them in the operation of the shareholders' meeting and future business activities aimed at enhancing corporate value.

(2) Ensuring an Environment Where Shareholders' Meetings Can Be Held and Business Continuity Can Be Maintained Even in Emergencies Such as Disasters or Pandemics

- Although the current state of COVID-19 does not hinder business operations, it is necessary to assume the risk of similar new infectious diseases spreading in the future as part of risk management.
- As you are aware, in Japan, there have been actual instances in the past where it was difficult to hold traditional shareholders' meetings due to large-scale disasters.
- From the perspective of Rakuten Bank's risk management, it is important to have the option to hold virtual-only shareholders' meetings to ensure that shareholders' meetings can be held and business can continue in the event of unforeseen circumstances, including the spread of infectious diseases and large-scale disasters. We believe this will benefit our shareholders.

(3) Not Restricting Shareholders' Rights

- At shareholders' meetings, it is not legally permissible to conduct operations arbitrarily in favor of Rakuten Bank, and this does not change even if the meeting is held in a virtual-only format.
- As with traditional in-person shareholders' meetings, it is necessary to accept questions, motions, and the exercise of voting rights from shareholders, and shareholders' rights will be fully guaranteed as before.
- Even if it becomes necessary to hold a shareholders' meeting in a virtual-only format due to various circumstances, it is required at the time of the convocation decision to meet the requirements stipulated by the Ministry of Economy, Trade and Industry and the Ministry of Justice for “cases that contribute to strengthening industrial competitiveness while considering the interests of shareholders.”

As stated above, we believe that virtual-only shareholders' meetings do not hinder the exercise of shareholders' rights or interests, but rather contribute to the efficiency and smooth operation of shareholders' meetings and meaningful dialogue between Rakuten Bank and our shareholders. We kindly ask for your understanding.

(end)