



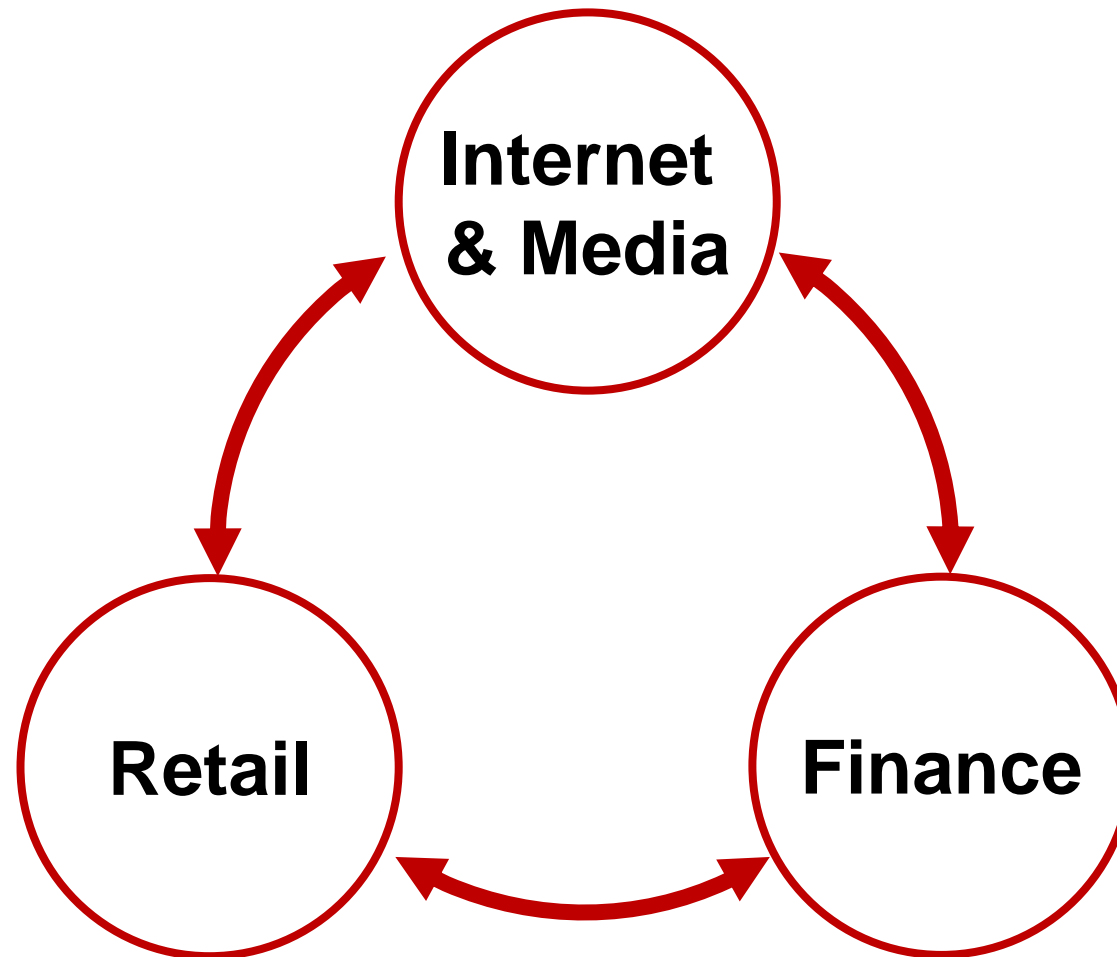
# Fiscal Year 2011 First Quarter Financial Results

May 12, 2011  
Rakuten, Inc.

This presentation includes forward-looking statements relating to our future plans, targets, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this presentation are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strive to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation – and expressly disclaims any such obligation – to update or alter its forward-looking statements.

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Rakuten is the only Internet company globally to leverage synergies between e-commerce and financial services



# **1** FY2011 First Quarter Results

- 
- **Despite impact of the earthquake, Rakuten recorded highest ever revenue and OP for Q1**
  
  - **Rakuten Ichiba's proven defendable business model**
    - Merchants countrywide adapted to special demand quickly
    - Transactions rapidly recovered
  
  - **The earthquake changed consumer behavior in Japan**
    - Internet has become a more trustworthy media for shopping
    - Increase in new users, improvement in repeat ratio
    - Mobile commerce gained further strength
  
  - **Internet Finance OP jumped by 48% YoY**

# Summary of Q1/11 Consolidated Results



(JPY bn)

	Q1/10 (Jan-Mar)	Q1/11 (Jan-Mar)	Margin	YoY
<b>Sales</b>	79.1	<b>86.9</b>	100.0%	+9.8%
<b>Operating Profit</b>	12.9	<b>14.0</b>	16.2%	+8.4%
<b>Ordinary Profit</b>	12.6	<b>13.8</b>	16.0%	+9.7%
<b>EBITDA<sup>*</sup></b>	18.5	<b>20.2</b>	23.3%	+9.3%

\*: EBITDA = Ordinary Profit + Interest expense + Depreciation + Amortization of goodwill - Effect of securitizing loan receivables

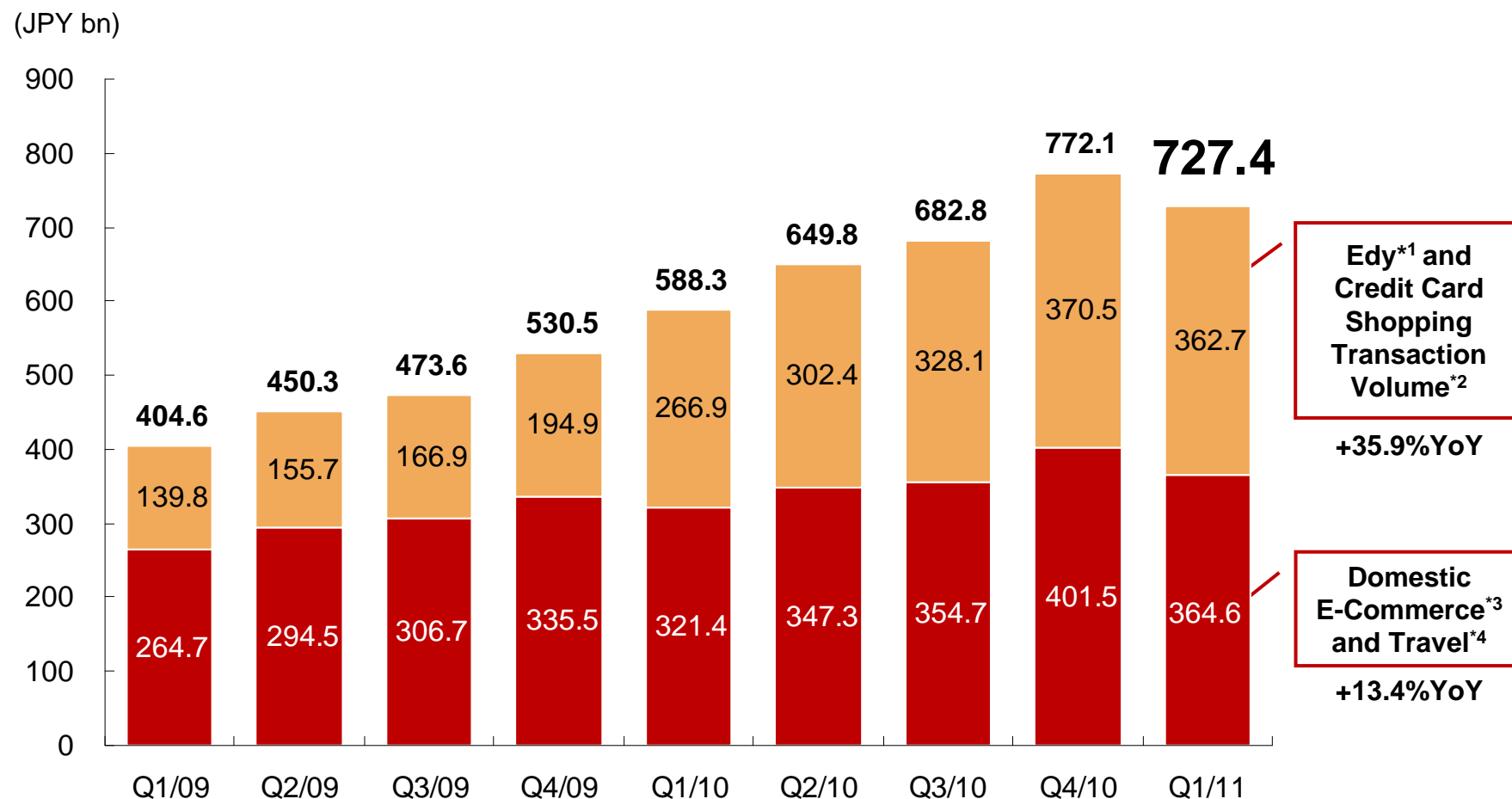
# Q1/11 Results by Segment



(JPY bn)

		Q1/11 (Jan-Mar)							
		Sales	YoY	Operating Profit	YoY	Operating Profit Margin	EBITDA	YoY	EBITDA Margin
Internet Services	Net	42.3	+16.4%	12.6	+1.4%	29.9%	14.5	+4.8%	34.3%
	Gross (Accounting)	48.4	+14.5%	12.6	+1.4%	26.1%	14.5	+4.8%	30.0%
Internet Finance		36.0	+8.9%	3.6	+48.1%	10.2%	5.5	+24.2%	15.3%
Others		7.3	-13.1%	-0.5	-	-	0.0	-	1.3%
Adjustments		-4.8	-	-1.7	-	-	0.1	-	-
Consolidated		86.9	+9.8%	14.0	+8.4%	16.2%	20.2	+9.3%	23.3%

# Group Gross Transaction Volume (Incl. Credit Card and E-Money)



\*1: Edy Transaction Volume = Amount settled by E-Money "Edy" (including mobile and cards) (Q1/10-)

\*2: Credit Card Shopping Transaction Volume = Shopping Transaction Volume of credit cards issued by Rakuten KC (including Rakuten group service use)

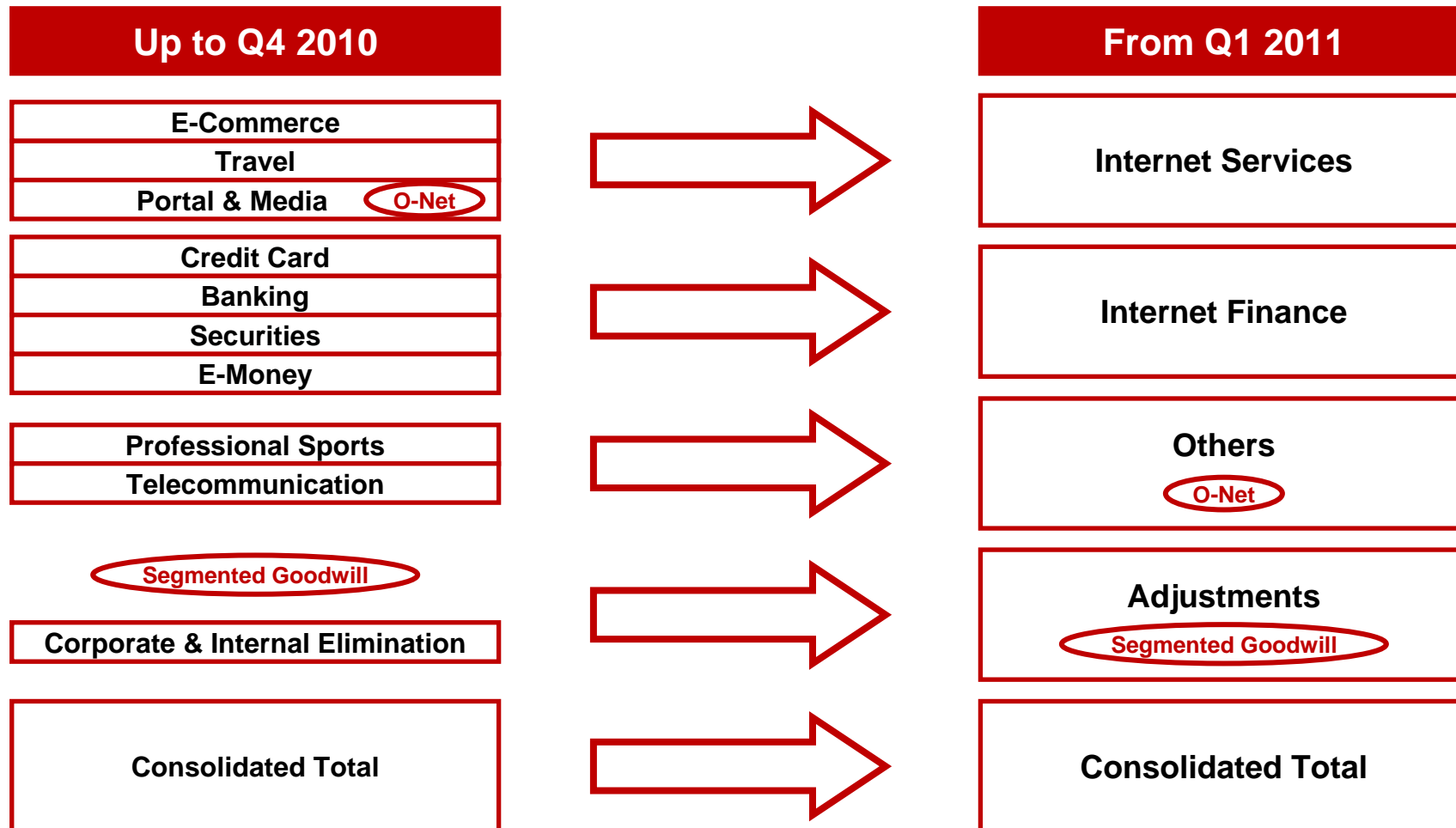
\*3: Domestic E-Commerce = Mall (Fixed-price, Group purchase), Mobile, Business, Golf, Books, Auction (Flea market), download, tickets, Internet Supermarket, Check Out, Off-track betting, toto

\*4: Travel (before cancellation, excl. tax) = Domestic/international accommodation booking, International air tickets, Domestic / international dynamic packaging, Domestic bus service, Rental car service

# New Segment Breakdown from Q1/11



- Realignment of reporting segments reflects “management approach”
- Three new business segments aligns with disclosure of global Internet companies
- Segmented goodwill transferred to “Adjustments”



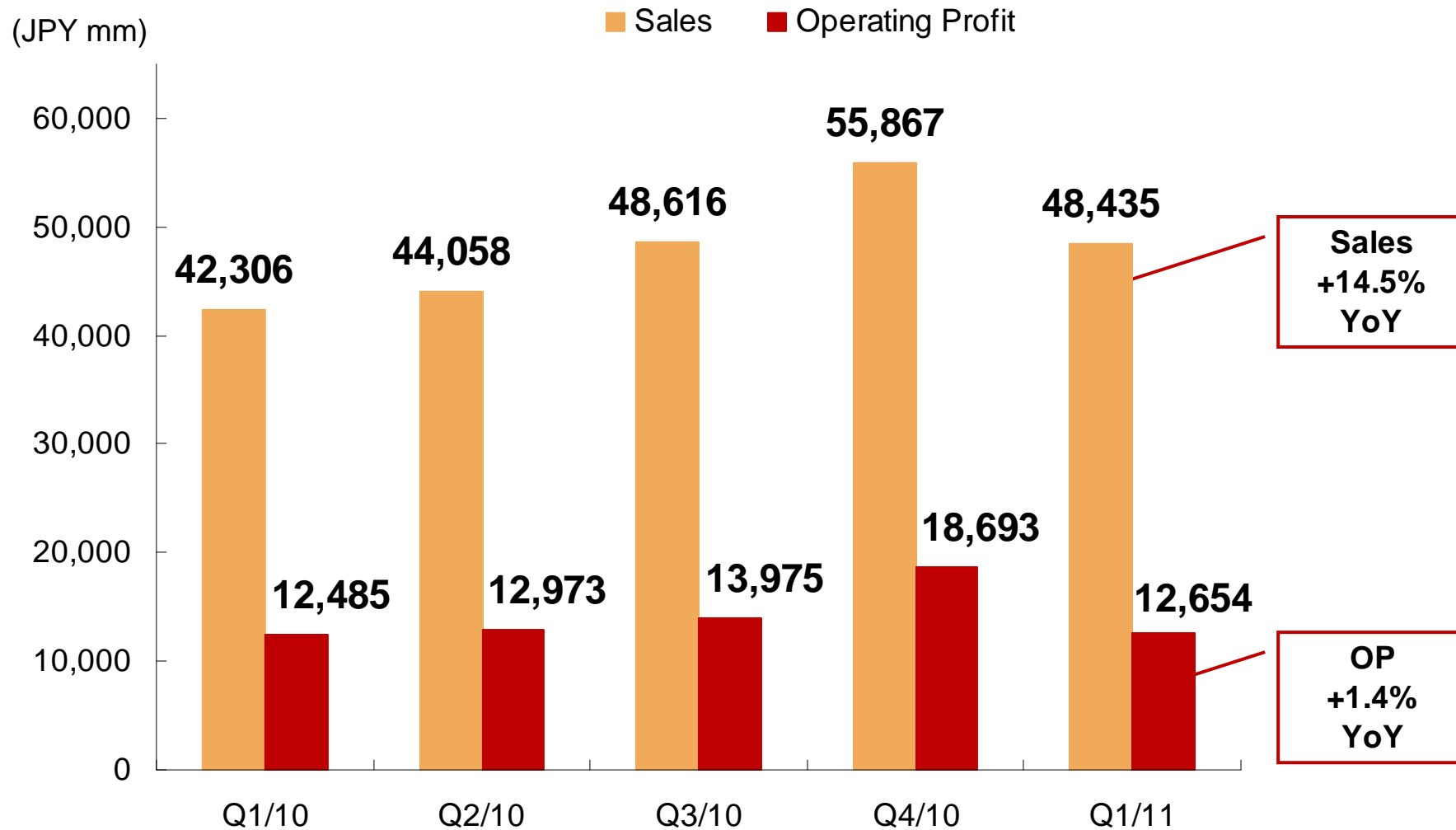


## **2** Internet Services

# Internet Services Quarterly Results



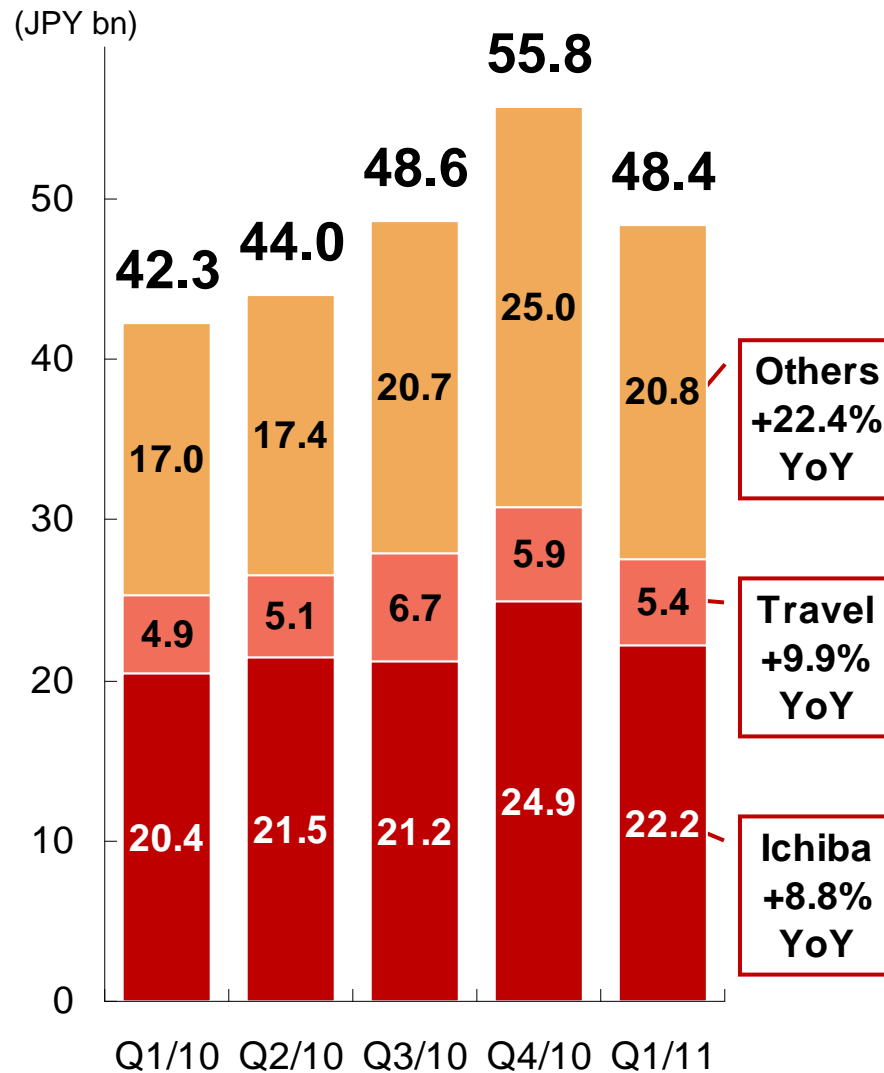
- OP increased YoY despite ongoing advance investments in new overseas and domestic businesses for future growth potential



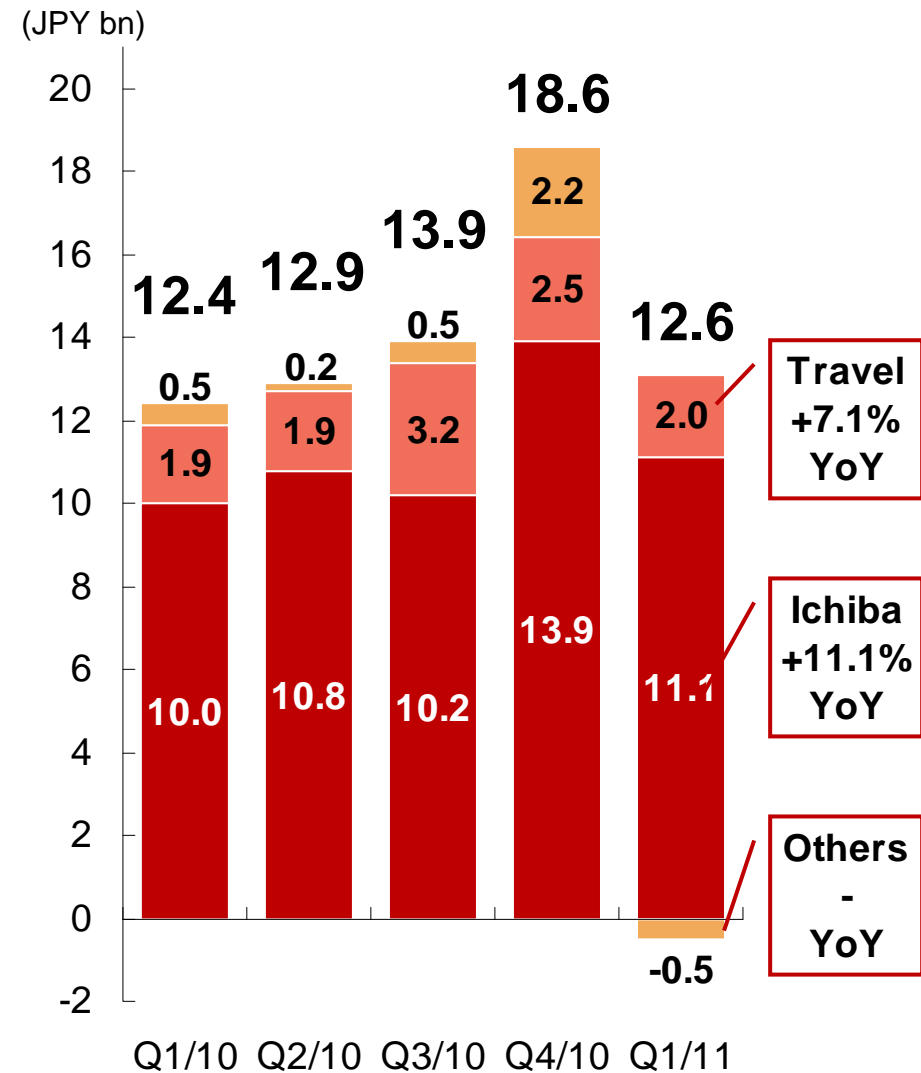
# Internet Services Breakdown



## Sales



## Operating Profit



### ■ Rakuten Ichiba



- Ichiba and books GMS: +14.9% YoY
- March: Impact on transactions due to delivery delays in the disaster area and “self-restraint”
- April: Growth momentum recovered
- Demand for water, rice and emergency supplies
- Many new users, and repeat ratio improved

### ■ Rakuten Travel



- High GTV growth maintained: +13.8% YoY
- Domestic GMS for Golden Week: +20.1% YoY
- JAL Raku Pack added rent-a-car services

### ■ Overseas E-Commerce



- Overseas EC GMS growth: 22x YoY
- Started cross-border shopping with Buy.com

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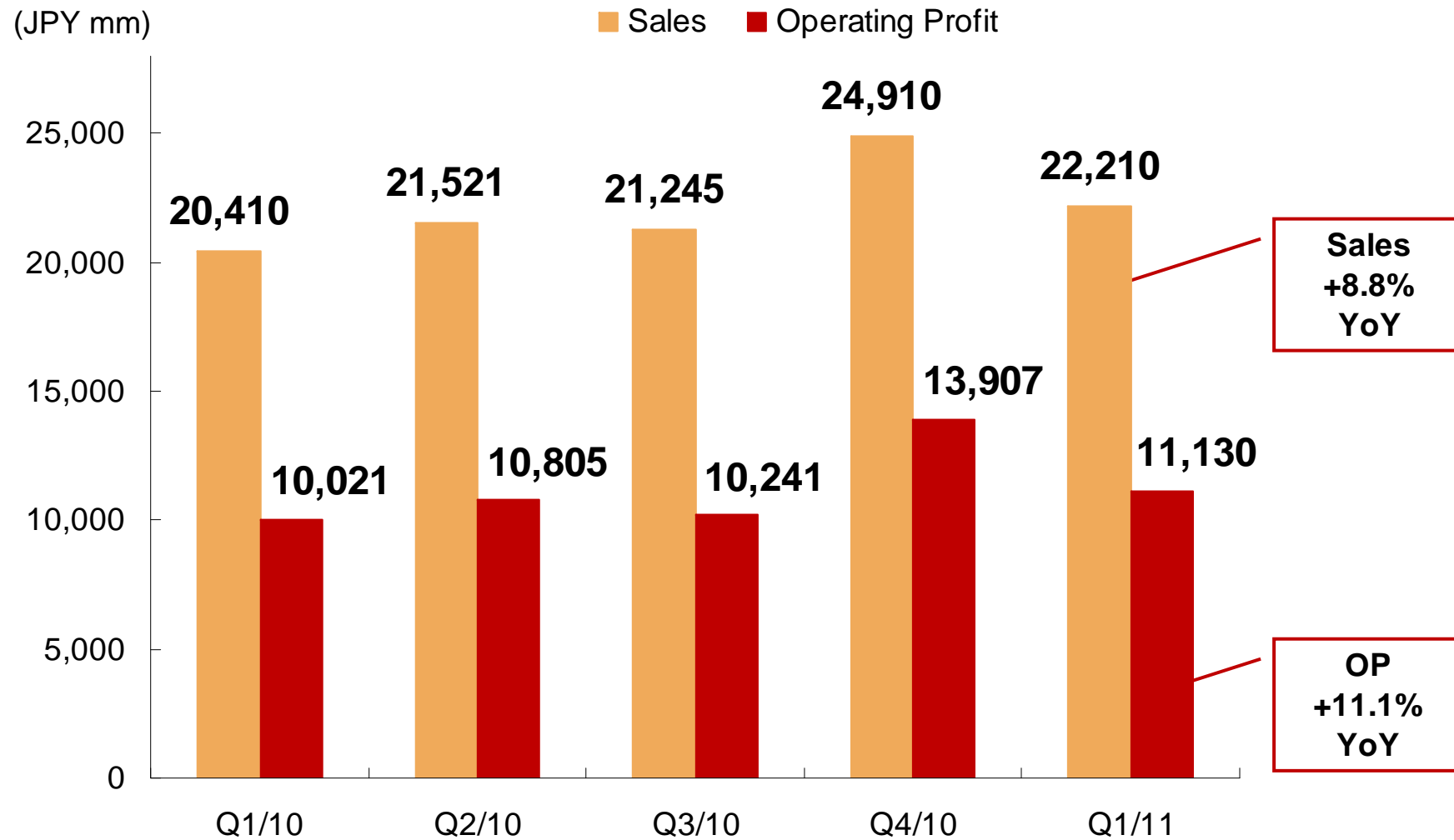
# Shopping is Entertainment!

**Best prices**

**Fun**

**Convenient**

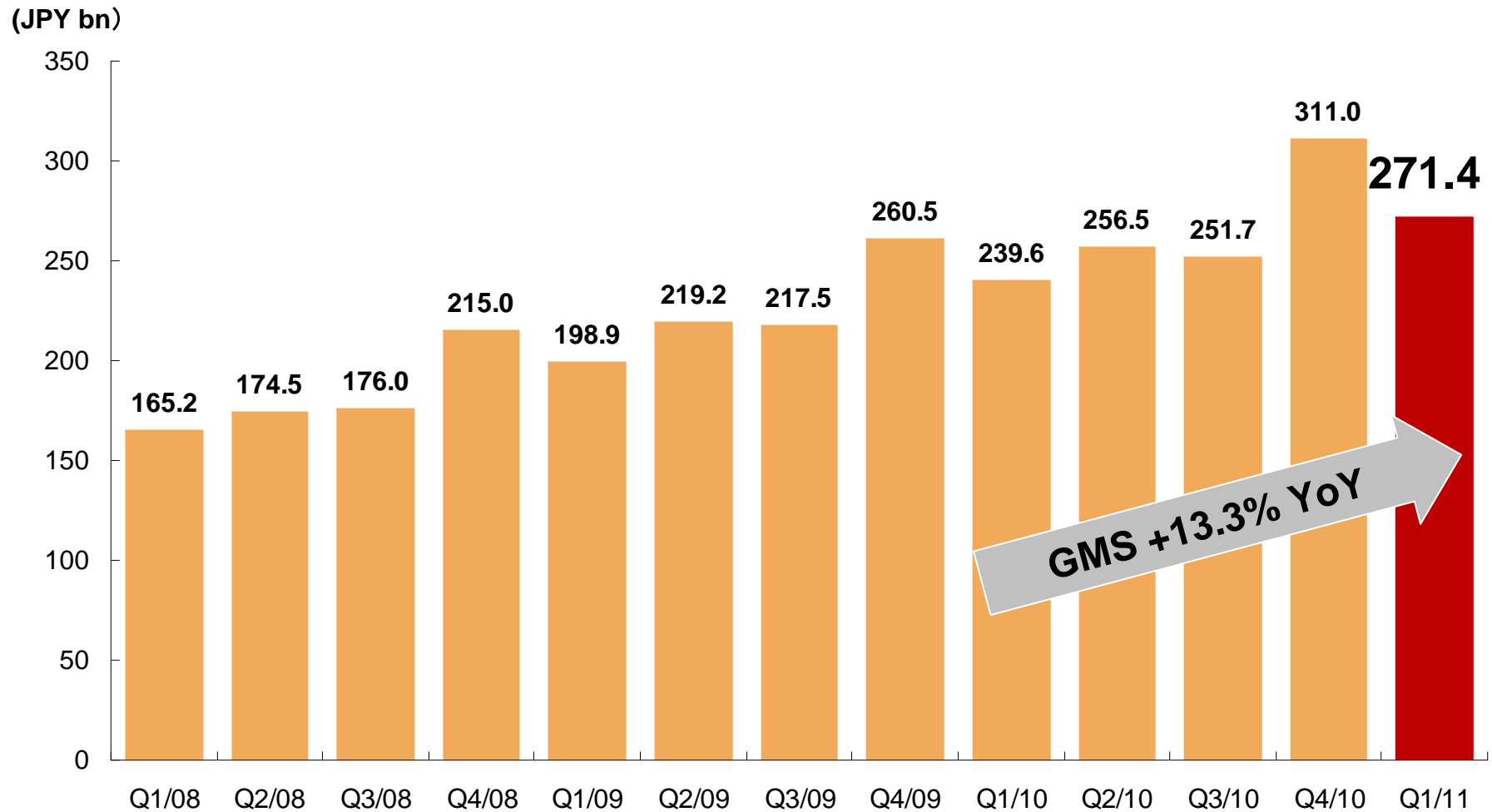
- Any product (75M SKUs from 37,000 merchants)
- Anytime (24/7)
- Anywhere (On any internet device)



# Domestic E-Commerce GMS

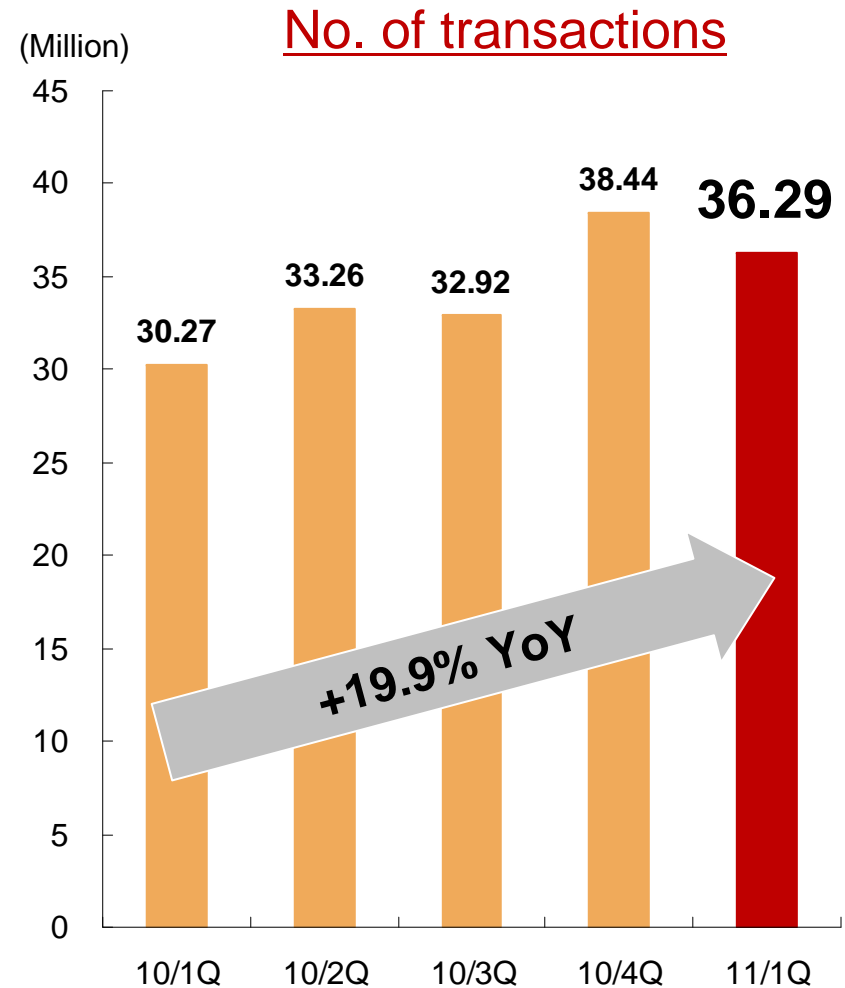
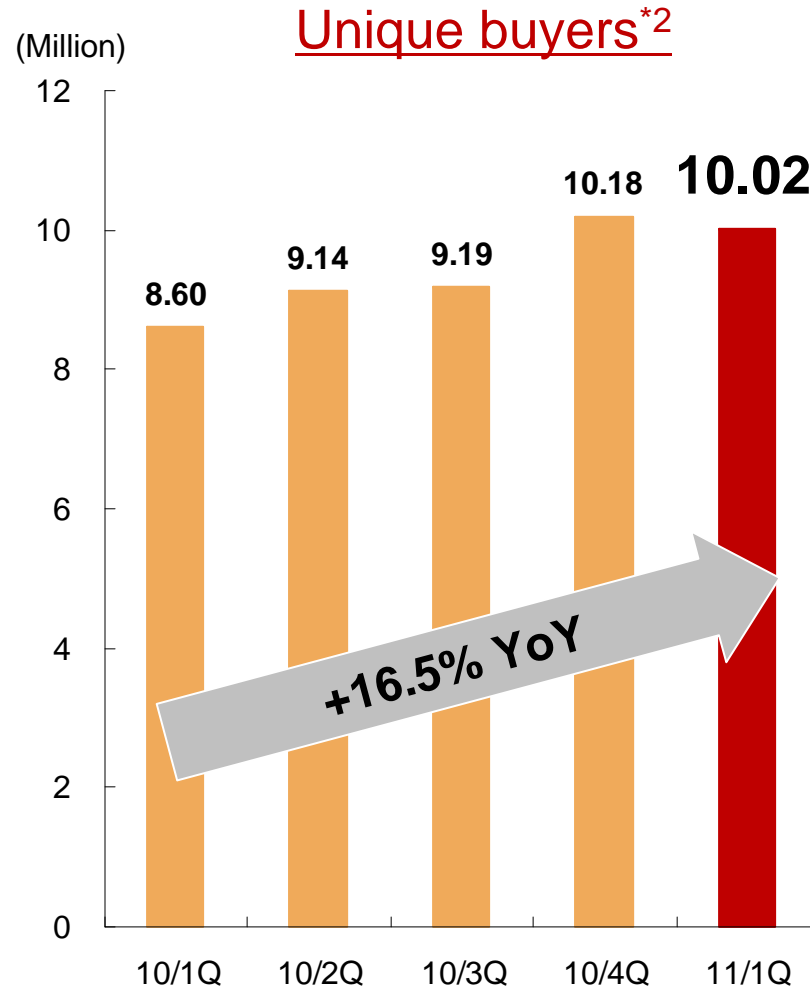


- GMS increased by 13.3% YoY led by Rakuten Ichiba's growth, despite other domestic services being affected by the earthquake



\*Domestic E-Commerce = Mall (Fixed-price, Group purchase), Mobile, Business, Golf, Books, Auction (Flea market), download, tickets, Internet Supermarket, Check Out, Off-track betting, toto, ShowTime, Media rental

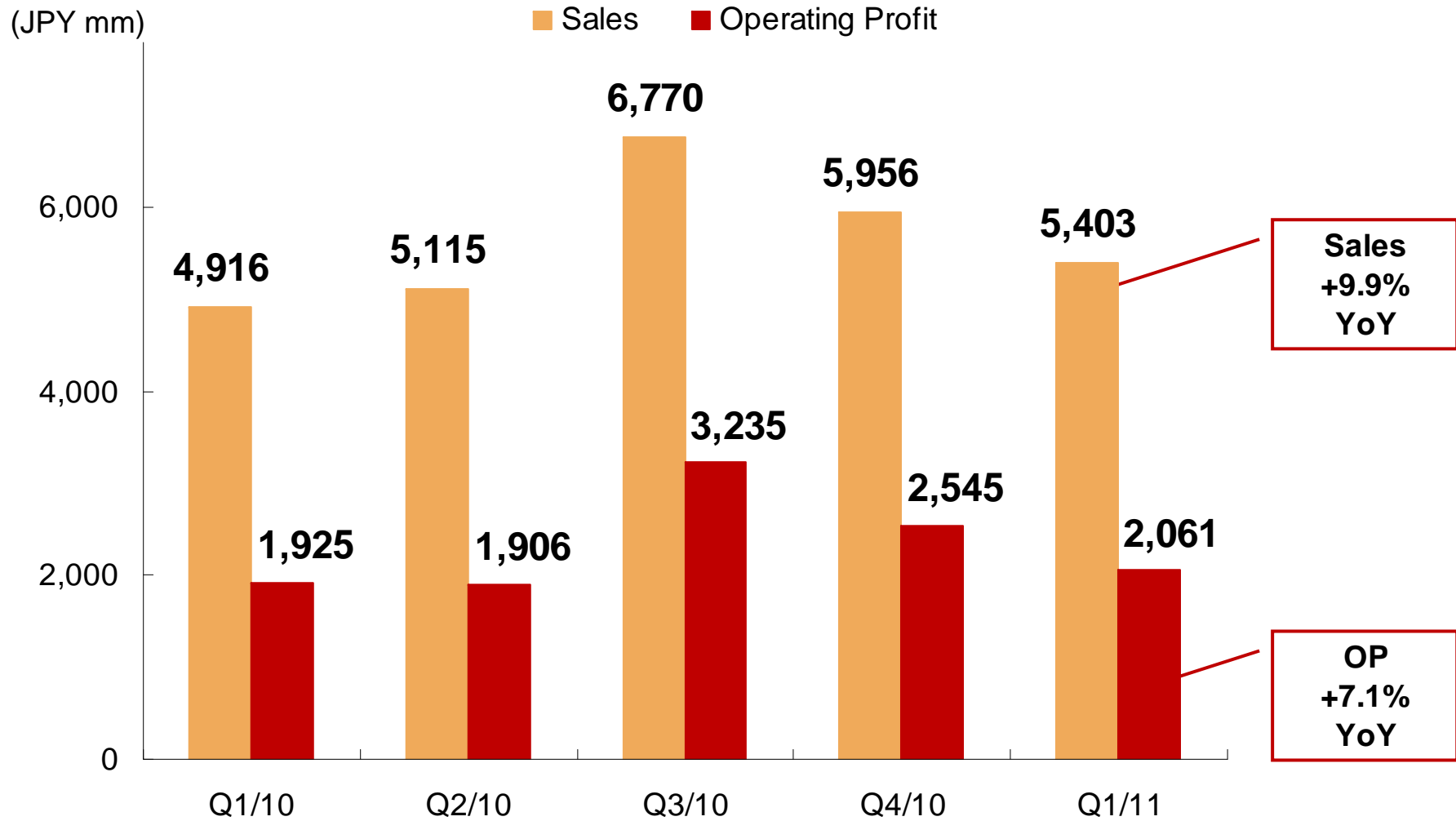
■ High-teen growth in unique buyers and transactions at Ichiba



\*1: Based on e-mail address : Fixed-Price and Group Buy introduced in Rakuten Ichiba and mobile

\*2: Unique Buyers : Number of buyers sorted by e-mail address with purchasing records during the listed 3 month period.



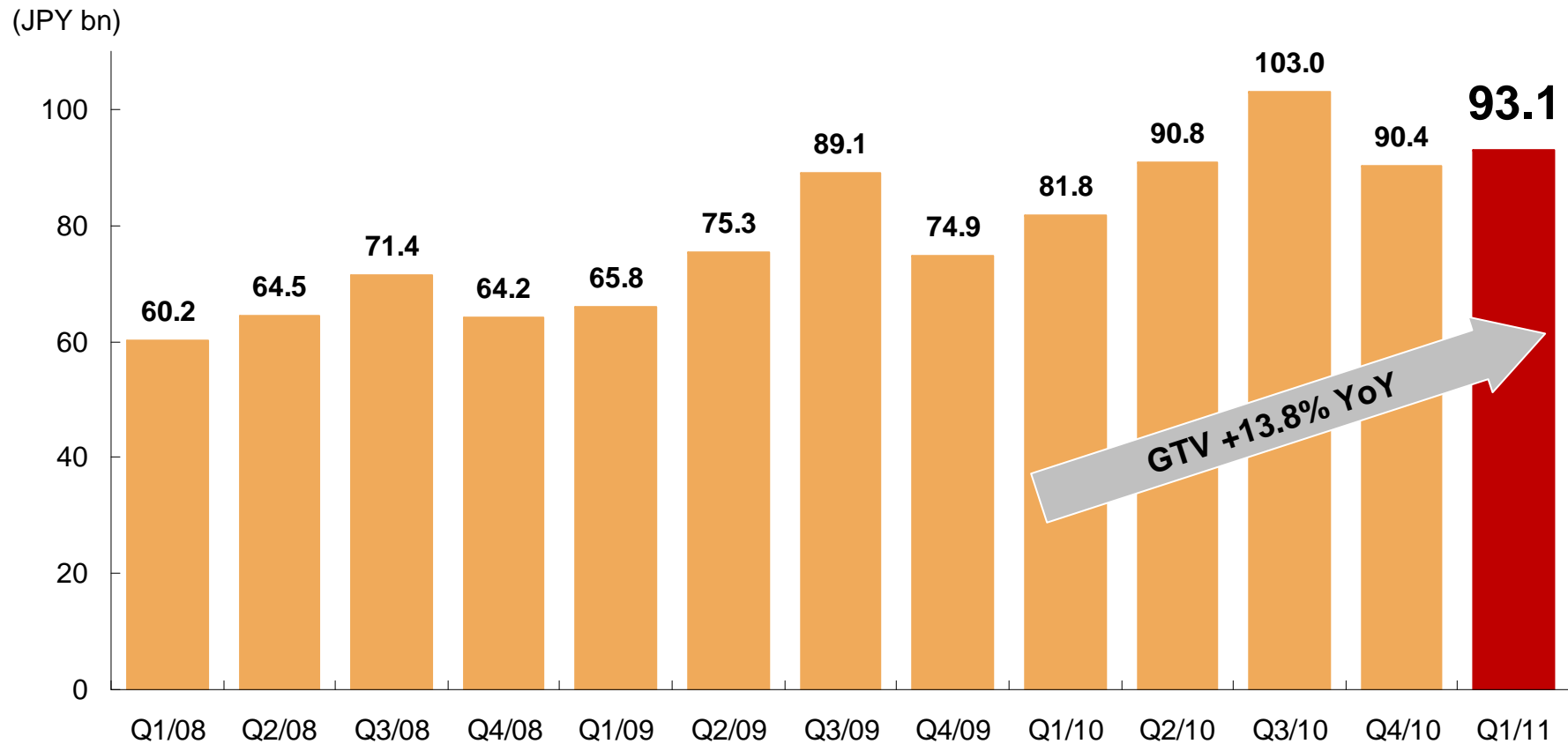


\*: Financial results of Rakuten Travel, Inc. Excluded bus and overseas travel services from the former Travel Business segment

# Travel Business Gross Booking Transaction Volume



- Travel GTV\* growth : +13.8% YoY. Despite huge impact of the earthquake, Rakuten Travel kept positive growth



\*: Travel GTV = Booking base (before cancellation, excl. tax)

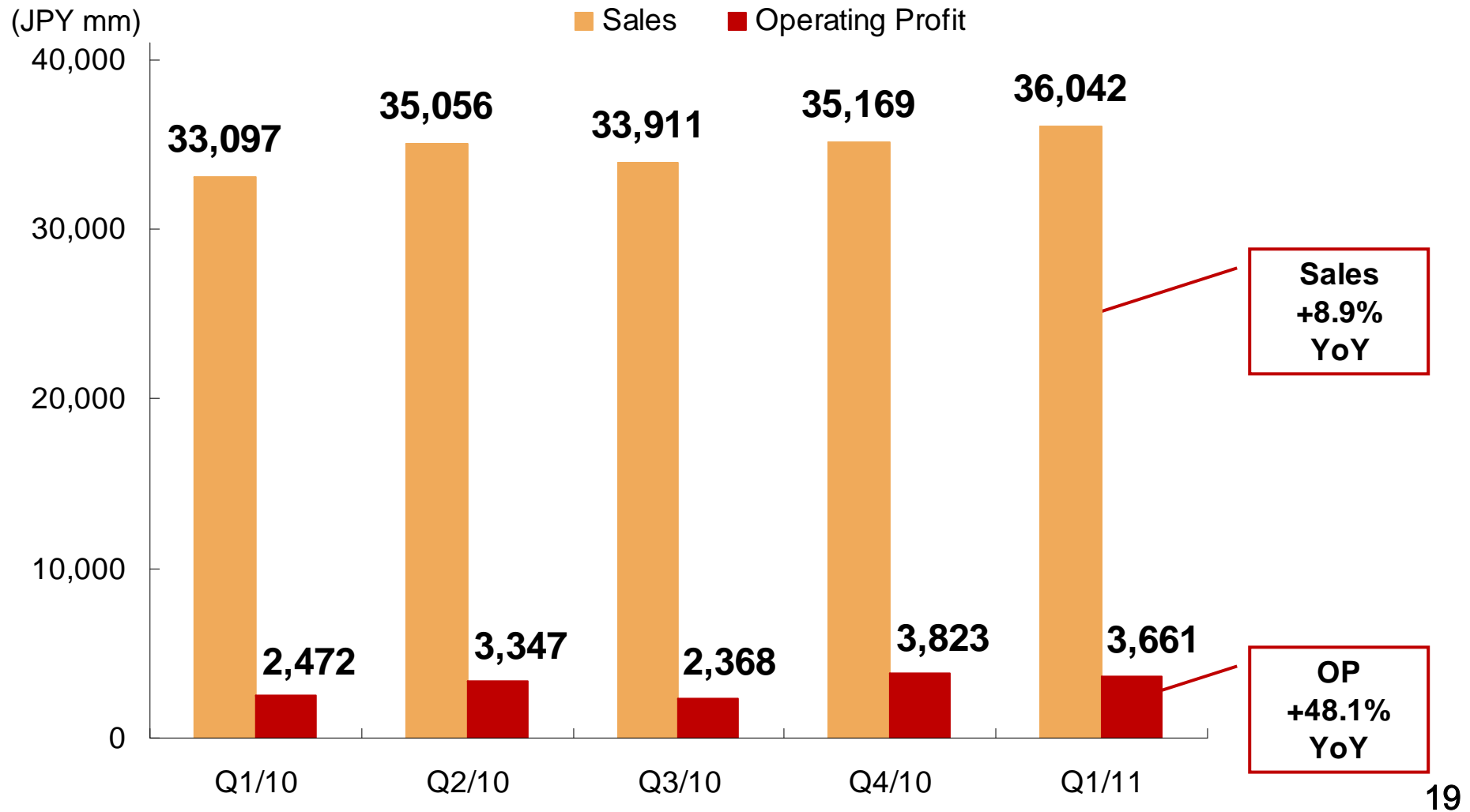
= Domestic / International accommodation booking, International air tickets, Domestic / International DP, Domestic bus, Rental car service **17**

## **3** Internet Finance

# Internet Finance Quarterly Results



- OP grew YoY at Rakuten Securities, Rakuten Credit, Rakuten KC and others



### ■ Rakuten KC



- Applications for Rakuten Card temporarily declined due to the quake, but recovered in April
- Shopping transaction value and revolving balance steadily increased

### ■ Rakuten Bank



- Loan balance grew by 24.5% YoY
- Received the "Best Direct Bank" award from The Asian Banker Magazine, 2011

### ■ Rakuten Securities



- Strong revenues due to high-volatility of domestic stocks markets
- Extraordinary loss due to monetary advances to customers for options transactions: JPY 2.3bn

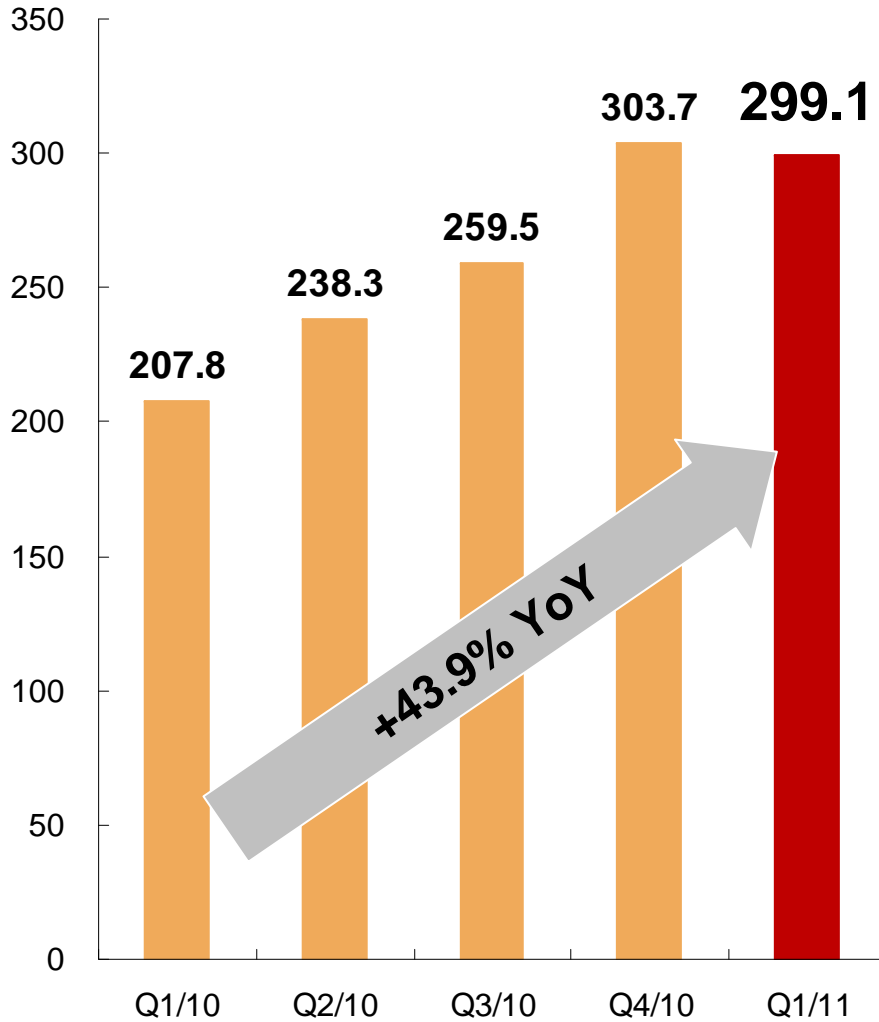
### ■ bitWallet (E-Money)



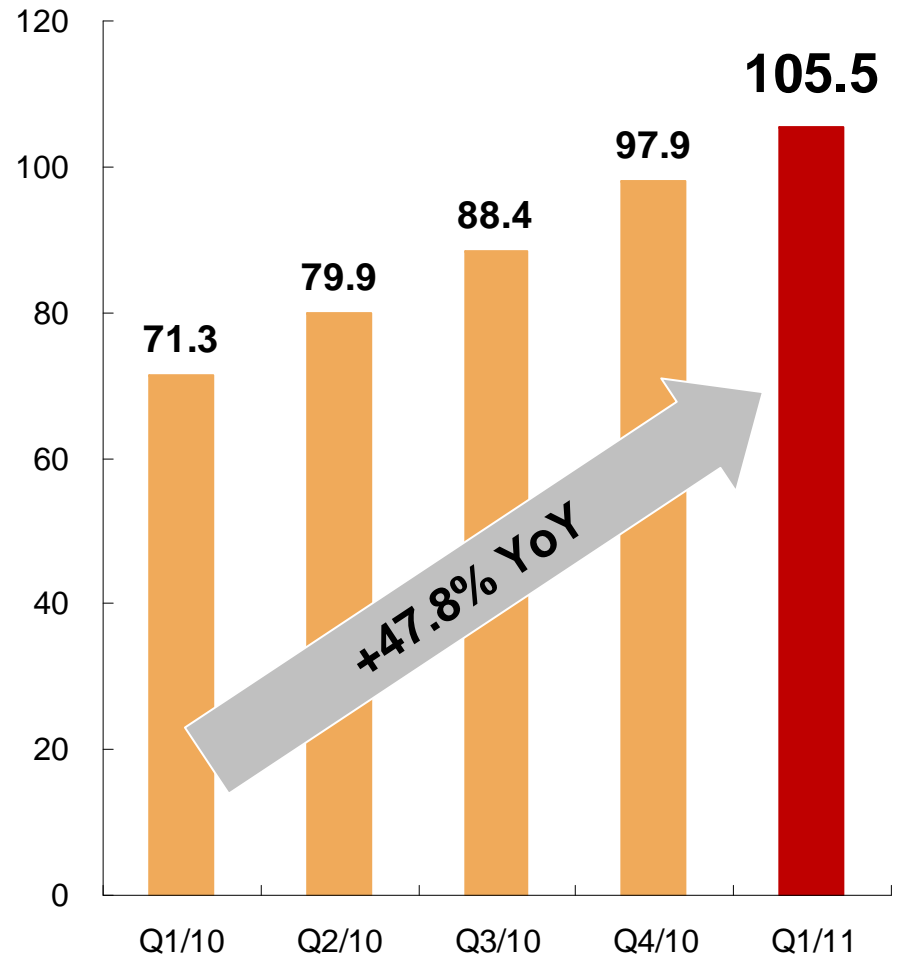
- Automatic value charge service started for Android terminals (April)

# Rakuten KC Credit Card Shopping Transaction Volume & Shopping Revolving Balance Rakuten

(JPY bn) Shopping Transaction Volume



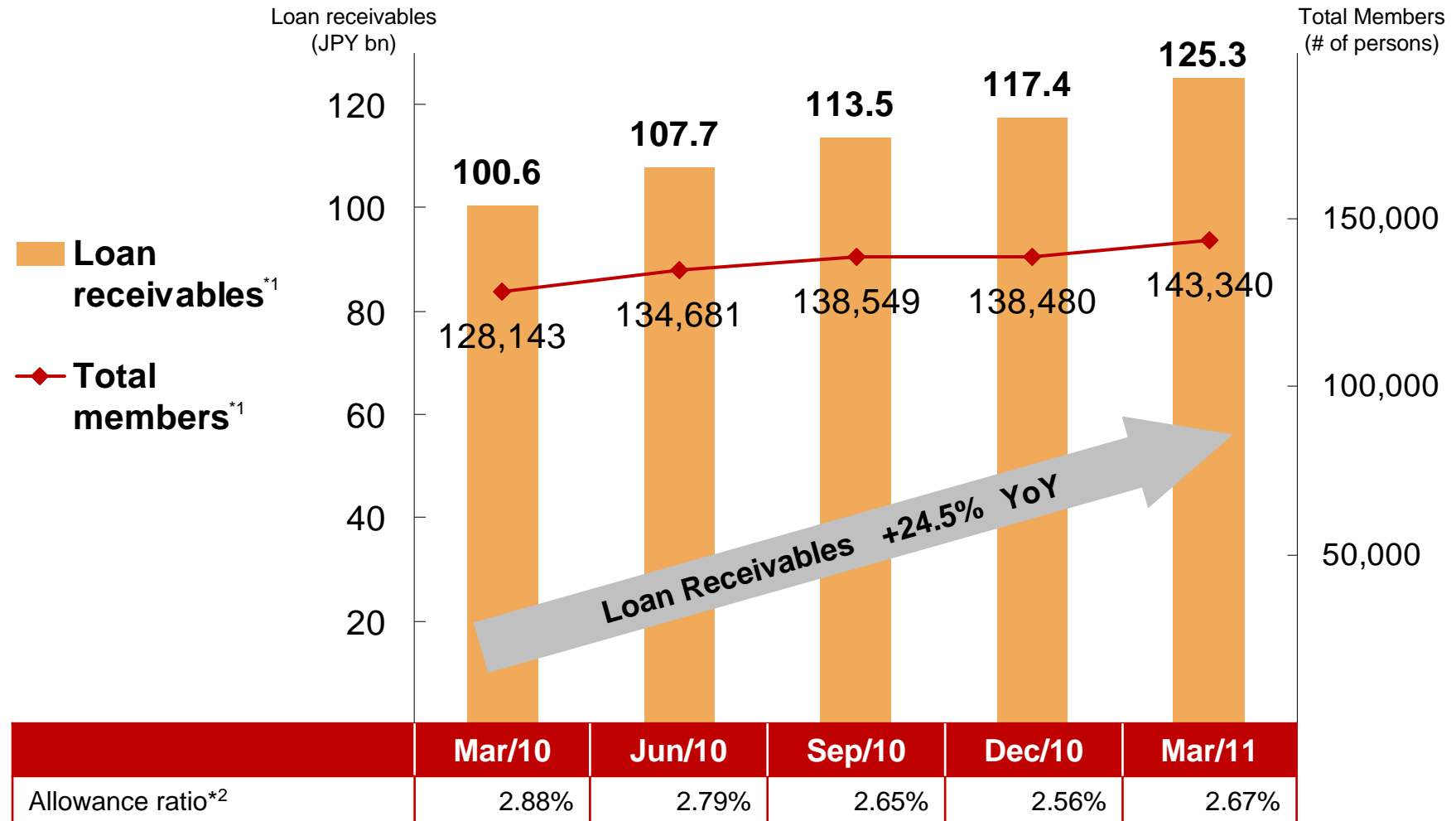
(JPY bn) Shopping Revolving Balance



# “Rakuten Bank Super Loan” Trends of Loan Receivables



■ Total Members and Loan Receivables grew substantially



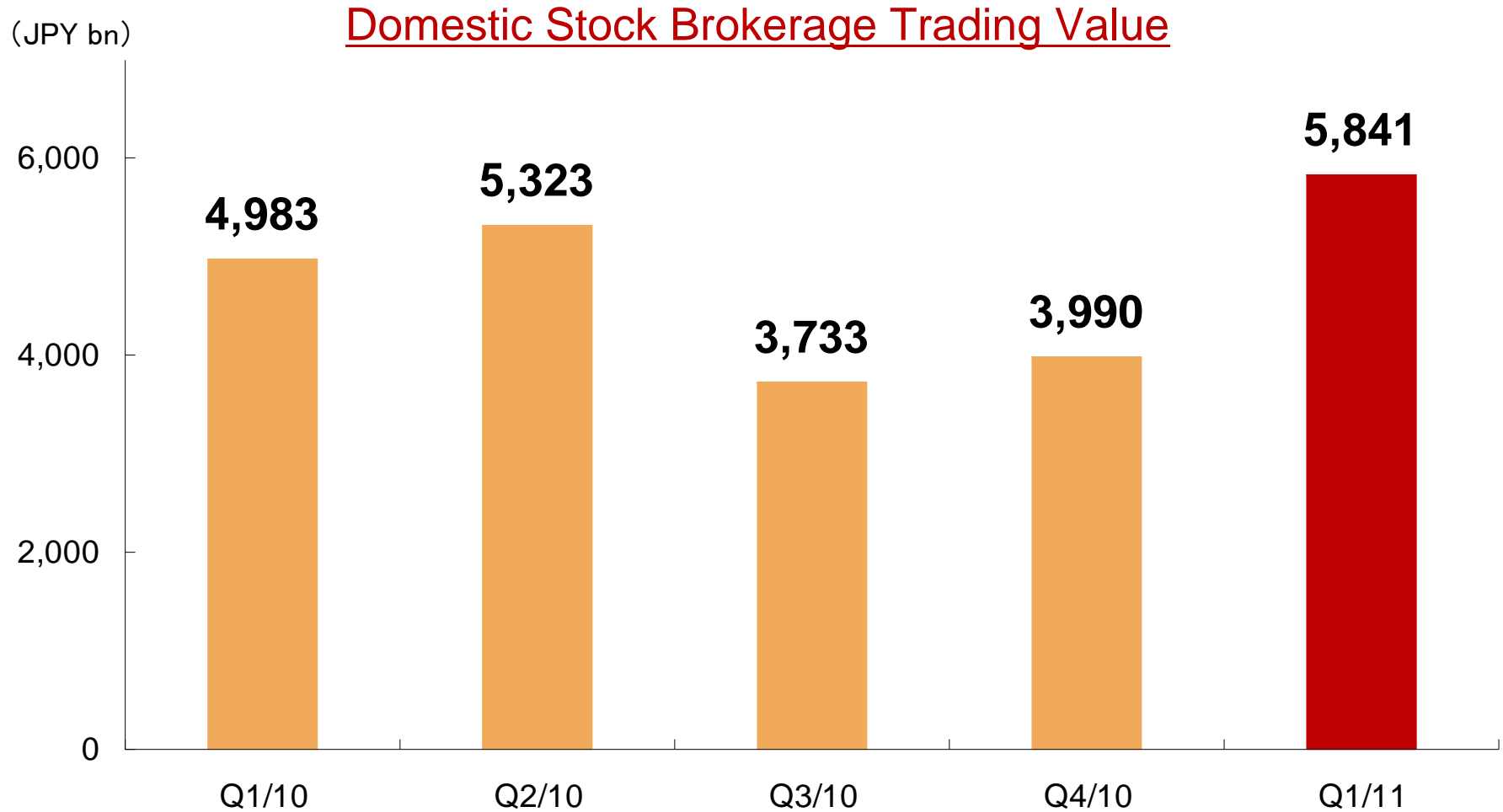
\*1: Loan Receivables, Total Members and Allowance are total of Rakuten Bank and Rakuten Credit

\*2: Allowance ratio (Allowance for doubtful account) ratio: balance of allowance/balance of loan assets

## Rakuten Securities Quarterly Change in Stock Brokerage Trading Value



■ Trading value increased thanks to strong domestic stock markets



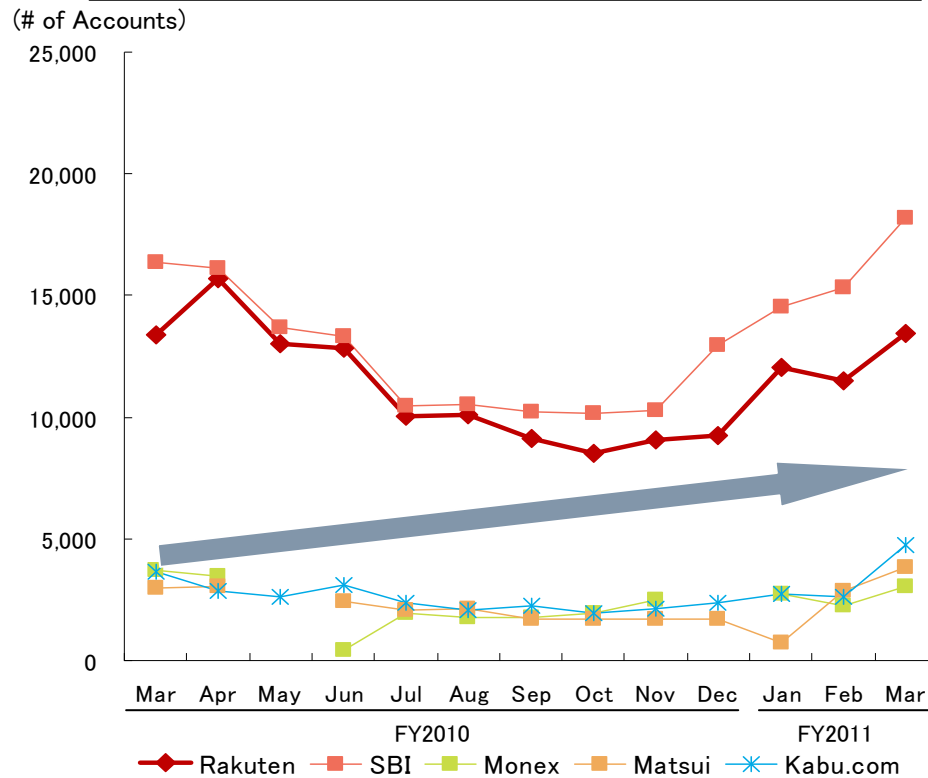


# Rakuten Securities New Accounts / Ratio of Applications via Rakuten Group



- New accounts steadily increased
- Acquired around 40% of new accounts from Rakuten Group

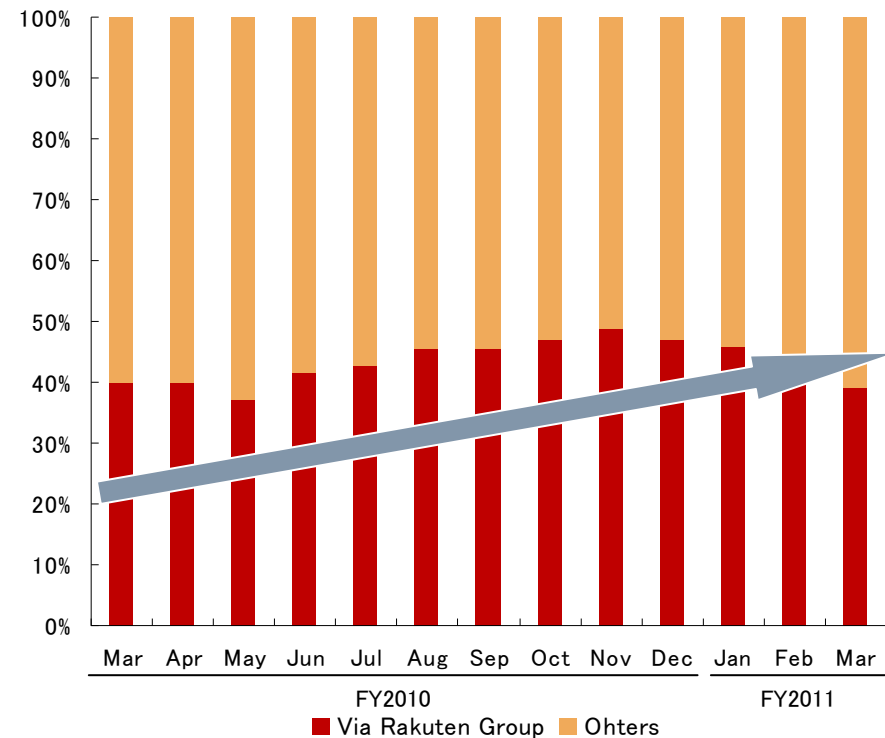
Monthly new accounts at Major Securities companies



Note : Matsui did not disclose May 2010 figure. Monex did not disclose May and Dec 2010 figures due to the merger with Orix

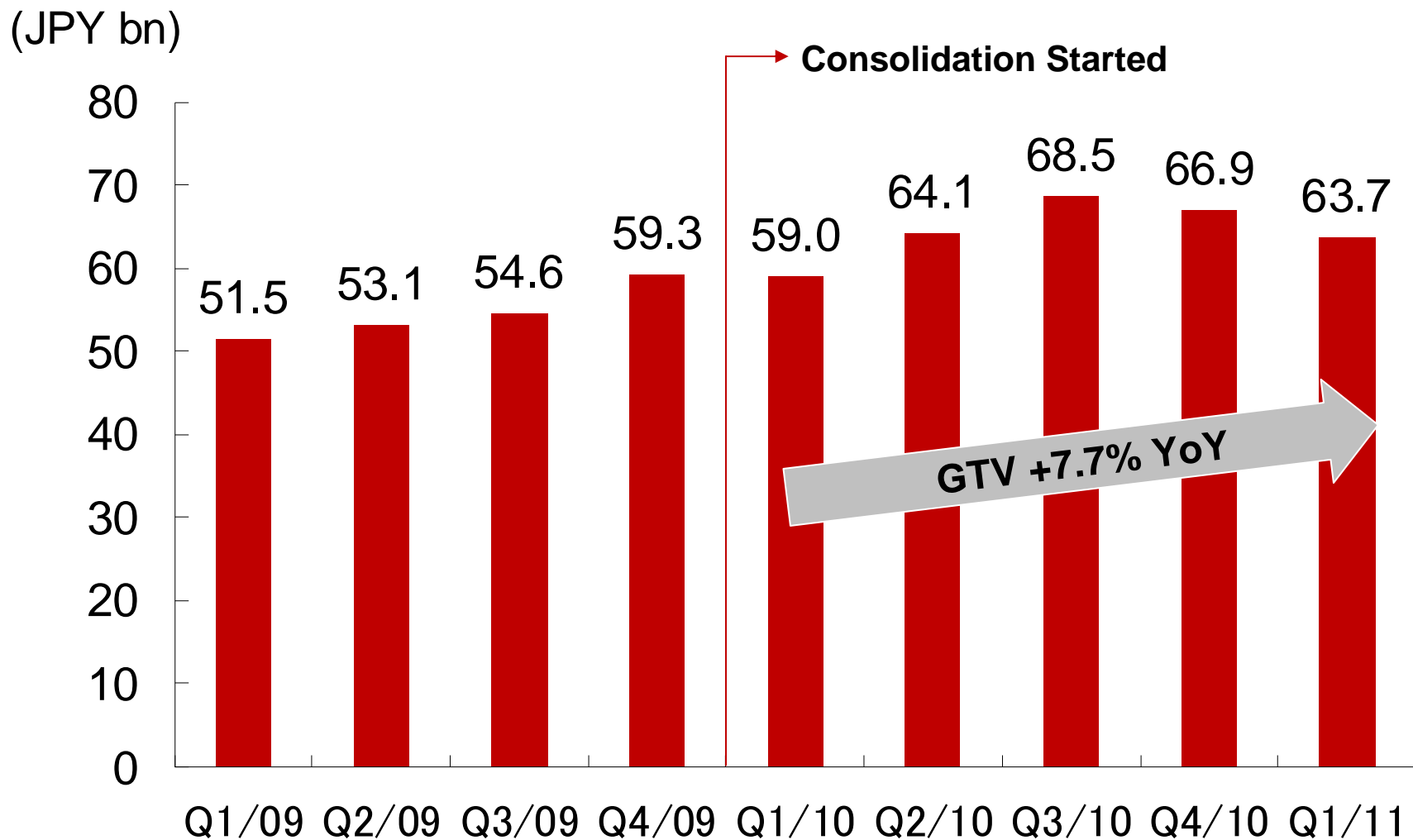
Source: Data disclosed by each company

% of new accounts from Rakuten group



## Gross Transaction Value of E-Money (Edy) Rakuten

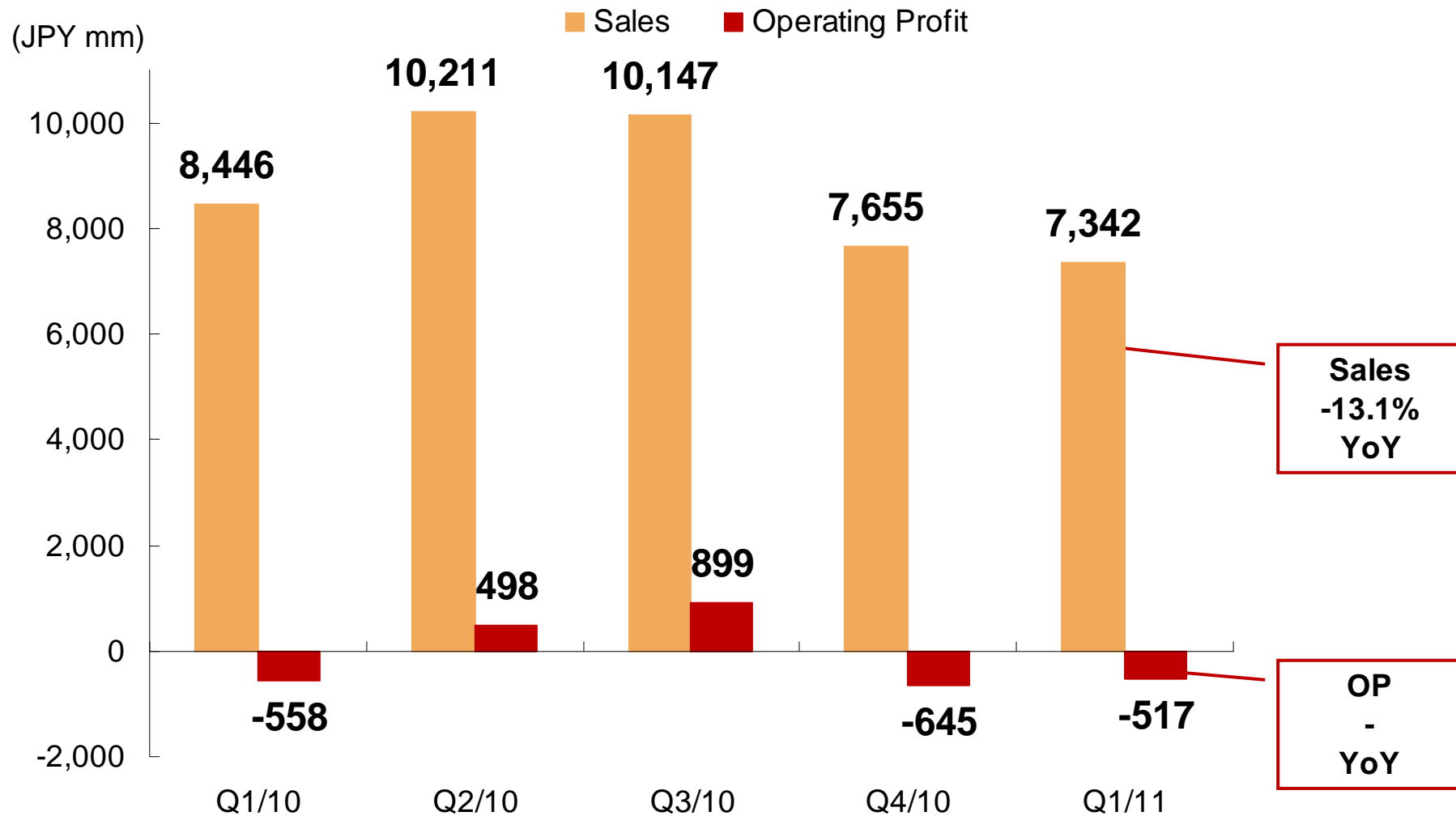
- Although the earthquake and reversal from last year's huge promotion caused slower growth, GTV increased by 7.7% YoY



## **4** **Others**

# Others Quarterly Results

■ Profit increase at IP telephony business offset negative quake impact



### ■ Fusion Communications (Telecom)



- Recorded highest quarterly operating profit due to reversal of access charge: JPY 637 mm
- Entered into business alliance with TechMatrix Corporation in cloud-telephony system for call centers

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### ■ Rakuten Baseball



- Delayed opening of the season shifted sales to Q2 and beyond
- Rebuilding costs for the stadium expected to be limited (extraordinary loss)
- Tohoku Rakuten Golden Eagles players are in high morale and became a symbol for revival of the Tohoku area

## Support for Rebuilding Japan

# Our Core Concept : “Empowerment”

## ■ Empower Japan through our businesses

- Rakuten Ichiba and Rakuten Travel supporting merchants and facilities in disaster area
- Person Finder tools
- Portal site for relief information from local governments
- Program for charity and donations from Rakuten users

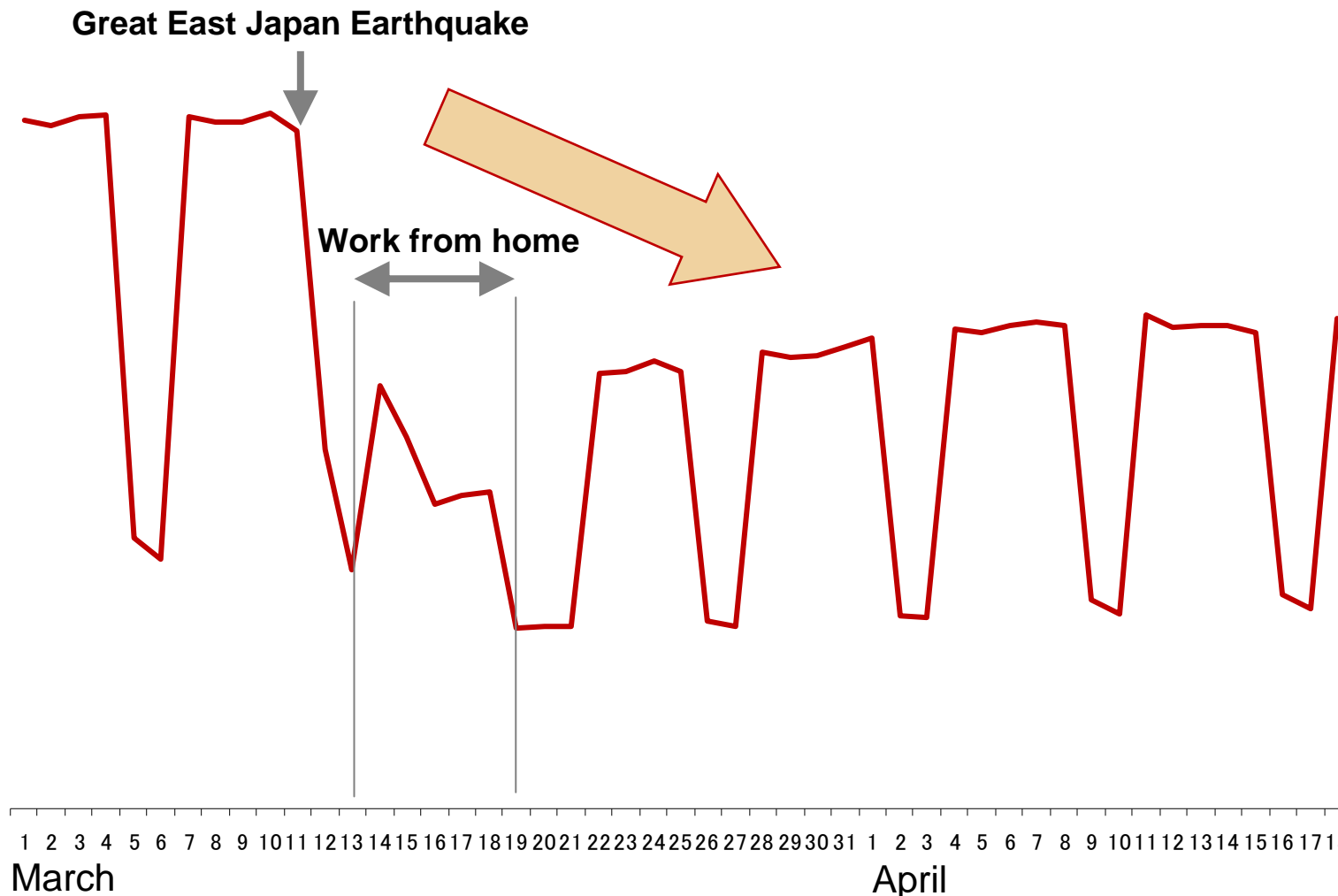
## ■ Contribute to supporting children and building cities

- Relief goods distribution program with local governments
- Rakuten and CEO donations to Miyagi, Iwate and Fukushima prefectures: JPY 1.3bn

## ■ Make efforts aiming for eco-friendly society

- Project 60 : Targeting 40% cut in electricity at Rakuten’s offices in Tepco’s area
- Begin to study promotion of green energy

- This summer, Rakuten aims for a 40% cut in electricity consumption
- Electricity consumption already reduced by 30% versus pre-quake







## Appendix

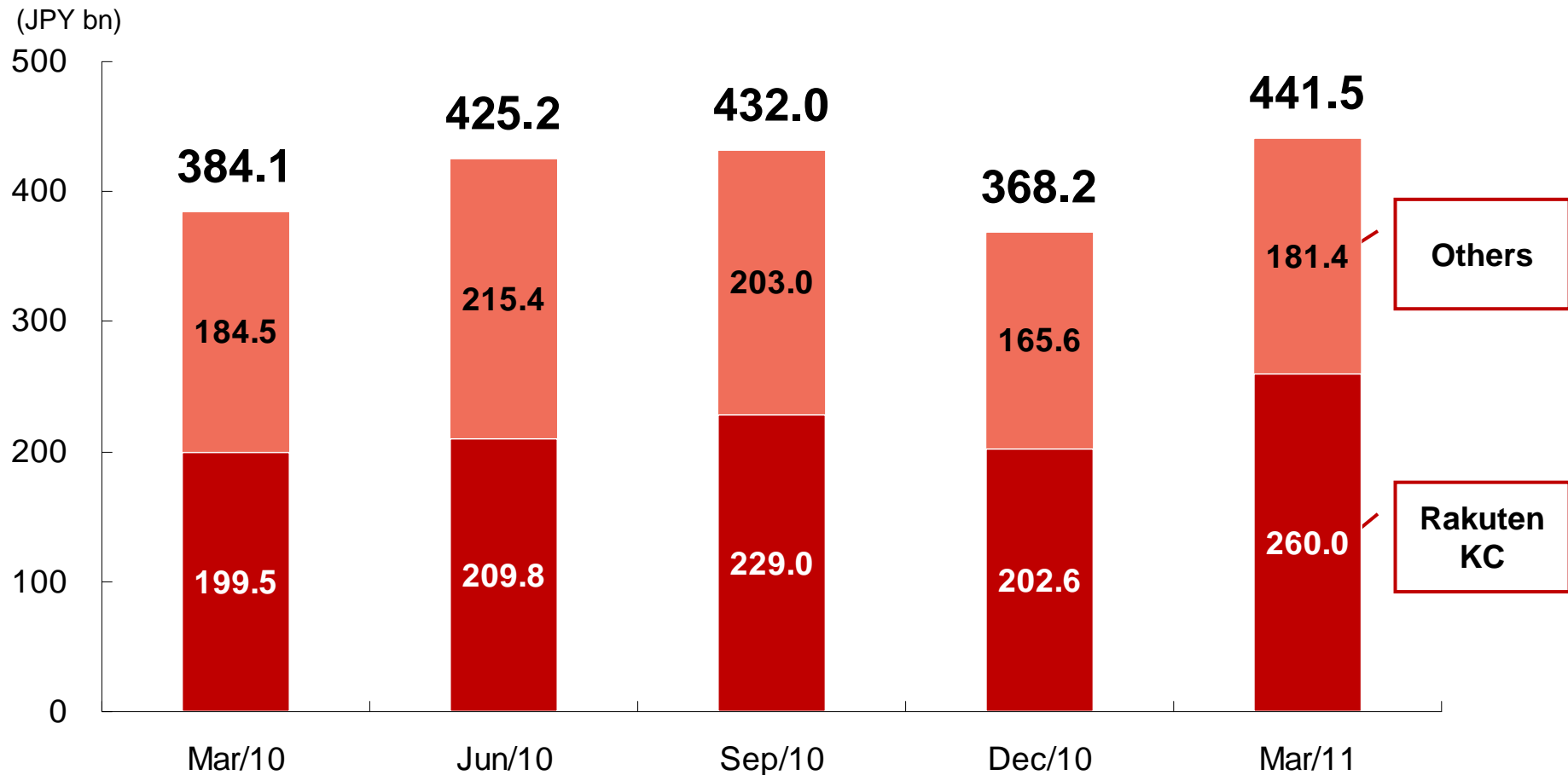
- Financial Condition
- Other Information

## **Financial Condition**

# Financial Institutions Debt Trend



■ Rakuten KC renewed commitment line to prepare for future growth

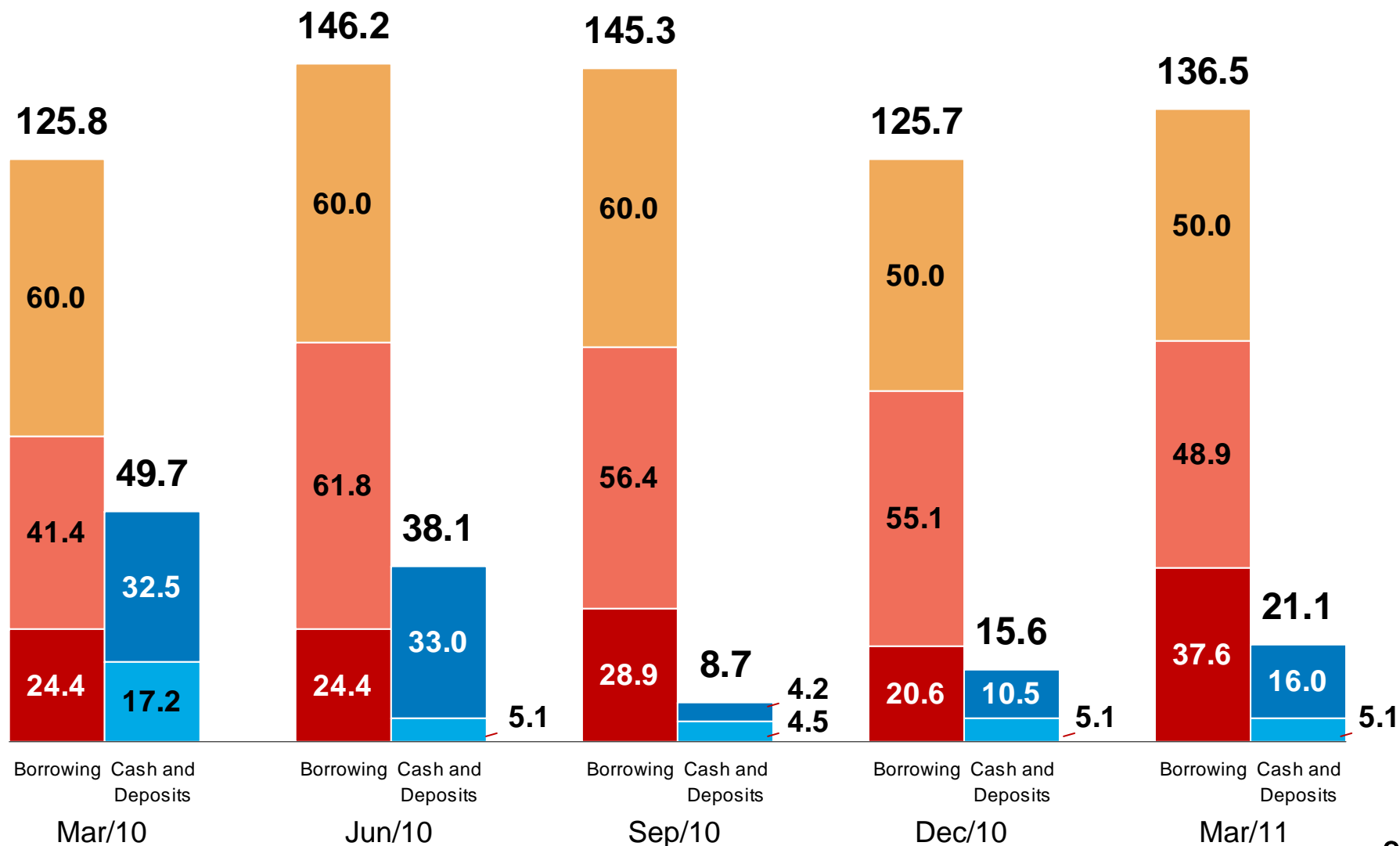


\*: Debt from outside financial Institutions = Bonds + CP + short-term debt + long-term debt

# Rakuten, Inc. (Non-consolidated) Debt and Cash



■ Working capital 
 ■ M&A 
 ■ Lending to KC 
 ■ Cash and Deposits 
 ■ NCD 
 (JPY bn)

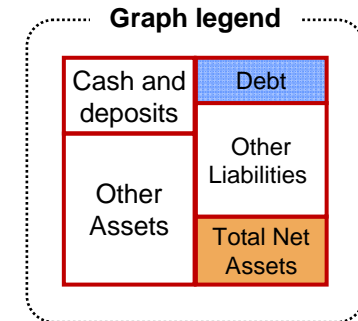
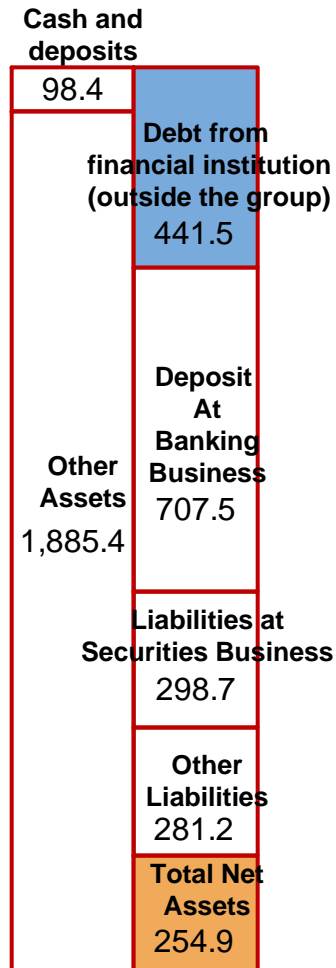


# Rakuten Group : Balance Sheets (As of Mar 31, 2011)

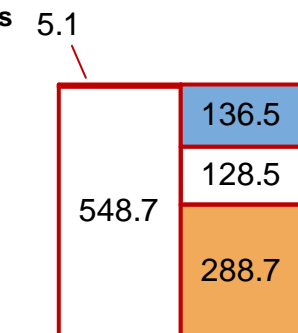


## Rakuten Group (Consolidated)

(JPY bn)



## Rakuten, Inc. (Non-Consolidated)

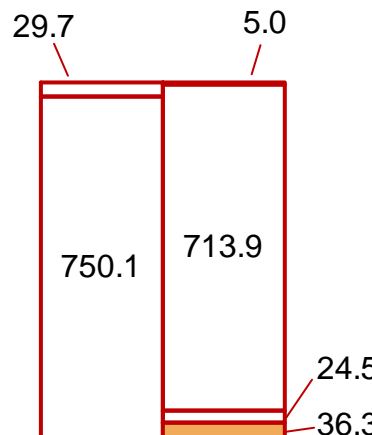


**Total Assets**  
**1,983.9**

**Total Assets**  
**553.8**

## Rakuten Bank (Consolidated)

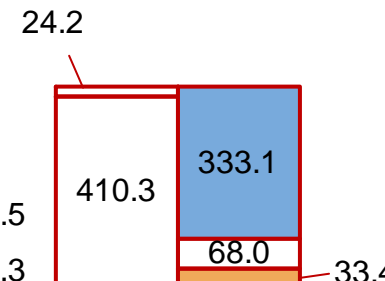
\*JPY5.0bn of borrowing at Rakuten Bank is from Rakuten, Inc.



**Total Assets**  
**779.8**

## Rakuten KC

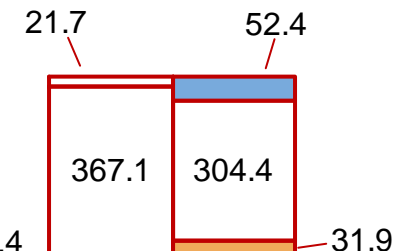
\*JPY73.1bn of borrowing at Rakuten KC is from Rakuten Group



**Total Assets**  
**434.6**

## Rakuten Securities

\*JPY12.0bn of borrowing at Rakuten Securities is from Rakuten Bank



**Total Assets**  
**388.8**

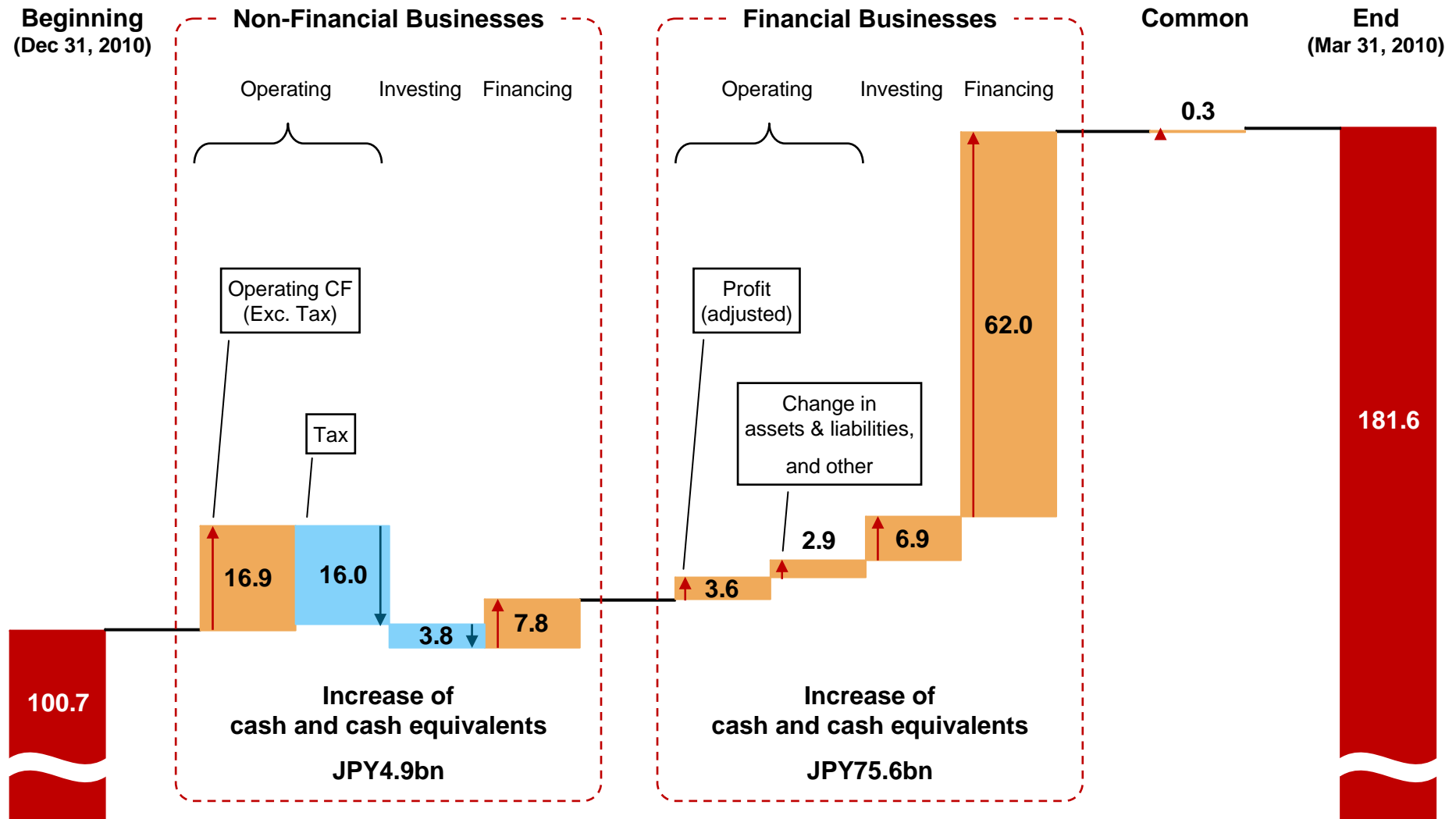
\*: Rakuten Securities, Rakuten KC, Rakuten, Inc. (non-consolidated) and Rakuten Bank also including internal elimination

\*: Debt = Corporate bonds + CP + Short-term borrowings + Long-term borrowings

# Cash Flow Breakdown : Jan-Mar 2011



(JPY bn)



# Breakdown of Cash Flow by Financial Businesses and Non-financial Businesses : Jan-Mar, 2011 (1)



(JPY bn)

Overview of cash flow statements for three months ended March 31, 2011	Consolidated	Financial	Non- Financial	Common
<b>I Net cash provided by (used in) operating activities</b>				
Income before income taxes and minority interests	9.4	(0.5)	9.9	-
Amortization of goodwill	1.9	0.8	1.0	-
Depreciation and amortization	4.1	1.7	2.3	-
Increase (decrease) in allowance for doubtful accounts	2.3	2.2	0.1	-
Increase (decrease) in provision for loss on interest repayment	(1.3)	(1.3)	-	-
Other loss (gain)	(0.1)	-	-	(0.1)
Loss (gain) on valuation of securities for banking business	0.5	0.5	-	-
Decrease (increase) in notes and accounts receivable-trade	5.7	0.0	5.6	-
Decrease (increase) in accounts receivable-installment	8.2	8.2	-	-
Decrease (increase) in beneficial interests in securitized assets	15.4	15.4	-	-
Increase (decrease) in deposits for banking business	(5.7)	(5.7)	-	-
Decrease (increase) in call loans for banking business	14.0	14.0	-	-
Decrease (increase) in cash loans and bills discounted for banking business	(9.5)	(9.5)	-	-
Increase (decrease) in notes and accounts payable-trade	(8.1)	(5.7)	(2.4)	-
Increase (decrease) in accounts payable-other and accrued expenses	17.1	17.1	-	-
Increase (decrease) in operating payable for securities business	(8.4)	(8.4)	-	-
Increase (decrease) in loans payable secured by securities for securities business	(4.6)	(4.6)	-	-
Decrease (increase) in operating loans receivable	0.1	0.1	-	-
Other, net	(18.3)	(18.5)	0.1	-
<b>Subtotal</b>	<b>22.6</b>	<b>5.9</b>	<b>16.9</b>	<b>(0.1)</b>
Income taxes paid	(16.2)	(0.1)	(16.0)	-
Other, net	0.8	0.8	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>7.2</b>	<b>6.5</b>	<b>0.8</b>	<b>(0.1)</b>

\*: Breakdown by financial businesses and non-financial businesses are based on internal estimation and non-audited.

## Breakdown of Cash Flow by Financial Businesses and Non-financial Businesses : Jan-Mar, 2011 (2)



(JPY bn)

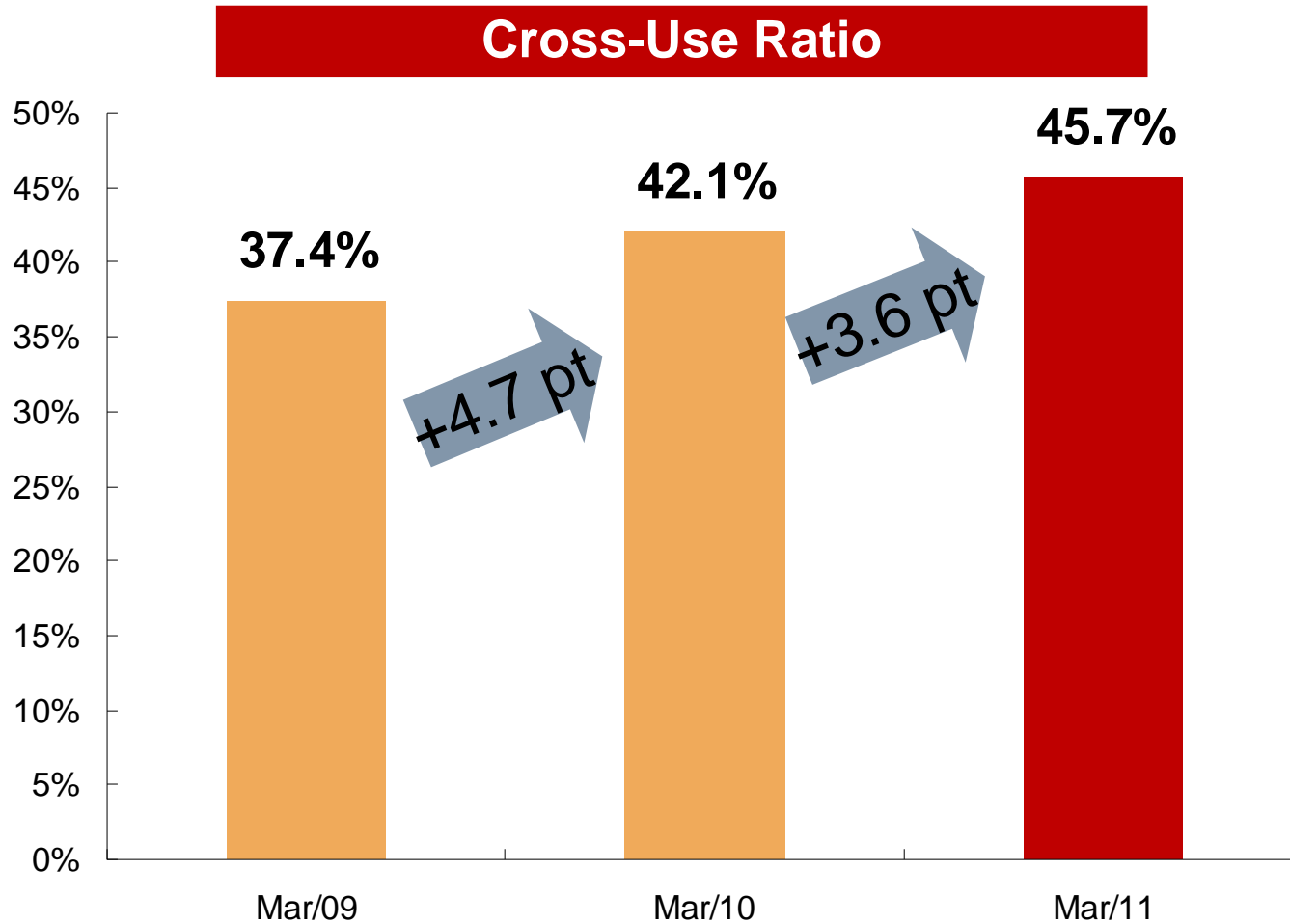
<b>Overview of cash flow statements for three months ended March 31, 2011</b>	Consolidated	Financial	Non- Financial	Common
<b>II Net cash provided by (used in) investing activities</b>				
Purchase of property, plant and equipment	(1.0)	(0.0)	(0.9)	-
Purchase of intangible assets	(3.6)	(1.5)	(2.1)	-
Acquisition of securities for banking business	(77.4)	(77.4)	-	-
Proceeds from sales and redemption of securities for banking business	89.5	89.5	-	-
Purchase of investments in subsidiaries	(0.2)	(0.2)	(0.0)	-
Other payments	(4.1)	(3.3)	(0.7)	-
Other proceeds	0.1	0.1	0.0	-
Interest and dividends income received	0.0	-	0.0	-
<b>Net cash provided by (used in) investing activities</b>	<b>3.1</b>	<b>6.9</b>	<b>(3.8)</b>	<b>-</b>
<b>III Net cash provided by (used in) financing activities</b>				
Net increase (decrease) in short-term loans payable	49.7	32.7	17.0	-
Increase (decrease) in commercial papers	(5.8)	(5.8)	-	-
Proceeds from long-term loans payable	54.1	53.8	0.3	-
Repayment of long-term loans payable	(24.5)	(18.2)	(6.2)	-
Redemption of bonds	(0.4)	-	(0.4)	-
Interest expenses paid	(0.3)	-	(0.3)	-
Cash dividends paid	(2.5)	-	(2.5)	-
Other, net	(0.4)	(0.4)	(0.0)	-
<b>Net cash provided by (used in) financing activities</b>	<b>69.9</b>	<b>62.0</b>	<b>7.8</b>	<b>-</b>
IV Effect of exchange rate change on cash and cash equivalents	0.5	-	-	0.5
<b>V Net increase (Decrease) in cash and cash equivalents</b>	<b>80.9</b>	<b>75.6</b>	<b>4.9</b>	<b>0.3</b>
VI Cash and cash equivalents (as of December 31, 2010)	100.7	-	-	-
VII Increase in cash and cash equivalents from newly consolidated subsidiary	0.0	-	-	-
<b>VIII Cash and cash equivalents (as of March 31, 2011)</b>	<b>181.6</b>	-	-	-

\*: Breakdown by financial businesses and non-financial businesses are based on internal estimation and non-audited.



## **Other Information**

- Accelerated due to group synergy



\*: Purchasing ratio of Rakuten members who have utilized other Rakuten services during the past 12 months of the listed month.

\*: Applicable services are limited to those which can earn Rakuten Super Points (excl. Securities)

## Amortization of Goodwill



(JPY mm)

New Segment	Old Segment	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11
<b>Internet Finance</b>	Credit Card	246	246	246	246	829
	Banking	282	429	435	460	
	Securities	95	99	169	94	
	E-Money	30	58	15	15	
<b>Internet Services</b>	E-Commerce	832	581	1,055	936	1,007
	Travel	12	12	12	12	
	Portal and Media	36	16	16	16	
<b>Others</b>	Portal and Media (O-net, Inc.)	44	44	44	44	39
	Professional Sports	-0	-0	-20	-	
	Telecommunication	-5	-5	-5	-5	
<b>Total</b>		<b>1,575</b>	<b>1,483</b>	<b>1,970</b>	<b>1,823</b>	<b>1,876</b>

\*: Amortization of positive goodwill is included in SG&A expenses Amortization of negative goodwill is included in non-operating revenue.

# Rakuten Group's CAPEX\*1



(JPY bn)

		2010				2011
		Q1	Q2	Q3	Q4	Q1
Non Consolidated	Hardware <sup>*2</sup>	1.59	0.83	1.14	0.18	0.53
	Software	1.39	1.48	1.96	1.69	1.84
	Total	2.98	2.32	3.10	1.87	2.37
Consolidated	Hardware <sup>*2</sup>	2.81	1.26	1.71	1.44	1.63
	Software	3.47	3.10	4.12	3.97	4.44
	Total	6.29	4.37	5.83	5.42	6.07

\*1 : Since 10/Q1: Acquisition Base (Including Professional Sports Business)

\*2 : Depreciation of property, plant and equipment (excluding leased assets) was computed by the declining-balance method and switched to straight-line method since 11/Q1. As a result of this change, depreciation has been reduced by JPY 232 mm in 11/Q1.

## ■ Balance Sheets

As of Mar 31, 2011

(JPY bn)

<b>CURRENT ASSETS</b>	<b>88.8</b>	<b>CURRENT LIABILITIES</b>	<b>193.0</b>
Cash and deposits	5.1	Account payable-trade	2.5
Accounts receivable-trade	27.1	Short-term debts	61.8
Other current assets	57.0	Accounts payable	15.0
Allowance for doubtful accounts	-0.5	Income taxes payable	4.1
		Advance receipt	5.0
		Reserve for point program	13.1
		Other current liabilities	91.2
		<b>LONG-TERM LIABILITIES</b>	<b>72.1</b>
		<b>TOTAL LIABILITIES</b>	<b>265.1</b>
<b>NONCURRENT ASSETS</b>	<b>465.0</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>286.0</b>
Property, plant and equipment	6.4	Capital stock	107.8
Intangible assets	13.4	Capital surplus	116.6
Investment and other assets	445.1	Retained earnings	65.2
(Allowance for doubtful accounts)	-0.5	Treasury stock	-3.6
(Allowance for investment loss)	-1.7	<b>VALUATION AND TRANSLATION ADJUSTMENTS</b>	<b>1.6</b>
		Valuation difference on available-for-sale securities	1.6
		Subscription rights to shares	1.0
		<b>TOTAL NET ASSETS</b>	<b>288.7</b>
<b>TOTAL ASSETS</b>	<b>553.8</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>553.8</b>

\*: Amounts Less Than 0.1 Billion Omitted

## ■ Income Statements

Three months ended Mar 31, 2011

(JPY bn)

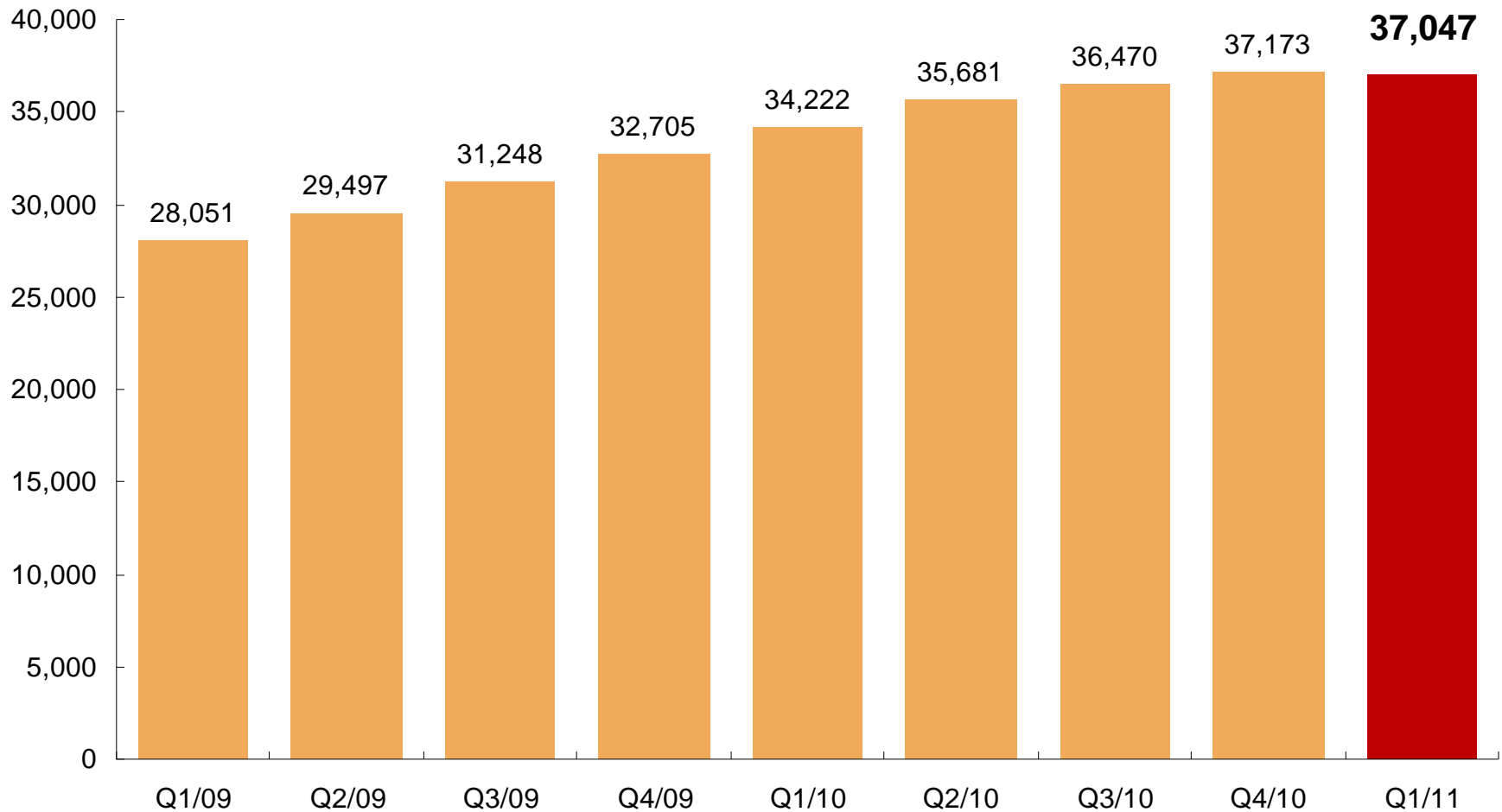
<b>Sales</b>	<b>33.3</b>
<b>Cost of Sales</b>	<b>6.8</b>
Gross Profit	<b>26.4</b>
<b>Operating Expense</b>	<b>16.4</b>
Personnel costs	5.9
Advertising and sales promotion	5.1
Depreciation	1.2
Communication and maintenance	1.0
Outsourcing	3.1
Others	-0.1
<b>Operating Profit</b>	<b>10.0</b>
Non-Operating Profit	0.4
Non-Operating Expense	0.3
<b>Ordinary Profit</b>	<b>10.1</b>
Extraordinary profit	0.0
Extraordinary loss	1.0
<b>Net income before tax</b>	<b>9.2</b>
Income taxes-current	3.9
Income taxes-deferred	-0.1
<b>Net Income</b>	<b>5.4</b>

# Number of Merchants



■ Number of merchants temporarily decreased due to the quake in March, but increasing steadily in Q2

# of Merchants



# Rakuten KC Composition of Revenues and Operating Expenses



(JPY mm)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	% of total	YoY
<b>Revenues</b>							
General services	6,205	6,995	7,708	8,813	8,978	52.6%	+44.7%
Card shopping	6,180	6,971	7,685	8,792	8,957	52.5%	+44.9%
Others	25	23	22	21	20	0.1%	-17.9%
Financing	6,347	6,056	5,569	5,049	4,505	26.4%	-29.0%
Card cash advances	3,949	3,804	3,536	3,250	2,919	17.1%	-26.1%
Loan card	2,371	2,228	2,012	1,779	1,569	9.2%	-33.8%
Others	26	23	20	18	16	0.1%	-38.6%
Others	3,140	3,427	3,335	3,824	3,579	21.0%	+14.0%
Total revenues (incl. effect of securitization GAAP)	15,694 (15,579)	16,479 (16,468)	16,612 (16,602)	17,686 (18,967)	17,063 (16,652)	100.0% -	+8.7% -
<b>Operating expenses</b>							
Personnel costs	1,467	1,508	1,547	1,460	1,493	9.2%	+1.8%
General expenses	8,412	8,961	8,900	9,528	9,608	59.2%	+14.2%
Interest expenses	1,968	1,834	1,755	1,838	2,063	12.7%	+4.8%
Expenses related to doubtful accounts	3,402	3,743	3,143	3,230	3,064	18.9%	-9.9%
Interest repayment expenses	0	0	0	129	0	0.0%	+0.0%
Cash-out	0	0	0	3,713	0	-	-
Write-off of principals	0	0	0	-3,584	0	-	-
Total operating expenses	15,250	16,048	15,348	16,187	16,229	100.0%	+6.4%
<b>Operating profit</b> (incl. effect of securitization GAAP)	444 (329)	431 (420)	1,264 (1,254)	1,499 (2,780)	833 (423)	- -	+87.7% +28.4%

\*: Amount of revenue in bracket "()" includes effects of securitization.

# Rakuten KC Transaction Volume and Number of Cardholders



## ■ Composition of Transaction Volume

(JPY mm)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	% of total	YoY
General services	208,422	238,919	260,236	304,331	299,778	95.7%	+43.8%
Card shopping	207,821	238,311	259,595	303,708	299,120	95.5%	+43.9%
Others	601	607	641	623	657	0.2%	+9.5%
Financing	18,613	17,410	11,134	9,463	9,442	3.0%	-49.3%
Card cash advances	13,837	13,569	9,732	8,484	8,536	2.7%	-38.3%
Loan card	4,775	3,841	1,401	979	905	0.3%	-81.0%
Others	4,587	4,280	4,403	4,074	4,097	1.3%	-10.7%
<b>Total transaction volume</b>	<b>231,623</b>	<b>260,610</b>	<b>275,774</b>	<b>317,869</b>	<b>313,318</b>	<b>100.0%</b>	<b>+35.3%</b>

## ■ Number of Valid Cardholders

(Million persons)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	YoY
Credit card	4.80	5.15	5.41	5.71	6.01	+25.1%



## ■ Balance of Loan Receivables

(JPY mm)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	% of total	YoY
General services	143,922	160,499	172,945	201,897	197,753	52.1%	+37.4%
Card shopping	143,025	159,717	172,238	201,259	197,190	52.0%	+37.9%
incl. Revolving balance (principal)	71,381	79,989	88,419	97,985	105,533	27.8%	+47.8%
Others	896	781	706	638	563	0.1%	-37.2%
Financing	186,075	179,294	169,799	159,837	150,733	39.8%	-19.0%
Card cash advances	80,687	76,589	71,301	65,428	60,961	16.1%	-24.4%
Loan card	59,103	54,369	48,723	43,517	39,035	10.3%	-34.0%
Others	46,284	48,336	49,773	50,890	50,736	13.4%	+9.6%
Installment	947	887	854	802	708	0.2%	-25.3%
Others	35,975	34,121	32,770	31,266	30,013	7.9%	-16.6%
Total balance(incl. off-balance)	366,921	374,803	376,369	393,804	379,209	100.0%	+3.3%
Total balance(On balance)	(286,059)	(280,779)	(275,783)	(254,928)	(246,436)	-	-13.9%

## ■ Balance of Securitized Loan Receivable

On-balanced securitized loan receivable	58,250	57,534	57,435	54,251	52,338	-	-10.1%
Off-balanced securitized loan receivable	47,605	62,539	70,350	110,074	105,149	-	+120.9%

## ■ Other off-balanced Operating Assets

Other off-balanced operating assets	33,256	31,485	30,235	28,801	27,623	-	-16.9%
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# Rakuten KC

## NPL & Expenses for Doubtful Accounts



### ■ NPL

(JPY mm)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11
Bankrupt	16	17	17	17	17
De facto bankrupt	31,388	28,639	27,148	25,677	24,100
Doubtful	6,005	5,438	5,607	5,720	6,091
Special attention	4,693	4,520	4,387	4,642	4,392
Normal	290,331	302,671	306,456	325,928	313,664
Subtotal	332,433	341,285	343,615	361,984	348,264
Secured	5,331	5,238	5,102	5,033	4,940
Total	337,764	346,523	348,717	367,017	353,204

### ■ Balance of Allowance for Doubtful Accounts

Allowance for doubtful accounts	30,228	28,996	27,578	*1 22,750	*2 21,255
excl. write-off	20,636	20,064	19,285	18,732	18,237
Allowance ratio	8.9%	8.4%	7.9%	6.2%	6.0%
excl. write-off	6.1%	5.8%	5.5%	5.1%	5.2%

### ■ Expenses for Doubtful Accounts

Write-off for bad debt (incl. interest repayment)	4,739	4,983	4,588	4,484	4,958
Reserve for allowance	-648	-572	-778	-553	-894
Reserve for write-off	-684	-659	-639	-691	-999
Reserve for loss on guarantee arrangement	-4	-8	-27	-9	0
Expenses for doubtful accounts	3,402	3,743	3,143	3,230	3,064

\*1: JPY 3.5 bn allowance was transferred from "Write-off's" to "Cash-Out" to adjust for potential interest repayment claims

\*2: JPY 400mm extraordinary loss due to provision to allowance for doubtful accounts related to the Great East Japan Earthquake

# Rakuten KC Allowance for Losses on Interest Repayments and Allowance for Doubtful Accounts



## ■ Allowance for Doubtful Accounts

(JPY bn)

		Q2/09	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11
Allowance for loss on interest repayments	'Cash-out' amount associated with interest repayment claims	12.5	11.1	10.2	9.2	8.2	7.3	10.1	8.8
	Write-offs of principal triggered by interest repayment claims	12.0	11.0	10.2	9.5	8.9	8.2	4.0	3.0
	Other allowance for doubtful accounts	21.9	21.5	21.2	20.6	20.0	19.2	18.7	18.2
Allowance for doubtful accounts total		33.9	32.6	31.5	30.2	28.9	27.5	22.7	21.2

} Allowances relating to interest repayment claims  
JPY11.8bn

## ■ Payments and write-offs relating to interest repayment claims

(JPY bn)

	Q2/09	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11
Cash-Out	1.3	1.3	0.9	0.9	0.9	0.9	0.8	1.3
Write-offs	0.9	0.9	0.7	0.6	0.6	0.6	0.6	0.9
Total losses relating to interest repayment claims	2.3	2.2	1.7	1.6	1.6	1.5	1.5	2.3

(JPY mm)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11
Settlement	1,644	1,554	1,430	1,465	1,111
Card	483	400	309	243	296
Financial products	488	632	503	487	535
Others	95	148	266	375	444
1. Income (loss) from commission	2,711	2,735	2,510	2,572	2,387
2. Income (loss) from investment	1,567	1,519	1,369	1,289	1,613
3. Operating expenses	2,962	3,206	3,004	3,165	2,902
<b>Basic profit (exc. loan)</b>	<b>1,316</b>	<b>1,047</b>	<b>875</b>	<b>696</b>	<b>1,098</b>
<b>Basic profit (loan)</b>	<b>31</b>	<b>188</b>	<b>436</b>	<b>410</b>	<b>486</b>
<b>Total basic profit (A)*<sup>1</sup></b>	<b>1,347</b>	<b>1,236</b>	<b>1,312</b>	<b>1,107</b>	<b>1,585</b>
<b>Non-basic profit (B)*<sup>2</sup></b>	<b>-407</b>	<b>-127</b>	<b>-1,167</b>	<b>-360</b>	<b>-877</b>
<b>Ordinary profit (A+B)*<sup>3</sup></b>	<b>939</b>	<b>1,108</b>	<b>144</b>	<b>746</b>	<b>707</b>

\*1: Basic profit = Income or loss deducted Income (loss) due to changes in market price or sales of investment products. Income or loss due to main business of Rakuten Bank instead if temporary income (loss) such as investment

\*2: Non-basic profit = Income or loss due to changes in market price or sales of investment products

\*3: Before accounting adjusting (amortization of goodwill included)

# Rakuten Bank, Ltd. Assets and Deposits



(JPY bn)

	Dec 31 2010 Market Value	Mar 31 2011 Market Value	Changes in Market Value from Dec 31 2010 to Mar 31 2011	Allowances (as of Mar 31 2011)	Unrealized gains and losses (Rakuten consolidated)
<b>JGB, Local Government Bonds, Corporate Bonds</b>	<b>323.3</b>	<b>308.3</b>	<b>-14.9</b>	<b>0.0</b>	<b>4.7</b>
JGB(Japanese Government Bonds)	154.6	150.9	-3.6	-	4.3
Others* <sup>1</sup>	168.6	157.4	-11.2	0.0	0.3
<b>Loan Receivables</b>	<b>125.8</b>	<b>135.4</b>	<b>9.5</b>	<b>1.0</b>	<b>-</b>
<b>Stocks</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>
<b>ABS (securitized loan receivables)</b>	<b>211.3</b>	<b>212.2</b>	<b>0.9</b>	<b>0.0</b>	<b>0.4</b>
<b>Funds</b>	<b>7.6</b>	<b>6.3</b>	<b>-1.3</b>	<b>-</b>	<b>0.0</b>
Hedge Funds (FOF)	4.1	4.0	-0.1	-	-0.0
Others	3.5	2.3	-1.1	-	0.1
<b>ABS (Real estate products)</b>	<b>16.7</b>	<b>15.2</b>	<b>-1.4</b>	<b>2.3</b>	<b>-0.3</b>
Private Funds* <sup>2</sup>	6.6	6.5	-0.1	2.3	-0.0
CMBS (with market value)	10.1	8.7	-1.3	-	-0.2
<b>CDO</b>	<b>3.4</b>	<b>3.4</b>	<b>-0.0</b>	<b>-</b>	<b>0.0</b>
<b>Total</b>	<b>688.9</b>	<b>681.7</b>	<b>-7.2</b>	<b>3.4</b>	<b>4.9</b>

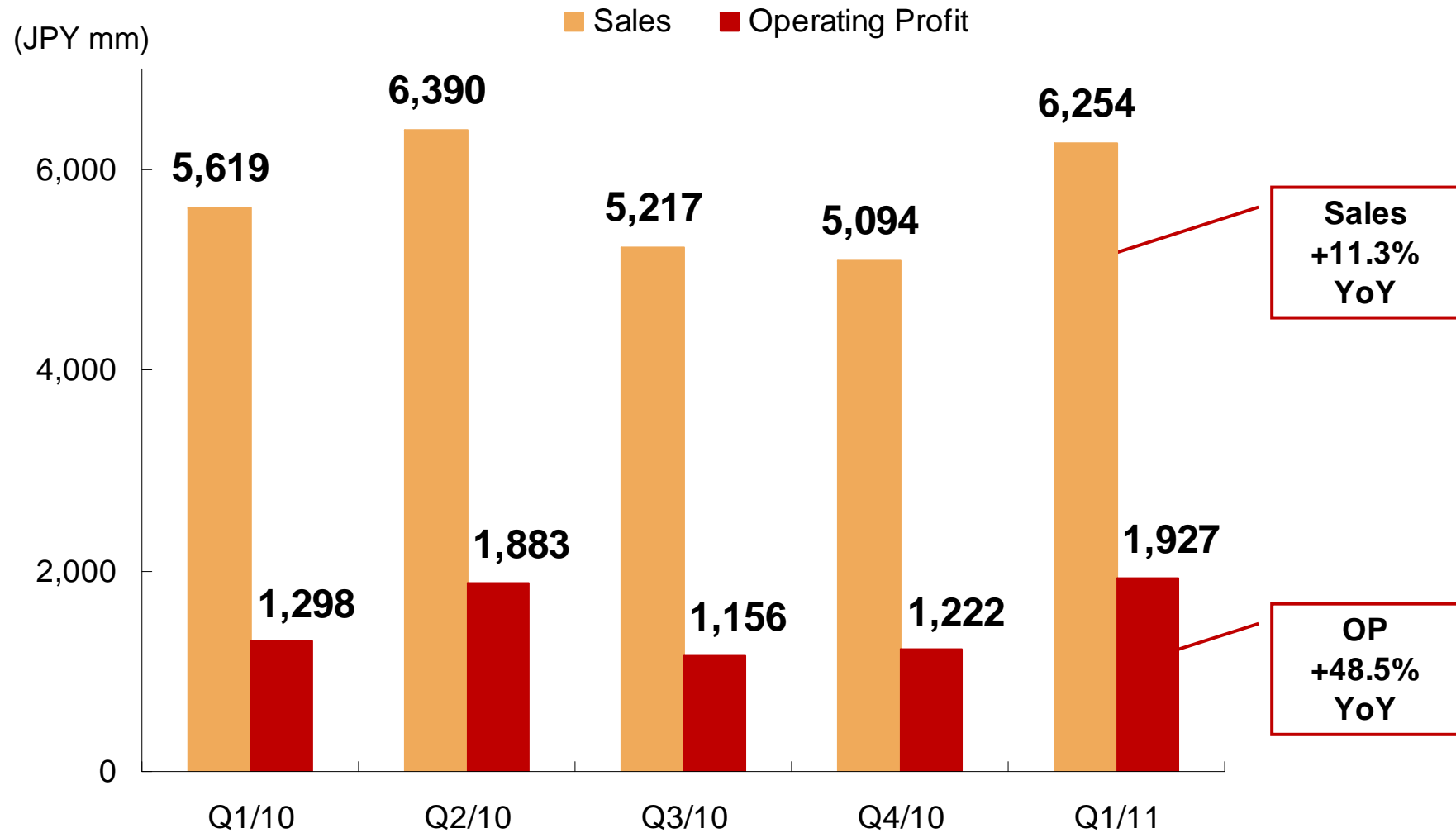
\*1: JGB, Local government bonds, Corporate bonds include government-guaranteed bonds, etc

\*2: Some funds have been valued at market value since April 1, 2010

	Dec 31 2010	Mar 31 2011	Changes
<b>Deposit Balance*<sup>1</sup></b>	<b>721.2</b>	<b>715.1</b>	<b>-6.1</b>
Ordinary Deposits	327.0	334.1	7.0
Time Deposits	323.4	307.9	-15.5
Other Deposits* <sup>2</sup>	70.7	73.1	2.3

\*1: Deposits on Rakuten Bank, Ltd.

\*2: Other deposits include deposits in foreign currency and others



# Group Membership\*1



(Million persons)

	Q1/10	Q4/10	Q1/11	YoY
<b>Rakuten Members<sup>*2</sup></b>	<b>64.12</b>	<b>68.98</b>	<b>70.54</b>	<b>+10.0%</b>
<b>Rakuten KC Credit Card</b>	<b>4.80</b>	<b>5.71</b>	<b>6.01</b>	<b>+25.1%</b>
<b>Rakuten Bank</b>	<b>3.46</b>	<b>3.65</b>	<b>3.72</b>	<b>+7.3%</b>
<b>Rakuten Securities (General Account)</b>	<b>0.95</b>	<b>1.04</b>	<b>1.08</b>	<b>+13.4%</b>

\*1: Figures include members using duplicate services

\*2: Rakuten Members excluding non-active users who never use any Rakuten services, and excluding members who logged in during the period but later withdrew their membership: Q1/10 37.79mm, Q4/10 42.51mm, Q1/11 43.99mm. Definition changed from Q1 2011. Q1 2011 and Q4 2010 have been retroactively adjusted.