

May 10, 2013

To whom it may concern,

Resona Holdings, Inc.  
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(Code No.: 8308, 1st Section of the Tokyo Stock Exchange  
and the Osaka Securities Exchange)

### **On Formulation of the “Public Funds Full Repayment Plan”**

Resona Holdings, Inc. (“Resona Holdings”) hereby announces that today, it formulated the “Public Funds Full Repayment Plan” (the “Plan”). The implementation of each measure in the Plan is subject to the approvals of the shareholders at the annual shareholders’ meeting and at each of the class shareholders’ meetings scheduled to be held on June 21, 2013, (collectively, the “Annual Shareholders’ Meeting, etc.”) etc.

Within this year, ten years will have passed since Resona Holdings was injected with public funds pursuant to the Deposit Insurance Act in 2003. Over this period, Resona Holdings has aimed to become a financial services company full of creativity, and made various management efforts such as financial reforms, operational reforms and services reforms, and has structured a management base capable of recording stable profits. Meanwhile, in order to become a truly independent financial institution, Resona Holdings has made it one of the top priorities of tasks in its management to fully repay a large amount of the public funds, even though the public funds had supported Resona group’s revitalization and growth.

During this process, as a result of the progress in the repayment of the public funds, through formulation and implementation of the “Resona Capital Reconstruction Plan” for the purpose of making a bold policy in respect of the capital policy of Resona Holdings shift from the “repayment of the public funds” into the “enhancement of the ordinary shareholders’ value,” on November 5, 2010, among other matters, the outstanding amount of public funds (based on the injected amount) has decreased from 3,128.0 billion yen at its peak, to 871.6 billion yen, which is approximately a quarter of that amount, today.

Resona Holdings has, upon taking the initial steps in the new stage with a view toward the next ten years, developed the abovementioned “Resona Capital Reconstruction Plan” and formulated the Plan for a final stage toward the full repayment of the public funds, which proposes a secure course for the full repayment of the public funds within the coming five years as a target. The plan makes it possible for Resona Holdings to cope with the expectations of all shareholders by implementing the full repayment of the public funds and enhancement of the share value of the ordinary shareholders as a package.

Resona group will not forget the seriousness of the public funds and its gratitude toward the public support, and will strive to build a business model as a new financial services company in the future, as well as continue to make various reforms.

#### **I. Background of the formulation of the Plan**

Resona Holdings has indicated the repayment policy of the public funds in the “Resona Capital Reconstruction Plan” formulated in November 2010. In consideration of the changes in the environment surrounding Resona Holdings, such as its performance and market trends, it has determined it necessary to propose a course for full repayment of the outstanding public funds, and formulated the Plan on the following grounds.

1. Full repayment of the public funds at as early a date as possible is the social responsibility of Resona Holdings, and it believes that through performing such responsibility, it is possible to enhance its corporate value.
2. In order to make a bold policy in respect of the capital policy of Resona Holdings shift from the “repayment of public funds” into the “enhancement of the ordinary shareholders’ value,” it is necessary to reduce the number of potential shares regarding the preferred shares pursuant to the Deposit Insurance Act (the “Deposit Insurance Act Preferred Shares”), as much as possible, at an early stage, and also it is necessary to fully repay the preferred shares pursuant to the Act on Emergency Measures for Early Strengthening of Financial Functions (the “Early Strengthening Act Preferred Shares”), without being affected by changes in the market price of the ordinary shares.
3. Additionally, uncertainty of the supply and demand for shares must be eradicated by clarifying the course for disposal of the ordinary shares pursuant to the Deposit Insurance Act (the “Deposit Insurance Act Ordinary Shares”).
4. Accumulation of surplus is in progress at a speed exceeding the forecasts in the “Resona Capital Reconstruction Plan” formulated in November 2010, and it became possible to respond to the expectations of all shareholders by indicating a course of simultaneous resolution of the above three issues, while maintaining the managerial soundness of Resona Holdings.

(Reference) Table of the outstanding amount of public funds (based on the injected amount)  
(Billions of yen)

	As of the end of September 2003	As of the end of March 2013	The amount repaid	Note
The total amount of public funds	3,128.0	871.6	(2,256.3)	
The preferred shares	2,531.5	610.0	(1,921.5)	
Act on Emergency Measures for Early Strengthening of Financial Functions	868.0	160.0	(708.0)	
Class B	408.0	—	(408.0)	Fully repaid in March 2009
Class C	60.0	60.0	—	
Class E	300.0	—	(300.0)	Fully repaid in March 2009
Class F	100.0	100.0	—	
Deposit Insurance Act	1,663.5	450.0	(1,213.5)	
First series	550.0	—	(550.0)	Fully repaid in March 2011
Second series	563.5	—	(563.5)	Fully repaid in March 2011
Third series	550.0	450.0	(100.0)	Repaid 100.0 billion yen in March 2011
The subordinated loan	300.0	—	(300.0)	
Financial Stabilization Act	200.0	—	(200.0)	Fully repaid in October 2005
Act on Emergency Measures for Early Strengthening of Financial Functions	100.0	—	(100.0)	Fully repaid in March 2009
Deposit Insurance Act Ordinary Shares	296.4	261.6	(34.7)	Repaid 2.7 billion yen in February 2005 Repaid 14.4 billion yen in June 2008 Repaid 17.5 billion yen in December 2008

## **II Outline and Basic Idea of the Plan**

### **A. Consistency of public funds full repayment and enhancement of ordinary shareholder value**

- In order to implement the full repayment of the public funds and enhance the share value of the ordinary shareholders as a package, as well as to clarify the policy for public funds full repayment, the Plan intends to enhance the ordinary shareholder value through acquisition of own shares, to which a part of the Deposit Insurance Act Ordinary Shares will be subject, and increase of the ordinary dividend (dividend to ordinary shares) utilizing the scope of dividends that will become available in connection with the reduction of the public funds.
- Through progress in the dissolution of potential shares and clarifying the supply and demand of the ordinary shares regarding the public funds in the future, the Plan intends to eradicate uncertainty regarding the share valuation.

[Outline of the public funds full repayment policy and the dividend increase]

- (1) Cancellation by purchase of the Deposit Insurance Act Preferred Shares (maximum of 300 billion yen on the basis of the acquisition amount) (planned to be during the fiscal year ending March 2014)

The remaining Deposit Insurance Act Preferred Shares are planned to be repaid by March 2018

- (2) Cancellation by purchase of the Deposit Insurance Act Ordinary Shares (maximum of 100 billion yen on the basis of acquisition amount) (planned to be during the fiscal year ending March 2014)

Regarding the remaining Deposit Insurance Act Ordinary Shares, application for disposal to the Deposit Insurance Corporation of Japan shall be made promptly thereafter (planned to be during the fiscal year ending March 2014)

- (3) Full repayment of the public funds regarding the Early Strengthening Act Preferred Shares in around five years through the special preferred dividend (from the dividend for the fiscal year ending March 2014)
- (4) Plans to implement 25% increased dividend of annual dividend per share of ordinary shares from twelve yen to fifteen yen (from the dividend for the fiscal year ending March 2014)

### **B. Maintenance and Enhancement of Managerial Soundness**

- Regarding the new capital adequacy regulations based on Basel III, as well as achieving the domestic standards with sufficient surplus in the future, Resona Holdings will keep around 5.5% or higher common equity Tier1 ratio and about 7.0% or higher Tier1 ratio by the international uniform standards, as before.

### **C. Other**

- For the implementation of the above, the source for repayment of the public

funds shall be secured by transfers within the capital account.

- Having a surplus in consideration of the number of shares which may potentially be required to be issued in connection with the public funds, the authorized threshold for ordinary shares shall be reduced on the occasion of the formulation of the Plan.

### **III Specific Measures toward Implementation of the Plan**

#### **(i) Measures toward repayment of the public funds regarding the Deposit Insurance Act Preferred Shares**

- In respect of the public funds regarding the Deposit Insurance Act Preferred Shares, in order to repay up to 300.0 billion yen (on the basis of acquisition amount) during the fiscal year ending March 2014 by Resona Holdings in the manner of acquisition of a part of the relevant shares, it shall advance the consultation and the consideration with the relevant authorities (the acquired preferred shares are planned to be immediately cancelled).
- Acquisition of the Deposit Insurance Act Preferred Shares by Resona Holdings above is planned to be implemented after the approval of the relevant proposals<sup>(Note)</sup> at the Annual Shareholders' Meeting, etc. and as of the time of confirmation with the relevant authorities that the conditions allowing repayment without incurring a burden on citizens have been met.
- The public funds regarding the remaining Deposit Insurance Act Preferred Shares are planned to be repaid by March 2018.

#### **(ii) Measures toward repayment of the public funds regarding the Deposit Insurance Act Ordinary Shares**

- In respect of the public funds regarding the Deposit Insurance Act Ordinary Shares, in order to repay the amount of 100.0 billion yen firstly (on the basis of acquisition amount) during the fiscal year ending March 2014 in the manner of acquisition of a part of the relevant shares, Resona Holdings shall advance the consultation and the examination with the relevant authorities (the acquired ordinary shares are planned to be immediately cancelled).
- The acquisition of the Deposit Insurance Act Ordinary Shares by Resona Holdings above is planned to be implemented after the approval of the relevant proposals<sup>(Note)</sup> at the Annual Shareholders' Meeting, etc. and as of the time of confirmation with the relevant authorities that the conditions allowing repayment without incurring a burden on citizens have been met.
- After the acquisition of the Deposit Insurance Act Ordinary Shares by Resona Holdings above, regarding the remaining Deposit Insurance Act Ordinary Shares held by the Deposit Insurance Corporation of Japan, it is planned by Resona Holdings to apply to the Deposit Insurance Corporation of Japan to dispose of them as promptly as possible after the acquisition of own shares. In respect of the period and the specific method, etc. therefore, the consultation with the relevant authorities is planned to be commenced after the completion of the acquisition of own shares in consideration of the market environment, etc. (planned to be during the fiscal year ending March 2014).

⇒ **Regarding (i) and (ii) above, please see also the press release “Announcement on the Establishment of the Threshold for Acquisition of Own Shares (Ordinary Shares and First Series Class Three Preferred Shares” dated today.**

**(iii) Measures toward the Repayment of the Public Funds regarding the Early Strengthening Act Preferred Shares**

- In respect of the public funds regarding the Early Strengthening Act Preferred Shares, the Simultaneous Acquisition Date (the date of simultaneous conversion into ordinary shares) shall be extended up to the date immediately following the date of the annual shareholders’ meeting regarding the fiscal year ending March 2018, which is approximately five years from today, and during that period, the repayment in installments in the aggregate of 32.0 billion yen each year shall be implemented through the special preferred dividend (other capital surplus shall be the source).
- This measure shall be subject to the acquisition of the approval on the relevant proposals<sup>(Note)</sup> at the Annual Shareholders’ Meeting, etc. and the completion of the acquisition of the ordinary shares set forth in (ii) above which has the effect of redemption to the shareholders of ordinary shares of Resona Holdings.

**(iv) Reduction of the threshold for authorization for ordinary shares**

- The current total number of authorized shares in a class of ordinary shares has a surplus in consideration of the number of shares which may potentially be required to be issued in connection with the public funds at the current stage. Therefore, with the opportunity of the formulation of the Plan, the total number of authorized shares and the total number of authorized class shares of ordinary shares shall be reduced by 1.3 billion shares respectively. As a result, the so-called threshold for authorization for the ordinary shares shall be reduced from the current 7.3 billion shares to 6.0 billion shares.
- The reduction of the above threshold for authorization requires an amendment to the articles of incorporation of Resona Holdings. Therefore, the satisfaction of the same terms and conditions as those set forth in (iii) above shall be the condition precedent.

⇒ **Regarding (iii) and (iv) above, please see the press release “Announcement Regarding the Partial Amendment to the Articles of Incorporation Regarding the ‘Public Funds Full Repayment Plan’ ” dated today.**

**(v) Ensuring the source for repayment of the public funds through transfers within the capital account**

- By the implementation of the transfers below within the capital account of Resona Holdings, as a source for repayment of the public funds, 900.0 billion yen of other capital surplus will be provided.
  - Other retained earnings in the amount of 320.0 billion yen will be transferred to the capital stock.

- Capital stock in the amount of 610.0 billion yen (including 320.0 billion yen above) shall be changed and transferred into other capital surplus.
- Capital reserve in the amount of 290.0 billion yen will be changed and transferred into other capital surplus.
- The transfers within the above capital account are subject to the obtaining of the approval on the relevant proposals<sup>(Note)</sup> at the Annual Shareholders' Meeting, etc.

⇒ **Regarding (v) above, please see the press release “Announcement Regarding the Capitalization of Retained Earnings (Other Retained Earnings) and the Reduction of the Amount of Capital Stock and Capital Reserve,” dated today.**

**(vi) Schedule for implementation of the dividend increase to ordinary shares**

- As the redemption to the shareholders of ordinary shares, in addition to the acquisition of own shares of the ordinary shares set forth in (ii) above, the dividends to the ordinary shares are planned to be increased by three yen (a 25% dividend increase) from twelve yen (per share) per year to fifteen yen (per share) per year from the dividends for the fiscal year ending March 2014, and Resona Holdings will have a dividend policy to strive for stable dividends.
- The implementation of the policy of this dividend increase is subject to the approval of the relevant proposals<sup>(Note)</sup> at the Annual Shareholders' Meeting, etc.

**IV. Policy for Responses to Capital Adequacy Regulation**

- Resona group continues to apply domestic standards with regard to the capital adequacy regulation for the time being, as it takes priority in securing the business model as a new financial services company concentrating in Japan. However, in order to secure a sound capital surplus, Resona group shall engage in equity capital management with an awareness of the international uniform standards. Resona group shall aim for the expansion of its overseas network and alliances as a bank under domestic standards, in order to enhance the capabilities for provision of services to the customers developing businesses overseas.
- As conditions precedent to the Plan, as well as for purposes of ensuring sufficient equity capital under domestic standards based on Basel 3 planned to be implemented in March 2014, Resona group shall have a target for equity capital management for the time being to secure the level of around 5.5% or higher common equity Tier1 ratio and around 7.0% or higher Tier1 ratio under international uniform standards, and aims for further accumulation of equity capital through enhancement of profitability.
- In addition, subject to the approval of the relevant authorities, as a part of the elevation of the equity capital management, Resona group will propel measures toward the application of A-IRB (the advanced internal rating-based approach) in credit risk assets.

(Note) “The relevant proposals<sup>(Note)</sup> at the Annual Shareholders’ Meeting, etc.” used in this press release, means (a) the proposal regarding the partial amendment to the articles of incorporation regarding the Plan (as stated in the “Announcement Regarding the Partial Amendment to the Articles of Incorporation Regarding the ‘Public Funds Full Repayment Plan’ ” separately disclosed), and the proposals regarding the capitalization of retained earnings, and the reduction in the amount of capital stock and capital reserve (as stated in the “Announcement Regarding the Capitalization of Retained Earnings (Other Retained Earnings) and the Reduction of the Amount of Capital Stock and Capital Reserve” separately disclosed) at the Annual Shareholders’ Meeting, and (b) the proposal regarding the partial amendment to the articles of incorporation at the relevant class shareholders’ meetings.

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