

# *Deposit Insurance Corporation of Japan*



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## **Statement by the Governor**

### **Resona Holdings, Inc. to disposal subordinated loans**

1. Resona Holdings, Inc. made a request to redeem a part of its own subordinated loans subscribed by the Resolution and Collection Corporation (RCC) in accordance with the Law Concerning Emergency Measures for Early Strengthening of Financial Functions (“Early Strengthening Law”).
1. Deposit Insurance Corporation of Japan (DICJ) considered the request based on “Immediate Guideline for disposal of preferred stocks, etc. through Capital Injection with Public Funds” announced in October, 2005, and found it appropriate to give its approval to the request for the redemption in view of the followings;
  - Soundness of management of the financial institutions
  - Avoiding public costs
  - Financial system stability

Therefore, the DICJ approved the request made through the RCC as DICJ considered the transaction was in line with the policy of early disposal under Early Strengthening Law. The details of the sales are as follows:

- Outline of the loan

Subordinated loan	Resona Holdings, Inc. perpetual subordinated loan (unlimited subordinated loan contract )
Lending Date	March 30, 1999
Amount of the loan	100 billion yen
Interest Rate	The end of March, 2009 : 6 months yen LIBOR+1.04% On and after April, 2009 : 6 months yen LIBOR+2.54%

- Outline of the disposal

Disposed Book Value	20.0 billion yen
Accumulated Total Amount of Disposal	20.32 billion yen (with the exception for accrued interest)
Scheduled Date of Disposal	November 2, 2006
Residual Amount after Disposal	80.0 billion yen

(Note) As a result of this disposal, the outstanding of public funds to Resona Holdings, Inc. on the initial injection basis, amounts to 2,531.6 billion yen (preferred stock) and 293.7 billion yen (common stocks) as well as the above mentioned subordinated loans (80.0 billion yen).