



July 3, 2007

To whom it may concern:

Company Name: Fukuoka Financial Group, Inc.
Representative: Masaaki Tani, Chairman of the Board & President
Head Office: 13-1, Tenjin 2 chome, Chuo-ku, Fukuoka
(Code No. 8354 TSE First Section, OSE First Section, FSE)
Company Name: Kyushu-Shinwa Holdings Inc.
Representative: Takashige Araki, President
Head Office: 10-12, Shimanose-cho, Sasebo-city
(Code No. 8340 TSE First Section, FSE)

Strengthening Frameworks for the Management Integration of Shinwa Bank

At their respective Board meetings held today, Fukuoka Financial Group, Inc. (hereinafter “FFG”), Kyushu Shinwa Holdings, Inc. (hereinafter “KSHD”), and Shinwa Bank, Ltd. (hereinafter “Shinwa Bank”) decided to approve of Kazuo Oniki, a director of FFG (resigning as director and deputy president of the Bank of Fukuoka, Ltd., effective today), assuming the advisor for Shinwa Bank.

Today, FFG, KSHD, and Shinwa Bank signed the “Share Transfer Agreement,” which officially stipulates the terms and conditions for the integration under which Shinwa Bank becomes a wholly owned subsidiary of FFG. In order to promptly and steadily realize such integration to be implemented on or after October 1, FFG, KSHD, and Shinwa Bank are determined to further strengthen a collaborative framework at the management level by dispatching an FFG board member to Shinwa Bank and enhancing preparatory frameworks such as the promotion of exchanges of human resources, standardization of the business management system, and blending their respective corporate cultures.

1. The FFG Board Member’s Accession to the Shinwa Bank Advisor

Kazuo Oniki, an FFG director, will be dispatched to Shinwa Bank to assume the advisor as a candidate for the next president, in order to establish management structures for the new Shinwa Bank and achieve a seamless transition from the current system.

The advisor, Oniki, will not be directly involved in the execution of the business affairs of the corporation; however, he will participate in important meetings of the Shinwa Bank as an observer and provides advice concerning not only preparation for the integration but also Shinwa Bank’s internal management, sales promotion, and so on, besides participating in external activities to strengthen relations with its customers and various regional organizations, etc.

2. The Current Situation on Exchanges of Human Resources

In order to promptly achieve rehabilitation of Shinwa Bank, it is necessary to address two important issues: “solving the issue of bad loans” by steadily implementing support for its customers to revive business and restore soundness and “drastic improvement in profitability” by enhancing management efficiency as well as strengthening loan extension and offering high quality financial products and services mainly in Nagasaki prefecture.

FFG has dispatched employees belonging to a group that has the know-how and hands-on experience in business turnaround, sales promotion, risk management, etc., to Shinwa Bank, in order to implement measures for solutions for these two important issues, in cooperation with the specialized staff of Shinwa Bank. In order to accelerate the preparations for the integration, FFG is to promote the exchanges of human resources by expanding target departments for the exchanges of human resources and increasing the number of employees being dispatched mutually.

Business Turnaround Department/Credit Examination Department

As of June 1, 2007, FFG dispatches Jun Tanaka (former president of Fukugin Office Service Co. Ltd., former managing director of Fukuoka Bank) as senior executive officer of Shinwa Bank to engage in business execution as director in charge. Further, one credit-examination manager and two business-promotion deputy managers are also dispatched to Shinwa Bank.

Eight employees in charge of the business turnaround of Fukuoka Bank's solution sales are stationed in Sasebo city and are engaged in supporting the restructure of counterparties in cooperation with 18 staff of the business promotion department of Shinwa Bank.

In addition, six employees from FFG and 16 from the Shinwa Bank group are engaged in operations at the Sasebo branch office of Fukuoka Debt Collection Co. Ltd., opened on January 22, 2007. They are assuming charge of the debt management operation and offering business turnaround advice/support to Shinwa Bank's counterparties.

Sales Promotion Department

FFG is dispatching one sales control manager, one officer in charge of sales control, and one officer to the international securities department. Further, it is implementing cooperative measures between the two banks to strengthen loan operation, establish the structure to offer financial products and service, and restructure the portfolio of securities.

Risk Management Department

FFG dispatches two deputy managers to the credit risk management department to take charge of the preparations for introducing FFG's bad debt reserves/depreciation standard and standardizing risk management structures.

Business Management Department

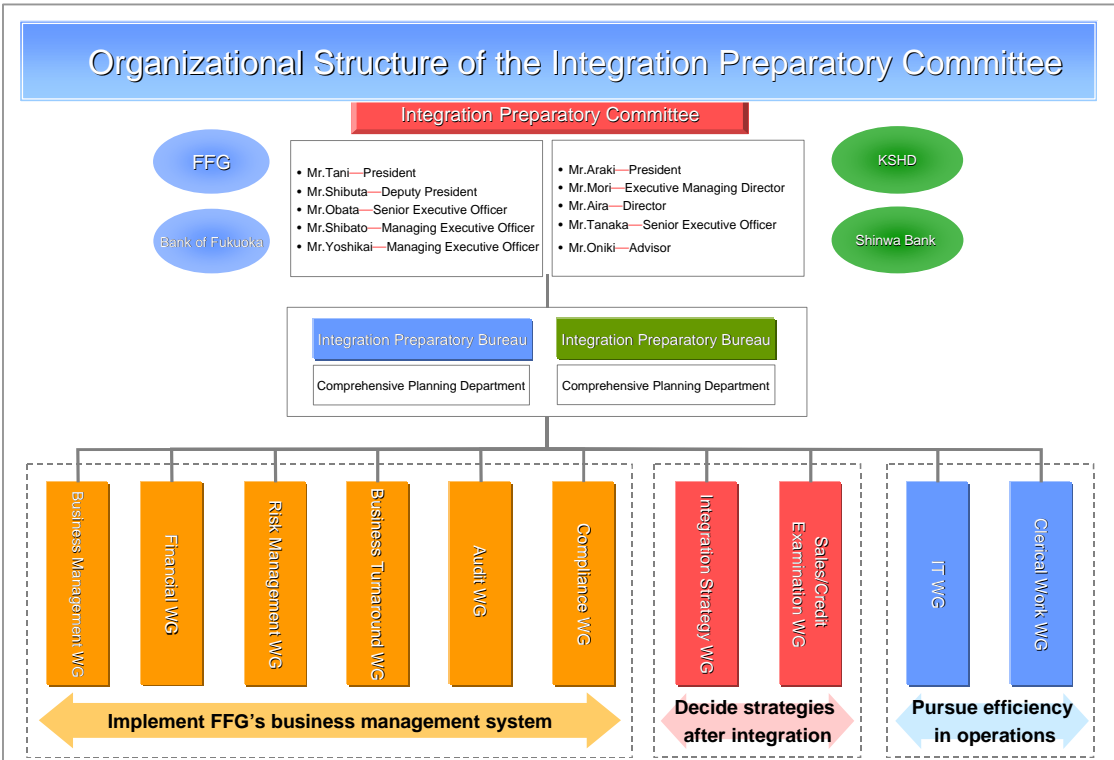
FFG dispatches one comprehensive planning manager in order to promote hands-on handling of the preparation for the management integration and standardization of the business management system.

Moreover, FFG has accepted 10 trainees from Shinwa Bank in Fukuoka Bank in order to foster specialized human resources for credit examination/solution sales/retail sales, etc., in order to share the know-how.

3. Activity Status of the Integration Preparatory Committee

FFG, Fukuoka Bank, KSHD, and Shinwa Bank formed the Integration Preparatory Committee comprising the management personnel and bureau, and held the first committee meeting on June 15, 2007.

At the first committee meeting, it was decided that 10 working groups were to be organized under the committee. The 10 members of the bureau and 184 members in the 10 working groups have begun to work together and engage in hands-on operations for the integration.



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For inquiries regarding this announcement, contact

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Reference

Résumé

Kazuo Oniki Date of Birth: October 20, 1945

March 1969 Graduated from Yamaguchi University, with a major in economics

April 1969 Joined the Bank of Fukuoka, Ltd.

January 1989 Deputy General Manager of the Sales Planning Department

January 2001 Deputy General Manager of the Business Planning Department

September 1991 General Manager of Hong Kong Branch

January 1994 General Manager of the Prefectural Office Branch

July 1996 General Manager of the Public Sector Department

June 1997 Director and General Manager of the Public Sector Corporation
Department

June 1999 Senior Executive Managing Director

April 2003 Senior Executive Managing Director (Representative Director)

May 2005 Director and Deputy President (Representative Director)

April 2007 Incumbent Director at Fukuoka Financial Group, Inc.

July 2007 Incumbent Advisor at Shinwa Bank