



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)

**Agreement on acquisition of shares in relation to making Shinwa Bank, Ltd. and Shinwa DC Card, Ltd. subsidiaries**

Fukuoka Financial Group, Inc. (hereinafter “FFG”) determined in today’s Board of Directors Meeting that FFG, Kyushu Shinwa Holdings, Inc. (hereinafter “KSHD”), and Shinwa Bank, Ltd. (hereinafter “Shinwa Bank”) will sign a share transfer agreement (hereinafter the “Share Transfer Agreement”), under which FFG agrees to acquire all the shares of Shinwa Bank and Shinwa DC Card, Ltd. (hereinafter “Shinwa DC Card”) owned by KSHD at the total amount of 7.6 billion yen on or after October 1, 2007 upon approval from the shareholders and relevant authorities.

Based on the “Memorandum of Understanding on Management Support for Shinwa Bank,” signed on May 24, 2007, FFG and Bank of Fukuoka, Ltd. (hereinafter “Fukuoka Bank”) and KSHD and Shinwa Bank are scheduled to implement the integration under which Shinwa Bank becomes a wholly owned subsidiary of FFG and to implement rehabilitation and capital support, etc., to Shinwa Bank.

The Share Transfer Agreement is the formal agreement between the parties on the scheme of such integration of Shinwa Bank, prices to be paid, and other terms and conditions such as the schedules, etc.

Both groups—FFG and KSHD—are determined to cooperate in achieving the smooth integration of Shinwa Bank.

1. Purpose of share acquisition

- (1) To maintain and improve the going concern value of Shinwa Bank in order to protect its customers and depositors and stabilize the regional financial system
- (2) To rehabilitate Shinwa Bank and establish its position as one of the major regional financial institutions by deploying the combined power of the group and to contribute to the revitalization of the regional economy

2. Number of shares to be acquired, acquisition prices, and status of shares owned before/after acquisition

	Shinwa Bank	Shinwa DC Card
(1) Number of shares owned before acquisition	0 (owned 0%)	0 (owned 0%)
(2) Number of shares to be acquired	Common stock 560,671,954 Preferred stock 30,000,000	Common stock 510
(3) Acquisition price	JPY 75,914,000,000 (*1)	JPY 86,000,000(*1)
(4) Number of shares owned after acquisition	Common stock 560,671,954 Preferred stock 30,000,000 (owned 100%)	Common stock 510 (owned 85%)

\*1 An acquisition price of 75,914,000,000 yen for Shinwa Bank shares and 86,000,000 yen for Shinwa DC Card shares were determined based on the “Income Approach”(DCF Method),

under which the values of the Shinwa Bank and Shinwa DC Card shares are calculated by estimating the potential revenues of Shinwa Bank and Shinwa DC Card, through the results of due diligence based on the financial statements as of the end of March 2007, and through consultation from various viewpoints such as the current conditions of their assets. FFG believes that the acquisition prices are fair and reasonable in view of the superior customer bases of Shinwa Bank and Shinwa DC Card as well as the future synergy effect. Furthermore, to protect the interests of our shareholders, the above acquisition prices were verified from financial points of view and deemed reasonable in writing by Mizuho Securities, Co., Ltd.

Please note that Shinwa DC Card shares may be acquired by Shinwa Bank from KSHD for 86,000,000 yen, which is the same amount as the above acquisition price, prior to the share transfer under the Share Transfer Agreement. In such an event, FFG will acquire only Shinwa Bank shares directly from KSHD on the day of share transfer to be executed under the Share Transfer Agreement.

### 3. The company from which FFG is acquiring shares

(1) Company Name	Kyushu Shinwa Holdings, Inc.
(2) Representative	Takashige Araki, President
(3) Head Office	10-12, Shimanose-cho, Sasebo, Nagasaki
(4) Date of Establishment	April 1, 2002
(5) Business description	Management of banks and subsidiaries allowed under the Banking Law of Japan and other incidental businesses
(6) Relationship with FFG	No capital relationship, transaction, and human exchange with FFG. (*2, *3, *4)

\*2 Fukuoka Bank, a subsidiary of FFG, KSHD, and Shinwa Bank signed the “Basic Agreement on Business and Capital Partnership for Joint Business Revitalization” on October 13, 2006, and are jointly working on the rehabilitation of Shinwa Bank’s corporate loan customers and on the disposal of bad loans.

\*3 Fukuoka bank and Kumamoto Family Bank, Ltd., both subsidiaries of FFG, have 11.39% (52,256,788 shares) and 0.13% (632,512 shares), respectively, of all the outstanding common stocks of KSHD (as of March 31, 2007).

\*4 Shinwa Bank has 0.43% (3,291,657 shares) of all the outstanding common stocks of FFG (as of April 2, 2007).

### 4. General information about the future subsidiary companies (as of March 31, 2007)

(1) Company Name	Shinwa Bank	Shinwa DC Card
(2) Representative	Takashige Araki, President	Teruo Sakurai, President
(3) Head Office	10-12, Shimanose-cho, Sasebo, Nagasaki	4-1, Sakae-cho, Sasebo, Nagasaki
(4) Date of Establishment	September 1, 1939	July 19, 1988
(5) Business Description	Banking business	Credit card and loan businesses
(6) Settlement Date	March 31	March 31

(7) Number of Employees	1,774	14
(8) Capital	45.2 billion yen	30 million yen
(9) Number of Shares Outstanding	Common stock 560,671,954 Preferred stock 30,000,000	Common stock 600
(10) Major Shareholder and Ratio of Shareholding	KSHD 100%	KSHD, Inc. 85% Shinwa Bank 5% Bank of Tokyo-Mitsubishi UFJ, Ltd. 5% Mitsubishi UFJ Nicos Co., Ltd. 5%

(11) Performance trend in the immediate business year

(Unit: million yen)

	Shinwa Bank			Shinwa DC Card		
	March 2005	March 2006	March 2007	March 2005	March 2006	March 2007
Ordinary Income (Sales)	73,147	85,445	72,891	620	646	635
Net Business Profits (Operating profits)	22,826	31,717	31,828	142	67	51
Ordinary Profit	17,870	12,236	57,508	143	70	56
Net Income	20,522	5,095	67,664	137	45	33
Total Assets	2,556,571	2,573,561	2,371,599	2,315	2,278	2,161
Net Assets	84,507	99,664	62,907	563	613	634

## 5 . Future Schedule

July 3, 2007 (Today)	Resolution at the Board of Directors meeting Signing of the Share Transfer Agreement
July 10, 2007	The record date of an extraordinary general meeting of shareholders
By September 7, 2007	Extraordinary general meeting of shareholders (KSHD Agenda: (1) Transfer of all the Shinwa Bank and Shinwa DC Card shares owned by KSHD, (2) Dissolution, and (3) Other incidental agenda) (FFG Report: (1) Acquiring Shinwa Bank shares and Shinwa DC Card shares) (*5)
On or after October 1, 2007	Execution of the share transfer under the Share Transfer Agreement

\*5 Acquisition by FFG of Shinwa Bank and Shinwa DC Card shares is to be determined at the Board of Directors meeting of FFG and such matter is an item to be reported at an extraordinary general meeting of shareholders. As stated in the “2. Number of shares to be acquired, acquisition price, and status of shares owned before/after acquisition,” in the event that Shinwa DC Card shares are acquired by Shinwa Bank from KSHD prior to the share transfer under the Share Transfer Agreement, only the acquisition of Shinwa Bank shares will be reported.

Please note that KSHD is dissolved upon the shareholders' approval, and commences the liquidation process immediately after the dissolution.

However, any of the above schedules is subject to change for unavoidable procedural reasons through consultation among the parties concerned.

#### 6 . Future prospects

The impact of these acquisitions on the performance of FFG is under close scrutiny and will be announced as soon as possible.

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For inquiries regarding this announcement, contact

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