

To whom it may concern:

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Formulation of Fukuoka Financial Group’s “Third Mid-Term Management Plan”

Fukuoka Financial Group (Chairman of the Board and President: Masaaki Tani) has formulated a management plan for the next three years (3-year period: April 1, 2010 - March 31, 2013), the “Third Mid-Term Management Plan.” The following is a general outline of the plan.

Based on this plan, we will develop a management strategy for the group as a whole, and continue to provide excellent services through our extensive network.

1. Naming of the Third Mid-Term Management Plan

Based on our unified group management principles, we will continue to provide value creation for a wide variety of stakeholders, including our shareholders, the local community, our business partners, and our employees. In order to do that, we are aiming to be “the closest,” “the most reliable,” and “the most sophisticated” banking group by utilizing communication both within and beyond the Group.

Because the foundation of the plan is rigorous pursuit of our brand slogan “To be your bank of choice,” we named this mid-term plan the “**ABC Plan ~ Always Best for the Customer ~**.”



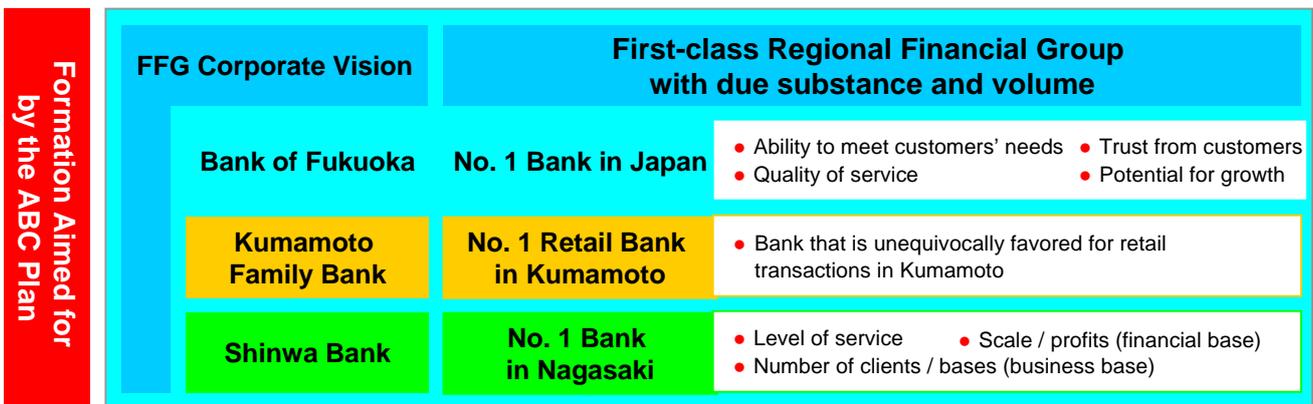
2. Positioning of the ABC Plan, and FFG Corporate Vision

After formulating the “First Mid-Term Management Plan” to coincide with our establishment in April 2007, Fukuoka Financial Group made a new start with “Second Mid-Term Management Plan” at the opportunity of making Shinwa Bank a wholly-owned subsidiary of the Group in October 2007.

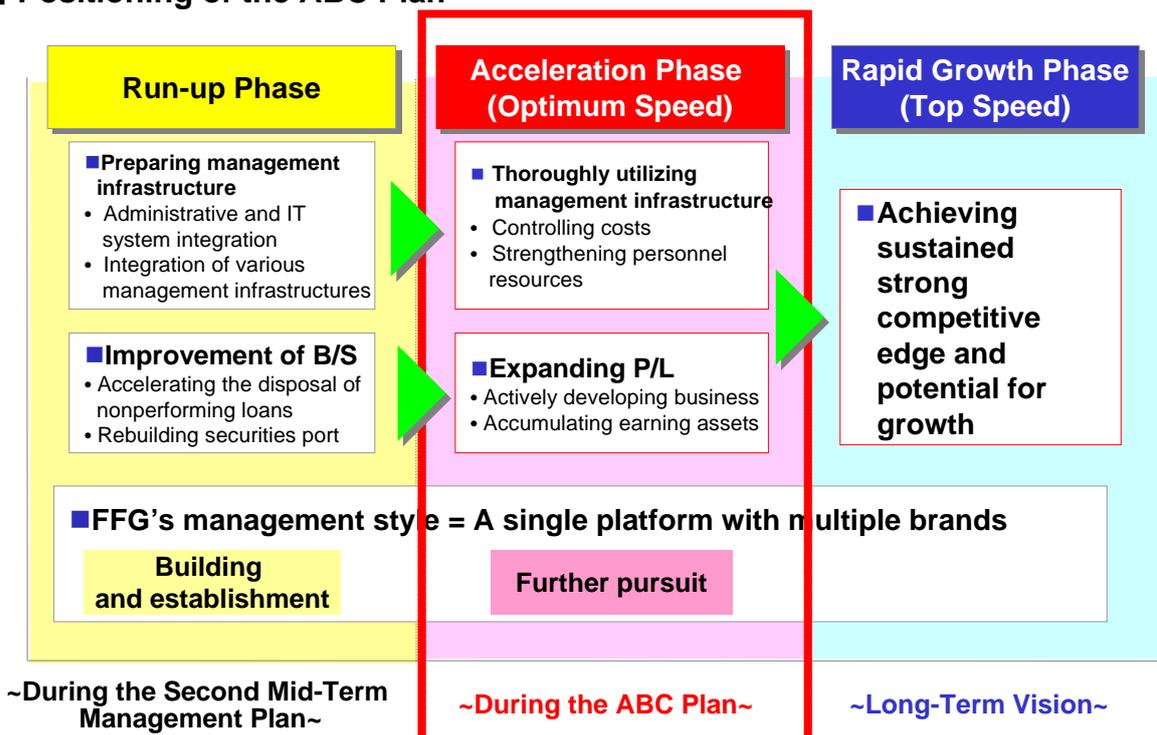
The Second Mid-Term Management Plan, which was made during the period of FFG’s creation, was positioned as a “run-up phase” to a future “rapid growth phase.” Under that plan we devoted our efforts to improve the balance sheets, by focusing on preparation and creation of various types of management infrastructure and business infrastructure, and disposal of nonperforming loans.

In January 2010, we completed the administrative and IT system integration with Shinwa Bank and now we are prepared to move ahead to the next phase.

Under this ABC Plan, we aim to expand our business base in each area covered by the three banks of the Group and be a “first-class regional financial group with due substance and volume” to achieve sustainable growth in corporate value. To meet this objective, we thoroughly utilize our management infrastructure to dramatically improve productivity, shift to an “acceleration phase” to develop business actively at optimum speed, and provide advanced and high-quality financial products and services.



■ Positioning of the ABC Plan



3. Fundamental Principles and Emphasized Activities under the ABC Plan

FFG's "ABC Plan" is comprised of four fundamental principles and the activities to be emphasized under each of those fundamental principles. The four fundamental principles are "strengthening relations with our customers," "dramatically improving productivity," "spreading the FFG culture," and "accumulating stable earning assets."

Fundamental Principle	Activities to be Emphasized
Spreading the FFG culture	<ul style="list-style-type: none"> Developing personnel resources Changing consciousness Reinforcing compliance system Implementing CSR management
Strengthening relations with our customers	<ul style="list-style-type: none"> Promoting transactions by small- and medium-sized businesses: "Supporting business activities themselves" Promoting transactions by individuals: "Supporting life plans themselves" Facilitating financing for small- and medium-sized businesses: "Strengthening activities to support management improvement" Upgrading and expanding products and services: "Channel development from the customer's perspective"
Dramatically improving productivity	<ul style="list-style-type: none"> Rebuilding the personnel system Reforming business processes Improving IT performance
Accumulating stable earning assets	<ul style="list-style-type: none"> Enhancing prime assets Strengthening risk management

Fundamental Principle (1): "Strengthening relations with our customers"

- In order to listen to our customers and continue to make proposals from their points of view, we will expand the ways in which we come in contact with, converse with, and have business relationships with our customers.

"Promoting transactions by small- and medium-sized businesses"	✓ We will aim to be a partner in business activities (supporting turnarounds, strengthening finances, expanding business, starting up business overseas, etc.) that resolve every type of problem, and contribute to our partners' business activities.
"Promoting transactions by individuals"	✓ We will aim to be a life-long partner that provides products and services appropriate for customers' life cycles, for everything from opening bank accounts to consultations about inheritance.
"Facilitating financing for small- and medium-sized businesses"	✓ We will create "preparations for active support" in order to achieve prompt management improvement for our business partners.
"Upgrading and expanding products and services" (channel development)	✓ We will actively work to create branches that are easy for customers to visit and use (rebuilding or relocating branches, strengthening the functions of branches, and standardizing ATM services among all three banks).

Fundamental Principle (2): "Dramatically improving productivity"

- We will dramatically improve productivity by thoroughly utilizing the management infrastructure built under the Second Mid-Term Management Plan and striving to optimize our business, IT, and personnel infrastructures.

"Reforming business processes"	✓ We will dramatically improve convenience for our customers (shortening waiting time, reduction of clerical errors) by thoroughly reviewing conventional business processes (responding by making processes paperless, etc.).
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Fundamental Principle (3): "Spreading the FFG Culture"

- In order to meet our customers' expectations, we will maintain an attitude of evolution and transformation without fear of failure, and share an organizational environment where we work and study in depth every day in order to achieve growth.

"Developing personnel resources"	✓ We will cultivate personnel who can be partners for our customers (who can conduct transactions for individuals or small- or medium-sized businesses).
"Implementing CSR management"	✓ In order to utilize our role and characteristics as a regional financial group and achieve a sustainable society, we will develop activities to contribute to a variety of transformations and value creation (development of products and services for the environmental business field, expanding opportunities to visit workplaces, etc.).

Fundamental Principle (4): "Accumulating Stable Earning Assets"

- We will build a resilient earnings base by accumulating stable earning assets that will not be affected by environmental changes.

4. Target management indices

Under the “ABC Plan” the following three management indices will be set as objectives: “core net business profits for the three banks total,” “consolidated net income,” and “OHR of the three banks total.”

In addition to the three indices above, we are estimating the levels shown below for “consolidated Tier I ratio,” “consolidated ratio of nonperforming loans,” and “main indices of subsidiary banks,” assuming scenarios under the “ABC Plan.”

		If interest rates are stagnant			If interest rates are raising
		Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2012
Target Management Indices	Core net business profits for the three banks total	¥77.5 billion	¥90.0 billion	¥100.0 billion	¥110.0 billion
	Consolidated net income	¥25.0 billion	¥31.5 billion	¥40.0 billion	¥46.0 billion
	OHR of the three banks total	59%	55%	50%	Less than 50%
Other Indices	Consolidated Tier I ratio	High 6% range	7%	7%	Same as the ratio on the left
	Consolidated ratio of nonperforming loans	2% range	2% range	2% range	Same as the ratio on the left

Reference: Management indices of subsidiary banks

		Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2012
Bank of Fukuoka	Core net business profits	¥61.5 billion	¥70.0 billion	¥76.0 billion	¥85.0 billion
	Net income	¥27.5 billion	¥32.0 billion	¥36.0 billion	¥41.5 billion
	OHR	53%	50%	Mid 40% range	Low 40% range
	Tier I Ratio	Mid 10% range	Mid 10% range	Mid 10% range	Same as the ratio on the left
	Ratio of nonperforming loans	2% range	2% range	2% range	Same as the ratio on the left
Kumamoto Family Bank	Core net business profits	¥7.0 billion	¥8.0 billion	¥9.0 billion	¥9.0 billion
	Net income	¥4.0 billion	¥3.2 billion	¥4.0 billion	¥3.5 billion
	OHR	70%	Mid 60% range	Low 60% range	Low 60% range
	Tier I Ratio	Mid 7% range	High 7% range	8% range	Same as the ratio on the left
	Ratio of nonperforming loans	1% range	1% range	1% range	Same as the ratio on the left
Shinwa Bank	Core net business profits	¥9.0 billion	¥12.0 billion	¥15.0 billion	¥16.0 billion
	Net income	¥5.5 billion	¥8.2 billion	¥12.0 billion	¥13.0 billion
	OHR	70% range	High 60% range	60%	60% or less
	Tier I Ratio	Mid 7% range	High 7% range	High 8% range	Same as the ratio on the left
	Ratio of nonperforming loans	2% range	2% range	2% range	Same as the ratio on the left

*Presumed conditions (interest rate scenarios)

Stagnant interest rates:

Second half of fiscal 2009: 0.10% O/N interest rate, TIBOR 3 months 0.46%, SWAP 10 years 1.45%, Nikkei average ¥10,000

Fiscal 2010 and after: 0.10% O/N interest rate, TIBOR 3 months 0.46%, SWAP 10 years 1.45%, Nikkei average ¥10,000

Raising interest rates:

Four hikes of interest rate policy between fiscal 2011 and fiscal 2012

0.10 - 1.00% O/N interest rate, TIBOR 3 months 0.46 - 1.25%, SWAP 10 years 1.45 - 2.20%,

Nikkei average ¥10,000 - 14,000

5. Dividend Policy

In addition to aiming to be a financial group that provides value creation to all of our stakeholders, FFG has set up a performance-based dividend payment formula (dividend payment table) in order to meet the expectations of our shareholders, and we will use it as a policy for paying dividend according to the levels of our consolidated net income.

Consolidated net income level	Per share dividend (Reference value)
Below 25 billion yen	Per year 7 yen –
25 – 30 billion yen	Per year 8 yen –
30 – 35 billion yen	Per year 9 yen –
35 – 40 billion yen	Per year 10 yen –
40 – 45 billion yen	Per year 11 yen –
45 – 50 billion yen	Per year 12 yen –
50 – 55 billion yen	Per year 13 yen –
Over 55 billion yen	Per year 14 yen –

However, these are subject to change depending on business development and risk environments, etc.

6. Consolidated Business Result Projections for the Fiscal Year Ending March 2010

As for the consolidated business result projections for the fiscal year ending March 2010, there are no changes from the consolidated business result projections made public on May 15, 2009.

Our consolidated quarterly net income for the third quarter of the fiscal year ending March 2010 were ¥29.5 billion, showing progress that surpassed the predicted ¥28 billion for the whole fiscal year. However, due to disposal expenses, etc. incurred for Shinwa Bank's IT system integration in the fourth quarter, business results for the whole fiscal year are expected to be almost the same as those that were projected.

(Note) The aforementioned plans, business result projections, etc. were made based on information obtainable as of the date they were made, and it is possible that actual business results may differ from the projected figures.

Reference: Business result projections made public on May 15, 2009

FFG consolidated	Ordinary income	¥264.5 billion
	Ordinary profits	¥33.7 billion
	Net income	¥28.0 billion
Total of the 3 banks	Core business profits	¥74.1 billion
	Net income	¥40.0 billion

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