March 15, 2013

To whom it may concern:

Company Name: Fukuoka Financial Group, Inc.
Representative: Masaaki Tani, Chairman of the Board and President
Location of Head Office: 8-3, Otemon 1-chome, Chuo-ku, Fukuoka
(Code No.: 8354; First section of the Tokyo Stock Exchange, First section of the Osaka Securities Exchange, Fukuoka Stock Exchange)
Contact: Yuji Tanoue, Corporate Planning Division
(Phone: +81-92-723-2502)

Announcement of Fukuoka Financial Group's "Fourth 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, 2013 - March 31, 2016), the "Fourth Mid-Term Management Plan." The following is a general outline of the plan.

1. About Fukuoka Financial Group

Fukuoka Financial Group (FFG) is a broad area-based regional financial group including Bank of Fukuoka, Kumamoto Family Bank (*), and Shinwa Bank, which provides sophisticated and diverse financial products and services using its dense business network to a business base centered in Kyushu.

With approximately ¥12tn in total assets, ¥11tn in total deposits and ¥9tn in total loans outstanding, FFG is one of the largest regional financial institution in Japan.

(*) The Kumamoto Family Bank will change its name into “Kumamoto Bank” on April 1, 2013.

2. Outline of the Fourth Mid-Term Management Plan

Name	Fourth Mid-Term Management Plan **ABC Plan Ⅱ** ～ *A*lways *B*est for the *C*ustomer Ⅱ ～
Plan period	3 years（FY2013 – FY2015）
Plan position	Since its establishment, FFG management plans have progressed from "Run-up Phase (First and Second Mid-Term Management Plan)" and "Acceleration Phase (Third Mid-Term Management Plan)" to the “Significant Growth Phase", which aims to expand our business base through structural reforms originating with our customers
Goal	Total financial group with unwavering support from all over the Kyushu region
Fundamental Principle	Ⅰ Deepening relations with our customers Ⅱ Improving business productivity Ⅲ Strengthening comprehensive power of the group Ⅳ Polishing the FFG brand

[Naming of the Fourth Mid-Term Management Plan]

In this plan, we are aiming to gain the unwavering support from all our customers, leading to a significant expansion in our business base, through continuing the fundamental principles of the Third Mid-Term Management Plan “*A*lways *B*est for the *C*ustomer” , named with the goal of practicing our bland slogan “To be your bank of choice” . Because of a further deepening of the ABC Plan’s principles, we named this plan “**ABC Plan II**”, in consideration of opening the 2nd chapter of the ABC Plan.

3. Positioning of the Fourth Mid-Term Management Plan, and FFG's Goal

We celebrated our 5th anniversary in April 2012.

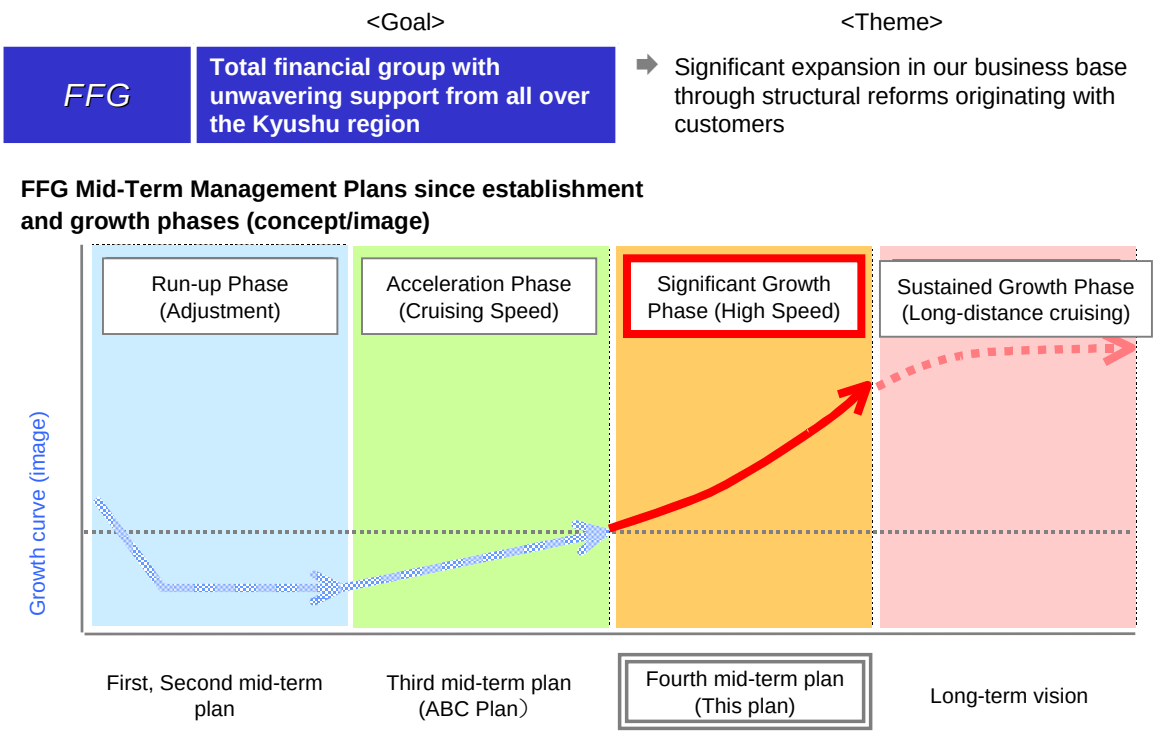
The first and second mid-term management plans were "Run-up Phase" in preparation for our future "Significant Growth Phase". Through the pursuit of the Group fundamental management style, "A single platform with multiple brands", since inception, we have put great effort into building the group's integrated management system and developing a management infrastructure such as administrative and IT system integration, and improving our balance sheets chiefly by cleaning up non-performing loans.

Moreover, the current fiscal year is the last year of the third mid-term management plan in which we have moved from the "Run-up Phase" to the "Acceleration Phase". We secured an expansion of our business and our current growth trend through dramatically improving productivity by fully utilizing our management infrastructure we have built, and also actively developing the business centered on strengthening relations with our customers in each area covered by our three banks with merits of our broad area-based regional financial group.

However, we forecast an increasingly severe environment, including continuing economic uncertainty due to the slowdown and stagnation in the global economy against the backdrop of the European debt crisis, a mature domestic market, and declining population with accelerated gratification and falling birth rates. Under these circumstances, in order to more closely respond to the diverse and increasingly sophisticated needs of our customers, it is imperative to improve our services even more and have more customers who choose FFG, which will become the source for our future competitiveness and growth power in the financial services industry.

In this mid-term management plan, which we position as the "Significant Growth Phase", we further improve the work structure at both the business and management levels which we have accelerated to optimum speed. As various structural reforms from the standpoint of all customers, both individual and corporate (considering the true retail business of regional financial institutions), we actively seek to establish the "Consulting Retail" that is the marketing structure not merely financial products sales, to improve business productivity, to strengthen the total power of the group, and to polish the FFG brand image. By shifting to a solid balance sheet and stable earnings structure that are resistant to changes in the environment, and by providing superior products that fit the needs of our customers, together with excellent service, our customers will choose FFG as the best and this will lead to a leap in our business base which we have built up over the past five years.

Over the next three years, we aim to raise our group total power and become a "total financial group with unwavering support from all over the Kyushu region" while working toward our long-term vision of becoming "a regional financial group that achieves a sustained strong competitive edge and potential for growth" by establishing an unparalleled presence in the Kyushu region.



4. Fundamental Principles and Emphasized Activities of the Fourth Mid-Term Management Plan

In this Mid-Term Management Plan, we have established four fundamental principles aiming for a significant expansion of the business base through structural reforms originating with customers; (1) Deepening relations with our customers, (2) Improving business productivity, (3) Strengthening group total power, and (4) Polishing the FFG brand. We will enforce various strategies and measures based on these four fundamental principles.

[4 Fundamental Principles and Emphasized Activities]



Fundamental Principle I : " Deepening relations with our customers "

- As a new development of the retail business for all our customers, we provide long-lasting services and products suitable for each customers' life stage, with optimal timing, through optimal channels by deepening the“Strengthening relations with our customers", which is the fundamental principle of the Third Mid-Term Management Plan.

Establishing the Consulting Retail **(marketing structure originating with customers)**		▶Build a structure that provides detailed proposals and one-stop responses to various customers’ demands, not merely financial products sales, by establishing a marketing structure that originates with the customer from both points of "Enhancing customer contact" and "Service reform"
	Expand and deepen customer base Customers	▶FFG aims to have all of our customers, both individual and corporate, feel that "FFG is the best". ▶Deepen and expand transactions and the customer base with one-on-one contact through the development of a overall business operation that is not bound by traditional business segments (individual, corporate).
	Enhance customer contact Channels	▶ Increase customer contact and improve the ability to provide suitable proposals for services to customers through linkage between face-to-face channels and non-face-to-face channels with banking branches as the core.
	Service reform Products and Services	▶Provide a one-stop response within the group that can meet the needs of customers such as business development and overseas expansion for business owners, who are both corporate and individual decision makers, as well as demand for inheritance related services, involving asset and business succession. ▶Aim to increase customer satisfaction by improving typical bank services and products at the customer standpoint, while developing new products and improving after-sales services.

Fundamental Principle Ⅱ : " Improving productivity "

- We reduce the time required for various procedures through a fundamental reassessment of the operation process for administrative works, and establish business hours that lead to deeper relationships and improve communications with our customers.

Reform of administrative works process	▶Expand hours for business and response to customer demands through greater paper-less processing of forms and a review of the office workflow of administrative works (simplification and consolidation) .
Strengthen linkage between channels	▶Support expansion of the business base with upgrading business support tools and by increasing contact and improving convenience through non-face-to-face channels.

Fundamental Principle Ⅲ : " Strengthening group total power "

- We aim to further improve profitability and management efficiency as well as strengthen group total power using the attractiveness and competitive power of FFG, by melding human resources and organization with each type of management resources and infrastructure within the group.

Active use of consolidated resources	▶Raise consolidated profit by strengthening coordination among the group companies, such as Fukuoka Securities Co.,Ltd., with the banks as the core, and by training of the specialist personnel. ▶Execute a low cost operation by promoting group personnel control and work efficiency.
Personnel training and efficient use of personnel	▶Train personnel that are able to deepen the relations with our customers (propose products and handle transactions for both individuals and corporations), place and use group personnel efficiently with a goal to strengthen organization power.
Deepen the compliance system	▶Activate communications at all levels for the goal of having a group that shares a high level of awareness of "meeting the expectations of society" at the individual, working place, and company level.
Reform of the earnings structure	▶Shift to the earnings structure that is resistant to changes in the business environment by diversifying the sources of earnings and building an optimal portfolio (stable earning assets) that supports our retail business.

Fundamental Principle Ⅳ : " Polishing the FFG brand (To be your bank of choice) "

- We develop an action plan that will provide our customers with the actual feeling expressed in our slogan “To be your bank of choice“ at various contact points.

Brand strategy	**Image strategy**	▶Improve awareness and frequency to remind our banks, products and services through promotion linked to marketing activities in the retail business.
	Contact strategy	▶Develop measures that increase the number of "fans of FFG" who choose FFG “as the best” through various communications methods with paying the attention to the individuals, who are the most important points of contact when proposing services.
	Expansion of CSR activities	▶Establish the measures used up to now while, at the same time, aiming at new activities that contribute to the region within the 3 activity layers of CSR.

Reference

Main points in Third Mid-Term Management Plan

		Forecast
Promotion of Environmental Harmony	▶Reduction target of energy usage (1% YoY every year)	Compared to FY2010 -15%
Lifelong learning support	▶Participants to the bank workplace experience Over 1,000 students	1,400
Universal action	▶All group employees to acquire one or more “amenity for all” skill	Acquisition rate 95%

In addition, FFG employees engaged in volunteer activity every month at disaster areas such as the Great East Japan Earthquake and the torrential downpour in northern Kyushu. To date, over 1,200 bank employees have participated.

The FFG's CSR CUBE



Combining Three Activity Areas and Three Activity Layers

5. Target management indices

In this plan, FFG sets the following target management indices for business/profit growth of 10% (compared to FY2012) for the final year of the plan (FY2015), in order to represent clearly our target of becoming the "total financial group with the unwavering support from all over the Kyushu region" and the “significant expansion in the business base".

Target management indices	Final year (FY2015) Targets	Fundamental principles response
① Net income (consolidated)	**33 billion yen**	Strengthening group total power (strengthen earning power)
② Average balance of Total loans (3 banks total)	**10 trillion yen**	Deepening relations with our customers (expansion of business scale)
③ Average balance of Total deposits (3 banks total)	**12 trillion yen**	
④ Dividend payout ratio (consolidated)	**30% level**	Polishing FFG brand (Increase shareholder value)

The Flag for “Significant Growth Phase” (Expansion of business base)

Business scale/profit + 10% expansion

(compared to FY2012)

* We plan to release other reference indices (including those of each group bank) after the FY2012 results are announced (in May 2013)

6. Dividend Policy

As for return of profits to our shareholders, FFG adopts a performance-based dividend policy (dividend table) based on our aim of increasing shareholder value by enhancing corporate value. In this management plan, we set the dividend payout ratio, one of the management indices, at 30% level (consolidated) and therefore revise our current dividend table for FY2013 and after as shown below, and we intend to pay dividends according to the consolidated net income. (However, these are subject to change depending on business development and risk environments, etc.) .

Consolidated net income level	Per share dividend (Reference value)	Current dividend comparison
Over 40 billion yen	Per year yen 13—	+ 2 yen
35 — 40 billion yen	Per year yen 12—	+2 yen
30 — 35 billion yen	Per year yen 11—	+2 yen
25 — 30 billion yen	Per year yen 10—	+2 yen
20 — 25 billion yen	Per year yen 9—	+2 yen
15 — 20 billion yen	Per year yen 8—	+1 yen
Below 15 billion yen	Per year yen 7—	— yen

* Regarding the year-end dividend forecast for FY2012, please refer to our "Notice of revision for FY2012 consolidated earnings forecast, and dividend forecast" released today.

FFG seeks to attain a powerful trajectory of future sustained growth by implementing various strategies and measures based on this management plan.

End

Contact for further inquiries:
Fukuoka Financial Group
Corporate Planning Division
Phone: +81-92-723-2502