



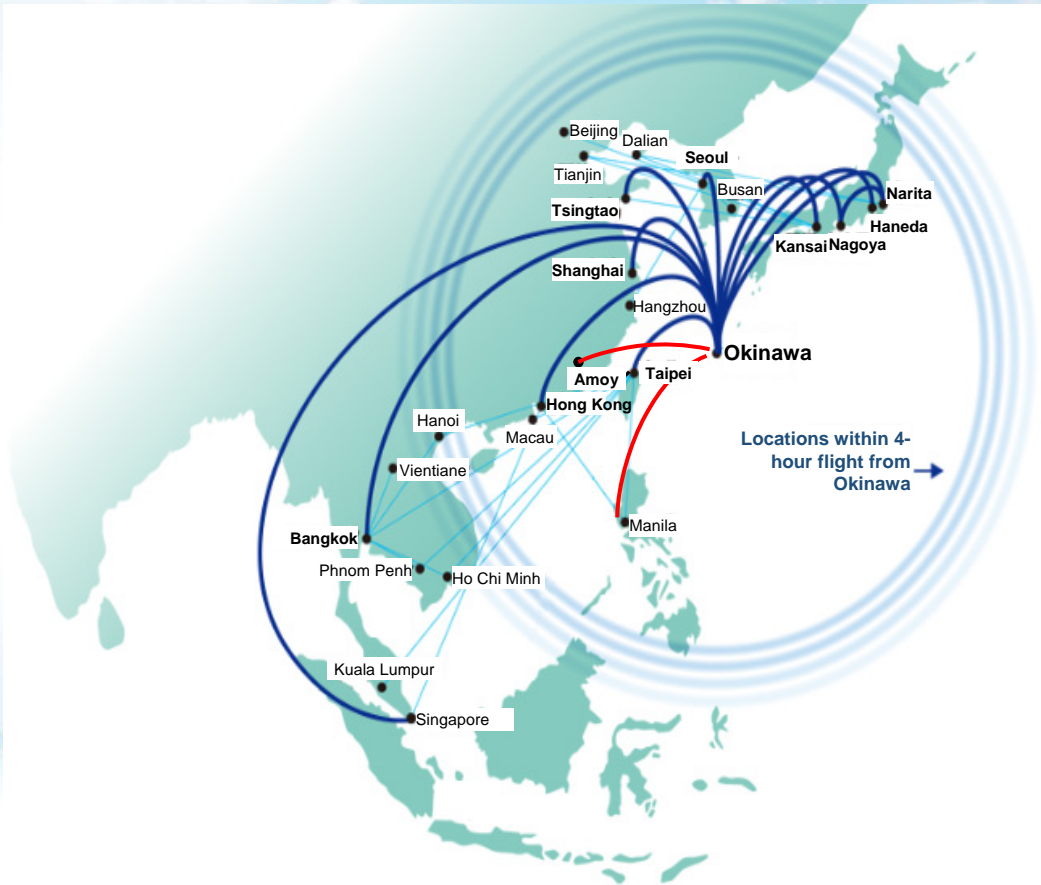
The Business Environment in Okinawa

Ⓞ 沖縄銀行

Competitive Advantage of Okinawa's Ideal Location



With major Asian cities within range of 4 hours, located in the heart of East Asia



Okinawa	City	Flight Time
→	Seoul	2h 10min
→	Tsingtao	2h 50min
→	Shanghai	2h 5min
→	Taipei	1h 30min
→	Hong Kong	2h 35min
→	Bangkok	4h 25min
→	Singapore	5h
→	Amoy <small>(From October 2015)</small>	2h
→	Manila <small>(From October 2015)</small>	3h
→	Narita	2h 25min
→	Haneda	2h 20min
→	Nagoya	2h 15min
→	Kansai	1h 50min

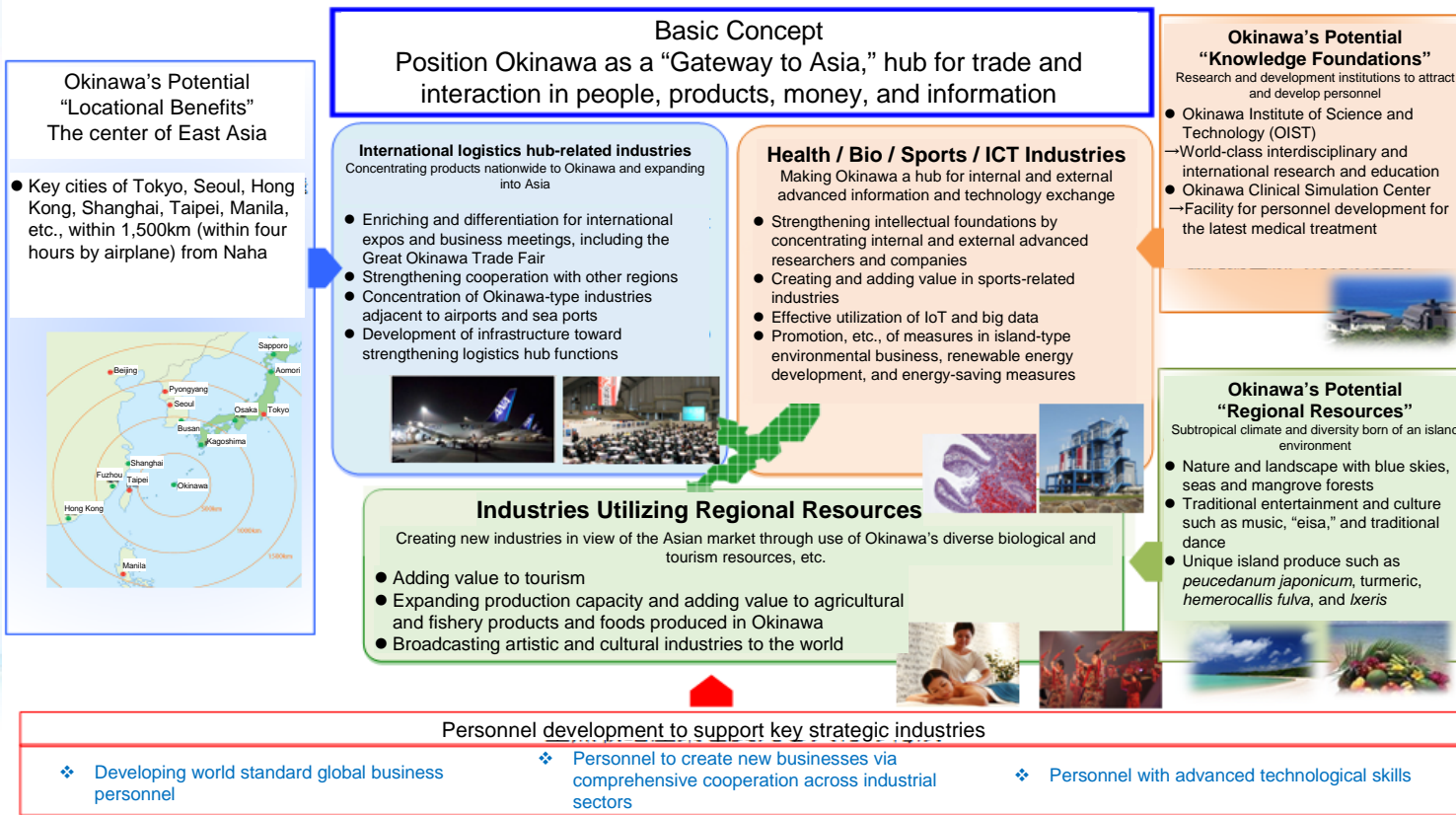


Okinawa Growth Industry Strategy: Development as a Gateway to Asia



Okinawa Growth Industry Strategy: Development as a Gateway to Asia

- | | | | |
|--------|---|------------------|---|
| Points | <ul style="list-style-type: none"> The Conference of Industrial Competitiveness in Kyushu and Okinawa was established to consider growth strategies in the Kyushu and Okinawa regions, in light of an emergency resolution by the Japan Revitalization Strategy and the National Governors' Association. To consider growth strategies in Okinawa and cooperative measures between Okinawa and Kyushu, the Okinawa Subcommittee was established under the Conference. | State of Okinawa | <ul style="list-style-type: none"> An international air cargo hub business began in 2009 to connect various Asian cities with the mainland, utilizing the locational benefits of Okinawa. Okinawa is well suited as an industrial location targeting emerging markets. A world-class research educational institution (OIST) was opened. Drug discovery startup venture firms and IT firms have entered and converged. A wealth of attractive regional resources (environment, agricultural products, and culture) |
|--------|---|------------------|---|



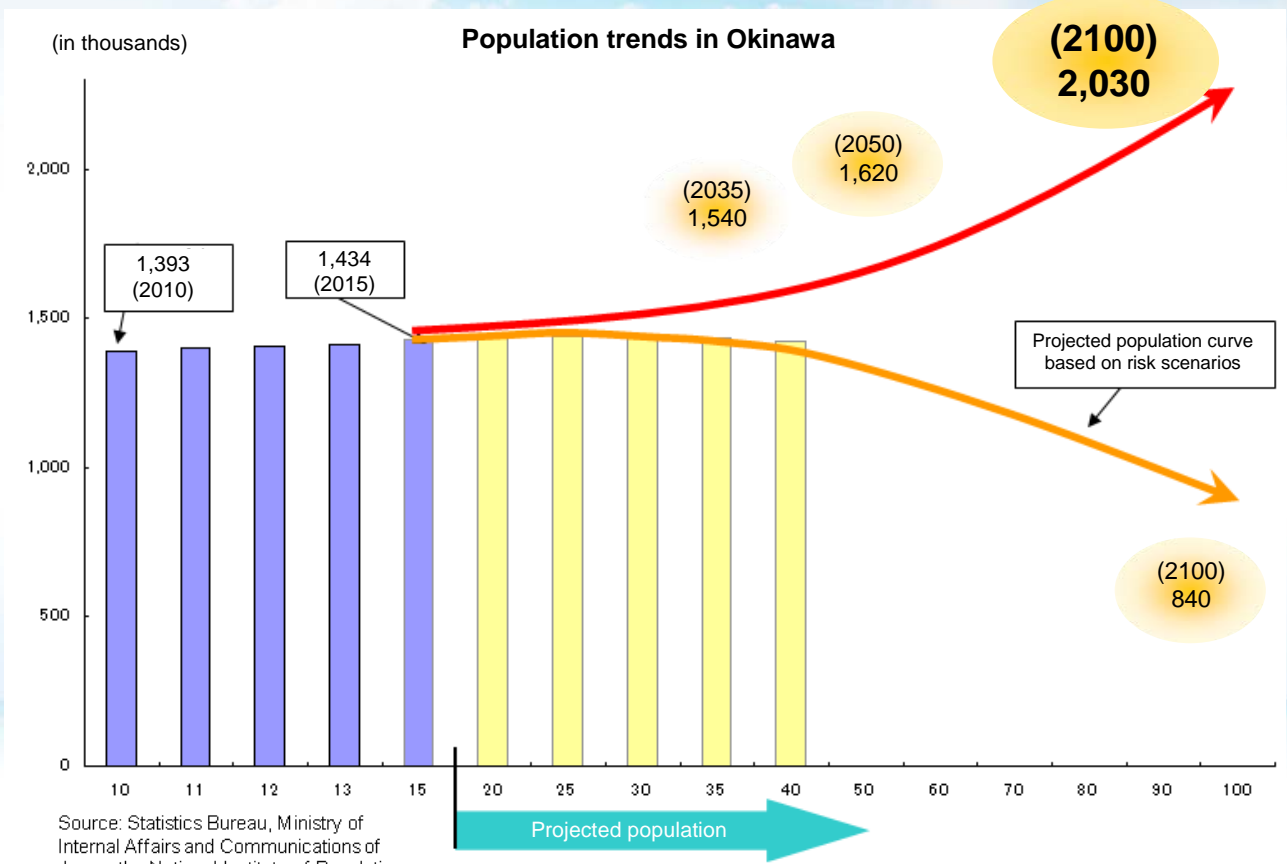
Source: Okinawa Subcommittee Report, The Conference of Industrial Competitiveness in Kyushu and Okinawa



Population of Okinawa (Future Prospects)



The population of Okinawa is expected to take a downward turn in and after 2025. Population is on the increase at this stage, but active steps towards population growth are being taken now.



Source: Statistics Bureau, Ministry of Internal Affairs and Communications of Japan, the National Institute of Population and Okinawa Prefecture

Efforts to facilitate natural increase in population

- Creation of a society that allows people to marry, give birth to and raise children without undue worries
- Elimination of childcare waiting list
- Promotion of "health and longevity in Okinawa" campaign

Efforts to enhance growth of society

- Creation of a dynamic society that is open to society
- Job creation and securing diverse human resources
- Increasing tourists and visitors

Aims to revitalize isolated islands and depopulated regions

- Creation of a society that delivers well-balanced and sustainable population growth
- Improvement of conditions for long-term residence
- Industrial development by demonstrating attractive regional characteristics



Number of Visitors to Okinawa



FY2016 marked a record 8.76 million tourists visiting Okinawa
The number of overseas tourists was 2.12 million (up 27% YoY), renewing a record high



Source: The Fifth Okinawa Prefecture Basic Plan for Tourism Promotion

Japanese visitors (left axis)
 Overseas visitors (left axis)
 Tourism revenues (right axis)

Number of port call by cruise ships in 2016: 387
 Scheduled number of port call in 2017: **502 (up 30%)**

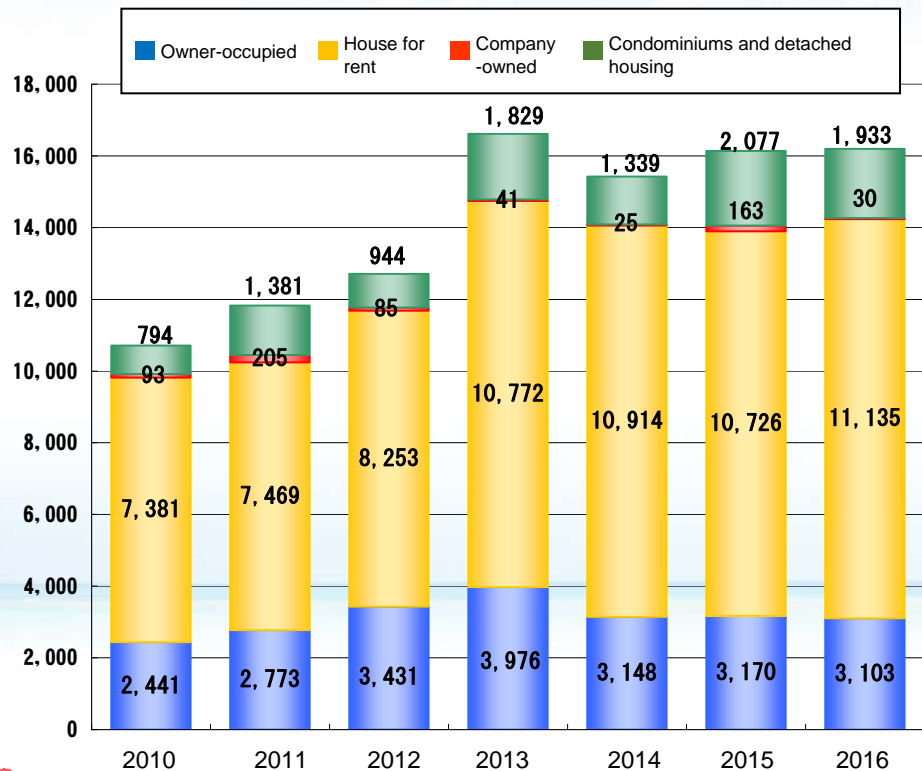


Housing Market Trends in Okinawa

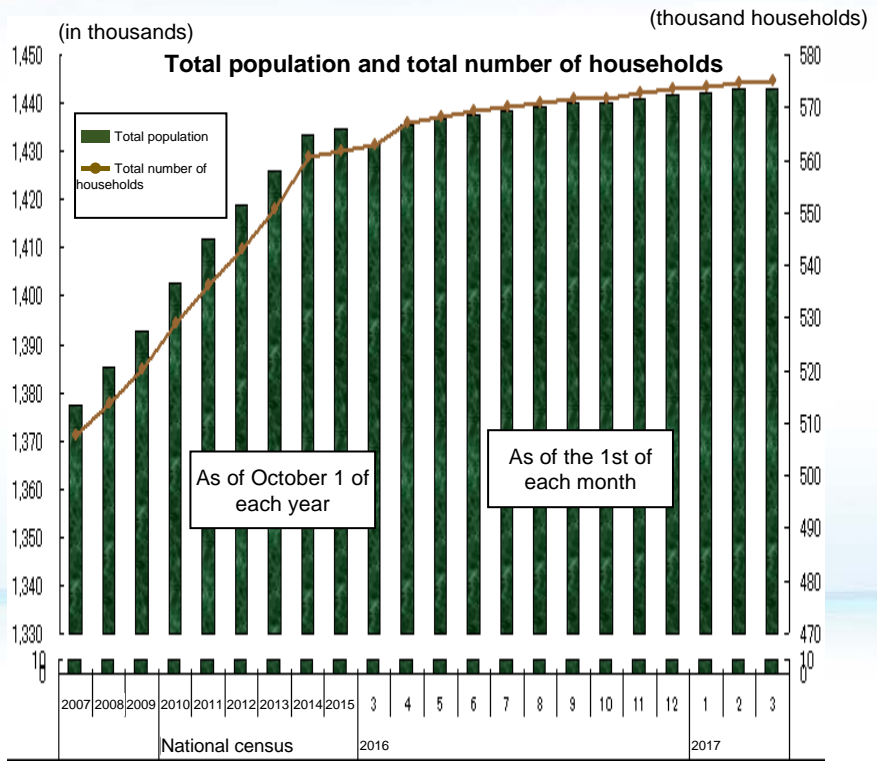


- Housing market in Okinawa remains strong
- According to the national census 2015, growth rate of population and number of households are both the highest in Japan

Number of new housing starts by housing type



Total population and total number of households in Okinawa



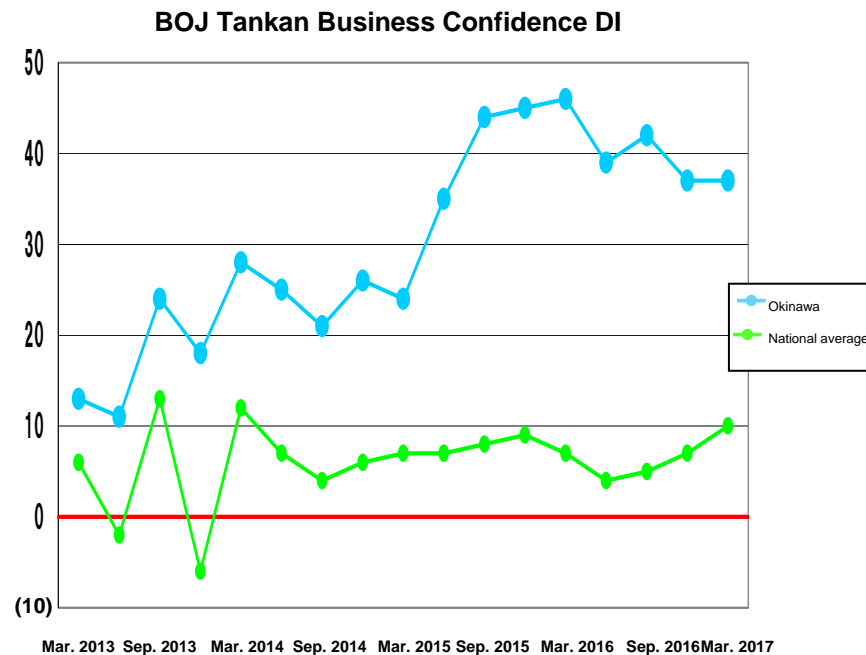
Source: Statistics Section, Planning Department, Okinawa Prefecture



Economic Trends in Okinawa 1



BOJ Tankan



Overview

- ◆ The prefectural economy is expanding overall.
- ◆ In terms of personal spending, trends are strong against a backdrop of an increase in the prefecture's population, tourism demand, and an improved employment and earnings environment within the prefecture. In terms of tourism, performance is favorable as domestic visitor demand is strong and demand from foreign visitors is on a rising trend. In construction-related terms, public investment is solid. Additionally, residential investment is trending at high levels against a backdrop of an increase in the prefecture's population. In terms of employment and earnings trends, improvement is significantly advancing.

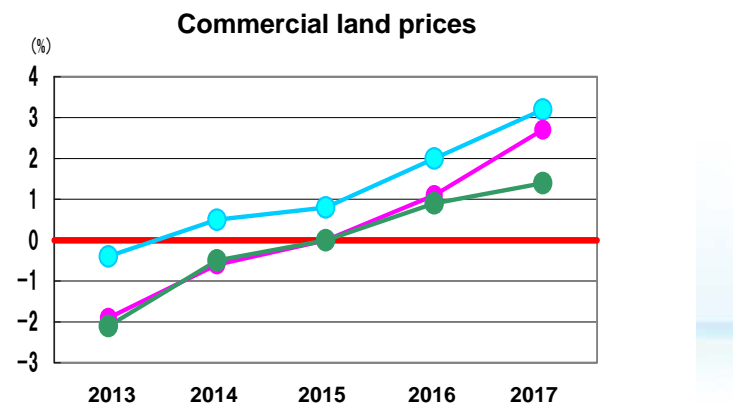
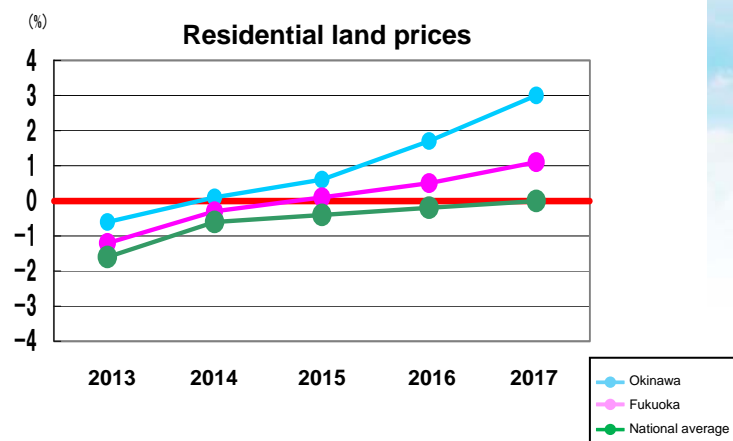
Source: BOJ Naha Branch



Economic Trends in Okinawa 2



Official land prices



Overview

◆ In land for residential use, demand remains strong overall for both detached homes and condominiums against a backdrop of an increasing population.

In particular, in central Naha, the Shintoshin area, and the Makabi area, demand is vigorous for land for detached homes and condominiums, and due to the scarcity of suitable land, the growth rate has exceeded the previous year in some areas.

◆ In land for commercial use, demand for land for use as storefronts and hotels, etc., remains solid against a backdrop of an increase in both domestic and foreign tourists.

Source: Ministry of Land, Infrastructure, Transport and Tourism

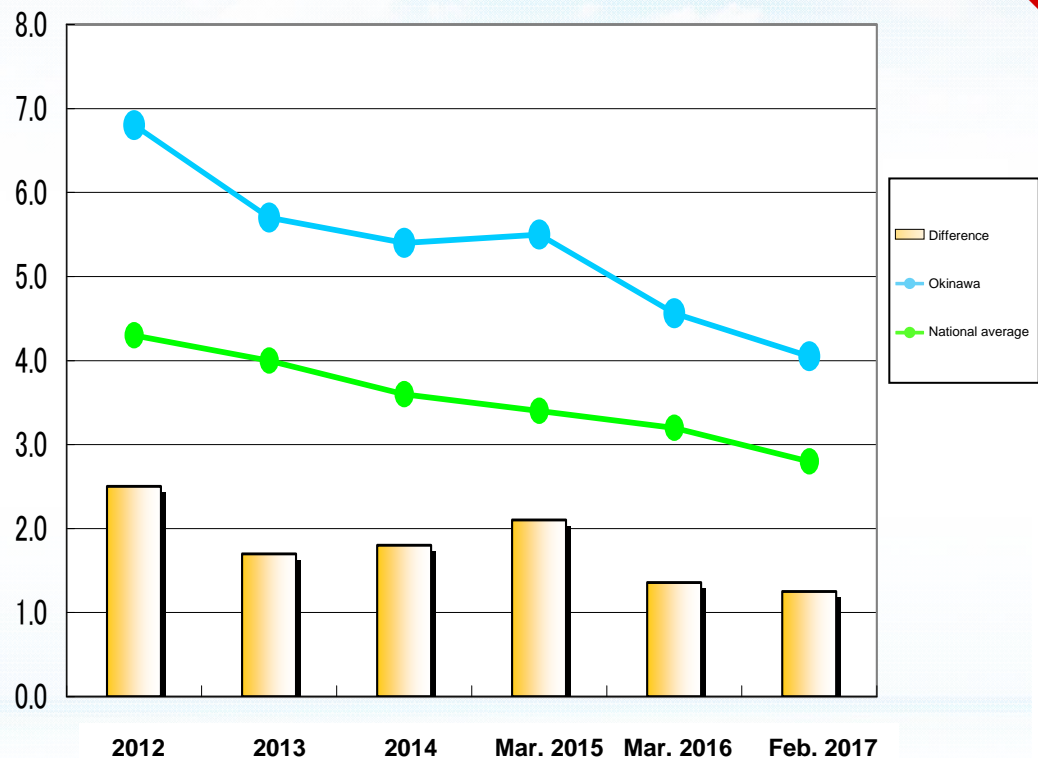


Economic Trends in Okinawa 3



Employment situation

Trends in unemployment rates (%)



Source: Okinawa Prefecture, Ministry of Internal Affairs and Communications

◆ In the past, Okinawa suffered nearly twice the unemployment rate of the national average, but the rates have steadily fallen, becoming closer to the national level.

Active opening ratio (seasonally adjusted) (times)

