

# The Financial Engine Behind Okinawa's Ascent

Okinawa Financial Group is transforming a community-rooted regional bank into the financial engine powering Japan's southern gateway to Asia.

## ● A Financial Platform Built for Ascent

Okinawa Financial Group was established in 2021, but its mission was forged decades earlier — and it is now scaling alongside one of Japan's most dynamic regional economies. The group's core company, Okinawa Bank, was founded in 1956 during Okinawa's postwar rebuilding period. Responding to growing societal demand for a commercial bank, influential leaders from the local business community collaborated to establish an institution that would serve as a foundation for economic development. From the beginning, its management philosophy was clear: to be deeply rooted in the community and contribute to its progress.

"That idea has never changed," says President Masayasu Yamashiro. "We exist to support the local economy, and we work closely with local communities so that we can contribute to their development." Nearly 70 years later, OFG operates as a publicly listed financial holding company, uniting banking, securities, leasing, and systems businesses into a single coordinated platform. The structure reflects both continuity and evolution: the same community-centered ethos, now supported by a modern capital framework designed for speed, scale, and strategic agility. "Without local development, we cannot develop as a group either," Yamashiro adds.

That principle has guided OFG's transformation from a traditional regional bank into a financial engine positioned at the center of Okinawa's growth story. As tourism expands, infrastructure develops, and global connectivity increases, the group is no longer simply supporting the regional economy — it is helping architect its next phase.

The trajectory is not one of survival, but of ascent.

## ● Structural Reinvention: From Bank to Integrated Financial Group

The establishment of Okinawa Financial Group in 2021 marked more than a corporate restructuring — it represented a deliberate strategic reset.

Until then, all affiliated companies operated as subsidiaries of Okinawa Bank. Under the new holding company framework, five companies — including the bank — became sister entities, positioned side by side within a unified capital structure. The shift created a dynamic relationship of cooperation and healthy competition, strengthening the group's overall capabilities while preserving strategic alignment.

"That structure allows us to be stronger as a group," Yamashiro says. "By creating this system, we were able to generate real synergies with all of our group companies."

The holding structure has enabled more disciplined allocation of business resources and clearer governance. Authority lines were refined. Decision-making processes were streamlined. Strategic initiatives could now be coordinated across banking, securities, leasing, and systems development, rather than operating in isolation.

"We think we are very quick in decision-making," Yamashiro says. "We have a clearly defined authority structure and flexibly delegate authority or convene ad hoc meetings

«We exist to support the local economy, and we work closely with local communities so that we can contribute to their development.»

MASAYASU YAMASHIRO



MASAYASU YAMASHIRO  
CEO OF OKINAWA FINANCIAL GROUP

as necessary. Communication is direct, and reporting lines are clearly defined."

For a regional financial institution operating in a changing macroeconomic environment, speed and clarity matter. The new framework allows OFG to respond rapidly to rising interest rates, digital transformation demands, and evolving client needs — while maintaining strong oversight through enhanced board engagement and outside director participation.

The transformation also strengthened cultural alignment. Rather than viewing subsidiaries as extensions of the bank, the holding company model encourages each entity to sharpen its competitive edge while contributing to shared objectives.

The result is an organization that retains local intimacy but operates with group-level precision — a financial platform built not just to serve Okinawa's present economy, but to scale with its future.

## ● The Moonshot Goal: Breaking Historical Trajectories

In 2022, Okinawa Financial Group introduced what it calls its "Moonshot Goal" — a performance target set for March 2027 that deliberately broke from historical growth patterns.

"The keyword of the Moonshot Plan is not to be an extension of the past," Yamashiro says. "We wanted to dream something greater."

At the time of formulation, consolidated ordinary income stood at roughly \$336 million, and consolidated net income was approximately \$33 million. Rather than project incremental growth, management set an ambitious target: increase ordinary income to about \$400 million and double net income to \$67 million within five years. Return on equity was targeted at approximately 6 percent — a significant lift for a regional financial group.

Internally, the message was consistent. "We always told our executives and staff, 'We can achieve this,'" he says.

The targets were not symbolic. They were operational. The group pursued comprehensive optimization of resources, eliminating redundancies and strengthening profitability drivers. Loan interest income and fee-based business

grew steadily. Capital efficiency improved. Productivity gains from digital transformation accelerated performance.

The results came faster than anticipated. OFG now projects reaching its original Moonshot targets by March 2026 — one year ahead of schedule. In May 2025, management revised the targets upward: approximately \$473 million in ordinary income, \$73 million in net income, and a 6.2 percent return on equity.

"Our Moonshot Plan is really succeeding," Yamashiro states. "We are overwhelmingly increasing our achievements compared to the past, and that is why we revised the targets upward."

Through these initiatives, Mr. Yamashiro has drawn inspiration from the Japanese people who are making their mark here in Los Angeles. "They are broadening their horizons without letting themselves be constrained by the precedents of the past," he says. "In our quest to achieve our ambitious goals, we must venture into uncharted territory. In that sense, their challenges and achievements give me tremendous courage."

It is a determination not only to overcome history, but to redefine the very potential of regional financial institutions.

## ● Co-Creating Growth: Building the Economic Flywheel

While the Moonshot Goal defines Okinawa Financial Group's performance ambition, its second mid-term management plan defines how that ambition is achieved.

The plan operates under a central theme: "Co-Creating Growth." It reflects a philosophy that OFG's prosperity must be structurally linked to Okinawa's long-term development.

"We operate with the conviction that creating a cycle where regional growth feeds back into OFG's growth aligns with our philosophy of Community Focus and Contribution," Yamashiro says.

The strategy rests on three pillars: Enhancing Community Value, Human Capital Management, and Building Growth Foundations. Together, they form what can best be described as an economic flywheel.

The process begins with consulting and ad-

«We operate with the conviction that creating a cycle where regional growth feeds back into OFG's growth aligns with our philosophy of Community Focus and Contribution.»

MASAYASU YAMASHIRO



OFG  
Okinawa Financial Group

visory support. OFG works with local businesses to improve operational efficiency, adopt digital tools, strengthen governance, and prepare for generational transition. As those businesses improve performance, profitability rises. Employee income increases. Investment expands.

From there, the feedback loop accelerates.

For corporate clients, stronger balance sheets lead to greater demand for lending, structured finance, and financial services. For individuals, rising income translates into higher mortgage demand, asset formation, and long-term financial engagement. The regional economy strengthens — and OFG grows alongside it.

"This does not yield immediate results," Yamashiro says. "But when we enhance community value, the results eventually return to us."

The approach requires patience and discipline. Unlike transaction-driven growth strategies, the Co-Creating Growth framework emphasizes long-term ecosystem development. It assumes that sustainable profitability emerges not from extracting value, but from expanding the economic base itself.

Human capital plays a central role in that equation. OFG invests continuously in refining both organizational capability and individual expertise. Consulting-based problem solving — not just product provision — is positioned as a core differentiator.

For OFG, growth is not a single financial target. It is a compounding cycle — one designed to link community prosperity directly to corporate performance.

## ● Technology as Advantage: The Systems Division Edge

Among regional financial institutions in Japan, one differentiator sets Okinawa Financial Group apart: its technological autonomy.

While many banks rely heavily on third-party vendors for core system infrastructure, Okinawa Bank has long invested in developing and operating its own software in-house. The group's systems division is not merely an IT support function — it is a strategic asset.

"We have strong technical capabilities in our systems department," Yamashiro states.



"Instead of depending entirely on external vendors, we build and operate our own solutions."

That decision carries long-term implications. In-house development enables faster adaptation to regulatory changes, quicker deployment of new services, and tighter integration across business lines. It also allows OFG to control cost structures more effectively — a crucial advantage as digital transformation reshapes banking economics.

Okinawa Bank has been a pioneer in API integration nationwide, positioning itself early within Japan's open banking evolution. Beyond core systems, the group has expanded into proprietary application development. Originally, internet banking services relied on vendor packages. Today, OFG designs and operates its own smartphone applications for individual customers and web services for corporate clients.

"We pay close attention to interface design," Yamashiro says. "Our services are visually appealing and easy to understand, and we receive positive feedback from customers."

Digital transformation, or DX, has become a profit engine. The group has accelerated paperless operations and expanded cashless services, improving productivity without increasing headcount.

"We are not increasing the number of employees," he says. "But we are able to raise the top line because DX is improving efficiency."

Artificial intelligence is currently being phased into operational workflows, laying the groundwork for future productivity gains and more advanced advisory capabilities.

For investors, the significance is clear: technological independence supports margin resilience, product innovation, and scalability. In an industry where digital capability increasingly defines competitive positioning, OFG's systems strength provides not just operational efficiency — but structural advantage.

## ● Securing Continuity: Business Succession and M&A as a Growth Lever

One of Okinawa's most pressing structural challenges is business succession. Despite gradual improvement, approximately 65 percent of companies in the prefecture still face a lack of successors — significantly higher than the national average of roughly 52 percent and ranking among the five highest in Japan.

For Okinawa Financial Group, this is not merely a statistic. It represents both economic risk and strategic opportunity.

Recognizing succession as a critical issue for the region's long-term vitality, Okinawa Bank has built one of the most robust advisory frameworks among regional institutions. As many as 274 employees have been certified as "M&A Senior Experts," enabling the bank to provide specialized guidance to business owners navigating generational transition, valuation, and restructuring.

"We see business succession as one of Okinawa's most important challenges," Yamashiro says. "If local companies cannot continue, the regional economy cannot continue."

The advisory approach goes beyond transactional brokerage. OFG proactively identifies latent needs — including stock valuation analysis and advisory support on tax implications related to inheritance or ownership transfer. The goal is to address succession planning before it becomes a crisis.

In May 2025, OFG strengthened this capability further by establishing Okigin Success Partners, a dedicated subsidiary focused exclusively on business succession and M&A. The company operates as a joint venture with Nihon M&A Center Holdings, combining OFG's regional network with nationwide expertise and deal flow.

"By combining our regional network with national information and experience, we can develop more synergistic M&A deals and effective succession schemes," Yamashiro says.

The initiative reflects a broader strategic shift. Rather than limiting its role to financing completed transactions, OFG positions itself as an architect of continuity — preserving local enterprises, sustaining employment, and maintaining regional economic momentum.

For investors, the implication is significant. Advisory-driven engagement deepens client relationships, strengthens fee-based revenue streams, and embeds OFG within the long-term structural evolution of Okinawa's corporate landscape.

Succession is no longer a demographic headwind. Properly structured, it becomes a catalyst for renewal.

## ● Gateway 2050: Designing Okinawa's Global Future

If the Moonshot Goal defines Okinawa Financial Group's internal ambition, the GW2050 PROJECTS initiative defines the external environment in which that ambition will compound.

GW2050 PROJECTS is a public-private initiative involving major municipalities including Naha City, Urasoe City, and Ginowan City, alongside private-sector leaders. The objective is bold: to position next-generation Okinawa as a "Gateway to the World" and dramatically expand the prefecture's economic scale over the next quarter century.

The projection is transformative. By 2050, nominal prefectural GDP is expected to reach approximately \$73 billion — more than double current levels. Per capita income is projected to rise to roughly \$41,600, representing a 2.4-fold increase from today.

"If we do nothing, the growth will be limited," Yamashiro says. "But through Gateway 2050, we aim to unlock Okinawa's full potential."



Shuri Castle is currently under restoration and is scheduled for completion in the fall of 2026.

Central to the initiative is the development of land returned from U.S. military bases, expansion of Naha Airport's international capacity, and the strengthening of tourism-related industries. The airport strategy is particularly significant. Modeled in part on Singapore's aviation-led growth, the goal is to enhance Okinawa's role as a regional hub connecting Japan to East and Southeast Asia.

"Okinawa is the gateway to Asia within Japan," he says. "From here, the market opens to billions of people within only a few hours of flight time."

Direct connections already link Okinawa to China, Hong Kong, Taiwan, South Korea, Thailand, Singapore, and other Asian economies. Tourism remains the prefecture's economic backbone, with visitor numbers projected to reach a record 10.75 million in 2025 — surpassing pre-pandemic highs.

OFG participates in GW2050 PROJECTS as a member of the secretariat, reinforcing its position not merely as a financing institution but as a strategic stakeholder in regional transformation.

"We believe that unlocking Okinawa's potential will ultimately translate into increased profits for OFG," Yamashiro says.

## ● Japan's Inflection Point — And Why OFG Matters Now

Okinawa Financial Group's transformation is unfolding at a pivotal moment for Japan itself.

After decades of deflationary pressure, Japan has reentered a world of positive interest rates. Wage growth has turned sustainably positive. Domestic demand is strengthening. Corporate earnings structures are adapting to a normalized monetary environment.

For regional financial institutions, this shift is structural.

"The widening of the deposit-loan spread is dramatically boosting profits," Yamashiro says.

For years, compressed margins defined Japan's banking environment. Rising rates have reversed that pressure, expanding net interest income and restoring traditional banking profitability. At the same time, fee-based businesses are benefiting from new advisory demand — particularly as regional companies pursue productivity improvements through AI and digital transformation, and as M&A activity accelerates.

"We feel tailwinds in both lending and fee businesses," he says.

But the shift is not only cyclical. Governance reform and capital efficiency awareness are reshaping corporate Japan. The Tokyo Stock Exchange's emphasis on capital cost-conscious management has accelerated transparency and return discipline across listed companies.

"We believe improving management transparency and governance is essential for enhancing investment appeal," Yamashiro says. "We are strengthening disclosure through our integrated reports and creating an environment where outside directors can participate more actively."

At OFG, human capital investment and AI integration remain central strategic pillars. Consulting capabilities are expanding. Digital tools are embedded deeper into operations. Capital allocation is increasingly disciplined.

"As a growing group, investors can expect us to grow," Yamashiro says. "The potential of Okinawa is very real."

For global investors seeking exposure to Japan's structural reacceleration — particularly outside Tokyo — OFG represents something distinctive: a regional institution positioned at the intersection of macro reform, technological autonomy, advisory depth, and long-term demographic opportunity.

Ultimately, Yamashiro returns to identity.

"The 'O' stands for Okinawa," he says. "We want people to think of Okinawa when they think of OFG." ■



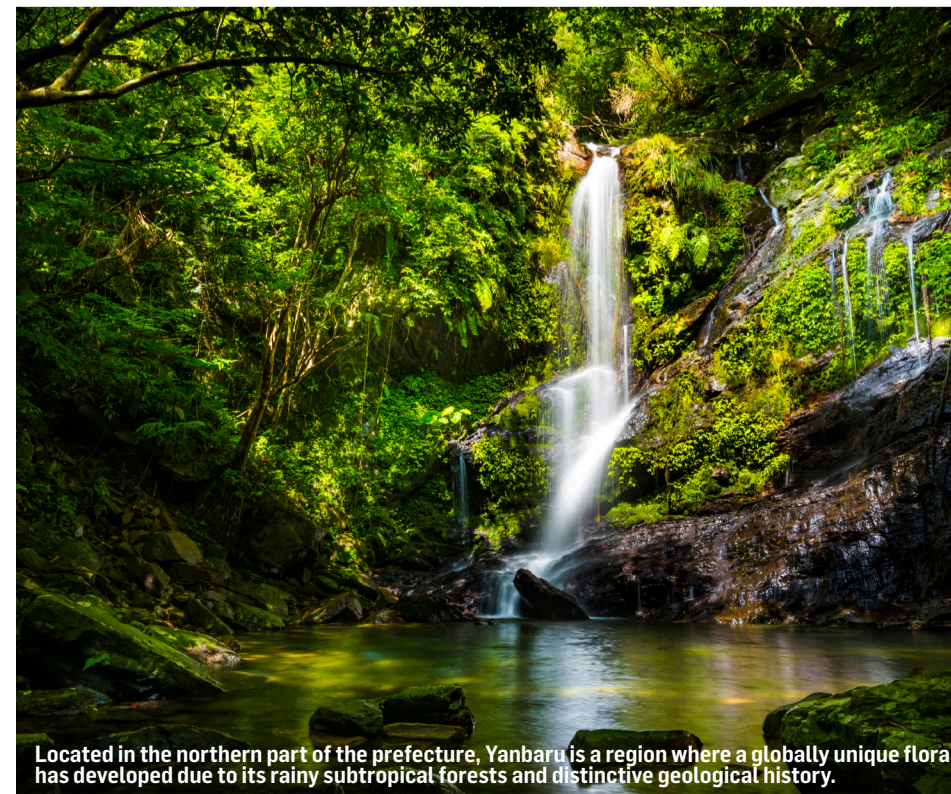
The beautiful white-sand beach of Tokashiki Island, Okinawa Prefecture. Enjoy snorkeling among coral and tropical fish in the crystal-clear "Kerama Blue" sea.



Okinawa has nine World Heritage-listed sites. Through these sites, visitors can experience the dynamic culture of the Ryukyu Kingdom.



Tokashiki Island's beautiful white-sand beach. Enjoy snorkeling among coral and tropical fish in the crystal-clear "Kerama Blue" waters.



Located in the northern part of the prefecture, Yanbaru is a region where a globally unique flora has developed due to its rainy subtropical forests and distinctive geological history.