

Nara Prefecture's Potential and Issues to Be Addressed

Development potential of Nara prefecture, the Nanto Bank Group's core business base

Nara prefecture, the Group's primary base of operations, is an inland prefecture situated in the middle of the Kii Peninsula in central Japan and distinguished by a range of towering mountains known as the "roof of the Kinki region" in the south. Although it has no airport or port facilities, the prefecture is characterized by strong resistance to natural disasters.

Characteristics of Nara prefecture

Tourism resources

- World Heritage sites **3** **No.1** in Japan
- National Treasures/
Important Cultural Properties **1,328** **3rd** place in Japan
- Historic sites and
natural monuments **148** **No.1** in Japan
- Number of rooms
in Japanese inns and hotels **9,948** **44th** place in Japan
- Number of
annual tourists **26.23** million

Potential perceived by the Group

Blessed with numerous world-famous cultural and historic sites, including World Heritage sites and National Treasures, Nara has the potential to attract many more tourists and travelers than it does now, thus generating such economic benefits as revitalization of the local economy and job creation.

Issues under consideration by the Group

The region is currently attracting a relatively small number of overnight visitors, an important segment of the tourism industry. This raises the challenge of transforming the prefecture from a daytime tourist destination to a tourism hub that visitors choose as a home base for visiting various destinations in the region.

Economy and industry

- Ratio of forest area **76.8%** **6th** place in Japan
- GDP (real) **3,892.3** billion yen **37th** place in Japan
- Number of
private businesses **46** thousand **40th** place in Japan
- Number of
employed residents **434,135** **37th** place in Japan
- Per capita
income **2,728** thousand yen **36th** place in Japan
- Agricultural
output **39.5** billion yen **45th** place in Japan

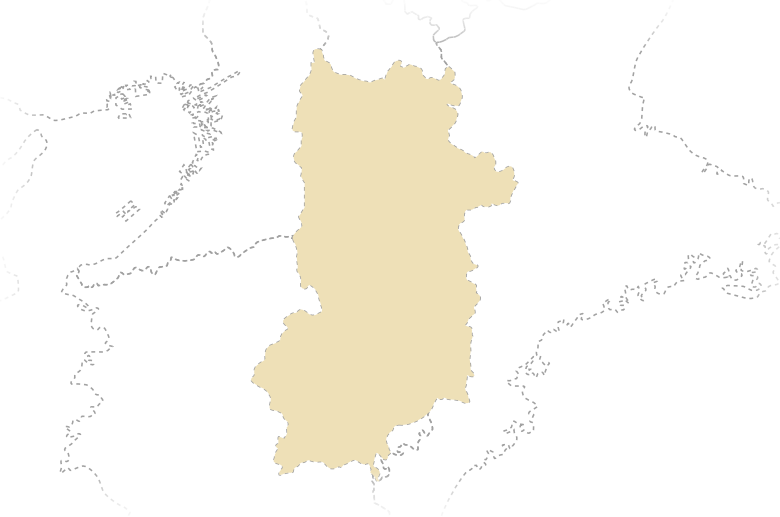
Potential perceived by the Group

The prefecture has an abundance of forest resources, which provide it with the potential to create new economic value by leveraging its wealth of natural resources, especially under current circumstances in which interest in its natural resources is growing.

Issues under consideration by the Group

Nara prefecture's economy remains among the smallest in Japan. To improve this situation, job creation and local economic revitalization by promoting local industries and establishing new businesses and startups will be required.

Sources: "FY2019 Prefectural Accounts," Cabinet Office; "2016 Economic Census," Ministry of Internal Affairs and Communications (MIC); "Nara Prefecture Today: 2022"; "2022 Basic School Survey," Ministry of Education, Culture, Sports, Science and Technology (MEXT); "2019 National Household Survey," MIC; "National Census for 2015 and 2020," MIC; "2022 Report on Survey of Construction Starts," Ministry of Land, Infrastructure, Transport and Tourism (MLIT); "2020 National Census of Employment and School Commuting Areas (Nara Prefecture)"



Household finances and living conditions

- Financial assets per household **15,645** thousand yen 2nd place in Japan
- Ratio of owner-occupied households **73.1** % 8th place in Japan
- Percentage of consumer spending (purchasing) outside the prefecture **19.1** % No.1 in Japan

Potential perceived by the Group

The standard of living in the prefecture is relatively high. An affluent population with ample per-household financial assets and a high percentage of owner-occupied homes offers the potential to increase consumer spending and accelerate the flow from savings to investment.

Issues under consideration by the Group

With consumer spending flowing out to neighboring regions such as Osaka and Kyoto, Nara prefecture faces the challenge of revitalizing personal consumption within the prefecture.

Human resources

- Percentage of high school graduates obtaining higher education **63.4** % 7th place in Japan
- Nara prefecture's overall employment rate **72.7** % 45th place in Japan
- Ratio of women in the labor force **46.8** % 47th place in Japan

Potential perceived by the Group

The prefecture's high educational level provides rich soil for producing excellent human resources, thus supporting the potential to diversify the region's industrial structure and increase its companies' competitiveness.

Issues under consideration by the Group

In addition to the problems raised by a shrinking working-age population due to a declining birthrate and aging population, a large number of Nara's human resources have been leaving for neighboring prefectures such as Osaka and Kyoto. This makes the creation of employment opportunities, improvement of the working environment, and human resources development high-priority challenges for Nara prefecture.