

Message from Outside Directors

Under the “Plan for Creating the Future Together: Stage III,” the medium-term management plan we launched in FY 2023, we are working to demonstrate the results and take on new challenges.

In order for us to achieve sustainable growth, we must build a business model that enables us to flexibly adapt to changes in our environment, and we must strengthen the governance that underpins that model.

Our outside directors use their external perspectives to provide diverse advice supporting the management of our Group. We spoke with three of them—Kenichi Fukuhara, Yukiyo Kiyono and Yasuhiro Hitomi—to hear their insights.

What issue do you think should be the top priority for the Chugin Financial Group? Also, tell us how you want to use your experience and insights to help us tackle that challenge.



Director Kenichi Fukuhara

I think the Group should proactively implement efforts to revitalize regional economies and carry out local support activities, as called for by the medium-term management plan’s growth strategies. The firm foundation that the Group has built in and around Okayama Prefecture is a source of strength. However, there are signs that the region’s economy is stumbling. If this situation is left unaddressed, it could be a drag on the Group’s growth. There are some promising opportunities sprouting, but not to an extent that we can say is drawing out the region’s allure and potential. As someone who was born and raised in the Omotecho shopping district*—once a central business community of the region—I will leverage my personal connections and love for my hometown to help drive creation in this region. As I do so, I will also tap into the experiences and networks I gained through Benesse Holdings development projects on Naoshima, Toyoshima and Inujima, as well as the insights I acquired while working for Nomura Securities. In addition, I will capitalize on the D&I-related experiences I gained from Benesse Holdings, a leading company in the advancement of D&I initiatives.

* Located in Kita Ward in Okayama City, Omotecho is the city’s largest shopping district, spanning around 1.4 km north and south.

Tell us about the challenges that the Chugin Financial Group should take on and how you can apply your experiences and insights to them.



Director (Audit and Supervisory Committee Member)
Yukiyo Kiyono

One of the challenges where I can bring to bear my experiences and insights as a lawyer is compliance. The advice I give is grounded in the belief that compliance is not just about obeying laws and internal rules; it also should involve taking action with a high level of awareness and ethics as a leading company of the region, and developing a supportive, harassment-free workplace where everyone can find satisfaction in their job and have their human rights respected.

Another key challenge is diversity, which is a theme of the medium-term management plan and involves employing diverse talent, particularly a commitment to women’s empowerment. Since becoming an outside director, I have drawn upon my experiences of serving on a local government’s gender equality committee and delivering lectures on gender equality to emphasize the fact that proactive employment of women and incorporation of diverse opinions in management can help drive the growth of the company and the community.

Tell us how you use your experiences and insights to contribute to the Chugin Financial Group’s management.



Director (Audit and Supervisory Committee Member)
Yasuhiro Hitomi

I used to work for SHIMANO INC., spending my entire time there in fishing tackle development and design. As a member of the developmental manufacturing industry, I did my best to develop products that met customers’ expectations, appealing ones that they would buy and find pleasure in using. In June 2022, I joined the Audit and Supervisory Committee of the Chugoku Bank, Limited, even though I didn’t know the first thing about the finance industry. I was surprised by the many cultural differences that separate it from the manufacturing sector, but I think that communicating those differences is part of my role in Board of Directors meetings and other discussions.



What’s your opinion of the Group’s efforts to strengthen governance?

I think the Group is to be commended for formulating a Group-wide internal auditing plan in conjunction with the transition to a holding company, identifying senior management’s auditing needs, and then carrying out many audits related to themes selected from those needs or themes tied to the key actions of the medium-term management plan. The Group’s culture of honesty can be used to increase the sophistication of auditing and the three lines model of risk management. I also see promise in the Group’s serious response to recommendations from PwC on how to take internal auditing to a higher level.

I would say that the Group has a high degree of transparency. For example, outside directors have access to the handouts and minutes of major internal meetings, and the management openly responds to our questions. We also can attend onsite audits by members of the Outside Audit and Supervisory Committee, and can interview not only managers but also female employees. This is a very useful system for getting a handle on the company’s situation. Compared with the boards of other companies I’ve served on, the Group has outstanding transparency. I believe that transparency is the foundation of governance, and I will continue striving to make meaningful contributions in this regard.

Please share a message for our stakeholders.

Historically, the Chugoku Bank has been an indispensable financial institution for the Okayama area. The shrinking birthrate, population aging, and the hollowing out of rural areas are structural issues that will become more acute going forward. Against this backdrop, the Chugin Financial Group will remain an indispensable presence for the region that can offer regional growth strategies that draw out the region’s potential and allure and serve as a model for Japan as a whole. I want to play a part in that endeavor.

How would you rate the Group’s actions for strengthening governance?

The Group appears to be taking this seriously. Management is showing a commitment to compliance as a top priority, and a Group compliance program has been rolled out to set basic goals shared across the Group and company-specific goals that reflect the characteristics of each company’s operations. However, a closer look needs to be taken to confirm that sufficient efforts are being made in light of each company’s organization, scale, operations, etc.

Turning to the employment of women, female representation on the Board of Directors stands at 20%, and women are also serving as executive officers as well as members of the boards of Group companies. Last year, many women were employed as managers for bank operations. However, more work needs to be done. Going forward, I will continue to provide advice for helping the Group to boldly advance efforts to further develop an environment that empowers women by supporting their work-life balance needs.

Please share a message for our stakeholders.

I would like to encourage the Nominating and Compensation Committee and the Board of Directors to more actively discuss the employment of diverse talent and succession planning as steps for supporting the Group’s growth. I will also work hard to help improve employee engagement and support the mutual growth of the company and its employees.

What’s your personal assessment of the Group?

The birth of the Chugin Financial Group is driving the gradual formation of an organization that is more convenient and more helpful to customers. There is still a ways to go, but all employees are working with the same mind to transform the company so that it will remain a trusted presence that makes a difference in people’s lives in this region. The agendas and reports of Board of Directors meetings and pre-briefings are explained in detail, creating an open environment for frank discussions. However, the decisions and policies made at the meetings are poorly communicated to the internal and external members who were absent, meaning that they do not acquire a sufficient understanding or awareness of those matters. Also, I feel that reliable corporate management is a powerful weapon, but there is a lack of urgency to how the leadership addresses the challenges raised.

Please share a message for our stakeholders.

In this era where the ability of corporate management to execute measures is being questioned, all Group companies need to challenge themselves and engage in sound risk-taking while remaining compliant and maintaining corporate governance. I will strive as an Audit and Supervisory Committee member to help the company fully leverage the advantages of transitioning to a holding company, increase the efficiency and quality of management, continue maximizing profits, and further raise its corporate value.