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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of The Bank of Kyoto, Ltd.:

Opinion

We have audited the consolidated financial statements of The Bank of Kyoto, Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The Determination of the Allowance for Loan Losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The Group recorded an allowance for loan losses of ¥28,709 million in the consolidated balance sheet as of March 31, 2021 in accordance with the policies set out in Note 2.i. to Consolidated Financial Statements, Summary of Significant Accounting Policies - Allowance for Loan Losses. In the Group's asset quality assessment of borrowers, on which the allowance for loan losses is based, the evaluation of borrowers' business improvement plans that take into account future growth or recovery of their businesses may be a significant factor, in addition to their financial position and results of operation. This also includes re-evaluation of business improvement plans revised by borrowers, as appropriate, due to their facing sudden changes in business environments. Especially, in case of borrowers with significant loan balances for whom the asset quality assessment is required that involves assessing elements of estimates or judgments that take into account mid- to long-term changes in the business environments, or future growth or recovery in their businesses, the results of such assessment may have a significant impact on the consolidated financial statements of the Group.</p> <p>For such borrowers, the reasonableness and feasibility of their business improvement plans may involve the following significant uncertainties:</p> <ul style="list-style-type: none"> • Reduction of major business facilities or workforce • Projected utilization of major business facilities • Major financial figures, including projected sales and cash inflows as well as capital amount • Impacts of sudden changes in business environments on the above-mentioned factors <p>The Group reviews its borrower classification and internal ratings, as appropriate, in accordance with its policy and rules for self-assessment of asset quality, and determines the reasonableness and feasibility of the borrowers' business improvement plans, including the significant uncertainties mentioned above, that may have significant impacts on the asset quality assessment. In the assessment process, a multi-layer management system has been established. Under the system, the first assessment is conducted by operating branches in charge of the loans. In case of large borrowers exceeding a certain threshold of size, the second assessment is additionally conducted by the Credit Examination Division, which is independent of the operating branches, the results of which are periodically referred to the Executive Committee for review, and subsequently reported to the Board of Directors. As for the second assessment by the Credit Examination Division, which is an especially significant part of the system, dedicated personnel with thorough knowledge about the borrowers' industries are assigned, and the assessment involves understanding of their situations through regular meetings with borrowers and examining the progress of their business plans by confirming facts.</p>	<p>We performed the following audit procedures, among others, in considering the evaluation of significant business improvement plans served as the basis for the asset quality assessment by the Group.</p> <p>Tests of internal controls</p> <p>We tested the design and operating effectiveness of the controls related to the Group's asset quality assessment, by inquiring of the Credit Examination Division, examining the determination process based of the borrowers' recent situations, and inspecting regular reports on situations of borrowers submitted to meeting bodies such as the Executive Committee.</p> <p>Substantive procedures</p> <ul style="list-style-type: none"> • With regard to plans of borrowers to reduce their major business facilities or workforce, we determined whether there have been any significant changes to major policies of the plans as well as the progress thereof, by inquiring of those inside and outside the Group and inspecting documents such as the borrowers' business reports. • To evaluate the estimation of the projected utilization of borrowers' major business facilities, we inquired of those inside and outside the Group, observed related meetings within or outside of the Group, and inspected documents about actual utilization of the facilities. We also evaluated consistency of the estimation with the restructuring plans of the facilities. • We evaluated whether financial figures projected by borrowers were consistent with major policies of their business improvement plans. We also tested the precision of the estimates made in the future projections by comparing them with market conditions, which take into account industry-specific information, analyzing relationships among the planned figures, and performing comparisons between the planned figures and the actual results. • With regard to potential revisions to borrowers' business improvements plans due to sudden changes in business environments, we evaluated the probability of revised plans being developed by examining their policies to deal with impacts of such changes on the above-mentioned factors as well as the expected time of the completion of the revisions, inquiring of those inside and outside the Group and inspecting documents analyzing the impacts.

The Determination of the Allowance for Loan Losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described above, when significant uncertainties are involved in the determination of the reasonableness and feasibility of business improvement plans of borrowers in the asset quality assessment, the result of such assessment may have a significant impact on the amount of allowance recorded in the consolidated financial statements of the Group. Therefore, we identified the determination of the allowance for loan losses from loans to such borrowers as a key audit matter.	

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2021