Independent Auditor's Report

To the Board of Directors of
Sumitomo Mitsui Financial Group, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Financial Group, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2020 and 2019, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies, other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and its consolidated financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

<table>
<tr><td colspan="2">Measurement of the reserve for possible loan losses</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>In the consolidated balance sheet of the Group as of March 31, 2020, reserve for possible loan losses (the "Reserve") amounted to ¥301,752 million provided on loans and bills discounted (the "Loans") of ¥82,517,609 million (or approximately 37.5% of the total assets). Included in such balances were mainly corporate loans of Sumitomo Mitsui Banking Corporation ("SMBC"), a commercial banking subsidiary.</td><td>The primary procedures we performed to assess the reasonableness of measurement of the Reserve for SMBC's corporate loans included the following:
(1) Internal control testing
We evaluated the design and operating effectiveness of certain internal controls over the provisioning process by focusing on controls that:
· approve the internal rules for accounting for the Reserve, including the criteria for self-assessment and the policy for write-offs and provisions;
· validate the obligor grading models;</td></tr>
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SMBC assesses all claims including the Loans in accordance with the internal criteria for self-assessment of asset quality, and classifies borrowers into credit categories through examining individual credit risk profiles. On the basis of each borrower category, reserves and direct write-offs are recorded in accordance with its internal policy for write-offs and provisions. The methodologies used include an expected credit loss (ECL) model based on the historical loan-loss ratios or the probability of default, and a discounted cash flow (DCF) method. Additionally, considering recent economic environment and risk factors, an ECL amount deemed necessary for specific portfolios is reflected in the Reserve based on an overall assessment of a probable future outlook for those portfolios that has not been fully captured in the historical data or individual borrower classification.

The evaluation of the Reserve for SMBC's corporate loans involves significant measurement uncertainty, and therefore requires complex management judgment primarily in the following aspects:

- classifying borrowers into appropriate credit categories through performing obligor-specific qualitative assessment, including the use of forward-looking information;
- deciding on whether changes to the borrower classification as well as additional provisions for specific portfolios are deemed necessary, and determining appropriate methodologies to measure such provisions, in light of recent economic environment and risk factors, specifically the potential impact of the spread of the COVID-19 and the coinciding fluctuations of market indices such as crude oil prices; and
- projecting future cash flow scenarios as an input to the DCF method for borrowers with large claims classified mainly as substandard or potentially bankrupt.

We, therefore, determined that the measurement of the Reserve for SMBC corporate loans; specifically, classifying borrowers into credit categories through qualitative assessment, reflecting recent economic environment and risk factors into the Reserve, and projection of cash flow scenarios used in the DCF method, was one of the most significant in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.

- relate to classification of individual borrowers into credit categories through qualitative assessment;
- reflect recent economic environment and risk factors into the Reserve; and
- relate to the projection of future cash flow scenarios used in the DCF method.

(2) Evaluation of the appropriateness of the policy for provisions and the borrower classification model

We evaluated the policy for provisions for compliance with the accounting principles generally accepted in Japan. Additionally, we involved credit risk specialists with industry-specific knowledge and expertise who assisted us in evaluating the obligor grading models through analyzing the consistency of obligor grades with external ratings, and evaluating the default prediction capability of the models.

(3) Evaluation of the appropriateness of borrower classification taking into account qualitative factors

For SMBC's corporate borrowers that we selected based on certain criteria, we evaluated the appropriateness of borrower classification taking into account qualitative factors through analyzing the feasibility of their business plan and assessing their liquidity position.

(4) Evaluation of the reasonableness of a provision that reflects the effect of recent economic environment and risk factors

In light of the recent economic environment and risk factors, specifically the potential impact of the spread of COVID-19 and the coinciding fluctuations of market indices such as crude oil price, we evaluated the reasonableness of changes to the borrower classification and of an additional provision for specific portfolios through:

- analyzing the liquidity position of borrowers affected by the COVID-19 and the related circumstances including their recent operating performance and request for loan modifications, and assessing the borrower classification on the basis of such analysis; and
- analyzing the scope of potential effects and assessing assumptions by inspecting available external reports on market indices including crude oil prices, and evaluating the methodologies used to measure an ECL for specific portfolios.

	(5) Evaluation of the reasonableness of future cash flow scenarios used in the DCF method For borrowers that we selected based on certain criteria from those in scope of DCF method, we evaluated the reasonableness of future cash flow scenarios through analyzing their restructuring plans and related progress.

Measurement of the value-in-use of goodwill and other intangible assets related to the retail banking business of SMBC Trust Bank, Ltd.

The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of the Group as of March 31, 2020, goodwill and other intangible fixed assets amounted to ¥194,289 million and ¥117,896 million, respectively. The goodwill and other intangible fixed assets consisting of assets related to customers and core deposits (collectively, the "Intangible Assets") recognized in connection with the acquisition of the retail banking business of Citibank Japan Ltd. (the "PRESTIA business") by SMBC Trust bank Ltd, ("SMBC Trust Bank") were impaired, and an impairment loss of ¥39,958 million for the entire amount of the Intangible Assets was recorded for the fiscal year ended March 31, 2020. While the Intangible Assets are amortized in a systematic manner, whenever there is an indicator that the carrying amounts of the Intangible Assets may not be recoverable, the Group needs to determine whether an impairment shall be recognized by comparing the undiscounted future cash flows to be generated from the business to which the Intangible Assets relate and its carrying amount. If it is determined that the recognition of an impairment loss is required, the carrying amount is reduced to its recoverable amount, with such reduction being recognized as an impairment loss. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use.	The primary procedures we performed to evaluate the reasonableness of the measurement of the value in use related to the PRESTIA business of SMBC Trust Bank included the following. **(1) Internal control testing** We evaluated the design and operating effectiveness of certain internal controls over the process of calculating the value in use related to the PRESTIA business of SMBC Trust Bank by focusing controls that: · evaluate the reasonableness of estimated future cash flows; and · evaluate the reasonableness of the discount rate. **(2) Evaluation of the appropriateness of valuation methodology used to calculate the value in use** We involved valuation specialists with industry-specific knowledge and expertise who assisted us in evaluating the reasonableness of valuation methodology used to calculate the value in use by comparing it to the standard methods commonly used for the valuation of retail banks. **(3) Evaluation of the reasonableness of future cash flows used to calculate the value in use** We assessed the level of precision of the prior year estimate of future cash flows by comparing it to the actual result. In addition, we evaluated the reasonableness of estimated future cash flows, considering the historical operating performance, the current market environment and economic trends including future prospect of the PRESTIA business of SMBC Trust Bank, and the regulatory environment.

There was an indicator of impairment for the PRESTIA business of SMBC Trust Bank during the year ended March 31, 2020 due to the deterioration in its market environment. As a result of an impairment test, the recognition of an impairment loss was required. The value in use was used as the recoverable amount to measure an impairment loss on the Intangible Assets related to the PRESTIA business of SMBC Trust Bank. The value in use was calculated using the future cash flows based on the business plan approved by management and a discount rate. The estimate of future cash flows inherently requires complex management judgments, and the discount rate may be significantly affected by market interest rates and other market conditions. Also, as SMBC Trust Bank has revised the estimated future cash flows considering the recent market environment, there was a higher degree of uncertainty in the estimates used for calculating the value in use. We, therefore, determined that the measurement of the value in use related to the PRESTIA business of SMBC Trust Bank was one of the most significant in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.	**(4) Evaluation of the reasonableness of the discount rate used to calculate the value in use** We involved valuation specialists with industry-specific knowledge and expertise who assisted us in evaluating the reasonableness of the valuation methodology used to calculate a discount rate and the calculation result, considering historical market data and current market conditions.

Responsibilities of Management and the Audit Committee 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.

The Audit Committee is responsible for overseeing the directors and the corporate executive officers' performance of their duties including the design, implementation and maintenance of 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 our 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, and 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee 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 the Audit Committee, 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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in basis of presentation.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

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KPMG AZSA LLC
Tokyo Office, Japan
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