

**Notice regarding Revision of Consolidated Earnings and
Dividends Forecasts for the Fiscal Year Ending March 31, 2005**

TOKYO, February 28, 2005 --- Sumitomo Mitsui Financial Group, Inc. (SMFG) announced today its revision of consolidated earnings and dividends forecasts for the fiscal year ending March 31, 2005 (fiscal 2004).

SMFG set this fiscal year as the year for completing the intensive improvement in asset quality and has made intensive efforts centering on reduction of non-performing loans (“NPLs”). In order to ensure improvement in financial results in the following fiscal years by completely settling the NPL problem and considerably minimizing the sources of future risks, SMFG has decided to take further financial measures with regard to NPLs and securities portfolio.

As a result, SMFG today revised its consolidated earnings forecast for fiscal 2004 as follows. Accordingly, SMFG decided to give priority to restraining outflow of earnings from the standpoint of maintaining financial stability, regrettably proposing to decrease the year-end cash dividend on common stock for fiscal 2004 by 1,000 yen compared with its previous forecast, to the same level of the previous year’s result.

1. Revision of consolidated earnings forecast for fiscal 2004

(Billions of yen)

		Ordinary income	Ordinary profit (loss)	Net income (loss)
Previous forecast (announced in Nov. 2004)	(A)	3,450	470	180
Revised forecast	(B)	3,450	(40)	(240)
Change	(B – A)	–	(510)	(420)

(Note) SMFG’s non-consolidated earnings forecast remains unchanged.

2. Revision of dividends forecast for fiscal 2004 (Common stock)

(Yen per share)

		Year-end	Annual
Previous forecast (announced in Nov. 2004)	(A)	4,000	4,000
Revised forecast	(B)	3,000	3,000
Change	(B – A)	(1,000)	(1,000)
<Reference> Result of fiscal 2003		3,000	3,000

(*) Dividends forecast for preferred stocks (type 1, 2, 3 and 4) remains unchanged.

I. SMBC's earnings forecast for fiscal 2004 (Non-consolidated)

(Billions of yen)

	Revised Forecast (a)	Previous forecast (b)	Change (a) - (b)
Banking profit (before provision for general reserve for possible loan losses)	920	980	(60)
Ordinary profit (loss)	(70)	440	(510)
Net income (loss)	(130)	250	(380)
Total credit cost	(950)	(650)	(300)

(Points)

1. Banking profit

Sumitomo Mitsui Banking Corporation (SMBC), a consolidated subsidiary of SMFG, forecasts that banking profit (before provision for general reserve for possible loan losses) will decrease by approximately 60 billion yen compared with the previous forecast mainly because SMBC will dispose of unrealized losses on bonds in order to minimize the source of potential risks. However, SMBC's core earnings excluding the disposal of unrealized losses are expected to remain almost unchanged.

2. Total credit cost

(1) In order to achieve the target of halving the problem asset ratio at this fiscal year-end and surely reduce future credit costs to a normalized level, SMBC decided to further prepare for future credit risks and work out NPLs, with more conservative stance. As a result, total credit cost is expected to be approximately 950 billion yen, an increase of approximately 300 billion yen compared with the previous forecast.

Breakdown of the increase:

(a) Preparing for future credit risks	<u>+ Approx. 250 billion yen</u>
* Downgrading of borrowers' categories etc.	+ 130 billion yen
* Additional provision (raise of reserve ratio) for claims to borrowers requiring caution etc.	+ 120 billion yen
(b) Off-balancing related cost due to the work-out of NPLs:	<u>+ Approx. 50 billion yen</u>

(2) As a result of the disposal of NPLs shown above, the sources of potential loss related to loan portfolio are expected to reduce considerably, and credit costs for the following fiscal years will materially and surely decrease to a normalized level.

3. Impairment of preferred shares etc.

Preferred shares that SMBC previously acquired for supporting borrowers' financial conditions are expected to incur costs to reduce future risks.

4. Net loss

With the factors shown above, net loss is expected to be 130 billion yen, a decrease of approximately 380 billion yen compared with the previous forecast.

<Reference> SMFG's consolidated earnings forecast for fiscal 2004

(Billions of yen)

	Revised forecast (a)	Previous forecast (b)	Change (a) - (b)
Ordinary profit	(40)	470	(510)
Net income	(240)	180	(420)
Total credit cost	(1,200)		

(Points)


SMFG forecasts that it will record net loss of 240 billion yen, a decrease of 420 billion yen compared with the previous forecast, mainly because SMBC's non-consolidated earnings are expected to decline as mentioned above. SMFG's consolidated net loss is expected to be greater than SMBC's non-consolidated net loss by 110 billion yen, mainly because SMFG additionally made provisions for loan losses at the subsidiaries engaged in loan guarantees, in order to improve SMFG's financial soundness on a consolidated basis.

II. Estimate of the balance of problem assets based on the Financial Reconstruction Law (SMBC, Non-consolidated)

(Billions of yen, %)

	March 31, 2005 (Estimate)	Sept. 30, 2004 (Result)	March 31, 2004 (Result)
Problem assets based on the Financial Reconstruction Law	Approximately 2,000.0	2,484.4	2,811.2
Problem asset ratio	Mid 3 %	4.4 %	5.0 %

	March 31, 2003 (Result)	March 31, 2002 (Result)
	5,261.3	5,920.3
	8.4 %	8.9 %



Reduction by approx. 60% since March 2002 (8.9%)

(Points)

1. Problem assets as of March 31, 2005 are expected to decrease by approximately 800 billion yen from March 31, 2004, and the problem asset ratio as of March 31, 2005 is expected to decline to mid 3%.

=> The target of halving the problem asset ratio by March 31, 2005 compared with the level in March 2002 is expected to be excessively achieved.

2. Besides problem assets based on the Financial Reconstruction Law, claims to borrowers requiring caution excluding substandard loans, which are not categorized into problem assets based on the Financial Reconstruction Law, are also expected to decrease to 2.5 trillion yen, declining 5.5 trillion yen (70% decrease in volume) since March 2002. Accordingly, credit risks of the whole loan portfolio are expected to decrease substantially.

III. Estimate of net unrealized gains on other securities (SMBC, Non-consolidated)

(Billions of yen)

	March 31, 2005 (Estimate)	Sept. 30, 2004 (Result)	March 31, 2004 (Result)
Net unrealized gains (losses) on other securities	590	457.6	556.3
Stocks	600	558.9	651.1
Bonds	0	(62.2)	(101.9)
Others	(10)	(39.1)	7.1

(*) Figures for March 2005 (after impairment) are estimated on the basis of the recent market prices and hence can be changed.

VI. Estimate of Capital ratio (SMFG, Consolidated)

	March 31, 2005 (Estimate)	Sept. 30, 2004 (Result)	March 31, 2004 (Result)
Consolidated capital ratio	More than 9 % (*)	10.93 %	11.37 %

(*) SMFG forecasts that it will record net loss for fiscal 2004 and its consolidated capital ratio as of March 31, 2005 is expected to temporarily decline to the level more than 9%. However, the sources of future risks will considerably decrease owing to the financial treatments mentioned above, and SMFG forecasts that its financial results in the following years will surely recover. Consequently, consolidated capital ratio will soon recover to more than 10% level.

This press release contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors. The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.