

Employee Retirement Benefits

1. Outline of employee retirement benefits

Consolidated subsidiaries in Japan have contributory funded defined benefit pension plans such as employee pension plans, qualified pension plans and lump-sum severance indemnity plans. Certain domestic consolidated subsidiaries in Japan adopt defined-contribution pension plan and have general type of employee pension plans. They may grant additional benefits in case where certain requirements are met when employees retire.

Some overseas consolidated subsidiaries adopt defined-benefit pension plans and defined-contribution pension plans. SMBC and some consolidated subsidiaries in Japan contributed some of their marketable equity securities to employee retirement benefit trusts.

2. Projected benefit obligation

As of March 31, 2009		(Millions of yen)
Projected benefit obligation	(A)	¥ (918,081)
Plan assets	(B)	742,917
Unfunded projected benefit obligation	(C) = (A)+(B)	(175,164)
Unrecognized net actuarial gain or loss	(D)	382,151
Unrecognized prior service cost	(E)	(26,420)
Net amount recorded on the consolidated balance sheet	(F) = (C)+(D)+(E)	180,566
Prepaid pension cost	(G)	216,209
Reserve for employee retirement benefits	(F)-(G)	¥ (35,643)

(Note)

Some consolidated subsidiaries adopt simple method in calculating projected benefit obligation.

3. Pension expenses

Year ended March 31, 2009		(Millions of yen)
Service cost		¥ 20,574
Interest cost on projected benefit obligation		22,445
Expected return on plan assets		(31,192)
Amortization of unrecognized net actuarial gain or loss		33,301
Amortization of unrecognized prior service cost		(11,159)
Other (nonrecurring additional retirement allowance paid and other)		3,934
Pension expenses		¥ 37,902

(Notes)

1. Pension expenses of consolidated subsidiaries which adopt simple method are included in "Service cost."

2. Premium paid to defined-contribution pension is included in "Other."

4. Assumptions

Year ended March 31, 2009	
(1) Discount rate	1.4% - 2.5%
(2) Expected rate of return on plan assets	0% - 4.1%
(3) Allocation of estimated amount of retirement benefits	Allocated to each period by the straight-line method
(4) Term to amortize unrecognized prior service cost	Mainly 9 years (amortized using the straight-line method, within the employees' average remaining service period at incurrence)
(5) Term to amortize unrecognized net actuarial gain or loss	Mainly 9 years (amortized using the straight-line method, primarily over 9 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence)