

## 7. Employee Retirement Benefits

## (1) Balance of the retirement benefit liability

&lt;SMBC Non-consolidated&gt;

(Millions of yen)

		Six-month Period ended Sep. 30, 2003		Six-month Period ended Sep. 30, 2002
			Change	
Balance of the retirement benefit liability*	(A)	1,104,255	22,572	1,081,683
<Discount rate>		<3.0%>	<->	<3.0%>
Market value of pension assets*	(B)	706,502	(28,431)	734,933
Reserve for employee retirement benefits*	(C)	72,816	(47,999)	120,815
Prepaid pension cost*	(D)	-	-	-
Unrecognized net obligation from change of accounting method*	(E)	40,335	(20,167)	60,502
Unrecognized prior service cost (deductable from the obligation)*	(F)	(52,701)	6,394	(59,095)
Unrecognized actuarial net gain (loss)*	(A-B-C+D-E-F)	337,302	112,776	224,526

\*As of the beginning of the term

(Note) Discount rate for the six-month period ended September 30, 2002 is that of the former SMBC.

(Reference) &lt;Consolidated&gt;

(Millions of yen)

		Six-month Period ended Sep. 30, 2003		Six-month Period ended Sep. 30, 2002
			Change	
Balance of the retirement benefit liability*	(A)	1,164,570	(11,389)	1,175,959
Market value of pension assets*	(B)	723,175	(53,913)	777,088
Reserve for employee retirement benefits*	(C)	101,408	(46,564)	147,972
Prepaid pension cost*	(D)	-	(27)	27
Unrecognized net obligation from change of accounting method*	(E)	44,087	(26,193)	70,280
Unrecognized prior service cost (deductable from the obligation)*	(F)	(53,218)	7,489	(60,707)
Unrecognized actuarial net gain (loss)*	(A-B-C+D-E-F)	349,118	107,765	241,353

\*As of the beginning of the term

## (2) Cost for employee retirement benefits

&lt;SMBC Non-consolidated&gt;

(Millions of yen)

		Six-month Period ended Sep. 30, 2003		Six-month Period ended Sep. 30, 2002
			Change	
Cost for employee retirement benefits		41,414	10,484	30,930
Service cost		10,849	(28)	10,877
Interest cost		16,563	367	16,196
Expected returns on pension assets		(11,684)	3,843	(15,527)
Amortization of net obligation from change of accounting method (amortized using the straight-line method over 5 years)		10,083	-	10,083
Amortization of prior service cost		(3,197)	-	(3,197)
Amortization of actuarial net gain (loss)		18,263	6,787	11,476
Others		534	(485)	1,019

(Reference) &lt;Consolidated&gt;

(Millions of yen)

		Six-month Period ended Sep. 30, 2003		Six-month Period ended Sep. 30, 2002
			Change	
Cost for employee retirement benefits		46,692	8,272	38,420