

7. Employee Retirement Benefits

(1) Balance of the retirement benefit liability

<SMBC Non-consolidated>

(Millions of yen)

		Six months ended		Six months ended
		Sep. 30, 2004	Change	Sep. 30, 2003
Balance of the retirement benefit liability*	(A)	827,806	(276,449)	1,104,255
<Discount rate>		<2.5%>	<-0.5%>	<3.0%>
Fair value of plan assets*	(B)	684,749	(21,753)	706,502
Reserve for employee retirement benefits*	(C)	11,748	(61,068)	72,816
Prepaid pension cost*	(D)	12,394	12,394	-
Unrecognized net obligation from change of accounting method*	(E)	16,001	(24,334)	40,335
Unrecognized prior service cost (deductible from the obligation)*	(F)	(77,479)	(24,778)	(52,701)
Unrecognized actuarial net gain (loss)*	(A-B-C+D-E-F)	205,180	(132,122)	337,302

* As of the beginning of the term

(Reference) <Consolidated>

(Millions of yen)

		Six months ended		Six months ended
		Sep. 30, 2004	Change	Sep. 30, 2003
Balance of the retirement benefit liability*	(A)	892,421	(272,149)	1,164,570
Fair value of plan assets*	(B)	709,353	(13,822)	723,175
Reserve for employee retirement benefits*	(C)	40,842	(60,566)	101,408
Prepaid pension cost*	(D)	13,049	13,049	-
Unrecognized net obligation from change of accounting method*	(E)	17,876	(26,211)	44,087
Unrecognized prior service cost (deductible from the obligation)*	(F)	(78,022)	(24,804)	(53,218)
Unrecognized actuarial net gain (loss)*	(A-B-C+D-E-F)	215,420	(133,698)	349,118

* As of the beginning of the term

(2) Cost for employee retirement benefits

<SMBC Non-consolidated>

(Millions of yen)

		Six months ended		Six-months ended
		Sep. 30, 2004	Change	Sep. 30, 2003
Cost for employee retirement benefits		25,256	(16,158)	41,414
Service cost		8,797	(2,052)	10,849
Interest cost		10,347	(6,216)	16,563
Expected returns on plan assets		(10,324)	1,360	(11,684)
Amortization of net obligation from change of accounting method (amortized using the straight-line method over 5 years)		8,000	(2,083)	10,083
Amortization of prior service cost		(4,619)	(1,422)	(3,197)
Amortization of actuarial net gain (loss)		12,646	(5,617)	18,263
Others		407	(127)	534

(Reference) <Consolidated>

(Millions of yen)

		Six months ended		Six months ended
		Sep. 30, 2004	Change	Sep. 30, 2003
Cost for employee retirement benefits		30,925	(15,767)	46,692