

October 14, 2003

AIFUL Corporation Announces Merger of Three Consumer Finance Subsidiaries

KYOTO AIFUL Corporation has announced that it has decided to merge its three fully owned consumer finance subsidiaries: Happy Credit Co., Ltd., Sinwa Co., Ltd., and Sanyo Shinpan Co., Ltd. The date for the merger will be April 1, 2004, and Happy Credit Co., Ltd., will be the surviving company.

1. Objectives of the Merger

The objectives of the merger of the three companies are the optimum allocation of business assets, including branches and personnel, further improving management efficiency, and enhancing marketing capabilities through integration as a new brand.

2. Details of the Merger

(a) Date of the Merger: April 1, 2004

(b) Method of the Merger: Absorption of Sinwa Co., Ltd., and Sanyo Shinpan Co., Ltd., which will cease to exist, into Happy Credit Co., Ltd., the surviving company.

Other details (the name of the new company, merger ratio, etc.) will be announced as they are decided.

3. Overview of Companies to be Merged (March 31, 2003)

(a) Surviving Company

| | |
|------------------|--|
| Name | Happy Credit Co., Ltd. |
| Type of business | Consumer finance |
| Establishment | April 1982 |
| Headquarters | 9th Floor, 381-1 Takasagocho, Gojo-Agaru, Karasumadori, Shimogyo-ku, Kyoto |
| Representative | Taichi Kawakita |
| Capital | ¥10 million |

Results for the Past Three Fiscal Years (Million yen)

| Fiscal Year | Ended March 2001*Note | Ended March 2002 | Ended March 2003 |
|---------------------|-----------------------|------------------|------------------|
| Loans outstanding | 27,106 | 32,428 | 31,587 |
| Operating revenue | 6,089 | 7,987 | 8,507 |
| Operating income | (495) | 547 | 25 |
| Ordinary income | (488) | 548 | 26 |
| Net income | (363) | 152 | 9 |
| Number of branches | 56 | 58 | 57 |
| Number of employees | 179 | 156 | 168 |

Note: Since Happy Credit Co., Ltd., became a consolidated subsidiary on June 1, 2000, results for April 1 - May 31, 2000 are not included in any of the above categories.

(2) Absorbed Companies

| | | |
|------------------|------------------|-------------------------|
| Name | Sinwa Co., Ltd. | Sanyo Shinpan Co., Ltd. |
| Type of business | Consumer finance | Consumer finance |
| Establishment | April 1976 | January 1988 |
| Capital | ¥325 million | ¥100 million |

Results for the Past Three Fiscal Years (Million yen)

| Fiscal Year | Sinwa Co., Ltd | | | Sanyo Shinpan Co., Ltd. | |
|---------------------|---------------------------|------------------|------------------|-------------------------|------------------|
| | Ended March 2001 *Note | Ended March 2002 | Ended March 2003 | Ended March 2002 | Ended March 2003 |
| Loans outstanding | 16,861 | 21,169 | 22,263 | 11,390 | 11,867 |
| Operating revenue | 3,752 | 5,249 | 5,949 | 2,361 | 2,837 |
| Operating income | 1,238 | 907 | 121 | (86) | 260 |
| Ordinary income | 1,203 | 913 | 118 | (79) | 259 |
| Net income | 609 | 347 | 3 | (389) | 93 |
| Number of branches | 35 | 35 | 35 | 20 | 18 |
| Number of employees | 74 | 62 | 70 | 75 | 64 |

Note: Since Sinwa Co., Ltd., became a consolidated subsidiary on June 1, 2000, results for April 1 - May 31 2000 are not included in any of the categories.

Since Sanyo Shinpan Co., Ltd., became a consolidated subsidiary at the end of the fiscal year (ended March 2001), results are listed starting from the year ended March 2002.

AIFUL Corporation

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