



To Our Fellow Shareholders and Investors

The fiscal year ended March 31, 2000, proved to be a significant turning point in Promise Co., Ltd.'s drive to achieve a new level of growth. The policies we implemented with the aim of enhancing financial performance were highly successful.

Major achievements included the introduction of the new Promise Visual Identity (VI) program in January 1999 and the issue of the Promise-JCB credit card in June of the same year. These and other highly effective strategies were instrumental in propelling Promise to the best financial performance of its 38-year history. We are pleased to report that consolidated total operating income jumped 10.9%, to ¥300.7 billion, income before income taxes soared 22.0%, to ¥103.2 billion, and net income rose 44.2%, to ¥58.6 billion. Moreover, the non-consolidated balance of unsecured loans outstanding broke the ¥1 trillion mark for the first time in the Company's history. These record financial results are indicative of Promise's commitment to fulfill shareholder expectations of superior performance.



With a view to creating a framework for continually achieving this kind of financial performance, in December 1998 we unveiled Promise Vision, our new long-term corporate vision. To realize the goals set forth in Promise Vision, we have pursued strategies centered on the three themes of Specialization, Focus, and Evolution. Specialization underscores our commitment to concentrate our strategic resources in consumer finance—the business we know best. Focus is the theme that drives our continual efforts to enhance our products and services, exceeding customer expectations through market-leading product development and highly advanced information technology (IT) applications. Evolution indicates that we are pursuing the goal of becoming our customers' "Personal Main Bank," by establishing and maintaining long-term multisolution consumer finance relationships with them.

In January 1999, we launched a new VI program to further strengthen the Promise brand. We completely revamped our existing corporate image and introduced a new, distinctive yellow and black logo that signifies our aim to be recognized as the consumer finance industry's most reliable partner. A renewal program to replace existing signage with that bearing the new yellow and black logo at all branches, coupled with an aggressive television advertising campaign, has resulted in a remarkably fast heightening of consumer awareness of the Promise brand. The most tangible result of the new VI program has been a significant increase in the number of new Promise customers. Furthermore, Promise developed the Promise-JCB credit card as a product based on an entirely different concept from existing credit cards. As a result of a preferential launch to customers who have both a high need for funds and a superior credit history, the Promise-JCB credit card quickly achieved a

Hiroki Jinnai, President

high utilization level. Because of its no-fee membership feature, the Promise-JCB credit card was well received by customers.

Looking at our operating environment, the two primary factors affecting our operations are tightened maximum allowable interest rate regulations and changes in the regulations concerning procurement of funds. Specifically, in May 1999 the Nonbank Bond Issuing Law went into effect. This law allows nonbank financial companies to issue corporate bonds for the purpose of procuring funds to use in the business of making loans and extending credit. Consequently, we have moved aggressively to procure funds through the issue of corporate bonds. Not only has this had the effect of lowering and stabilizing our funding costs, it has also provided us with greater diversification in our fund procurement methods.

In the consumer finance industry, the revision of the Contributions Law (also known as the Capital Subscriptions Law) and the entry of firms from other industries into the consumer finance arena are sure to bring a wave of great change. However, Promise shareholders should not view these developments with alarm. The reason is that Promise is well ahead of the competition in achieving new growth. For example, the recent revision of the Contributions Law resulted in a lowering of the maximum allowable interest rate in June 2000. This is expected to lead to the consolidation of a number of small and medium-sized consumer loan companies and a reshuffling of the consumer finance industry. Because Promise has already acquired a number of companies and is a financial partner in a number of ventures, rather than as an obstacle to realizing the goals of Promise Vision, we view this change as an exciting opportunity to aggressively pursue M&A activities, in line with our policy of creating a business group that delivers maximum consolidated financial performance.



Ryoichi Jinnai, Chairman

Furthermore, we intend to develop and establish relationships with new customer groups through alliances with leading firms in other industries. In May 2000, Promise, in an alliance with the Sanwa Bank, Ltd., established MOBIT Co., Ltd.—a revolutionary consumer finance solution company that combines Promise's proven expertise in lending and credit administration with Sanwa Bank's brand strengths and business channel development capabilities—to create an entirely new consumer lending market. MOBIT harnesses the power of cutting-edge IT and the Internet to offer customers enhanced convenience and ease of use. MOBIT is an important part of Promise's plan to continually meet the needs of its customers. We are confident that the strategies we are now implementing will ensure that our business structure retains the flexibility necessary to be an initiator of change in today's rapidly evolving consumer finance industry. Our pledge to you—our shareholders—is that we will continue to develop and execute strategies that deliver the superior business results you have come to expect.

July 2000

