

Unsecured Loan Business (Non-Consolidated Basis)

In its mainstay unsecured loan business, Promise focuses on meeting the financial needs of consumers with stable incomes by providing them with immediate access to funds by employing a thorough credit-screening process that requires a minimal amount of time. Looking at Promise's core market segment, 72.3% of all new customers are male. By age, 45.4% of new customers were in their 20s and 22.2% in their 30s. In other words, over 65% of new Promise cus-



tomers are under 40. Promise focuses on wage earners with annual incomes of less than ¥7 million—a group that comprises more than 80% of Japan's workforce.

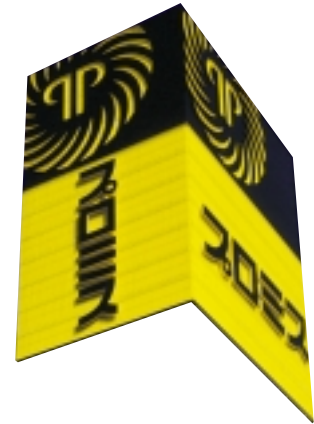
At March 31, 2000, the number of Promise customers totaled approximately 2,381 thousand and the balance of unsecured loans outstanding amounted to ¥1,093.7 billion, surpassing the ¥1 trillion mark for the first time in the Company's history. Boosted by reaching this milestone, total operating income on a non-consolidated basis jumped 11.2%, to ¥265.0 billion. Regarding expenses, Promise lowered its financing costs by aggressively issuing

corporate bonds, which offer procurement cost advantages over borrowing in a low market interest rate environment. This, coupled with reduced loan loss expenses resulting from strengthened credit management, contributed significantly to a substantial rise in net income. Net income swelled 42.5%, to ¥57.2 billion, and net income per share jumped 38.9%, to ¥475.8.

One of the primary factors driving this strong financial performance in the year ended March 31, 2000, was the resounding success of the new VI program in attracting a substantial number of new customers. The effects of eye-catching, new signage at branches, combined with the effect of an aggressive television advertising campaign, resulted in a significant increase in consumer awareness of Promise as the consumer finance company with the distinctive yellow and black corporate logo. Consequently, Promise enjoyed a significant increase in the number of customers



from the previous fiscal year. Continuing a trend that began in July 1999, the number of new customers rose 8.9%, to 430,000 people, from the previous fiscal year. This reversed a two-year



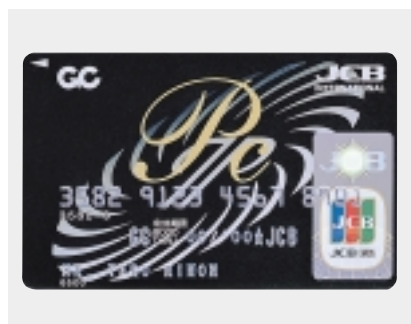
period during which the number of new customers registered year-on-year declined. Other contributing factors were the success of Promise's ongoing efforts to increase the Company's outstanding loan balance of existing customers as well as such efforts to attract new customers as expanding the network of unstaffed branches equipped with unsecured loan machines, extending its operating hours, and expanding its network of ATMs and tie-up cash dispensers (CDs). With a view to creating ongoing relationships with customers, in June 1999 the Company began issuing



Promise-JCB credit cards to build upon the convenience offered by the existing Promise card. Indicative of the strong customer interest in the Promise-JCB credit card's added convenience and flexibility, at March 31, 2000, the number of people issued cards totaled approximately 89,000, 81.7% of whom were existing customers.

To better contend with such social trends as the increase in the number of personal bankruptcies, Promise substantially revised its credit evaluation system. Implemented in June 1999, this upgraded system reflects the results of analyses of current bad debt ratios, thereby allowing the Company to take aggressive steps to manage its credit portfolio and control credit losses. In addition, Promise worked to reduce loan-loss expenses by strengthening its credit administration capabilities. Steps included strengthening the system for controlling credit costs. This involved dispatching 100 Tokyo Head Office staff to branches to better respond to customer requests for credit consultation.

Please refer to page 12–19 for specific data on consumer loan business activities.



Other Business Operations (Consolidated Basis)

Promise uses its accumulated know-how in consumer finance—its mainstay business—in domestic and overseas finance-related areas.

The Company has a total of four consolidated subsidiaries in Japan. These companies offer a wide variety of services, most of which support the business operations of the parent company. Among the subsidiaries in Japan are GC Co., Ltd., a credit card company that also offers convenient credit card cash advance services; PAL Research Center Co., Ltd., which conducts credit surveys; Net Future Co., Ltd., which operates and manages tie-up ATMs and other advanced computer-based financial systems; and PAL Corporation Ltd., which provides real estate sale and brokerage services.



Outside of Japan, Promise seeks to firmly establish operations that leverage its expertise gained as one of Japan's leading consumer finance companies. In February 1992, Promise established PROMISE (HONG KONG) CO., LTD., thereby becoming the first Japanese consumer finance company to enter the



Hong Kong market. This venture has been highly successful in meeting the financing needs of consumers in Hong Kong, demonstrating the exportability of the Company's highly successful business model, as used in Japan, to other markets. Upon receiving approval to engage in the nonbank lending business in Taiwan, in August 1989 Promise established Liang Jing Co., Ltd., to engage in the financing of installment sales, primarily of automobiles. In 1991, Promise established Yuukei Co., Ltd., as a subsidiary. Since then, Liang Jing and Yuukei have become two of the leading companies in Taiwan in this highly competitive field.

