

A Message from the Management



Ryoichi Jinnai, Honorary Chairman (seated) and Hirozo Yamada, President

Promise is a company in the consumer finance industry whose mission is to provide innovative customer-oriented financial services using specially-developed systems and products. As an industry leader, Promise became, on September 2, 1996, one of the first consumer finance companies in Japan to be listed on the First Section of the Tokyo Stock Exchange.

Promise's management policy is based on the following corporate objectives.

1. To become a trusted corporate citizen by facilitating customers' desire for a more comfortable existence.
2. Through effective management, to attain a reasonable level of earnings and follow a course of continuous development.
3. To earn the respect of customers and work for the benefit of our employees and society in general.

As part of efforts to achieve these objectives, Promise reduced its maximum interest rate in October 1995, enabling the company to provide finance at the lowest prevailing interest rates in the industry. Promise has also moved aggressively to develop its business, such as by installing automated credit providers "Irasshai-machine" to meet customer preference for interview-free transactions and by expanding its ATMs and tie-up CDs network with regional banks, sales finance companies and credit card firms. In addition, Promise has adopted a customer agent system enabling customer requests to be reflected in management policy thereby leading to enhanced customer satisfaction. All of these moves are designed to allow Promise to provide services of the highest quality.

Promise celebrated the 35th anniversary of its establishment in the term ended March 31, 1997. In the years ahead, the company will remain committed to its founding pledge: "to seek to provide the best consumer finance services." By fulfilling this pledge, the company will earn the respect of its customers and grow hand in hand with society.

Results in Fiscal 1997

The term ended March 31, 1997 was a major growth year for Promise. The company expanded its points of contact with customers by installing more automated credit providers and by expand-

ing its tie-up CDs. At the same time, Promise began to reorganize its channel network, shifting from manned to unmanned branches and establishing centralized operation centers.

Promise achieved substantial performance gains in this fiscal term, supported by stable growth in the balance of unsecured loans outstanding. Although profit margins were lower due to the October 1995 maximum interest rate reduction and increases in operating expenses associated with the expansion of automated credit providers, these losses were absorbed by reducing borrowing costs and other operating expenses. As a result, the company achieved operating income of ¥198.8 billion, an 11.0% increase over the preceding term and net income of ¥34.6 billion, a 12.7% gain over the preceding term.

Forecast for Fiscal 1998

For the current fiscal year, Promise forecasts a 9.3% increase in operating income to ¥217.4 billion and a 10.4% increase in net income to ¥38.2 billion. The three key elements of the company's strategy for achieving these targets are as follows.

I. The company plans to increase the balance of loans outstanding mainly by expanding the number of customer accounts. This growth will be achieved through measures relating to channels, contact with customers, credit provision, and interest rates, as described below.

1. As part of a channel reorganization program, the company will continue to open unmanned branches, particularly roadside branches.
2. The company will more effectively meet customer preference for interview-free transactions by equipping automated credit providers with virtually the same functions as manned branches, enabling the machines not only to issue new contracts, but also to execute contract renewals and interest rate changes. The machines will thus

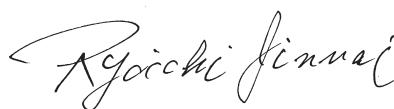
be able to satisfy a variety of customer needs. Through this strategy, the company expects to build the strong operating structure required to increase the number of customer accounts and to expand the balance of loans outstanding.
3. In the area of credit provision and interest rates, the company will acquire more preferred customers by aggressively promoting its low maximum loan rate.

II. The company will reduce its borrowing costs by diversifying its fund procurement methods.

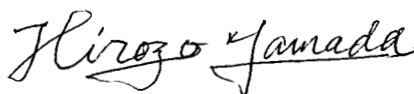
III. The company will maintain the ratio of credit losses written off at a low level through stringent credit management.

In keeping with a management philosophy that views operational innovation as the source of corporate profitability, Promise will focus attention on technical development and employee training with a view to the future. At the same time, the company will enhance its ability to cope with risk and changes in the operating environment by practicing strict credit management in its operations and by building a firm financial structure to maintain high earnings.

July 1997



Ryoichi Jinnai, Honorary Chairman



Hirozo Yamada, President