

# The Year's Highlights

## ■ Promise's growth remains firm

Unsecured loans, the Company's core business, continued their upward course during fiscal 1998, with the balance of outstanding loans increasing 10.7 percent, to ¥858,225 million. The average balance per account rose only slightly, to ¥401,000 from ¥389,000. The growth in outstanding loans could mainly be attributed to the increase in the number of loan accounts, which rose 7.2 percent, to 2,135,000. These figures represented quality growth. The write-off ratio for unsecured loans advanced slightly from 2.1 percent to 2.4 percent (including secured loans, the write-off ratio increased from 2.2 percent to 2.4 percent), mainly reflecting worsening economic conditions in Japan.

The solid growth achieved during the fiscal year in review was evidence that Promise will remain highly competitive in the consumer finance industry despite the heightened competition and significant changes that may occur because of the progressive deregulation expected under the Big Bang reforms of Japan's financial system.

## ■ Accelerated network expansion

Promise accelerated its expansion of unstaffed branches and broadened its ATM network during fiscal 1998, maintaining one of the largest network of branches among consumer finance specialists. The number of loan branches surged 34.0 percent to 1,005 branches (including secured loan branches) and the number of Irasshai Machines (automated credit providers) jumped 40.6 percent to 977 units. Promise's own network of ATMs expanded 26.4 percent to 1,335 units, while its tie-up network with other financial institutions soared 27.2 percent to 15,702 machines.

This rapid growth in the Company's network is a function of its strategies to expand the number of unsecured loan accounts, improve customer convenience, and reduce operating expenses through the greater use of cost-efficient unstaffed facilities. Advances in information and automation technologies have also contributed to the feasibility of the greatly expanded network.

## ■ Accessing global capital markets

In June 1998, Promise made its first international share offering, raising approximately ¥40,990 million through the issue of 7,300,000 new shares. Concurrently, a similar offering of 3,700,000 new shares was made domestically, raising approximately ¥20,780 million. The proceeds from these issues will be used to support growth in consumer loans and will provide a buffer against an increasingly tight money policy among Japan's financial institutions.

Promise is continually seeking to diversify its sources of funding to ensure a stable, low-cost supply of capital to fund its operations, in particular, its consumer loans. In recent years, Promise has made issues of Yen-denominated convertible bonds, commercial paper, and unsecured domestic straight bonds.