

A Message from the Management

Steady growth based on a firm relationship of trust with customers

Promise was a pioneer in the unsecured consumer loan market when it commenced business in 1962. Establishing a nationwide network from an early stage, the Company concentrated on expanding its customer base. Moreover, Promise developed sophisticated information systems to support its business and gained experience in accurately evaluating credit worthiness that helped minimize losses. By establishing an organization that could rapidly respond to the financial needs of consumers, Promise has consistently improved on its performance as a leading consumer finance company and grown, currently serving a customer base of over 2.1 million people.

In seeking growth, Company has developed high-quality “Promise-style” products designed to make repayment easy, provided excellent services by well-trained employees, and raised profitability by expanding its customer base and developing new markets. Furthermore, Promise has fostered a positive working environment that motivates employees.

As part of the process of expansion, we have continued to stress achieving the “best balance” in our operations. While aiming for growth, we focus on building a solid financial structure by maintaining a balance between volume and loan quality and by targeting low-cost operations through improved sales channels and investment in information systems.

In other words, we are emphasizing sales channel expansion and cost control, loan growth and debt quality, funding efficiency and stability. Although we are actively pursuing business development, we are maintaining a balanced, solid base.

Despite the difficult business climate, the strong competitiveness realized through low-cost operations based on this “best balance” strategy is helping Promise move steadily forward.



Ryoichi Jinnai, Chairman (right) and Hirozo Yamada, President

Over the past few years, the second generation of baby boomers, who are strong consumers, have entered the work force, becoming a large and still growing market. For that reason, we are focusing our sights for the time being on achieving growth among young consumers in our core business of unsecured consumer loans.

In addition, the ongoing deregulation in financial markets should provide us with a variety of new business opportunities. As we become able to offer commissioned and agency services, it also will be possible to develop our sales channels and credit evaluation and loan collection know how into independent businesses.

Promise will first seek to cope with the current severe business environment by further reinforcing its foundations and strengths in the

consumer finance business. In targeting consumers, we will aim to become the “personal main bank” of our customers by offering an integrated range of personal financial services. In other words, we will do our best to get customers to consider Promise as their “bank” of choice for the services we offer.

Fiscal 1998 Performance

Fiscal 1998, ended March 31, 1998 was a year of substantial growth for Promise. Net income advanced for the fifth consecutive year, reaching a new record high.

During the period under review, we worked to expand as well as firm up our customer base. Through Promise Call, a toll-free telephone support service, we actively dealt with enquires on a 24-hour, 365-day basis, responding to the daily needs of customers.

Moreover, we expanded our network of automated credit providers and tie-ups with the ATM and CD networks of other financial institutions to make our services more convenient.

Our strong performance in fiscal 1998 was supported by an increase in consumer loans outstanding and a continued low interest rate environment as well as by heightened efforts throughout the Company to achieve thorough cost control and improve productivity.

Consequently, operating income rose 10.8 percent, to ¥220.3 billion while net income advanced 11.5 percent, to ¥38.6 billion.

In the fiscal year ahead, we forecast that operating income will grow 7.5 percent, to ¥236.9 billion, and net income will climb 20.7 percent, to ¥46.7 billion.

We remain committed as a company to our founding pledge to “seek to provide the best consumer financial services.” Based on this pledge, we intend to further strengthen the relationship of trust with each of our cus-

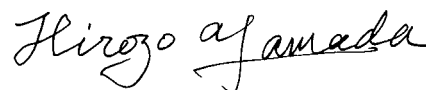
tomers and to develop a variety of new, advanced services—this is our vision of Promise in the 21st century. To help realize this goal, we have established the “Revolution Club,” a company-wide action that aims to communicate directly to management the opinions of employees, who interact directly with customers.

Maintaining its reputation as a greatly admired company, Promise intends to grow step-by-step with society, working for the good of our customers, shareholders, and employees.

August 1998



Ryoichi Jinnai, Chairman



Hirozo Yamada, President