

Guarantee for Ringgit Bonds Issued by a Japanese Affiliate in Malaysia
--Promoting the Asian Bond Market Initiative--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) provided a guarantee today for the ringgit-denominated bonds issued by ORIX Leasing Malaysia Berhad (OLM; Head Office: Kuala Lumpur), a Malaysian corporation in which ORIX Corporation has equity stakes. The corporate bonds totaling 150 million ringgit (about 4.5 billion yen) that were issued by OLM are guaranteed by ORIX Corporation, the parent company of OLM, with a secondary guarantee by JBIC and the Labuan Branch of the Bank of Tokyo-Mitsubishi UFJ, Ltd. The proceeds of the bond issue will be used for OLM's leasing business for Japanese and other products, which has been expanding in parallel with the recent robust growth of the Malaysian economy. (For a schematic illustration of this, see the Appendix.)

2. Japanese affiliates operating in Asian countries seek to fund their businesses in local currencies to avoid exchange risks. Throughout these different countries, however, underdeveloped bond markets have made it difficult for these companies to raise funds with bond issuance, and therefore their financing methods have been limited. Even in Malaysia where the bond market is relatively mature, since even Japanese firms with good credit standing do not necessarily have high name recognition in local securities markets, there is a need for JBIC, a Japanese governmental financial agency, to complement their efficient bond issuances. To meet these needs of Japanese affiliates for increasingly diverse financing modalities, JBIC is utilizing its guarantee facility this time to support successful bond issue in the local market.

3. JBIC has been active in promoting the Asian Bond Market Initiative (ABMI),^[1] which was proposed by the Government of Japan in December 2002 and under which various efforts to develop bond markets have been underway within the framework of ASEAN+3 (Japan, China, and Korea).^[2] As the first such effort in Malaysia under the ABMI, this guarantee will help develop the country's bond market, and the use of JBIC's guarantee facility will contribute to the promotion of the ABMI.

[1] The Asian Bond Market Initiative was launched as a measure to prevent the recurrence of the Asian currency crisis by channeling funds in the Asian region, which is characterized by a high saving rate, to investments within the region. Currently, discussions are underway among the governments of ASEAN+3 (Japan, China and Korea) countries on ways to develop and invigorate bond markets in Asian countries.

[2] JBIC has made the following contributions to the ABMI to date:

June 2004: Provision of a guarantee for baht-denominated bonds issued by Japanese affiliates in Thailand.

December 2004: Provision of a guarantee for Korean collateral bonds obligations.

September 2005: Issuance of baht-denominated bonds in the Thai market and provision of baht-denominated two-step loans for Japanese banks by using the proceeds of the bonds.

For further information

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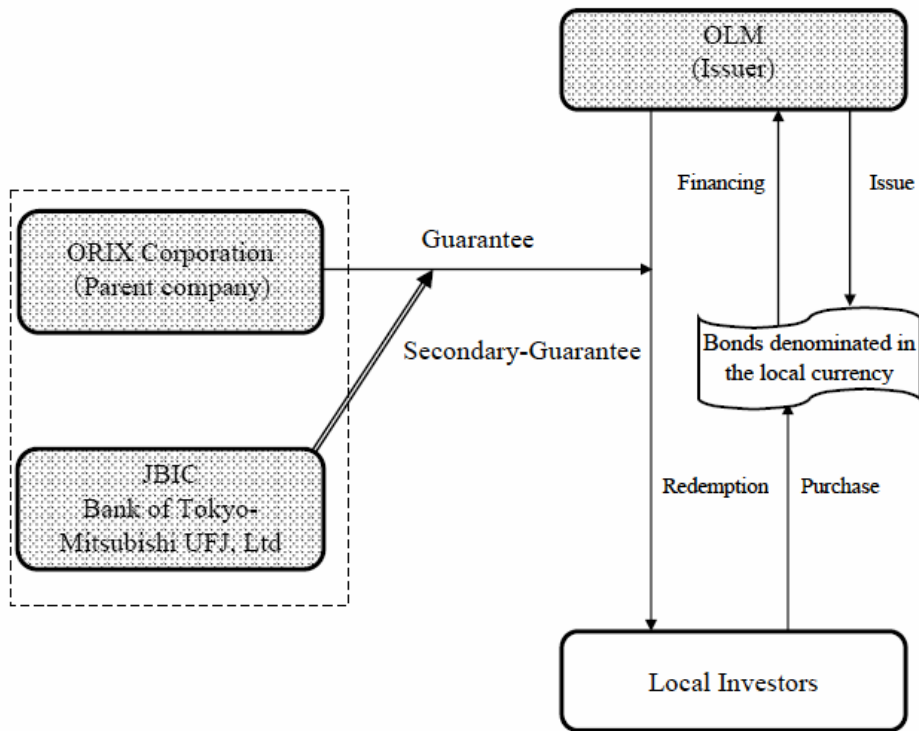
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*The Joint Lead Arrangers for the bonds issuance are Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad, Citibank Berhad and Standard Chartered Bank Malaysia Berhad.