

Orix Leasing Pakistan

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Brief History

Orix Leasing Pakistan was established in 1986 as a private limited-liability company. In March 1988, the company changed its status to a public company with an initial public offering oversubscribed 17 times. As a subsidiary of ORIX Corporation, Japan, it operates as a leading leasing company in Pakistan thanks to the strength of its extensive branch network, a diversified portfolio of over 3,000 clients and a wide range of financial products. In 1993-1994, OLP was the first leasing company to be selected by the World Bank as a medium for financing Pakistani micro enterprises. It later received financial assistance and credit lines from FMO (a Dutch lending organization) and the Swiss Agency for Development Cooperation (SDC).

Methodology

Currently Orix provides leasing services to a variety of micro-enterprises operating in the agriculture, livestock and retail sectors. A brief explanation of leasing methodology is provided under the section 'Innovations'.

Through a partnership with the NGO ASASAH, OLP has provided microcredit services to more than 1,360 female borrowers, using a solidarity group methodology and loans of an average size of Rs.10,000.

Area of Operations

OLP has a wide branch network comprising of eight offices in major cities throughout Pakistan. These city branches are located in Karachi, Lahore, Faisalabad, Sialkot, Islamabad, Peshawar, Multan and Hyderabad.

Clients

Orix Pakistan extends its leasing services to microenterprises throughout Pakistan's five provinces

Active clients	Active savers	Active borrowers	Gender
n/a	n/a	n/a	n/a

Poverty Focus

Average outstanding loan size (US\$)	Average outstanding loan size / GNP per capita	Average deposit size (US\$)
n/a	n/a	n/a

Distinctive Features

OLP provides traditional microfinance products (i.e. loans) and micro-leasing products through its partnership with NGOs and support from SDC. It also plans to become directly involved in microfinance services on a large scale.

Innovations

With the financial assistance of SDC, OLP provides lease finance to fully cured patients of Marie Adelaide Leprosy Centre. So far, 59 patients in Karachi and Peshawar have benefited from the lease products, provided on soft conditions. A similar program has been implemented with disabled people. In addition, a brief introduction to the methodology of leasing and its place in the greater goal of poverty alleviation in Pakistan is provided in the 'Innovations' section.

Financial results

Orix Pakistan is a listed company on the Karachi, Islamabad and Lahore Stock Exchanges. As a result it publishes its figures in accordance with those regulations. Figures regarding Portfolio Quality are unavailable at this time.

However in terms of financial sustainability Orix is operating at a significant profit. The company's before tax profit was Rs. 147.4 million for the period of 2002- December 2003 up 47% on the year previous.

Loan Portfolio (US\$)	Portfolio at risk	Savings Deposits (US\$)	OSS / FSS	RoE / RoA
n/a	n/a	n/a	n/a	n/a

Challenges and development plans

OLP seeks to partner with NGOs in providing micro-leasing products to their clients who have reached maximum loan size ceiling. In addition it also offers Microenterprise development loans to the clients of these NGOs. OLP plans to propose microfinance products by opening microfinance-oriented branches or sub-branches throughout the country.

Inclusion in financial Sector

Orix was extended a credit line of \$26 million for small and micro enterprises by the World Bank in 1993-94. Orix also derives long-term credit lines from IFC (International Finance Corporation), the Asian Development Bank and IBRD (World Bank)

Sources:

- Web site: www.orix-pak.com
- Orix internal documents