



Media Release

RAM Ratings affirms AA₂/P1 ratings of ORIX Leasing and ORIX Credit

RAM Ratings has affirmed the AA₂/Stable rating of ORIX Leasing Malaysia Berhad's (OLM or the Group) RM500 mil Medium-Term Notes (MTN) Programme (2016/2031). The AA₂/Stable rating of ORIX Credit Malaysia Sdn. Bhd.'s (OCM) RM1.5 bil MTN Programme (2021/2051) and the P1 rating of its RM500 mil Commercial Papers Programme (2020/2027) have also been affirmed.

The ratings incorporate an uplift based on RAM's assessment of a 'high likelihood' of extraordinary support from ORIX Corporation (ORIX Corp), the Group's ultimate parent, a diversified multinational financial services group established in Japan. This assessment is underpinned by OLM's strategic importance to ORIX Corp, evidenced by comprehensive oversight, extension of funding lines and guarantees on nearly all the Group's bank borrowings. OLM's established franchise and market leadership in the domestic hire purchase and leasing industry further support the ratings. OCM, a wholly owned subsidiary of OLM, remains deeply integrated with the Group, accounting for 68% of pre-tax profit in FY Mar 2025. As such, the credit profiles of the two entities are closely aligned.

OLM's asset quality continued to improve, with the gross impaired financing (GIF) ratio easing to 1.2% as at end-March 2025 (end-March 2024: 1.5%). This was driven by lower impaired balances as well as strong receivables growth. The Group's credit cost ratio normalised to 11 bps in FY Mar 2025, after spiking to 59 bps the year before following the adoption of a more stringent provisioning policy. GIF coverage strengthened to 116% (end-March 2024: 107%; end-March 2023: 78%), affording ample buffer against potential credit losses. While global tariff tensions present some risks, we anticipate potential impairments to remain manageable given OLM's predominantly domestic customer base, though secondary impact may take time to fully materialise.

OLM's financial performance remains solid. Pre-tax profit surged to RM116 mil in FY Mar 2025 from RM91 mil a year earlier, supported by robust lending growth, lower depreciation from the run-off of its smart device portfolio and lighter impairment expenses. Its net interest margin improved slightly to 5.1% (fiscal 2024: 5.0%), reflecting stable funding costs and marginally higher lending rates. OLM continues to boast a solid balance sheet, with prudent gearing at 2.1 times as at end-March 2025 and strong liquidity. Cash balances and funding lines covered 2.9 times short-term debt at the same date.

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