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Entry into General Leasing Business in Saudi Arabia

Mitsubishi Corporation (MC) and Mitsubishi UFJ Lease & Finance Company Limited (MUL) will enter into a general leasing business in Saudi Arabia , with Riyadh Bank, one of the leading banks in the country, and Zahid, a group of various corporations.

It is considered that the global economy is going to be led by the growth of emerging countries, and among them, strong demand for leasing is expected in Saudi Arabia , the largest market within the Middle East, due to an active demand for facility investments, and plan to enlarge our business into other countries in the future.

Outline of Business

As a license from the local authority is required to enter into a general leasing business in Saudi Arabia , it is thought that business competition will be limited. On the other hand, leasing service is essential for a growing country, and therefore we consider that our business chance is huge in Saudi Arabia .

Under such circumstances, MC and MUL have agreed with local partners that Zahid will sell and transfer 25% share of its existing in-house leasing subsidiary, AJIL, to MC and MUL — related contracts have been signed and have achieved approval from SAMA as a first step for receiving a general leasing license.

Shareholding of the JV will be as follows, and after achieving other approvals from SAGIA and MOCI, the JV is due to start an operation as a general leasing company.

Riyad Bank	: 35% (one of the leading banks in Saudi Arabia)
Zahid group	: 25% (large company group and sales representation of Caterpillar, Renault, and Volvo.)
MC	: 20%
MUL	: 5%
Other local partners	: 15%

Function of MC and MUL

Finance business is one of the main focuses of MC.

This project is a part of MC's core finance strategy, and MC plans to add value by providing its knowledge of trading and global network. MUL is due to provide its leasing expertise.

MC also plan to second staff to the JV. By participating in a finance project with Saudi Arabia 's predominant partners, such as a Riyadh Bank and Zahid, MC contemplates to strengthen and expand its business with in the Middle East area.