

A Message from the CFO



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Director, Representative Executive Officer
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Risk Management and Financial Strategy that Support Growth

“Bold yet cautious” Be Selective of Good Risk, and “Proceed Diligently”

ORIX engages in business activities that aim to contribute to society by creating new values through finance and services. In order to create new value, it is necessary to take on the new risks. In other words, the ability to distinguish and select “good risk” from the rest is highly essential to the Company’s value creation. Conceptualizing bold strategy, discovering good risks, selecting risks with caution, and proceeding the undertaking with diligence – these are the ways in which ORIX manages its risks.

The characteristics of ORIX’s risk management consist of the following:

- Even for small size transactions, each is being debated internally among the top management before the final decision is made.
- Diligence is maintained throughout every phase of the transaction from initial execution to the final collection. In the case where collection faces difficulties, with utmost efforts we strive to maximize the collection by utilizing every know-how and other group resources available. There are even times when new business opportunities are discovered during such a process.
- The top management monitors the Group’s business on the basis of each individual business unit (business headquarters or group companies) rather than the broader 6 major segments. Monthly meetings are held where the top management receives reports from each business unit head and provides appropriate advice and instruction in return.

At ORIX, the awareness to treat risk diligently is widely shared among each employee from those who work on the fields to the top management. Based on the concept that growth cannot be achieved without challenges to risk taking, each employee appropriately handles the various risks they face in their respective roles.

ORIX places strong emphasis on its capital employment and credit rating. 80% capital employment and single A credit rating are considered reasonable levels which we aim to maintain. We have continued to evaluate the impact of transactions on the Company's capital position, including in the FY2014.3 when we had large M&A transactions such as Robeco.

We will further strengthen our risk management capability, the cornerstone that has supported ORIX's growth to date, to the level where the Company can produce stable growth under any business environment.

Financial Strategy to Support ORIX's Growth

ORIX has built a solid financial base by securing a large proportion of long term funding from diversified sources comprised mainly of borrowing from financial institutions, bond issuances in various capital markets, as well as deposit collected by ORIX Bank. By carrying out stra-

tegic initiatives such as (1) diversification of funding, (2) lengthening and smoothing of maturity ladder, and (3) securing appropriate level of liquidity, we have been able to fortify our financial soundness.

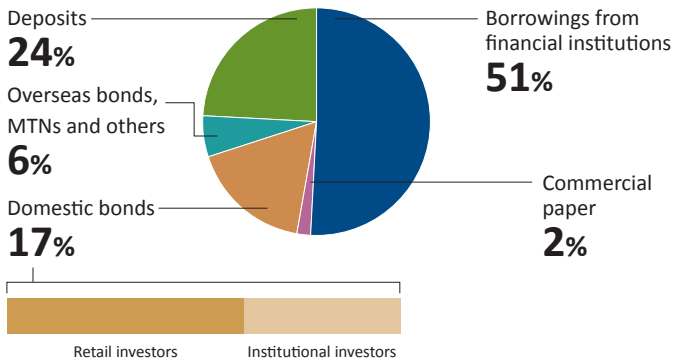
Results Accomplished in the FY2014.3

- (1) Diversification of Funding:** Bond issuances overseas.
- (2) Lengthening and Smoothing of Maturity Ladder:** Minimize refinancing risk by lengthening borrowings from financial institutions, issuing domestic long term bonds, disperse maturities of bonds and borrowing from financial institutions.
- (3) Securing Appropriate Level of Liquidity:** Liquidity coverage ratio between liquidity on hand and short term market-oriented liability such as commercial papers, bonds and Medium Term Notes (MTNs) maturing within 1 year is 399%.

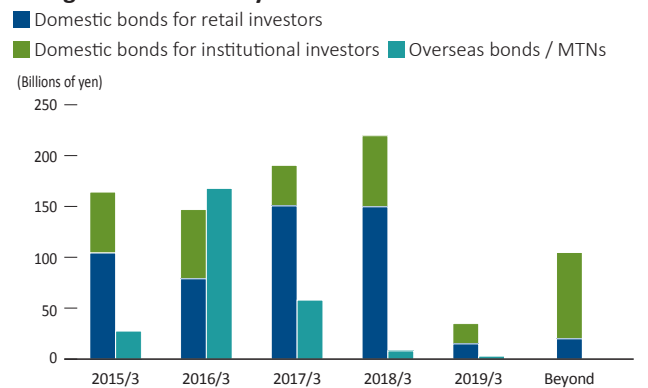
For the FY2015.3, we will continue implementing the aforementioned policies. We will maintain our liquidity at around 1 trillion yen and liquidity coverage ratio at around 200%. At the same time, we plan to strengthen our funding operation in response to our asset growth in Asia, namely by increasing borrowing from local banks and tapping the local capital markets. We will take advantage of project finance for our growing investment business such as the environment and energy related business. Going forward, we will also strive to expand our investor base, further reduce and stabilize our funding cost.

Breakdown of Funding Sources

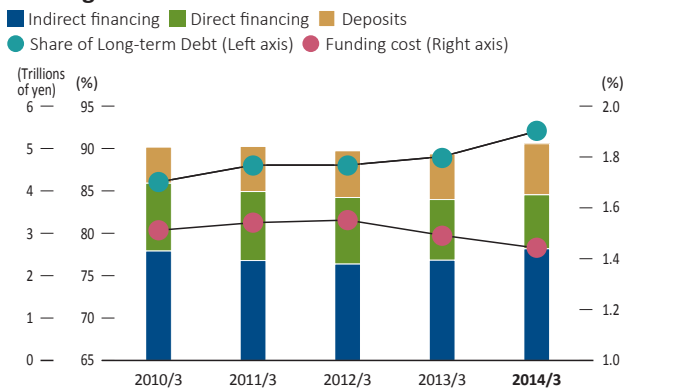
(As of March 31, 2014, excluding ABS and CMBS)



Straight Bond Maturity Ladder (As of March 31, 2014)



Breakdown of Funding, Trend in Long-term Debt and Funding Cost (Excluding ABS / CMBS in funding balance and Share of Long-term Debt)



Liquidity versus Short-term Liabilities

