

Risk Management and Risk Governance

Risk Management

ORIX has established a company-wide risk management system to accurately identify and appropriately manage the various risks associated with our business activities. The Board of Directors has ultimate oversight responsibility for the overall management of ORIX, including risk management, and determines company-wide policies and basic frameworks. The representative executive officers are responsible for establishing and maintaining the risk management framework required for each business unit, based on the company-wide risk appetite established in line with the management strategy approved by the Board of Directors. Responses to various risks are decided through deliberation bodies such as the Executive Committee, which is chaired by the CEO, and the Investment and Credit Committee.

The status of risk management in the business divisions is monitored through coordinated efforts of the internal control-related functions. Specifically, each business division formulates within its annual business plan a risk management plan which takes into account the risks specific to its business. Furthermore, through an annual self-verification program, the division identifies risks that could have a significant impact on business operations and verifies whether the division is adequately addressing these significant risks. The ERM department continuously evaluates company-wide risks, including credit risk, market risk, liquidity risk, and operational risk, and provides support for improvements as necessary. Through these procedures, we secure the effectiveness of company-wide risk management.

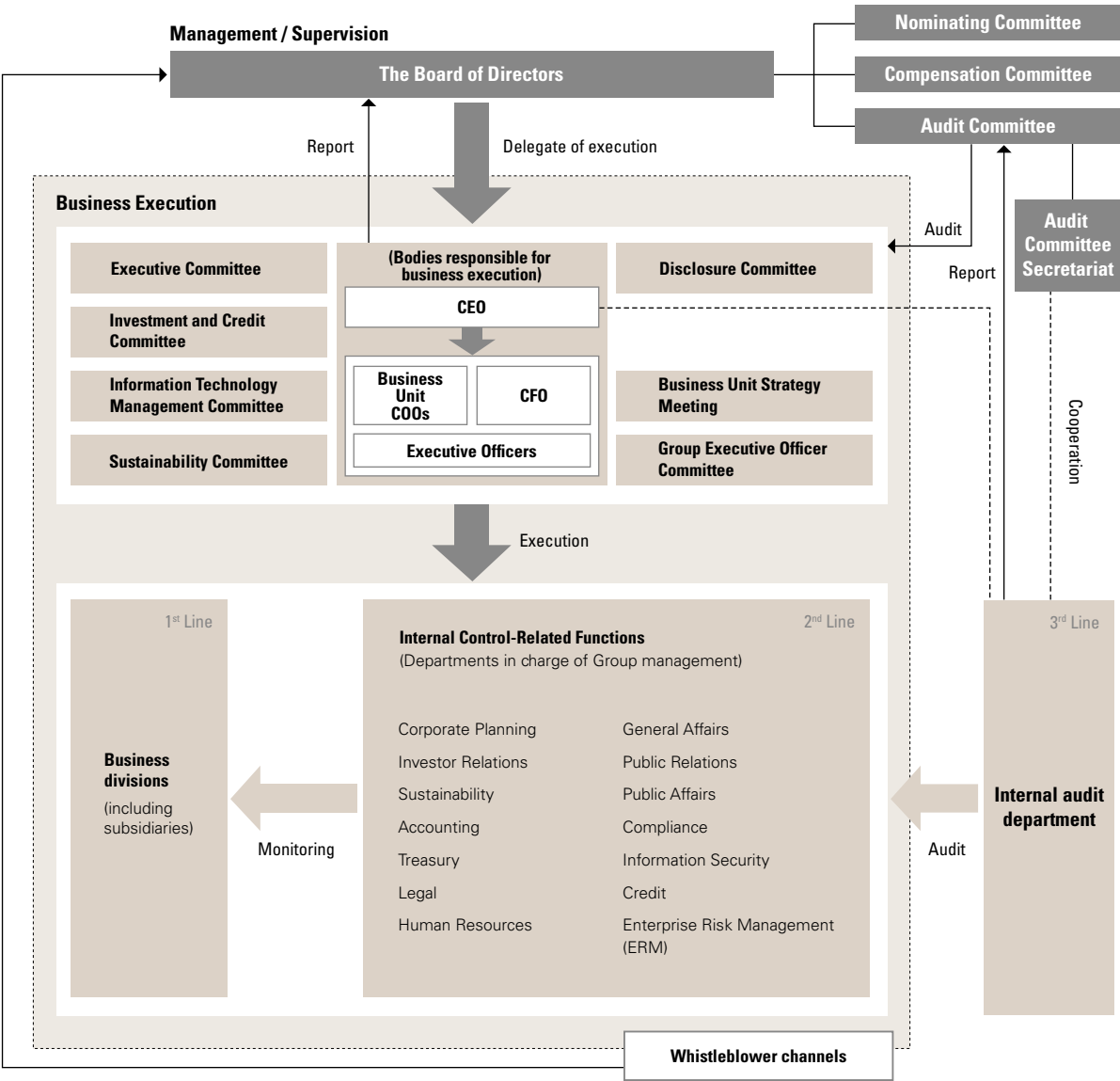
Risk Governance

ORIX has established and operates an internal control system that takes into account risk management, compliance, Group company management, audit systems, and other aspects in order to respond quickly and flexibly to changes in the business environment and enable efficient business execution and effective management. The Board of Directors bears ultimate responsibility for this risk governance system and its operation, and determines the overall approach. ORIX has established the following division of roles based on the three-line defense model in order to implement robust risk governance.

Business divisions (first line) identify, assess, and manage risks related to their assigned business operations in accordance with the policies and frameworks established by internal control-related departments. Internal control-related departments (second line) monitor the risk response status of business divisions from a specialized, cross-company perspective and encourage improvements as necessary. The internal audit department (third line), independent from business divisions and internal control-related departments, verifies and evaluates the effectiveness of the entire risk governance process and recommends corrective measures if any deficiencies are identified. In addition, external and internal reporting hotlines complement our risk governance as a mechanism for identifying signs of risk incidents.

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■ Summary of ORIX’s Internal Control System (with some additions) (As of June 30, 2026)



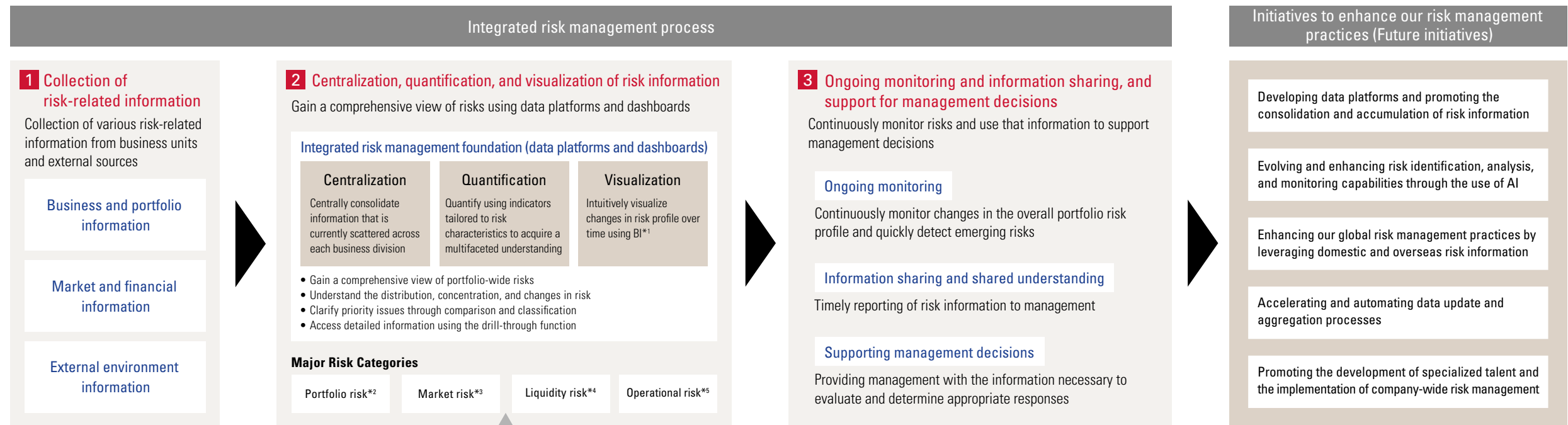
■ Key Risk Factors

The kind of key risk factors that could affect the business operations and financial position of ORIX Group, as well as our management of them, include the following.

Risk Factors	Risk Management	Executive Bodies Related to Risk Management
External environment related risk	- Establishment of a system that enables sound financial operation to continue by diversifying our profit structure with diversified business development and by securing sufficient liquidity - Establishment of a disaster risk management system Disaster Risk Management System - Establishment of a system to respond to climate change risks → Page 52 Sustainability Governance Structure → Page 57 Information Disclosure Based on TCFD Recommendations	Executive Committee Sustainability Committee
Credit risk	- When appraising individual projects, comprehensively evaluate the credit recipient's financial condition, cash flow, underlying security interests, profitability, etc. - Strengthen credit risk management methods for individual projects and portfolios (obtaining sufficient collateral and guarantees, diversifying industries and credit recipients, controlling exposure to potentially high-risk markets) Risk Management System for Investing and Lending	Investment and Credit Committee
Business risk	- Thoroughly analyze risk (scenario analysis and stress testing) before executing a business or investment - Improvement of the quality of products and services through regular monitoring as well as evaluation and verification of withdrawal costs, after execution of businesses and investments Risk Management System for Investing and Lending	Investment and Credit Committee
Market risk	Establishment of an integrated management system for assets and liabilities (comprehensive understanding and verification system for market risks, using derivative transactions as a means of hedging)	Executive Committee
Liquidity risk (risk related to funding)	- Promotion of diversification of procurement methods - Strengthen management of liquidity on hand (implementing stress tests of liquidity risk and developing countermeasures, understanding liquidity risks for each country and subsidiary and developing countermeasures)	Executive Committee
Compliance risk	Establishment of an effective compliance structure alongside a corporate culture that values high ethical standards (formulating and implementing a compliance program, establishing internal regulations and promoting compliance awareness through activities to disseminate information, establishing internal and external compliance hotlines) Compliance	Executive Committee Sustainability Committee
Legal risk	Establishment of a legal compliance and legal risk management system (establishing internal regulations for legal compliance, understanding laws and regulations applicable to each business, and implementing appropriate responses to revisions to the law)	Executive Committee Sustainability Committee
Information / cybersecurity risk and IT risk	Establishment of an information/cybersecurity risk and IT risk management system (establishing internal regulations, implementing technical measures such as vulnerability management measures for information systems and network protection, establishing systems for response in the event of incidents, and implementing measures to reduce the risk of system failures) Information Security	Information Technology Management Committee
Operational risk	- Establishing, disseminating, and training about internal regulations - Establishment of systems related to execution of operations - Building an internal control system for financial reporting - Establishment of a personnel system and a work environment to stably secure diverse human resources - Continuously strengthen the overall risk management system through monitoring of operational risks by the Audit Department - Establishing a system for responding to and preventing recurrence of operational risk incidents, and risk control self-assessment Human Capital Management Incident Management System	Executive Committee Sustainability Committee

Enhancing our risk management practices — Centralization, quantification, and visualization of risk information to support management decisions—

As we expand and diversify our business portfolio, we are working to enhance our risk management practices. Focusing on the centralization, quantification, and visualization of risk information, we are continuously striving to strengthen our Group-wide integrated risk management framework. By taking a comprehensive, end-to-end approach from the initial screening of individual projects through portfolio management, continuously monitoring changes in risk, and building a foundation that supports management decisions and company-wide risk management, we aim to support appropriate risk-taking and contribute to the sustainable enhancement of corporate value. The following outlines the initiatives we are undertaking to achieve this.



Dashboard screen image (example)



*1 Business Intelligence. A method or concept for collecting, analyzing, and visualizing data held by companies and using it to improve and optimize management and business operations.
 *2 The risk of losses arising from difficulties in recovering invested capital due to a deterioration in the business conditions of investees and borrowers or a deterioration in ORIX's business operations
 *3 The risk of losses arising from fluctuations in interest rates and foreign exchange rates, which may cause future interest income or the market value of financial instruments to fluctuate
 *4 The risk of being unable to secure necessary funds, or of being forced to obtain funding at interest rates significantly higher than normal, due to mismatches between asset and liability maturities, or a deterioration in financial conditions or the market environment
 *5 The risk of damage, loss, disadvantage, or adverse reputational impact arising from the failure of internal processes, personnel, or systems related to the execution of operations to function appropriately, or from operations ceasing to function appropriately due to external events