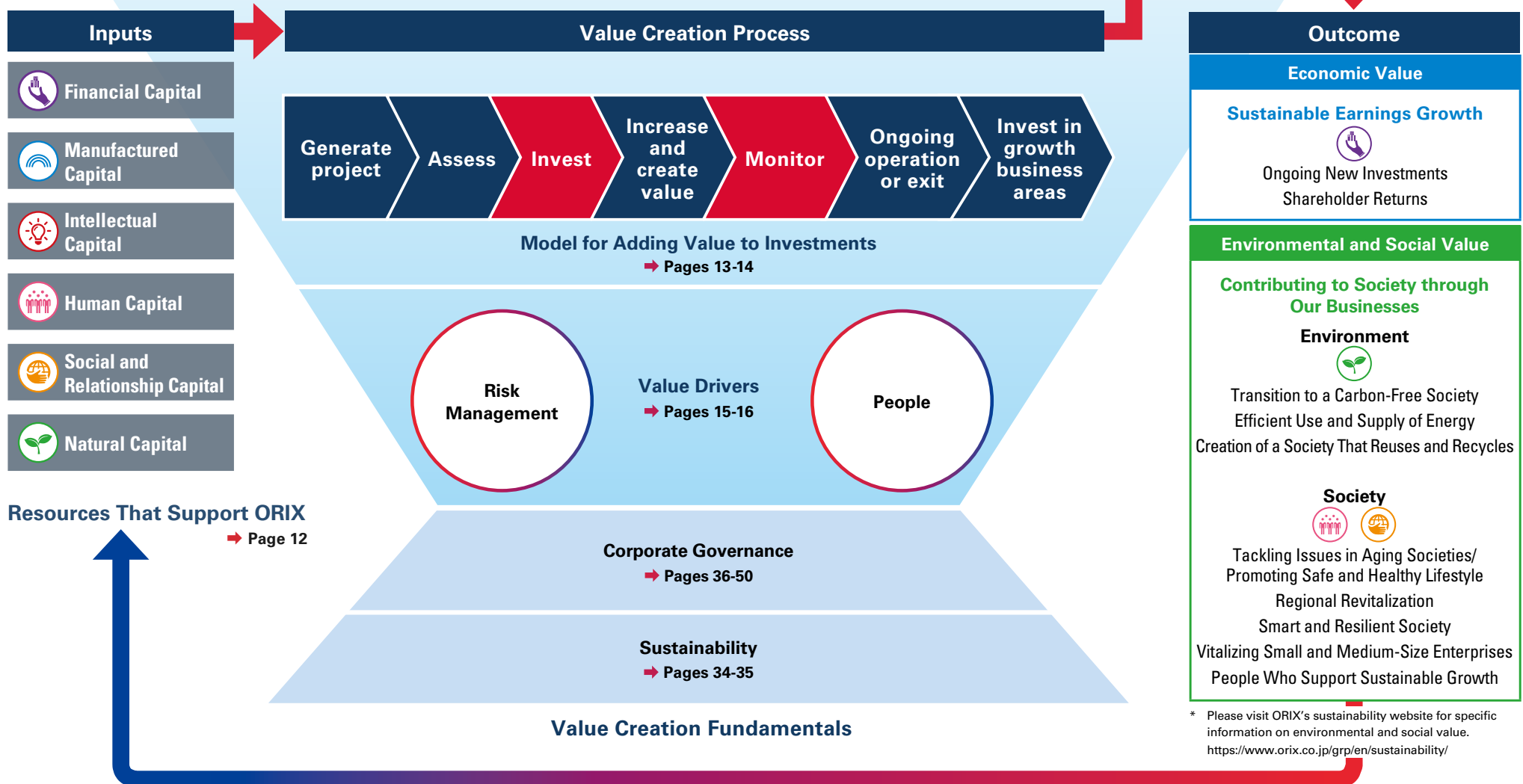


Creating Value

Value Creation Model

ORIX employs the capital resources it has been acquiring since its founding to create value using its own model for adding value. This has enabled us to expand our business into our current 10 segments and to provide value unique to ORIX in multiple markets. We will continue to provide value to society with this serial, cyclical model.



* Please visit ORIX's sustainability website for specific information on environmental and social value.
<https://www.orix.co.jp/grp/en/sustainability/>


Stakeholders select ORIX because our record of success earns their trust.

Value Creation Model

—Resources That Support ORIX—


Optimizing Capital Resources since Our Founding

Capital has supported ORIX in generating sustained growth by building a globally unique business model that goes beyond the boundaries of industries. It underpins our business activities today and funds the value we will create in the future. We will continue to build up and deploy capital resources for our sustainable growth.




Financial Capital
Funds that are available for use in the business

- Financial leverage: D/E ratio **1.5 times**
- Shareholders' equity ratio **22.9%**
- Liquidity (incl. ORIX Bank and ORIX Life Insurance) **¥1.3 trillion**
- Credit rating: Maintained at single **A or higher**




Manufactured Capital
Manufactured physical objects that are available for use in the business

- Autos, aircraft and ships
- Equipment rentals including ICT-related equipment and electronic measurement instruments
- Operating facilities in the real estate business
- Facilities related to environment and energy



Intellectual Capital
Organizational, knowledge-based intangibles

- Perspectives from finance
- Expertise in handling tangible assets
- Interdepartmental collaboration




Human Capital
Employee competencies, capabilities and experience, and their motivation to innovate

- Diverse people with specialized expertise **31,233**
- Ex Japan employee ratio **25%**
- Female employee ratio **37%**



Social and Relationship Capital
Connection with stakeholders and communities

- Global operations **37 countries and regions**
- Locations in Japan **1,429**
- Locations ex Japan **739**
- Broad customer base



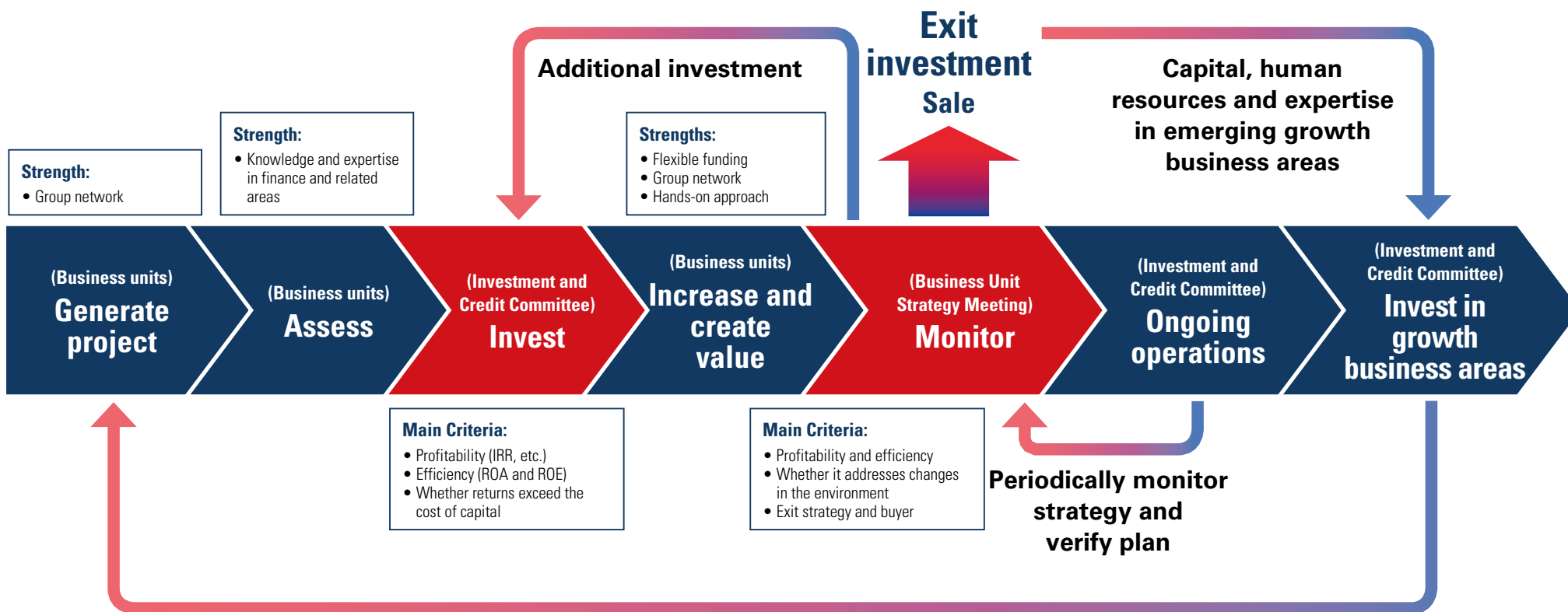
Natural Capital
Environmental resources that support the business

- Renewable energy (solar, wind, geothermal)
- Scenic resources such as forests and lakes

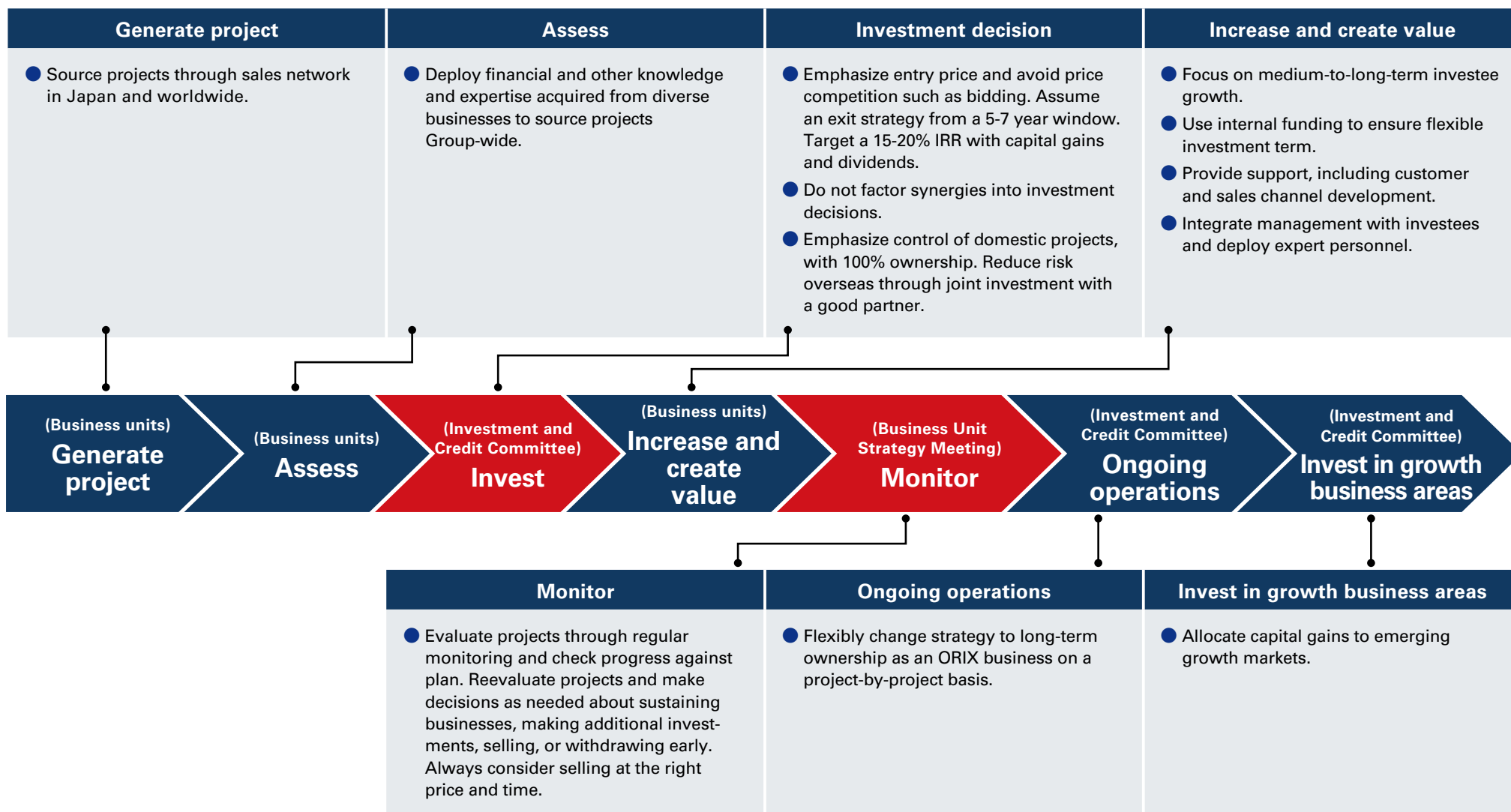
Model for Adding Value to Investments

ORIX started off in leasing and has grown by expanding into neighboring businesses. Our ability to take on the challenge of entering new markets is based on a business model (model for adding value to investments) that allows us to correctly assess risks and business potential to lead to various forms of value and generate growth.

Here, we explain the components and features of ORIX's model for adding value to investments.



ORIX's Model for Adding Value to Investments



Value Drivers

Risk management and people are value drivers, or factors that increase corporate value, for ORIX.

This section explains ORIX's approach to risk management and people and how they increase corporate value.

Risk Management

ORIX has expanded and grown its businesses by addressing the needs of customers and changes in the environment. Growth requires identifying and taking risks while maintaining soundness. This mindset is the basis of our risk management.

Self-discipline Supports Independence

ORIX has been independent since day one. We can only maintain this independence through management with the disciplined mindset that misjudgment affects the survival of the Company. Our independence is a function of this self-discipline.

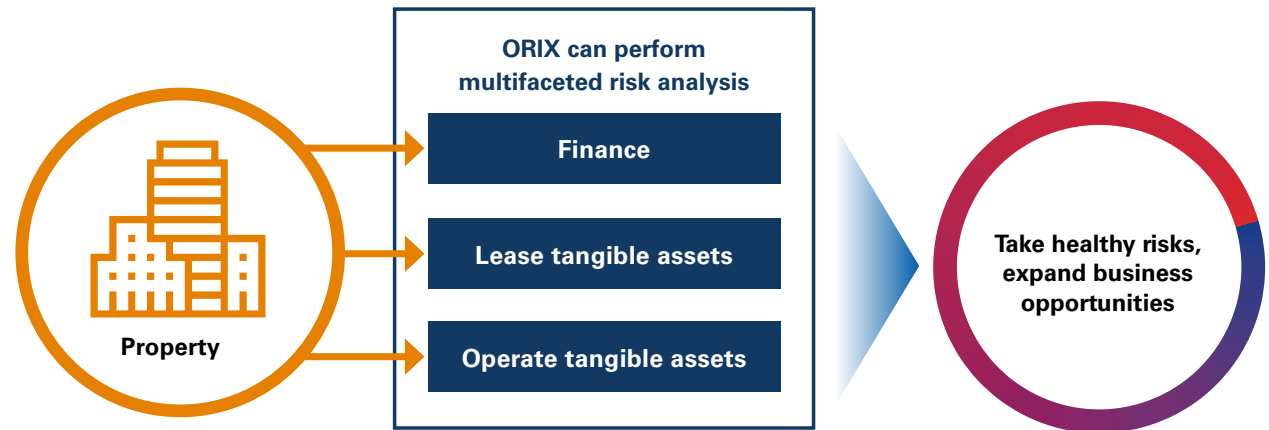
Take Healthy Risks

Companies must take intelligent risks to survive and keep growing. ORIX is an independent company that does not belong to a larger business group, so we have broad freedom to make bold strategies and plans. At the same time, we carefully and conscientiously identify and evaluate healthy risks we must take to grow. This is how we maintain soundness as we expand and grow our businesses.

Ability to Identify Risks from the Perspective of Finance

ORIX started out as a leasing company in 1964, and has been acquiring finance expertise for over 50 years. Our knowledge of finance is the crucial foundation for all our work. The ability to analyze businesses and make decisions from the perspectives of finance is a unique ORIX strength. We have also cultivated the ability to analyze risks from

multiple perspectives by expanding into investment and operation with finance as the point of entry. The ability to identify risk that we have developed is not simply defensive. It also empowers us to identify smart risks we should take even though they may appear too dangerous at first glance.



Risk Monitoring

We continue to monitor risks after we take them. We regularly check risk status on an individual project and a portfolio basis, and mitigate risk when it has diverged from

initial assumptions. In addition, regularly confirming future potential and profitability enables us to optimally time portfolio replacement.

People

Based on our concept of “Keep Mixed,” we hire diverse human resources. Each and every employee has the ability to identify change globally and the mindset to turn those changes into opportunities. Our people are an asset that drives growth for ORIX.

Business Expansion Drives Human Resource Diversification

ORIX was established as a leasing company. However, we recognized that limiting ourselves to leasing would limit growth, so we gradually expanded into other business. We developed employees during this process while aggressively bringing on mid-career employees, thus adding diverse human resources with diverse specialties as our businesses expanded.

A Corporate Culture of Astute Moves and Adaptability

We need to identify changes worldwide and turn them into opportunities in order to expand our businesses. Our corporate culture therefore requires employees to be astute and adaptable.

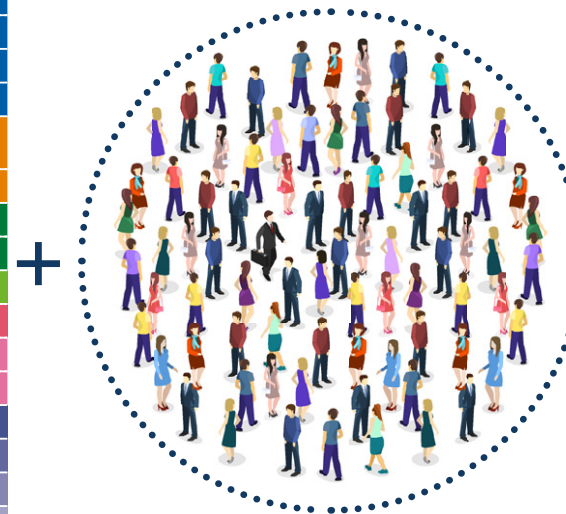
Consolidated Group Management and Interdepartmental Collaboration

Our management policy calls for consolidated Group management. ORIX has various business divisions and Group companies, but all share the mindset that mutual cooperation is essential. Therefore, our organization is not vertically segmented. Diverse people commonly collaborate horizon-

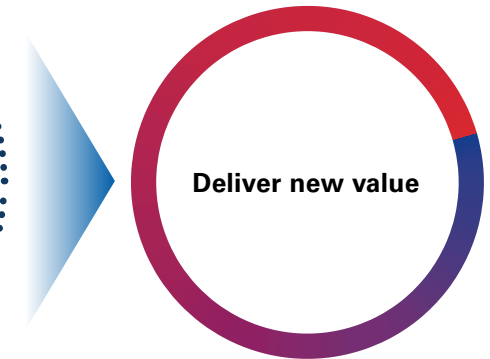
tally across departments and Group companies. This horizontal collaboration enables our diverse people to cooperatively share their expertise in taking on new business opportunities.

Corporate Financial Services
Yayoi
Auto
Rentec
RE Investment and Facilities Operation
DAIKYO
Investment and Operation
Concession
Environment and Energy
Life Insurance
Banking
Credit
Aircraft and Ships
ORIX USA
ORIX Europe
Asia and Australia

Broad range of businesses (16 business units)



Diverse people collaborate interdepartmentally

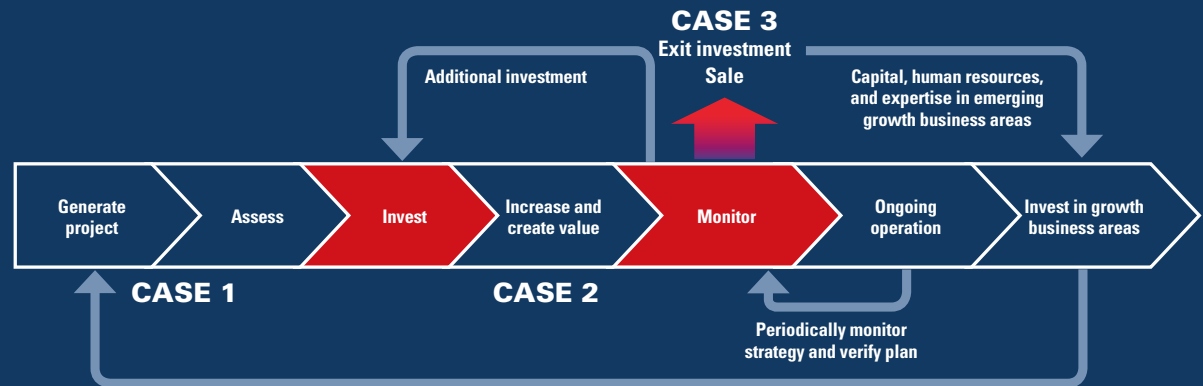


➔ Human Resource Strategy (Page 30)

Value Creation Case Studies

Change is the only constant.
The ORIX business model manages risk and generates growth.

ORIX achieves sustainable growth through cycles of adding value. This section presents three case studies that describe each process in our model for adding value.



CASE 1 ► Generate Project/ Assess

Environment and Energy

(Business details on page 60)

Create projects by reacting promptly to changes in the environment.

Commercialize quickly by combining internal and external expertise.

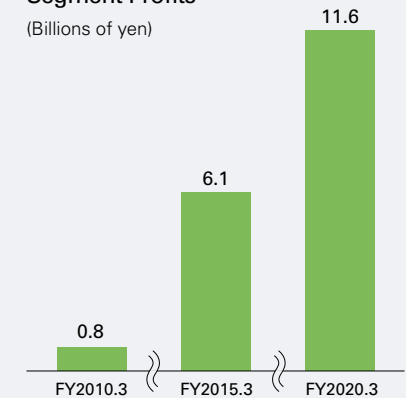
Anticipating changes in the energy business in Japan, ORIX's Environment and Energy Business began preparing for the commercialization of renewable energy before the start of the feed-in tariff (FIT) system in 2012. As a result, ORIX was quicker than its competitors to successfully establish a profitable business model for the solar power business.



We commercialized solar power generation by deploying our domestic corporate sales network as well as our ability to structure projects and documentation skills in real estate development, structured finance and equity investment. We also supplemented our technological knowledge by proactively working with experienced external specialists. This approach enabled ORIX to build an organization that could reliably execute in every project phase, from new project sourcing and structuring to technological and contractual coordination. Bringing together people with the ability to make reasoned judgements from both inside and outside the Company is key to entering new fields.

Environment and Energy: Segment Profits

(Billions of yen)



Solar power business in Japan

Prior to business launch	700MW capacity 180MW in operation	1,000MW capacity 910MW in operation
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CASE 2 ▶ Increase and Create Value

ORIX USA

(Business details on page 65)

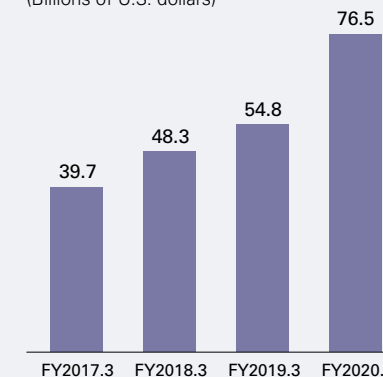
Expand business domains by identifying the characteristics of the North American market. Continue to grow independently while controlling balance sheet risk.

ORIX Corporation USA (ORIX USA) was established in 1981 and currently operates in more than 50 locations across the United States with more than 1,400 employees. Former subsidiary Houlihan Lokey, Inc.'s high internal rate of return exemplified ORIX USA's ability to add value. ORIX USA acquired Houlihan Lokey in 2006, sold a portion of its equity in 2015 via initial public offering, and sold its remaining equity in July 2019.

ORIX USA's growth driver is its timely and efficient ability to respond to market trends and direction. ORIX USA typically invests in bonds and real estate using its own balance sheet. Over the past several years, however, ORIX USA has made several strategic acquisitions and enhanced its ability to fund investments with external capital. This has empowered a broadly based asset management business that ranges from conventional assets such as equities and bonds to hedge funds, unlisted corporate equities, commodity funds and real estate, allowing growth with reduced balance sheet risk. ORIX USA's revenue includes conventional asset management fees as well as fees for arranging and gains on sale of financial instruments to investors.

ORIX USA: End of Period AUM

(Billions of U.S. dollars)



CASE 3 ▶ Exit Investment

Sale of ORIX Golf Management and ORIX Living

Sell at the right time. Structure optimal portfolios.

ORIX is committed to improving the business models of existing businesses to increase corporate value. At the same time, we look at asset sales to increase corporate value as a strategic option.

In 2019, ORIX sold its businesses operating golf courses and related facilities (ORIX Golf Management) and senior housing and private nursing homes (ORIX Living). ORIX Golf Management launched in 1986 and had grown to the third-largest company in its industry.

Established in 2005, ORIX Living led the industry as a business that linked lifestyle, nursing care and medical services in response to the social needs of an aging society.

After considering emerging social change and the poor prospects of these two companies as independent entities, however, we sold both to other prominent companies. This is representative of ORIX's commitment to increasing the value of existing businesses while consistently turning over the portfolio after considering future potential.

Golf course management

Sale completed in March 2019

- Launched in 1986
- Third-largest golf course operator in Japan with 41 facilities
- Sale to Accordia Golf was ideal because both companies together created the largest golf course operator in Japan and maximized economies of scale

Senior housing and private nursing homes

Sale completed in August 2019

- Launched in 2005
- 32 facilities and 2,726 rooms (As of March 2019)
- Integration with the resources of Daiwa Securities Group Inc. was best for further increasing value

A Diverse Portfolio of Businesses

ORIX Operates a Diverse Portfolio of Businesses

ORIX has increased its expertise in its businesses and has grown without limiting itself in the process of responding to the diversifying needs of its customers and changes in the economic environment. We have expanded outward from leasing into a diverse array of businesses, providing a wide variety of products and services to corporate and individual customers, and to communities and social infrastructure.

10 Segments and 16 Business Units

ORIX generates sustainable growth by structuring a business portfolio that responds to changes in society. ORIX's main businesses today are shown in the table at right. Each segment and business unit makes the most of its unique strengths and creates synergies, such as systematically enabling intersegment collaboration in providing products and services.

➔ **Overview by Segment (Page 51)**

Segments	Business Units	Main Businesses
Corporate Financial Services and Maintenance Leasing	Corporate Financial Services	Provides leasing, financing, and various solutions (products and services) to small and medium-size enterprises
	Yayoi	Develops and sells a range of business software and provides after-sales support and services
	Auto	Automobile leasing and rental, car sharing; used automobile purchase and sale
	Rentec	Electronic measurement instruments and IT-related equipment rentals and leasing
Real Estate	RE Investment and Facilities Operation	Develop and rent office buildings, commercial facilities, logistics centers, and other properties, and operate businesses such as asset management, hotels, inns, and aquariums
	DAIKYO	Real estate development and brokerage and building maintenance and management, with a focus on condominiums
PE Investment and Concession	Investment and Operation	Private equity investment in Japan and overseas
	Concession	Operation of airports and wastewater treatment plants
Environment and Energy	Environment and Energy	Renewable energy in Japan and overseas, electric power retail, energy-saving services, sale of solar panels and electricity storage systems, recycling and waste management
Insurance	Life Insurance	Life insurance, including medical insurance
Banking and Credit	Banking	Banking with a focus on real estate investment loans
	Credit	Card loans, guarantees of unsecured loan handled by other financial institutions, and housing loans (Flat 35)
Aircraft and Ships	Aircraft and Ships	Aircraft leasing and management, ship-related finance
ORIX USA	ORIX USA	Finance, investment and asset management in the Americas
ORIX Europe	ORIX Europe	Equity and fixed income asset management
Asia and Australia	Asia and Australia	Finance and investment in Asia and Australia

ORIX from a Balance Sheet Perspective/Financial and Capital Strategies

Fundamental Mindset

Profit growth: Long-term, we will increase net income from ¥300 billion to ¥400 billion-¥500 billion.

Capital efficiency: ROE 11% or higher

Financial soundness: Make every effort to maintain a single A credit rating

Strategy to Improve Capital Efficiency Risk Capital-based Returns

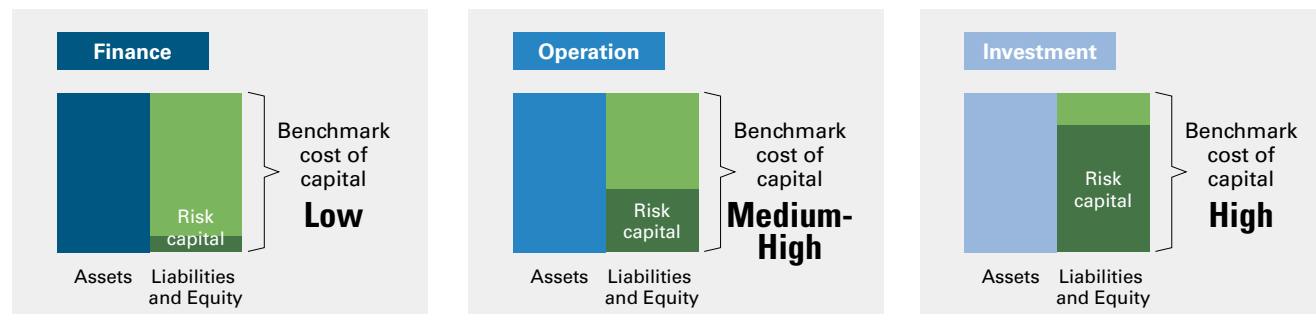
Rigorously select investments by requiring returns commensurate with business risks.

ORIX allocates capital to discrete businesses on a risk-adjusted basis, then manages businesses to generate the required return on this risk capital. Capital requirements vary according to investment asset, and returns must be commensurate with the capital requirements. ORIX allocates risk capital based on historical maximum decrease for each asset.

Balance Sheet from a Three-Category Portfolio (As of March 31, 2020)

Other investments: ¥2.1 trillion	Other investments: ¥1.6 trillion
Investment: ¥2.1 trillion	Policy liabilities: ¥1.6 trillion
Operation: ¥4.3 trillion	Deposits: ¥2.2 trillion
Finance: ¥4.5 trillion	Long- and Short-Term Debt: ¥4.6 trillion
	Shareholders' Equity: ¥3.0 trillion
Assets	Liabilities and Equity

Capital Allocation Models by Asset



Supplementary Data for Three Portfolio Categories

Three Categories	Primary Risks	Primary Businesses
Finance	Credit risk	Leasing in Japan and overseas, loans, housing loans, card loans, others
Operation	Operation risk Business risk	Environment and infrastructure: Real estate facility operation, environment and energy, concession Financial services: Asset management, life insurance Maintenance services: Automotive services, rental business, others
Investment	Market risk	Fixed income: Non-performing loans and bonds Tangible assets: Real estate, aircraft and ships Equity investment: Private equity investment in Japan and overseas, others

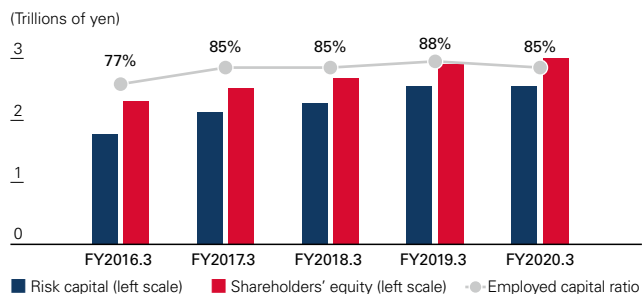
**Strategy to Improve Capital Efficiency
Capital Allocation**

Allocate capital to investments with high ROA and control the employed capital ratio.

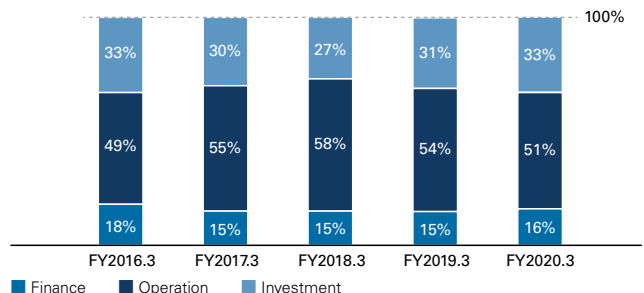
We allocate risk capital to growth investments to ensure profitability while controlling overall asset growth.

Capital allocation to our three categories over the past five years was under 20% for Finance; steady at about 30% for Investment because of both new investment and replacement of portfolio assets; and about 50% for Operation with a focus on investments with growth potential.

Risk Capital, Shareholders' Equity and Employed Capital Ratio



Risk Capital Allocation

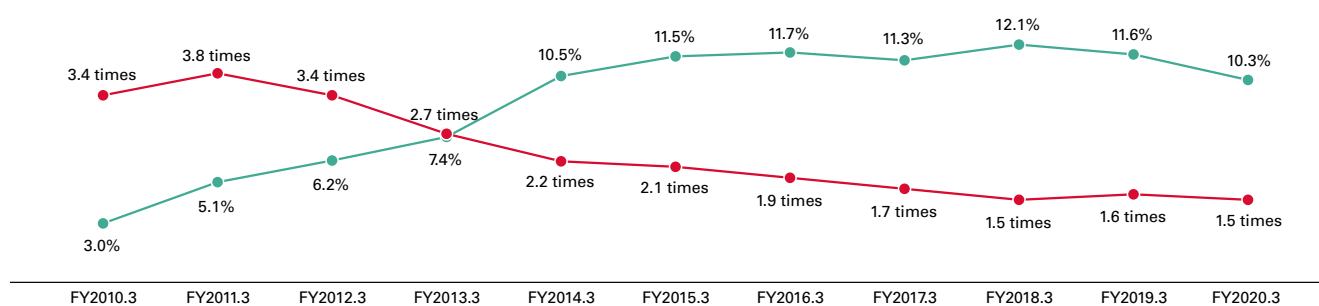


**Strategy to Improve Capital Efficiency
Leverage**

Make every effort to maintain a single A credit rating and appropriate controls.

We have drawn on our experience during the financial crisis of 2008-2009 to increase capital efficiency by reducing leverage and improving ROA. We will continue to employ leverage appropriately to optimize capital costs and improve ROE.

ROE and Debt/Equity Ratio



ORIX has established an asset and liability management (ALM) policy to deal with liquidity risk and market risk in procuring funding.

We address liquidity risk by diversifying funding sources, lengthening durations, and leveling out our maturity ladder. We also conduct stress tests based on experience in past financial crises to ensure the greatest possible liquidity to meet financing requirements over extended periods.

We obtain foreign currency funding in ways such as borrowing from financial institutions in Japan and overseas and issuing bonds in local capital markets. We maintain a stable funding framework by diversifying funding methods, markets and areas, and by lengthening durations.

Average Balance of Long- and Short-term Debt and Deposits by Currency and Funding Cost

