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To Our Shareholders:

Matters available on the website in relation to the Notice of the 57th Annual General Meeting of Shareholders

The 57th Fiscal Year (From April 1, 2019 to March 31, 2020)

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June 4, 2020

ORIX CORPORATION

The above information is made available on ORIX CORPORATION's web site (https://www.orix.co.jp/grp/en/ir/library/shareholder_meeting/) pursuant to relevant laws and ORIX CORPORATION's Articles of Incorporation.

I. Stock Acquisition Rights

(1) Stock Acquisition Rights Held by Directors and Executive Officers

No items to report.

(2) Stock Acquisition Rights Delivered to Employees During the Fiscal Year Ended March 31, 2020

No items to report.

(3) Other Important Matters Concerning Stock Acquisition Rights

No items to report.

II. Matters Concerning the Independent Auditor

(1) Name of the Independent Auditor:

KPMG AZSA LLC

(2) Audit Fees

1) Amount of audit fees to the Independent Auditor for the fiscal year ended March 31, 2020

¥740 million

Notes: 1. Since fees for the audit based on the Companies Act, the Financial Instruments and Exchange Act, and U.S. Securities and Exchange acts could not be substantively separated, the amount of audit fees above includes the audit fees based on these acts.

2. The Audit Committee of ORIX CORPORATION (the “Company”) agrees to the audit fee after considering the appropriateness of their audit plan, execution of their audit works, and the bases for fee calculations.

2) Total amount of cash and other financial benefits payable by the company and its subsidiaries to the Independent Auditor

¥1,561 million

(3) Details of Non-Audit Services for Which the Company Pays Consideration to the Independent Auditor

The Company pays consideration for services outside the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act, such as advisory services and comfort letter services.

(4) Overview of Details of Limited Liability Agreement Entered into with the Independent Auditor

No items to report.

(5) Matters Concerning Business Suspension Sanction Against the Independent Auditor

No items to report.

(6) Auditors Other than the Independent Auditor Providing Auditing Services to Our Subsidiaries

All our overseas subsidiaries listed in Item 2. (7) 2) “Significant subsidiaries” in the Business Report of the Notice of the Annual General Meeting of Shareholders are subject to audit by certified public accountants or auditing firms other than the Company’s independent auditor.

(7) Resignation or Dismissal of an Independent Auditor During the Fiscal Year Ended March 31, 2020

No items to report.

(8) Policy on Dismissal or Non-reappointment of the Independent Auditor

With regard to the independent auditor, if it is deemed that the independent auditor’s auditing functions are inadequate to perform the Company’s auditing from such viewpoints as expert knowledge, general ability necessary to perform audit, quality of audit, number of continuous years of audit at the Company, or independence from the Company; if they are in violation or contradiction of laws and regulations such as the Companies Act and the Certified Public Accountants Act; if they are offensive to public order and morals; or if there are other suitable reasons, the Company’s Audit Committee shall decide the details to be submitted as a proposal to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the independent auditor. To make this process possible, the Company’s Audit Committee carries out an evaluation of the independent auditor every year based on determined evaluation items.

In addition, if the Company’s Audit Committee deems that the independent auditor’s circumstances are applicable as a reason for dismissal provided for in Article 340, Paragraph (1) of the Companies Act, the Audit Committee shall dismiss the independent auditor.

III. ORIX Corporate Governance

1. Corporate Governance Overview

(1) Basic policy on corporate governance

The Company and its subsidiaries (collectively “ORIX”) believe that a robust corporate governance system is a vital element of effective enhanced management and therefore has established sound and transparent corporate governance to carry out appropriate business activities in line with our core policies and ensure objective management.

The Company’s Corporate Governance System is characterized by the following four points:

- separation of execution and supervision through a “Company with Nominating Committee, etc.” board model;
- Audit and Compensation Committees composed entirely of outside directors and Nominating Committee composed of a majority of outside directors, with the chairperson of each committee being appointed from among outside directors;
- all outside directors satisfying “Requirements for Independent Directors” (Please refer to Proposal, “Election of Twelve (12) Directors” in the reference documents for the General Meeting of Shareholders); and
- all outside directors being highly qualified in their respective fields.

(2) Rationale behind adopting ORIX’s Corporate Governance System and history of ORIX’s system

The Company believes that swift execution of operations is vital to effectively responding to changes in the business environment. Furthermore, the Company believes that it promotes improved management transparency through a corporate governance system in which outside directors, who are experts with expertise in their respective fields, monitor and advise on legal compliance and appropriate execution of operations from an independent standpoint. Based on these principles, the Company’s Board of Directors possesses oversight function, and under the “Company with Nominating Committee, etc.” board model, delegates certain responsibilities to the three committees (Nominating, Audit and Compensation Committees) to carry out the role of effective governance.

Further, by composing each of the Audit Committee and Compensation Committee, which are internal bodies of the Board of Directors, entirely of outside directors, the Company has developed a system that completely separates the execution of operations from the oversight function of the Board of Directors and helps avoid conflicts of interest with our shareholders. In addition, all outside directors must meet the objective and specific “Requirements for Independent Directors” as set forth by the Nominating Committee.

Below is a summary of the history of the Company’s Corporate Governance System;

June 1997 Established Advisory Board

June 1998 Introduced Corporate Executive Officer System

June 1999 Introduced Outside Director System

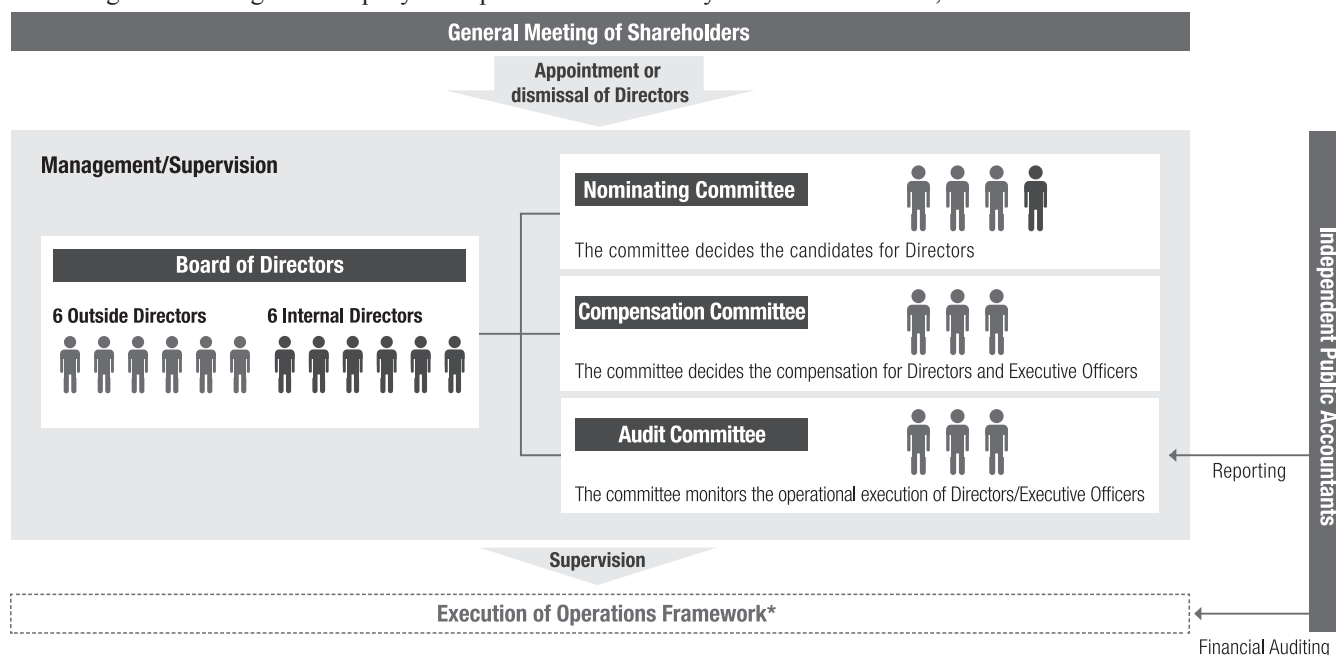
June 2003 Adopted the “Company with Committees” board model

May 2006 Adopted the new “Company with Committees” board model in line with the enactment of the Companies Act of Japan

May 2015 Adopted the new “Company with Nominating Committee, etc.” board model in line with the amendment of the Companies Act of Japan

2. Our Corporate Governance System

A diagram outlining the Company's Corporate Governance System as of March 31, 2020 is as follows:



* Please refer to “3. Internal Control System of ORIX” below for the Execution of Operations Framework.

< Board of Directors >

As of March 31, 2020, the Board of Directors consisted of 12 members, six of whom are outside directors who satisfy the “Requirements for Independent Directors.”

The Board of Directors carries out decisions related to items that, either as a matter of law or pursuant our Articles of Incorporation, cannot be delegated to Executive Officers, and important items as determined by the regulations of the Board of Directors. The Board of Directors is primarily responsible for determining ORIX's management plan, which is developed by taking into account ORIX's basic policies on capital management, fund procurement and, personnel strategies, and basic policy on the internal control system, and monitoring them on a regular basis. Aside from such items, the Board of Directors delegates decision-making regarding operational execution to the representative executive officer to facilitate better efficiency and swiftness of such process. The Board of Directors also receives reports from Executive Officers and committees regarding the status of business operations.

From April 1, 2019 through March 31, 2020, the Board of Directors met nine times. The attendance rate of directors for these meetings was 96%.

< Structure and Activities of the Three Committees >

Audit and Compensation Committees composed entirely of outside directors and Nominating Committee composed of a majority of outside directors.

| | Nominating Committee | Audit Committee | Compensation Committee |
|--|--|---|---|
| Members as of March 31, 2020 | 4 Members Nobuaki Usui (Chairperson) Ryuji Yasuda Sakie Akiyama Makoto Inoue | 3 Members Eiko Tsujiyama (Chairperson) Nobuaki Usui Heizo Takenaka | 3 Members Ryuji Yasuda (Chairperson) Eiko Tsujiyama Michael Cusumano |
| Number of meetings held during fiscal 2020 (Attendance rate) | Five (5) meetings (95%) | Eight (8) meetings (96%) | Six (6) meetings (100%) |

< Nominating Committee >

The Nominating Committee is authorized to propose the slate of director appointments or dismissals to be submitted to the annual general meeting of shareholders. Directors are appointed and dismissed by a resolution of the annual general meeting of shareholders. In addition, the Nominating Committee deliberates on the agenda concerning appointment or dismissal of our Executive Officers to be resolved at the Board of Directors meeting, although this is not required under the Companies Act of Japan.

The Nominating Committee stipulates the “Requirements for Independent Directors” in accordance with the nomination criteria for directors.

< Audit Committee >

The Audit Committee monitors the operational execution of the Directors and Executive Officers and prepares audit reports. The Audit Committee decides the content of proposals to appoint, dismiss or refuse the reappointment of the Company’s Independent Public Accountants, which are submitted to the General Meeting of Shareholders.

< Compensation Committee >

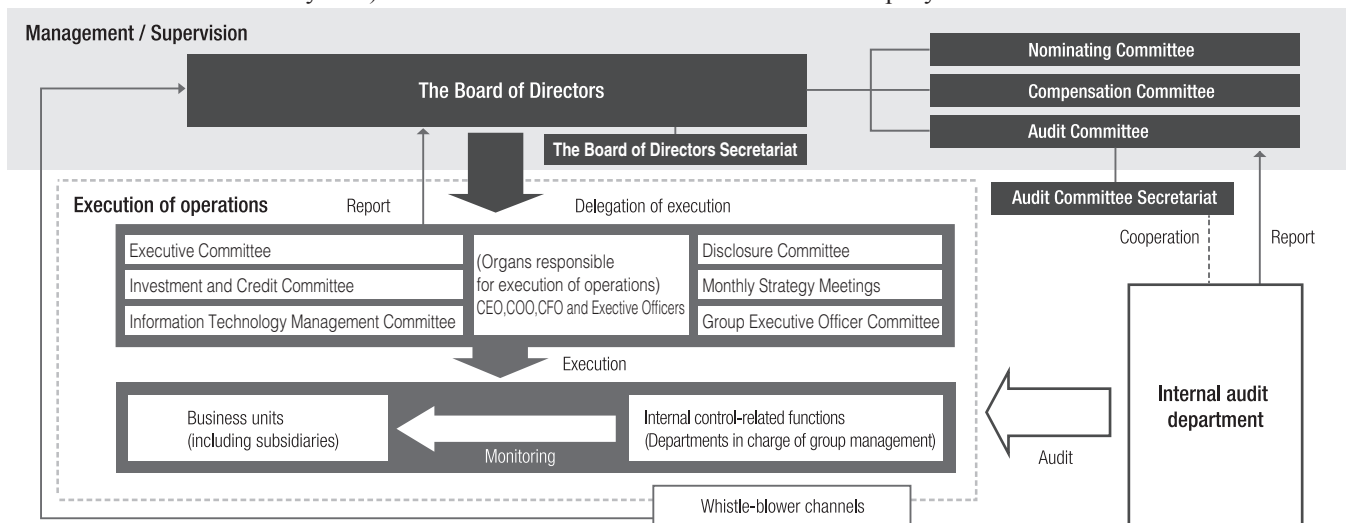
The Compensation Committee has the authority to set the policy for determining the compensation for Directors and Executive Officers and to set the specific compensation for each individual Director and Executive Officers.

For details about the compensation policy for Directors and Executive Officers prescribed by the Compensation Committee, refer to “4. (3) 1) Matters relating to the policy regarding amount and calculation of compensation for Directors and Executive Officers” in the Business Report.

3. Internal Control System of ORIX

(1) Outline of the Internal Control System

A diagram outlining the “framework for securing the adequacy of ORIX business procedures (Fundamental Policies of the Internal Control System)” resolved at the Board of Directors of the Company is as follows.



1) Efficient and swift decision-making and business execution

- Delegation to CEO the decision-making power on business execution. (CEO undertakes the role of COO.)
- Setting up deliberative bodies on the decision-making on business execution (Executive Committee, Investment and Credit Committee, Information Technology Management Committee).

2) Systems of risk management and compliance

< Control by business unit >

- Each business unit evaluates the material risks in light of the business strategies and business plans, and exercises its own risk management.
- As regards to compliance, each business unit has and executes the compliance program with an approach which is common to ORIX and confirms the compliance therewith.
- Each business unit reports the situation of risk management and progress of compliance to the CEO, CFO and the internal control-related functions.

< Control by the internal control-related functions (departments in charge of group management in ORIX) >

- Establishment of the department which centrally manages group-wide risks.
- Each department of the internal control-related functions assesses not only the material risks but the risks which it controls and manages on an across-the-board basis, and assists in the risk management by each business unit.
- The internal control-related functions establish the rules and regulations on compliance and makes them well known pursuant to the Corporate Philosophy and Principles of Conduct.
- The internal control-related functions set up whistle-blower systems within and outside ORIX so as to prevent illicit conduct.
- The internal control-related functions report the situation of risk management and progress of compliance of ORIX to CEO, CFO, the Audit Committee and the Board of Directors.

< Control by CEO, CFO and Executive Officers (organs responsible for business execution) >

- The organs responsible for business execution such as CEO, CFO and Executive Officers manage the risks and promote compliance in view of the management plan of ORIX.
- The organs responsible for business execution such as CEO, CFO and Executive Officers receive reporting on the status of control from each business unit and the internal control-related functions, and give instructions appropriately.

3) Systems of Audit

- Establishment of the internal audit department, conducting business audit and evaluation of the effectiveness of ORIX's internal control.
- Establishment of the Audit Committee Secretariat to assist in the execution of duties of the Audit Committee.
- The appointment and evaluation of, changes in, and disciplinary action against the Audit Committee Secretariat staff shall be effected with the approval of the Audit Committee so as to ensure the independence of the Audit Committee Secretariat staff.
- The Audit Committee Secretariat receives the whistle-blowing regarding accounting, accounting internal control, or auditing matters and directly reports to the Audit Committee.
- The directors; executive officers / employees and the internal audit department report the status of execution of duties and illegal or unethical conducts to the Audit Committee periodically or in a timely manner.

[Fundamental Policies of the Internal Control System]

The “Fundamental Policies of the Internal Control System” as resolved by the Board of Directors of the Company are as follows:

I. Maintaining systems to ensure the adequacy of the business procedures of ORIX

(1) Systems to ensure the efficiency of the execution of business operations

- 1) The Company adopts the “Company with Nominating Committee, etc.” board model. To the extent permitted under laws and regulations, the board of directors may resolve the Company to delegate the power to resolve execution of operations to the representative executive officer to enhance the speed and efficiency of execution of business operations.
- 2) ORIX adopts appropriate internal authority policies for each group company depending on its size and category in order to carry out business operations efficiently.
- 3) ORIX establishes the following bodies in order to facilitate deliberation and information sharing regarding important matters related to management of the Company and ensure effective and efficient business execution by the representative executive officer.

1. Executive Committee

Important matters related to management of the Company are deliberated on by the Executive Committee, which includes the Company’s CEO, COO and CFO (“Top Management”) and other executive officers.

2. Investment and Credit Committee (“ICC”)

Credit transactions and investments that exceed certain specified value amounts are deliberated on by the ICC, which includes members of Top Management and the executive officer in charge of the relevant matter.

3. Information Technology Management Committee

Fundamental policies and important matters for IT operations and IT systems are deliberated on by the Information Technology Management Committee, which includes the members of Top Management and the president of ORIX Computer Systems Corporation.

4. Monthly Strategy Meetings

ORIX decides on strategies for each department and business unit individually, and in order for Top Management to monitor them and if necessary flexibly change the strategies, Monthly Strategy Meetings are held per business units between Top Management and the individuals in charge of individual business units to discuss matters such as the state of achievement of strategic targets and changes in the business environment.

5. Group Executive Officer Committee

Meetings of the Group Executive Officer Committee, which includes executive officers of the Company and group executives who are appointed from the directors or the corporate officers of the group subsidiaries by board resolutions, are held to share important information related to the execution of operations of ORIX.

6. Disclosure Committee

The Disclosure Committee plays a key role in ensuring appropriate disclosure of significant information that may affect the operations and financials of ORIX upon the occurrence of important non-public information. In such cases, the Disclosure Committee, which is comprised of the CFO and executive officers in charge of the treasury department, accounting department, credit department, legal department, compliance department, human resources and corporate administration department and internal audit department, opines on the relevance of the important information, the need to disclosure such information and the appropriate method of disclosure and the CFO makes a decision regarding disclosure.

(2) Systems of risk management

ORIX monitors and manages risks relating to the ORIX business according to type of risk and impact on business management, through its risk management system to meet the changes in the business environment, changes accompanying expansion of business, and potential diversification of risk.

(3) Systems of information management

The Company establishes systems that regulate the storage and management of information relating to the performance of the duties of executive officers, including documents such as the minutes of the committees, internal application approvals and other information. The separately established rules and procedures stipulates the classification of the information, the manner in which information is managed and period in which it is kept and matters pertaining to disposal of information. Through these rules and procedures, the Company promotes development of a system that ensures confidentiality and the effective usage of information.

(4) Systems of compliance

- 1) ORIX adopts and complies with group common principles such as its Corporate Philosophy, Management Policy and Action Guidelines.
- 2) ORIX enacts and develops rules regarding compliance in order to let the directors; executive officers/employees act in accordance with laws and regulations, internal rules and ethical norms and to promote adherence to them. The Business Conduct Principles strictly avoids involvement of unlawful or anti-social organizations permanently.
- 3) ORIX has whistle-blower channels to discover illegal or unethical conduct, or violations of internal rules at an early stage through consultation or reporting, to avoid deplorable events, and take necessary actions to improve and enhance the integrity of ORIX.
- 4) The internal audit department of the Company performs internal audits of the effectiveness of the internal control system, efficiency and effectiveness of operations, compliance with laws and regulations, and other factors pertaining to the management of ORIX through a risk-based approach. In addition, the internal audit department of the Company and corporate auditors of the group subsidiaries jointly monitors critical risk.
- 5) To secure the accuracy and reliability of financial reporting, ORIX establishes systems to ensure adequate internal control over financial reporting through the existing rules and procedures.
- 6) Further strengthen the group internal management system from a global perspective.
- 7) The internal control-related functions, such as the credit department, compliance department, legal department, accounting department and information security department of the Company establish systems, monitor and assist the operations of ORIX to comply with laws and regulations and the Articles of Incorporation.
 - a) The credit department of the Company evaluates and monitors credit and investment activities by evaluating the suitability of initiatives and products.
 - b) The legal department of the Company evaluates whether operations are in compliance with laws and regulations.
 - c) The compliance department of the Company promotes an internal culture of compliance through training and monitors the degree of adherence to compliance rules to improve the compliance systems.
 - d) The accounting department of the Company oversees and monitors the accounting at the consolidated group level and for each group subsidiary to ensure the legal compliance and the accuracy of accounting process and to monitor and supervise financial reporting of each group subsidiary.
 - e) The information security department of the Company ensures the appropriate acquisition, use and management of information.

(5) Systems of group company management

With regard to management, operation and other matters within the group subsidiaries, the Company has enacted the system through the rules of the Company, the Management Advisory Agreement between the Company and each subsidiary, and dispatched officers to report on important matters of the subsidiaries to the Company. Additionally, the Company shall give advice and guidance to subsidiaries if necessary.

II. Matters necessary for execution of duties of the Audit Committee

(1) Systems of reporting to the Audit Committee

- 1) The directors; executive officers/employees of ORIX shall report to the Audit Committee upon becoming aware of any fact that occurred at a group company in the course of a business activity that constitutes serious breach of laws and regulations or serious breach of the Articles of Incorporation or serious misconduct or any fact that could cause significant damage to such group company.
- 2) Upon becoming aware of any fact that any activity which constitutes breach of laws and regulations, internal rules, or the generally accepted ethics, or upon any suspicion that any of the aforementioned are occurring, the directors; executive officers/employees of ORIX shall report to and consult with, and provide the basis for such knowledge or suspicion to, the internal or externally contracted whistle-blower channels. In case that the head of whistleblower channels judges that such report or consultation is of a serious nature, he / she shall report such information to the Audit Committee of the Company. In addition, the directors; executive officers/employees of ORIX may report to the Audit Committee or the appointed audit member within the Audit Committee (the member responsible for the collection of information on the performance of the duties and investigation of the operating assets, hereinafter the “Appointed Audit Member”) of concerns regarding accounting, accounting internal control, or auditing matters.
- 3) The directors; executive officers/employees of ORIX shall report information requested by the Appointed Audit Member to the Audit Committee of the Company periodically or as appropriate.

(2) Systems to ensure that persons who have reported to or consulted with the Audit Committee are not be treated adversely

ORIX internal rules stipulate that any director; executive officer / employee of ORIX who has reported to or consulted with the whistle-blower channels and/or the Audit Committee shall not be treated adversely by reason of said report or consultation.

ORIX establishes a system in which reporters / consultors will not receive an adverse treatment as a result of their reporting or consulting by adopting internal rules that stipulates that any person who treats whoever so reported or consulted adversely in violation of internal rules shall be disciplined pursuant to the internal rules.

(3) Systems to ensure that audit by the Audit Committee is effectively performed

- 1) The executive officer of the Company who is in charge of the internal audit department shall attend important ORIX meetings upon assignment as the Appointed Audit Member, and report necessary information for auditing to the Audit Committee in a timely manner to support the information gathering of the Audit Committee.
- 2) To conduct the internal audit of the Company, the internal audit department of the Company shall develop an annual audit plan and seek approval for the plan from the Audit Committee.
- 3) The internal audit department of the Company shall, by way of an Audit Results Report, inform the Audit Committee of the results of each group company’s internal audit. In addition, the internal audit department of the Company will take measures regarding the matters which were pointed out by the audit to improve, will conduct a follow-up audit etc., and report on the status of any improvements to the Audit Committee.
- 4) The internal audit department of the Company shall continually collaborate with the Audit Committee and cooperate fully with any request for investigation by the Audit Committee.

(4) Directors and employees who assist in the duties of the Audit Committee

- 1) The Company has the Audit Committee Secretariat to assist the operations of the Audit Committee.
- 2) As necessary, the Audit Committee may commission the Audit Committee Secretariat to assist in the operation of the Audit Committee.

(5) Ensuring independence of the Audit Committee Secretariat staff

The appointment and evaluation of, changes in, and disciplinary action against the Audit Committee Secretariat staff shall be effected with the approval of the Audit Committee.

(6) Ensuring effectiveness of the instructions of the Audit Committee

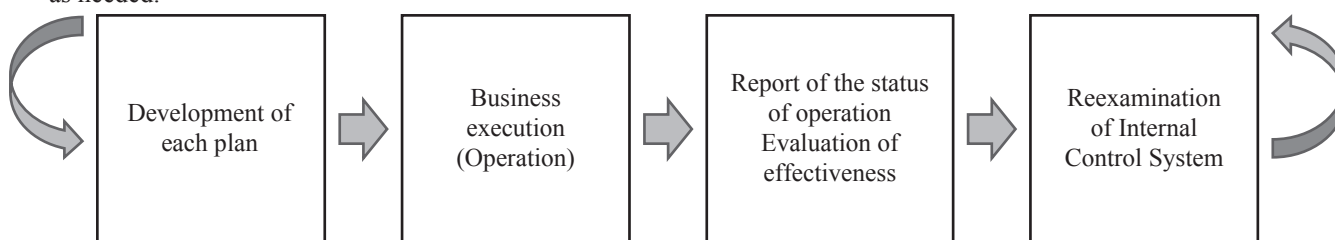
Regarding operations that the Audit Committee Secretariat staff carries out on instructions from the Audit Committee; the executive officers themselves shall cooperate, and direct others to cooperate.

(7) Costs of performance of duties of the Audit Committee

- 1) The Company bears the cost and expenses in connection with conducting the duties of the Audit Committee.
- 2) The Audit Committee may appoint outside experts to conduct its duties as necessary.

(2) Operation of the Internal Control System

- Development of each plan such as the business strategies corresponding to business risks, compliance plans and audit plans pursuant to the fundamental policies of the Internal Control System.
- Business execution (operation of the Internal Control System) based upon each developed plan.
- Report to the Board of Directors of the status of operation annually and the Board of Directors evaluates the effectiveness of the Internal Control System.
- The Board of Directors reexamines the Internal Control System corresponding to the change of environment and plans as needed.



<Outline of the Operation of the Internal Control System>

The operation of the Internal Control System of ORIX for the current fiscal year is as follows:

I. Maintaining systems to ensure the adequacy of the business procedures of ORIX

(1) Systems to ensure the efficiency of the execution of business operations

- 1) The board of directors resolves upon delegation to the representative executive officer any such matter for it to resolve as may be delegated to the executive officers to the extent permitted under laws and regulations except for certain matters, so that the Company may enhance the speed and efficiency of decision making and the execution of business operations.
- 2) The board of directors, on resolving upon division of duties and relations between executive officers, ensures that there shall not be made any overlap of their execution of operations or gaps in division of duties.
- 3) The important meetings and committees common to ORIX are held at the Company periodically or as necessary in order to share the business issues and to ensure efficient execution of operations.
- 4) In the current fiscal year, ORIX established and began operations of the “Executive Committee” to deliberate on important matters related to management. The Executive Committee has deliberated on important matters related to management, including the management plan, capital policy and personnel policy for next fiscal year.
- 5) In each group company, division of duties rules and authority rules are established that define the limits of duties for each department under charge of each director, and limits of authority of such director. In respect of important execution of operations in the subsidiaries, after deliberation at bodies such as the Executive Committee or Investment and Credit Committee, the representative executive officer makes determination, and instructs the directors of each subsidiary, in order that the important execution of operations of the subsidiaries is under control.

(2) Systems of risk management

- 1) Each business unit determines important risks in accordance with business strategy and business plans and conducts risk management autonomously.
- 2) The internal control-related functions, such as the Corporate Planning Department, Corporate Communications Department, the Credit and Investment Management Headquarters, President's Office, Treasury and Accounting Headquarters, Group Human Resources and Corporate Administration Headquarters, Enterprise Risk Management Headquarters, Global General Counsel's Office and Information Security Control Department grasp the risks they manage and such risks impact on management and control them.
- 3) ORIX has implemented compliance program that promotes comprehensive risk management and identifies significant risks facing each group company and business unit and implements strategies to reduce such risks. ORIX monitors the implementation of such strategies through quarterly reports prepared by each business unit.
- 4) In order to deal with recent risks such as divulging of information due to cyber-attacks, ORIX works on the periodical assessment and repair of weaknesses of the websites of ORIX. In addition, ORIX has defined security standards and is increasing awareness of them. ORIX has initiated an assessment in order to set security maturity in response to regulatory requirements, the information assets held and the business use of such assets. Furthermore, information security e-learning and training drill with a targeted mail attack have been provided to directors; executive officers/employees of ORIX, along with workforce training and awareness campaigns for employees in relation to the appropriate handling of information and information security.
- 5) ORIX has prescribed rules according to risk factors, such as investment and credit rules, ALM rules and disaster risk management rules.
- 6) For the purposes of centralized risk management, ORIX prescribes the route and manner of reporting at the time a crisis occurs in its crisis response rules, and responds to and manages a crisis as appropriate considering the extent that said crisis impacts ORIX management. In the current fiscal year, ORIX has conducted on-site training, training for newly graduated employees, training for mid-career hires, etc.
- 7) Material crisis and litigation matters are regularly reported to the Audit Committee and the board of directors, which in turn are monitoring the state of management and systems.

(3) Systems of information management

- 1) With regard to information on the minutes, approved proposals and the like in relation to performance of duties of the executive officers, ORIX has made information management rules providing for the manner in which information is managed and period in which it is kept.
- 2) In case a director or the Audit Committee requests a sight of the minutes described above, the board of directors Secretariat or the Audit Committee Secretariat will meet such request.
- 3) The secretariat to the relevant meeting or committee keeps materials on agendas submitted to the important meetings and committees common to ORIX, and maintains confidentiality by putting a limit on the directors; executive officers / employees who can access to such materials.

(4) Systems of compliance

- 1) In order to permeate compliance awareness, share the corporate image in view and invest in the improvement of its brand value, ORIX has established not only its "Corporate Philosophy", but "Principles of Conduct" and "Code of Conduct for Directors; Executive Officers/Employees" etc. ORIX aims to implement and enhance these rules to all the directors; the executive officers/employees of ORIX, by conducting trainings and issuing materials for the directors; the executive officers/employees of ORIX. These rules can be viewed on the company website.

English: <https://www.orix.co.jp/grp/en/about/overview/philosophy/>

https://www.orix.co.jp/grp/en/about/overview/philosophy/ec21/principle_conduct.html

Japanese: <https://www.orix.co.jp/grp/company/about/philosophy/>

https://www.orix.co.jp/grp/company/about/philosophy/ec21/principle_conduct.html

- 2) ORIX conducts online training regarding “Principles of Conduct”, prevention of bribery and other important laws and regulations, etc. and spreads enlightenment to increase awareness of compliance. ORIX listens to opinions from employees with a wide range of occupations and is moving forward with improvement of its work environment so that employees with diverse sets of values can work in a lively manner. In the current fiscal year, ORIX conducted compliance training at 21 sites in Japan and individually interviewed personnel at the sites, and visited 10 overseas sites and conducted compliance reviews.
- 3) ORIX has established the “Compliance Hotline Rules”, set up whistle-blower channels within and outside ORIX and made the same widely known within ORIX, including domestic and overseas subsidiaries so as to ensure prevention of illegal conduct or early detection of the same. In the current fiscal year, ORIX has newly established an external whistleblowing system accessible outside ORIX and developed a system for receiving reports from business partners and other persons regarding conduct by ORIX directors; executive officers/employees that is or may be a compliance violation. When there is an internal or external whistle-blower report, ORIX reports each material case and on a quarterly basis to the Audit Committee, and makes efforts for suitable information sharing appropriate to each case.
- 4) ORIX has established the Group Audit Department as the internal auditing department and it confirms matters such as the effectiveness of the internal control system, efficiency and effectiveness of operations, and legal compliance through its internal auditing of ORIX and audit reports of group companies’ audit departments.
- 5) In accordance with internal rules on SOX compliance auditing, ORIX conducts assessments of internal control at the organization level and operational process level and reports the results of such assessment to persons performing internal certification. The results of all assessments of internal control are reported to the Disclosure Committee.
- 6) The internal control-related functions have put in place systems for ensuring that the execution of duties at ORIX is in conformance with laws and regulations and ORIX’s articles of incorporation and conduct promotion of compliance.
 - a) The credit department checks the suitability of initiatives and products through evaluation, pre-consultation and monitoring of business transactions.
 - b) The legal department confirms the conformance by operations with laws and regulation through evaluation of contracts and monitoring of changes in laws. In the current fiscal year, ORIX has conducted assessments of its systems for responding to laws and regulations that apply across ORIX, such as those on anti-money laundering and the protection of personal data.
 - c) The compliance department are striving to foster a corporate culture that prioritizes compliance pursuant to the “ORIX Group-wide Compliance Policy.” Furthermore, in order to strengthen ORIX’s global compliance system, ORIX is developing group-wide rules on important laws and regulations and increasing awareness of them at domestic and overseas subsidiaries.
 - d) The accounting department has established “Group Accounting Management Rules” in order to define the accounting control such as the responsibility of the person in charge of the accounting at the subsidiaries and monitor the compliance therewith by major subsidiaries. ORIX has strengthened the effectiveness of “Group Accounting Management Rules” by establishing standard procedures for the purpose of strengthening the detective controls over the financial statements.
 - e) The information security department has, in the current fiscal year, assessed security management of domestic and overseas subsidiaries based on global security standards and initiated a global program to monitor the development and implementation of improvement plans. Further, at overseas subsidiaries, in addition to working to maintain secure information infrastructure and initiate platform integration, the information security department is also working to hire local information security personnel.

(5) Systems of group company management

- 1) ORIX shares material business issues to management of ORIX by the executive officers of the Company, the executive officers of ORIX and the directors of the subsidiaries at the Group Executive Officer Committee.
- 2) The executive officers in charge of the subsidiaries report on the progress in business plans, the state of execution of officer duties, and the business environment surrounding each subsidiary at the important meetings and committees common to ORIX, such as board of directors meetings, the Audit Committee and Monthly Strategy Meetings.
- 3) A system is in place for the subsidiaries to request approval of, consult with or report to ORIX on specific management matters determined by each subsidiary, including matters related to directors, finances, accounting, IT systems, audit and investments, and the status of execution of specific business operations in accordance with the rules or management agreements on matters which require the prior approval of the Company set by the relevant subsidiaries. Each internal control-related function receives such reports and directly provides advice, guidance and instructions to the subsidiaries from a management perspective.

II. Matters necessary for execution of duties of the Audit Committee

(1) Systems of reporting to the Audit Committee

- 1) The Rules of the Audit Committee stipulates that the Appointed Audit Member may require directors; executive officers / employees of ORIX to report on certain facts that have occurred in business activity, and may investigate into the business and financial conditions of ORIX.
- 2) The directors; executive officers / employees of the Company are providing reports regarding the whole group periodically to the Audit Committee of the group-wide matters including ORIX:
 - report by CEO of the Company on the performance of duties.....twice a year
 - accounting report by Head of Treasury and Accounting Headquarters of the Company.....quarterly
 - report by the officer who is in charge of Group Internal Audit Department on the internal audit and evaluation of internal control.....quarterly
 - report by Head of Enterprise Risk Management Headquarters on illegal or unethical conduct, status of internal and external whistleblowing and disputes.....quarterly
 - report by Head of Enterprise Risk Management Headquarters and Global General Counsel on the compliance system.....quarterly
- 3) In addition to paragraph 2) above, in the current fiscal year, the Head of Information Security Control Department, Head of Credit and Investment Management Headquarters and Head of the Sustainability Team of the Company reported to the Audit Committee about their performance of duties.
- 4) In case that the Head of Enterprise Risk Management Headquarters judges that the report or consultation made at internal and external whistle-blower channels is of the serious nature, he/she shall promptly report such information to the board of directors, CEO and the Audit Committee of the Company.
- 5) Channels are available for direct whistle-blowing to the Audit Committee or the Appointed Audit Member through the Audit Committee Secretariat on accounting, accounting internal control, or audit matters.
- 6) The internal rules stipulate that if any person who becomes aware of any fact that is required to be whistle-blown fails to report or consult about such fact, such person is disciplined pursuant to the work regulations.

(2) Systems to ensure that persons who have reported to or consulted with the Audit Committee are not be treated adversely

The “Compliance Hotline Rules”, common rules of ORIX, stipulates that no one who has reported to or consulted with the whistle-blower channels and /or the Audit Committee shall be treated adversely by reason of said report or consultation. It also stipulates that any person who treats whoever so reported or consulted adversely in violation of internal rules shall be disciplined pursuant to the work regulations.

Further, ORIX makes these rules widely known to all directors; executive officers/employees of ORIX when providing on-site training and training for person in charge.

(3) Systems to ensure that audit by the Audit Committee is effectively performed

- 1) The executive officer or the person in charge of the Group Internal Audit Department of the Company as delegated by the Appointed Audit Member, attends important meetings and committees common to ORIX, such as the Executive Committee, Investment and Credit Committee and Group Executive Officer Committee, to understand the decision-making process, execution of business and state of compliance of each group company, and reports on such matters to the Audit Committee on a quarterly basis.
- 2) The interim audit plan and annual audit plan of the Company are approved by the CEO and Audit Committee.
- 3) The results of each group company internal audit are reported to the Audit Committee.
- 4) The Group Internal Audit Department of the Company, in cooperation with auditors and internal audit departments of subsidiaries, conducts joint determination and monitoring of material risks and reports on the results and the status of improvement thereof to the Audit Committee on a quarterly basis.
- 5) The Audit Committee, six times per year, requests the attendance of the accounting auditor and receives from the accounting auditor the reporting of information on matters such as the outline and progress of the integrated audit plan, the results of the quarterly review, the status of non-audit services, the results of inspection by the Certified Public Accountants and Auditing Oversight Board, the quality management system and key audit matters.
- 6) In order to afford a better understanding of ORIX's businesses, Audit Committee Members visit offices. In the current fiscal year, the Audit Committee Members visited ORIX Rentec Corporation. Furthermore, after the closing of the Audit Committee, a briefing session is held at which the status of each ORIX business segment, business strategies and progress in projects are reported, thereby information necessary for audit purposes being shared.

(4) Directors and employees who assist in the duties of the Audit Committee

- 1) The Audit Committee Secretariat is in place, and for the purposes of ensuring specialty necessary for the assisting in the auditing conducted by the Audit Committee, the Audit Committee Secretariat staff is in concurrent service with the employees with the Group Compliance Department.
- 2) The Audit Committee Secretariat staff, in addition to the preparation of the minutes of the Audit Committee, on the instructions of the Audit Committee, assist in the work by the Audit Committee and confirms appropriateness of non-audit services entrusted by ORIX to the audit company group with which the accounting auditors are.

(5) Ensuring independence of the Audit Committee Secretariat staff

The appointment and evaluation of, changes in, and disciplinary action against the Audit Committee Secretariat staff is effected with the approval of the Audit Committee.

(6) Ensuring effectiveness of the instructions of the Audit Committee

- 1) The Head of Group Internal Audit Department is appointed to staff of the Audit Committee Secretariat, so that the Department may efficiently conduct auditing and investigation as instructed by the audit committee.
- 2) "The ORIX Group Internal Audit Rules" are established as common rules of ORIX, which stipulate that the Group Internal Audit Department may require each subsidiary to submit materials or give an explanation, and any department that has been requested to cooperate may not refuse to cooperate with the Group Internal Audit Department without cause.

(7) Costs of performance of duties of the Audit Committee

The Company bears all costs and expenses in connection with performing the duties of the Audit Committee in an appropriate manner.

IV. Consolidated Financial Statements (U.S. GAAP)

Consolidated Statement of Changes in Equity

(From April 1, 2019 to March 31, 2020)

| | | | | | | Millions of yen | | |
|---|---------------------------------------|----------------------------|-------------------|---|----------------|---|--------------------------|--------------|
| | ORIX Corporation Shareholders' Equity | | | | | Total ORIX Corporation Shareholders' Equity | Noncontrolling Interests | Total Equity |
| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | | | |
| Balance at March 31, 2019 | 221,111 | 257,625 | 2,555,585 | (61,343) | (75,904) | 2,897,074 | 56,127 | 2,953,201 |
| Contribution to subsidiaries | | | | | | 0 | 17,047 | 17,047 |
| Transaction with noncontrolling interests | | 241 | | | 2 | 243 | 1,340 | 1,583 |
| Comprehensive income, net of tax: | | | | | | | | |
| Net income | | | 302,700 | | | 302,700 | 3,640 | 306,340 |
| Other comprehensive income (loss) | | | | | | | | |
| Net change of unrealized gains (losses) on investment in securities | | | | (22,390) | | (22,390) | (66) | (22,456) |
| Net change of debt valuation adjustments | | | | 875 | | 875 | 0 | 875 |
| Net change of defined benefit pension plans | | | | 1,527 | | 1,527 | 2 | 1,529 |
| Net change of foreign currency translation adjustments | | | | (28,917) | | (28,917) | (2,550) | (31,467) |
| Net change of unrealized gains (losses) on derivative instruments | | | | (8,286) | | (8,286) | (270) | (8,556) |
| Total other comprehensive income (loss) | | | | | | (57,191) | (2,884) | (60,075) |
| Total comprehensive income | | | | | | 245,509 | 756 | 246,265 |
| Cash dividends | | | (103,824) | | | (103,824) | (3,043) | (106,867) |
| Acquisition of treasury stock | | | | | (45,720) | (45,720) | 0 | (45,720) |
| Disposal of treasury stock | | (334) | | | 554 | 220 | 0 | 220 |
| Other, net | | 106 | | | | 106 | 0 | 106 |
| Balance at March 31, 2020 | 221,111 | 257,638 | 2,754,461 | (118,532) | (121,070) | 2,993,608 | 72,227 | 3,065,835 |

Note: Changes in the redeemable noncontrolling interests are not included in the table.

V. Notes to the Consolidated Financial Statements (U.S. GAAP)

1. Significant Basis of Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

1) Number of consolidated subsidiaries: 923

Entities such as variable interest entities (VIEs) and SPEs (entities that have been established for specific projects) are included.

2) Name of major consolidated subsidiaries

Yayoi Co., Ltd., ORIX Auto Corporation, ORIX Rentec Corporation, ORIX Real Estate Corporation, ORIX Real Estate Investment Advisors Corporation, ORIX Asset Management Corporation, DAIKYO INCORPORATED, ORIX Life Insurance Corporation, ORIX Bank Corporation, ORIX Credit Corporation, ORIX Corporation USA, ORIX Asia Limited, ORIX Leasing Malaysia Berhad, PT. ORIX Indonesia Finance, ORIX Australia Corporation Limited, ORIX Aviation Systems Limited, ORIX (China) Investment Co., Ltd., ORIX Capital Korea Corporation, ORIX Corporation Europe N.V.

3) Entities not accounted for as subsidiaries despite owning the majority of voting interests

OSB Savings Bank Co., Ltd

(Reason for not being accounted for as a subsidiary)

As of March 31, 2020, the Company holds the majority of voting interests in the entity; however, since noncontrolling shareholders have substantive participating rights to decisions that occur as part of the ordinary course of its business, the entity was excluded from the scope of consolidated subsidiaries and accounted for by using the equity method.

(2) Application of the Equity Method

1) Number of affiliates accounted for by the equity method: 204

Including the number of entities disclosed in (1) 3) above.

2) Name of major affiliates

Avolon Holdings Limited, Kansai Airports

(3) Summary of Significant Accounting Policies

1) Basis of presenting consolidated financial statements

In preparing the accompanying consolidated financial statements pursuant to the provision of paragraph 1 of Article 120-3 of the Ordinance on Accounting of Companies, the Company and its subsidiaries have complied with generally accepted accounting principles in the United States (“U.S. GAAP”), except for the accounting for stock splits. However, certain information and notes required under U.S. GAAP are omitted pursuant to the provision of the latter part of Article 120-1, which is referred to in paragraph 3 of Article 120-3. All amounts shown herein are rounded to the nearest millions of Japanese yen.

2) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in affiliates, where the Company has the ability to exercise significant influence by way of 20%–50% ownership or other means, are accounted for by using the equity method. A certain entity is accounted for by using the equity method as described in (1) 3) above. In addition, the consolidated financial statements also include VIEs of which the Company and its subsidiaries are primary beneficiaries.

A certain overseas subsidiary consolidates subsidiaries determined as investment companies under ASC 946 (“Financial Services—Investment Companies”). Investments held by the investment company subsidiaries are carried at fair value with changes in fair value recognized in earnings.

A lag period of up to three months is used on a consistent basis for recognizing the results of certain subsidiaries and affiliates.

All significant intercompany receivables, payables and transactions have been eliminated in consolidation.

3) Inventories

Residential condominiums under development:

Carried at cost based on the specific identification method

Completed residential condominiums and merchandise for sale:

Stated at lower of cost or fair value less cost to sell mainly based on the specific identification method

4) Derivative financial instruments

The Company and its subsidiaries recognize all derivatives on the consolidated balance sheet at fair value.

Changes in the fair value of derivatives are recorded either in earnings or other comprehensive income (loss), net of applicable income taxes, depending on their use and nature of hedging.

5) Investment in securities

Equity securities:

Equity securities are generally reported at fair value with unrealized gains and losses included in income. Equity securities without readily determinable fair values are recorded at its cost minus impairment, if any, plus or minus changes resulting from observable price changes under the election of the measurement alternative, except for investments which are valued at net asset value per share. In addition, investments included in equity securities that are accounted for under the equity method are recorded at fair value with unrealized gains and losses included in income if certain subsidiaries elect the fair value option.

Trading debt securities:

Trading debt securities are reported at fair value with unrealized gains and losses included in income.

Available-for-sale debt securities:

Available-for-sale debt securities are reported at fair value, and unrealized gains or losses are recorded in accumulated other comprehensive income (loss), net of applicable income taxes, except investments which are recorded at fair value with unrealized gains and losses included in income by electing the fair value option.

Held-to-maturity debt securities:

Held-to-maturity debt securities are recorded at amortized cost.

6) Depreciation method of tangible assets

| | |
|-------------------------------------|--|
| Investment in operating leases: | Mainly on a straight-line basis |
| Property under facility operations: | Mainly on a straight-line basis |
| Office facilities: | Declining-balance basis or straight-line basis |

7) Recognition of allowance

Allowance for doubtful receivables on finance leases and probable loan losses:

The allowance for doubtful receivables on finance leases and probable loan losses is maintained at a level which, in the judgment of management, is appropriate to provide for probable losses inherent in lease and loan portfolios. The allowance is increased by provision charged to income and is decreased by charge-offs, net of recoveries. Developing the allowance for doubtful receivables on finance leases and probable loan losses is subject to numerous estimates and judgments. In evaluating the appropriateness of the allowance, management considers various factors, including the business characteristics and financial conditions of the obligors, current economic conditions and trends, prior charge-off experience, current delinquencies and delinquency trends, future cash flows expected to be received from the finance leases and loans and value of underlying collateral and guarantees. Impaired loans are individually evaluated for a valuation allowance based on the present value of expected future cash flows, the loan's observable market price or the fair value of the collateral securing the loans if the loans are collateral-dependent. For non-impaired loans, including loans that are not individually evaluated for impairment, and finance leases, the Company and its subsidiaries evaluate prior charge-off experience segmented by the debtors' industries and the purpose of the loans, and then develop the allowance for doubtful receivables on finance leases and probable loan losses considering the prior charge-off experience and current economic conditions.

The Company and its subsidiaries charge off doubtful receivables when the likelihood of any future collection is believed to be minimal considering debtors' creditworthiness and the liquidation status of collateral.

8) Recognition of liabilities for retirement benefits

The costs of pension plans are accrued based on amounts determined using actuarial methods, with assumptions of discount rate, rate of increase in compensation level, expected long-term rate of return on plan assets and others. Net actuarial gain (loss) is amortized using a corridor approach. In addition, the Company and its subsidiaries recognize an asset or a liability for the funded status of the pension plans, measured as the difference between the fair value of plan assets and the benefit obligation, on the consolidated balance sheet.

For overfunded pension plans, the excess amount is included in and presented as other assets, and for underfunded pension plans, the shortfall is included in and presented as other liabilities.

9) Revenue recognition

Revenues from only contracts with customers, such as sales of goods and real estate, and services income, are recognized based on the following five steps;

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

In accordance with these steps, revenues are recognized to depict the transfer of promised goods or services to customers in the amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues are recognized net of discount, incentives and estimated sales returns. In case that the Company and its subsidiaries receive payment from customers before satisfying performance obligations, the amounts are recognized as contract liabilities. In transactions that involve third parties, if the Company and its subsidiaries control the goods or services before they are transferred to the customers, revenue is recognized on gross amount as the principal.

Excluding the aforementioned policy, the policies as specifically described hereinafter are applied for each of revenue items.

Finance revenues

Revenues from finance leases:

Interest income on net investment in leases is recognized over the life of each respective lease using the interest method. When lease payment is variable, it is accounted for as income in profit or loss in the period when the changes in facts and circumstances on which the variable payment is based occur. Initial direct costs of sales-type leases and direct financing leases are being deferred and amortized as a yield adjustment over the life of the related lease by using interest method.

Revenues from installment loans:

Interest income on installment loans is recognized on an accrual basis. Certain direct loan origination costs, net of origination fees, are being deferred and amortized over the contractual term of the loan as an adjustment of the related loan's yield using the interest method.

Revenues from financial guarantees:

At the inception of a guarantee, fair value for the guarantee is recognized as a liability in the consolidated balance sheet. The Company and its subsidiaries recognize revenue mainly over the term of guarantee by a systematic and rational amortization method as the Company and the subsidiaries are released from the risk of the obligation.

Operating leases

Revenues from operating leases are recognized on a straight-line basis over the contract terms. When lease payment is variable, it is accounted for as income in profit or loss in the period when the changes in facts and circumstances on which the variable payment is based occur. Initial direct costs of operating leases are being deferred and amortized as a straight-line basis over the life of the related lease.

10) Impairment of long-lived assets

Long-lived assets to be held and used in operations, including tangible assets and intangible assets being amortized, shall be tested for recoverability whenever events or changes in circumstances indicate that the assets might be impaired. The assets are considered not recoverable when the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount.

11) Right-of-use assets

Right-of-use (hereinafter, "ROU") assets recognized from the lessee's lease transaction are recorded as investment in operating leases, property under facility operations and office facilities. ROU assets of finance leases are amortized mainly on a straight-line basis over the lease term. ROU assets of operating leases are amortized over the lease term by the fixed term operating lease cost minus the interest cost.

12) Goodwill and other intangible assets

Goodwill and indefinite-lived intangible assets are not amortized but tested at least annually for impairment. Intangible assets with finite lives are amortized over their useful lives and tested for impairment.

13) Accounting for consumption taxes

Consumption tax and local consumption tax are excluded from the consolidated statement of income.

14) Adoption of consolidated tax return

The Company and certain subsidiaries have elected to file a consolidated tax return for National Corporation tax purposes.

(4) Additional Information

Regarding the cancellation of own shares based on the resolution at the Board of Directors meeting held on October 28, 2019, the number of shares to be cancelled has been determined. The details of cancellation of own shares subsequent to the balance sheet date are as follows.

| | |
|------------------------------------|-------------------|
| • Class of shares to be cancelled | Common shares |
| • Number of shares to be cancelled | 10,674,148 shares |
| • Scheduled cancellation date | May 29, 2020 |

2. Changes in Significant Basis of Preparation of Consolidated Financial Statements

(1) Changes in Scope of Consolidation and Application of the Equity Method

1) Changes in scope of consolidation

Addition of 118 subsidiaries due mainly to acquisitions and deduction of 78 subsidiaries due mainly to divestitures during the current fiscal year

2) Changes in scope of application of the equity method

Addition of 39 affiliates due mainly to acquisitions and deduction of 33 affiliates due mainly to divestitures during the current fiscal year

(2) Changes in Accounting Policies

(Application of New Accounting Standards)

In February 2016, Accounting Standards Update 2016-02 (ASC 842 (“Leases”)) (hereinafter, “New Lease Standard”) was issued, and related amendments were issued thereafter. These updates require a lessee to recognize most leases on the balance sheet. Lessor accounting remains substantially similar to current U.S. GAAP but with some changes. These updates require an entity to disclose more information about leases than under the current disclosure requirements. The Company and its subsidiaries adopted these updates, including Accounting Standards Update 2019-01, on April 1, 2019 and used the beginning of the fiscal year of adoption as the date of initial adoption.

The New Lease Standard provides a number of optional practical expedients in transition. The Company and its subsidiaries have elected the “package of practical expedients”, which permits the Company and its subsidiaries to not reassess under the New Lease Standard the prior conclusions about lease identification, lease classification and initial direct costs. The Company and its subsidiaries have elected other New Lease Standard’s available transitional practical expedients. The New Lease Standard also provides practical expedients for an entity’s ongoing accounting. The Company and its subsidiaries have elected the short-term lease recognition exemption mainly for vehicle and office equipment leases. Consequently, for those leases that meet the requirements, the Company and its subsidiaries have not recognized ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Company and its subsidiaries also have elected the practical expedient to not separate lease and non-lease components for part of leases as lessors.

The impact of the adoption of these updates has resulted in a gross up of ROU assets and corresponding lease liabilities principally for operating leases, such as land leases and office and equipment leases where it is the lessee. The effect of the adoption of these updates on the Company and its subsidiaries’ financial position at the adoption date was increases of ROU assets of ¥134,345 million in investment in operating leases, ¥77,989 million in property under facility operations, ¥75,805 million in office facilities and lease liabilities of ¥284,867 million in other liabilities in the consolidated balance sheet as of April 1, 2019. ROU assets in investment in operating leases, property under facility operations and office facilities were ¥ 121,553 million, ¥73,226 million and ¥75,381 million, respectively, and lease liabilities in other liabilities were ¥266,836 million as of March 31, 2020. The impact of the adoption of these updates has resulted in a gross up of revenues and expenses of the certain lessor costs, such as property taxes and insurance costs. The effect of the adoption of these updates on the Company and its subsidiaries’ results of operation was an increase in finance revenues by ¥19,953 million, an increase in revenues from operating leases by ¥24,157 million, an increase in costs of operating leases by ¥24,159 million and an increase in other (income) and expense by ¥19,952 million in the consolidated statement of income for the fiscal year.

(3) Reclassifications

The New Lease Standard has been adopted since April 1, 2019, and the amounts of investment in direct financing leases have been reclassified to net investment in leases.

The certain lessor costs of finance lease, such as the property taxes and insurance costs previously had been deducted from “Finance revenues”, but it has changed to be included in “Other (income) and expense.” And the certain lessor costs of operating lease previously had been deducted from Revenue of “Operating leases”, but it has changed to be included in “Costs of operating leases.”

3. Notes to the Consolidated Balance Sheet

(1) Assets Pledged as Collateral and Liabilities Secured by Collateral

The short-term and long-term debts payable to financial institutions, including liabilities related to the securitization of installment loans and others by the consolidated VIEs, are secured by the following assets.

| | |
|------------------------------------|------------------|
| Lease Payments | ¥15,111 million |
| Installment Loans | ¥370,099 million |
| Investment in Operating Leases | ¥110,499 million |
| Investment in Securities | ¥167,800 million |
| Property under Facility Operations | ¥324,483 million |
| Investment in Affiliates | ¥62,686 million |
| Other assets | ¥159,510 million |

Note: Other than those above, debt liabilities are secured by shares of subsidiaries and loans to subsidiaries, which are eliminated through consolidation adjustment, of ¥166,888 million and ¥10,587 million, and debt liabilities of affiliates are secured by investment in affiliates of ¥60,104 million. In addition, ¥69,313 million is pledged primarily by investment in securities for collateral deposits and deposit for real estate related transactions.

Liabilities secured by collateral are as follows:

| | |
|---|------------------|
| Short-Term Debt | ¥80,928 million |
| Trade Notes, Accounts and Other Payable | ¥3,140 million |
| Long-Term Debt | ¥778,617 million |
| Other Liabilities | ¥45,671 million |

(2) Accumulated Depreciation of Tangible Assets

| | |
|------------------------------------|------------------|
| Investment in Operating Leases | ¥678,245 million |
| Property under Facility Operations | ¥105,433 million |
| Office Facilities | ¥68,117 million |

(3) Guarantees

At the inception of a guarantee, the Company and its subsidiaries recognize a liability in the consolidated balance sheet at fair value for guarantees within the scope of ASC460 (“Guarantees”).

The summary of potential future payment and book value of guarantees liabilities of the guarantee contracts outstanding are as follows:

| | Potential future payment | Book value of guarantee liabilities |
|-------------------|--------------------------|-------------------------------------|
| Corporate loans | ¥490,839 million | ¥6,065 million |
| Transferred loans | ¥355,452 million | ¥2,371 million |
| Consumer loans | ¥341,466 million | ¥41,019 million |
| Real estate loans | ¥29,235 million | ¥4,422 million |
| Other | ¥130 million | ¥0 million |

4. Notes to the Consolidated Statement of Changes in Equity

(1) Number of Outstanding Stock as of March 31, 2020

| | |
|--------------|----------------------|
| Common Stock | 1,324,629,128 shares |
|--------------|----------------------|

(2) Number of Treasury Stock as of March 31, 2020

| | |
|--------------|-------------------|
| Common Stock | 70,157,472 shares |
|--------------|-------------------|

Note: Treasury stock held through the Board Incentive Plan Trust of 1,476,828 shares are included in the above figures.

5. Financial Instruments

(1) Information on Financial Instruments and Risk Management

The Company and its subsidiaries conduct a diverse array of businesses including finance, investment, life insurance, banking, asset management, auto-related business, real estate, and environment and energy. We execute our funding activities by borrowings from financial institutions, funding from capital markets (such as through issuances of bonds, medium-term notes or commercial paper and securitization of leases, loans receivables and other assets) and deposits. Financial assets and liabilities, which the Company and its subsidiaries have, are mainly subject to credit risk, market risk and liquidity risk (risk relating to funding). We manage each of these risks according to its characteristics.

1) Credit Risk Management

To analyze credit risk, we evaluate the adequacy of collateral and guarantees, the securitization of receivables and the diversification of debtors and their business types. A typical practice is to conduct a comprehensive customer credit evaluation based on the customer's financial position, cash flow, underlying security interests, profitability and other factors of individual credit transactions.

Moreover, an analysis of our portfolio and measures to establish appropriate credit limits allow us to control exposure to potentially higher risk markets.

2) Market Risk Management

We have established and maintained Group-wide ALM (asset-liability management) rules to comprehensively verify and understand the market risks.

Interest rate risk is comprehensively evaluated based on factors such as the expected impact of interest rate changes on periodic profit and loss and/or the balance sheet, the assets and liabilities positions and the funding environment. The analysis methods we use are modified, as required, depending on the situation.

We generally manage exchange rate risk by using foreign currency-denominated loans, foreign exchange contracts and currency swaps to hedge exchange rate volatility in our business transactions in foreign currencies and overseas investments. We monitor and manage exchange rate risk relating to unhedged foreign currency-denominated assets and retained earnings of foreign subsidiaries using indicators such as VaR (value at risk) and adjusting hedge positions as needed based on changes in the market environment at any given time.

3) Liquidity Risk Management (Risk Management Relating to Funding)

To reduce liquidity risk, we diversify fund procurement methods and sources and constantly monitor liquidity on hand. To manage liquidity on hand, we project future cash flows and analyze liquidity risk using hypothetical stress scenarios. We take necessary measures so that our businesses may withstand adverse market changes.

The effect on the business of each subsidiary is monitored by ascertaining liquidity risk in each subsidiary and in every country in which the Company operates. We take appropriate measures to mitigate liquidity risk, including through such action as parent-to-subsiary lending.

ORIX Bank Corporation and ORIX Life Insurance Corporation are engaged in retail financial activities for individual customers and are regulated by Japanese financial authorities. They are required to manage liquidity risk independently from other subsidiaries based on their internal regulations formulated according to the relevant regulations.

(2) Estimated Fair Value of Financial Instruments

The carrying amount of financial instruments reported in the consolidated balance sheet, their estimated fair value and the differences between them as of March 31, 2020 are as follows:

| | Carrying amount | Estimated fair value | Millions of yen Differences |
|---|-----------------|----------------------|--------------------------------|
| 1) Cash and cash equivalents | ¥982,666 | ¥982,666 | — |
| 2) Restricted cash | 152,618 | 152,618 | — |
| 3) Installment loans (net of allowance for probable loan losses) | 3,695,342 | 3,653,042 | (42,300) |
| 4) Equity securities (Note 1) | 375,174 | 375,174 | — |
| 5) Trading debt securities | 7,431 | 7,431 | — |
| 6) Available-for-sale debt securities | 1,631,185 | 1,631,185 | — |
| 7) Held-to-maturity debt securities | 113,805 | 143,189 | 29,384 |
| 8) Time deposits | 5,918 | 5,918 | — |
| 9) Derivative assets | 30,538 | 30,538 | — |
| 10) Reinsurance recoverables (Investment contracts) | 8,625 | 8,298 | (327) |
| 11) Short-term debt | (336,832) | (336,832) | — |
| 12) Deposits (Note 2) | (2,086,765) | (2,088,513) | (1,748) |
| 13) Policy liabilities and Policy account balances (Investment contracts) | (213,885) | (214,048) | (163) |
| 14) Long-term debt | (4,279,354) | (4,291,697) | (12,343) |
| 15) Derivative liabilities | (64,497) | (64,497) | — |

Notes: 1. The carrying amount of ¥47,599 million of equity securities without readily determinable fair values and the carrying amount of ¥70,129 million of investment funds that are accounted for under the equity method are not included in 4) Equity securities in the above table.

2. The carrying amount of ¥144,938 million of demand deposits is not included in 12) Deposits in the above table.

3. Liabilities or negative values are shown in parentheses.

(3) Method of Estimating Fair Value of Financial Instruments

1) 2) 8) 11) Cash and cash equivalents, restricted cash, time deposits and short-term debt

The carrying amounts recognized in the balance sheet were determined to be reasonable estimates of their fair values due to their short maturity.

3) Installment loans (net of allowance for probable loan losses)

The carrying amounts of floating-rate installment loans with no significant changes in credit risk which could be repriced within a short-term period were determined to be reasonable estimates of their fair values. The carrying amounts of purchased loans were determined to be reasonable estimates of their fair values because the carrying amounts (net of allowance) are considered to properly reflect the recoverability and value of these loans. For certain homogeneous categories of medium- and long-term fixed-rate loans, the estimated fair values were calculated by discounting the future cash flows using the current interest rates charged by the Company and its subsidiaries for new loans made to borrowers with similar credit ratings and remaining maturities as of the end of the period. Concerning the above, if available, estimated fair values were based on quoted market prices or quotations provided by dealers.

4) Equity securities

For equity securities whose active market prices are available, such as listed shares, the estimated fair values were based on quoted active market prices. If active market prices are not available, the estimated fair values were based on other observable prices. For certain investment funds, the fair values were estimated based on the combination of discounted cash flow methodologies and market multiple valuation methods, appraisals, and others.

5) 6) 7) Trading debt securities, available-for-sale debt securities and held-to-maturity debt securities

For trading debt securities and available-for-sale debt securities other than certain mortgage-backed and asset-backed securities, the estimated fair values, which are also the carrying amounts recorded in the balance sheet, were generally based on quoted market prices or quotations provided by dealers. As for the certain mortgage-backed and asset-backed securities included in available-for-sale debt securities, the Company and its subsidiaries estimated the fair value by using valuation models such as discounted cash flow methodologies and broker quotes. For held-to-maturity debt securities, the estimated fair values were mainly based on quoted market prices.

9) 15) Derivatives

For exchange-traded derivatives, fair value is based on quoted market prices. Fair value estimates for other derivatives generally reflect the estimated amounts that the Company and its subsidiaries would receive or pay to terminate the contracts at the balance sheet date, thereby taking into account the current unrealized gains or losses of open contracts. In estimating the fair value of most of the Company's and its subsidiaries' derivatives, estimated future cash flows are discounted using the current interest rate.

10) 13) Reinsurance recoverables and Policy liabilities and Policy account balances

A certain subsidiary has fixed annuity contracts, variable annuity and variable life insurance contracts, and reinsurance contracts which are classified as investment contracts because they do not expose the subsidiary to mortality or morbidity risks. In estimating the fair value of those contracts, estimated future cash flows are discounted using the current interest rate.

12) Deposits

The estimated fair values of time deposits were calculated by discounting the future cash flows. The current interest rates offered for the deposits with similar terms and remaining average maturities were used as the discount rates.

14) Long-term debt

The carrying amounts of long-term debt with floating rates which could be repriced within short-term periods were determined to be reasonable estimates of their fair values. For medium- and long-term fixed-rate debt, the estimated fair values were calculated by discounting the future cash flows. The borrowing interest rates that would be currently available to the Company and its subsidiaries offered by financial institutions for debt with similar terms and remaining average maturities were used as the discount rates. Concerning the above, if available, estimated fair values were based on quoted market prices or quotations provided by dealers.

6. Investment and Rental Property

(1) Summary of Investment and Rental Property

The Company and its subsidiaries own real estate such as rental office buildings, rental logistics centers, rental commercial facilities other than office buildings, rental condominiums and land which is utilized for development of rental properties. A large portion of real estate held for investment and rental is located around major cities in Japan such as Tokyo.

(2) Fair Value of Investment and Rental Property

| Carrying amount | Fair value |
|------------------|------------------|
| ¥309,343 million | ¥381,219 million |

Notes: 1. Carrying amounts are stated at cost less accumulated depreciation.

2. Fair value as of March 31, 2020 is either obtained from appraisal reports by external qualified appraisers, calculated by internal appraisal department in accordance with “Real estate appraisal standards,” or reasonably calculated internally utilizing similar methods.

7. Per Share Data

(1) Shareholders' Equity Per Share

2,386.35 yen

Note: Shareholders' Equity Per Share is calculated based on Shareholders' Equity attributable to ORIX Corporation shareholders in accordance with U.S. GAAP.

(2) Earnings Per Share for Net Income Attributable to ORIX Corporation Shareholders

| | |
|---------|------------|
| Basic | 237.38 yen |
| Diluted | 237.17 yen |

Note: The Company's shares held through the Board Incentive Plan Trust are included in the number of treasury stocks which are excluded for the purpose of calculating Per Share Data in the fiscal year ended March 31, 2020.

8. Significant Subsequent Events

The share repurchase based on the resolution at the Board of Directors meeting held on October 28, 2019 was completed. The details of share repurchase subsequent to the balance sheet date are as follows.

| | |
|--------------------------------------|---|
| • Class of shares repurchased | Common shares |
| • Total number of shares repurchased | 8,224,900 shares |
| • Total value of shares repurchased | ¥10,088,218,300 |
| • Repurchase period | April 1, 2020 – May 8, 2020 |
| • Method of share repurchase | Market purchases based on the discretionary dealing contract regarding repurchase of own shares |

(Reference)

Cumulative number of own shares acquired based on the above resolution at the Board of Directors meeting as of May 8, 2020

| | |
|--------------------------------------|---|
| • Class of shares repurchased | Common shares |
| • Total number of shares repurchased | 34,061,300 shares |
| • Total value of shares repurchased | ¥55,807,590,700 |
| • Repurchase period | November 1, 2019 – May 8, 2020 |
| • Method of share repurchase | Market purchases based on the discretionary dealing contract regarding repurchase of own shares |

VI. Financial Statements (Japanese GAAP)

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2019 to March 31, 2020)

Millions of yen

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------------------|-------------------------|----------------|----------------------------|
| | Common stock | Capital surplus | | | Retained earnings | | | Treasury stock | Total shareholders' equity |
| | | Legal capital surplus | Other capital Surplus | Total capital surplus | Other retained earnings | Retained earnings brought forward | Total retained earnings | | |
| Balance as of April 1, 2019 | 221,111 | 248,290 | 0 | 248,290 | 3,600 | 786,804 | 790,405 | (75,903) | 1,183,903 |
| Changes of items during the period | | | | | | | | | |
| Reversal of reserve for special depreciation | | | | | (1,368) | 1,368 | — | | — |
| Disposal of treasury stock | | | (0) | (0) | | — | — | 554 | 554 |
| Dividends of surplus | | | | | | (103,824) | (103,824) | | (103,824) |
| Net income | | | | | | 223,552 | 223,552 | | 223,552 |
| Purchase of treasury stock | | | | | | | | (45,720) | (45,720) |
| Net changes of items other than shareholders' equity | | | | | | | | | |
| Total changes of items during the period | — | — | (0) | (0) | (1,368) | 121,096 | 119,727 | (45,166) | 74,561 |
| Balance as of March 31, 2020 | 221,111 | 248,290 | 0 | 248,290 | 2,232 | 907,900 | 910,133 | (121,070) | 1,258,464 |

| | Valuation and translation adjustments | | | Total net assets |
|--|--|------------------------------------|---|------------------|
| | Net unrealized gains on other securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| Balance as of April 1, 2019 | 5,568 | (17,967) | (12,399) | 1,171,504 |
| Changes of items during the period | | | | |
| Reversal of reserve for special depreciation | | | | — |
| Disposal of treasury stock | | | | 554 |
| Dividends of surplus | | | | (103,824) |
| Net income | | | | 223,552 |
| Purchase of treasury stock | | | | (45,720) |
| Net changes of items other than shareholders' equity | (950) | 17,280 | 16,329 | 16,329 |
| Total changes of items during the period | (950) | 17,280 | 16,329 | 90,890 |
| Balance as of March 31, 2020 | 4,617 | (686) | 3,930 | 1,262,395 |

VII. Notes to Non-Consolidated Financial Statements (Japanese GAAP)

Significant Accounting Policies

1. Method of Valuation of Securities

Shares of Subsidiaries and Affiliates

Stated at cost determined by the moving average method

Investments in Investment Limited Partnership (Investment LPS)

Stated at the Company's proportionate share of net assets in the Investment LPS based on its financial statements.

Other Securities

Marketable securities

Stated at fair value primarily based on market price at the end of the fiscal year (The unrealized gains or losses are reported directly in net assets and costs of securities sold are determined by the moving average method).

Non-marketable securities

Equity Securities: Stated at cost determined by the moving average method

Debt Securities: Stated at amortized cost

2. Method of Valuation of Derivative Financial Instruments

Stated at fair value

3. Method of Valuation of Inventories

Stated at cost, mainly determined by the first-in-first-out method (Balance sheet amount is computed by devaluing the book price to reflect declines in profitability)

4. Depreciation and Amortization Method of Non-Current Assets

Property, Plant and Equipment

Leased Assets:

Declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, and buildings fixtures and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method.

Office Facilities:

Declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, and buildings fixtures and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method.

Intangible Assets

Straight-line method

Internal-use software is amortized using the straight-line method over its useful life of five years.

5. Accounting for Deferred Assets

All bond issuance costs and stock issuance costs are charged to expense as incurred.

6. Translation of Assets and Liabilities Denominated in Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at exchange rates in effect at the end of the fiscal year. Foreign exchange gains or losses resulting from translation are recognized in the non-consolidated statement of income.

7. Basis of recording Allowances

Allowance for Doubtful Receivables:

To provide for possible losses on uncollectable receivables, an allowance for doubtful receivables is recorded at the amount calculated based on the historical loss rate with respect to receivables from normal borrowers and from caution-needed borrowers and at the amount determined in consideration of collectability of individual receivables with respect to receivables from borrowers who are legally or substantially bankrupt.

Provision for loss on guarantees:

To provide for possible losses on guarantees, a provision for loss on guarantees is recorded at the amount calculated based on the historical loss rate and, as necessary, at the amount individually determined in consideration of possibility of incurring losses.

Provision for Retirement Benefits for Employees:

To provide for employees' retirement benefits, provision for retirement benefits or prepaid pension cost is recorded at the amount determined based on the projected retirement benefit obligations and estimated plan assets at the end of the fiscal year.

In determining retirement benefit obligations, the benefit formula basis is used for the method of attributing expected benefit to the periods until the end of the fiscal year.

Prior service costs are amortized by the straight-line method over the average remaining service period of the employees at the time of occurrence of such costs.

Actuarial gains or losses are amortized by the straight-line method over the average remaining service period of the employees at the time of occurrence of such gains or losses, commencing from the following fiscal year.

Provision for Retirement Benefits for Directors:

The Company maintains a stock compensation program to provide for directors' compensation. Under this program, points are granted based upon the prescribed standards of the Company and the Company's shares are given to directors at the time of retirement according to the accumulated points through "The Board Incentive Plan Trust ("the Trust")." Therefore, the estimated amount required to be paid at the balance sheet date is recorded as provision for retirement benefits for directors based on the points granted multiplied by the Trust's acquisition price of the Company's shares.

8. Recognition of Revenues and Expenses

Recognition of sales and cost of sales from finance lease:

Sales and cost of sales from finance leases are recognized when lease payments should be received.

Recognition of sales from operating lease:

Sales from operating lease are recognized based on the monthly lease payments due under the respective lease agreements over the lease terms.

Recognition of sales and cost of sales from installment sales:

Total amount of receivable of installment sales is recognized as “accounts receivable - installment sales” on the transaction date, and sales and cost of sales are recognized when each payment becomes due under the respective installment sales agreements.

Unrealized profits for accounts receivable - installment sales not yet due are deferred.

Allocation of interest expense:

Interest expense is allocated to cost of sales and other expenses.

For the allocation, the total assets are divided into assets associated with operating transactions and others. Based on the respective balance of assets, interest expenses associated with operating assets are included in cost of sales as capital cost and interest expenses associated with other assets are included in non-operating expenses.

Capital cost is recorded as interest expenses associated with operating assets after deducting interest income for corresponding deposits.

9. Method for Hedge Accounting

In principle, the deferred hedge accounting is applied.

10. Accounting for Consumption Taxes

Consumption tax and local consumption tax are excluded from the non-consolidated statement of income.

11. Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

For the items affected by the transition from the consolidated taxation system to the group tax sharing system established by “Partial Amendment of the Income Tax Act” (Act No.8, 2020) and for the items under the stand-alone taxation system which were amended to be consistent with the measures under the group tax sharing system, the Company does not apply “Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) paragraph 44, in accordance with the treatment allowed by “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Practice Corresponding Report No.39, March 31, 2020) paragraph 3. Therefore, the amounts of deferred tax assets and deferred tax liabilities are measured based on the tax laws prior to the amendments.

Additional Information

Regarding the cancellation of own shares based on the resolution at the Board of Directors meeting held on October 28, 2019, the number of shares to be cancelled has been determined. The details of cancellation of own shares subsequent to the balance sheet date are as follows.

- | | |
|------------------------------------|-------------------|
| • Class of shares to be cancelled | Common shares |
| • Number of shares to be cancelled | 10,674,148 shares |
| • Scheduled cancellation date | May 29, 2020 |

Notes to Non-Consolidated Balance Sheet

| | |
|--|--------------------|
| 1. Accumulated Depreciation of Property, Plant and Equipment | ¥45,891 million |
| 2. Monetary Receivables from Subsidiaries and Affiliates included in: | |
| Current assets | ¥1,685,702 million |
| Non-current assets | ¥660 million |
| Monetary Payables to Subsidiaries and Affiliates included in: | |
| Current liabilities | ¥266,876 million |
| Non-current liabilities | ¥3,488 million |
| 3. The Trade Notes from Lease and Installment Sales Contracts Deposited for: | |
| Accounts receivable - installment sales | ¥6,316 million |
| Lease receivables | ¥318 million |
| Lease investment assets | ¥366 million |

4. Assets Pledged as Collateral

The following assets are pledged as collateral for the borrowings of ¥171,386 million of the Company and its subsidiaries and affiliates:

| | |
|---------------------------------------|-----------------|
| Installment loans | ¥12,002 million |
| Leased assets | ¥43,449 million |
| Shares of subsidiaries and affiliates | ¥23,459 million |

In addition to the assets above, installment loans of ¥5,048 million and office facilities of ¥20,015 million are accounted for as financial transactions. As a result, ¥272 million and ¥30,483 million are recorded in “Other” of current liabilities and “Other” of Non-current liabilities, respectively.

5. Guarantee Obligations

| | |
|--|------------------|
| Guarantees for the debt of subsidiaries and affiliates, etc. | ¥935,672 million |
|--|------------------|

Notes to Non-Consolidated Statement of Income

| | |
|---|------------------|
| Sales to subsidiaries and affiliates | ¥230,992 million |
| Purchases from subsidiaries and affiliates | ¥24,301 million |
| Non-operating transactions with subsidiaries and affiliates | ¥165,202 million |

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Number of Shares Issued as of March 31, 2020

| | |
|--------------|----------------------|
| Common Stock | 1,324,629,128 shares |
|--------------|----------------------|

2. Number of Treasury Stock as of March 31, 2020

| | |
|--------------|-------------------|
| Common Stock | 70,157,472 shares |
|--------------|-------------------|

Note: The Company's shares held through the Trust of 1,476,828 shares are included in the above figures.

3. Dividends

(1) Dividends Paid during the Fiscal Year

The board of directors of the Company resolved on May 22, 2019, as described below:

| | |
|------------------------|-----------------|
| a. Total Dividends | ¥58,962 million |
| b. Dividends per Share | ¥46.00 |
| c. Record Date | March 31, 2019 |
| d. Effective Date | June 3, 2019 |

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on May 22, 2019 includes ¥83 million of dividend payable for the Company's shares held through the Trust.

The board of directors of the Company resolved on October 28, 2019, as described below:

| | |
|------------------------|--------------------|
| a. Total Dividends | ¥44,862 million |
| b. Dividends per Share | ¥35.00 |
| c. Record Date | September 30, 2019 |
| d. Effective Date | December 3, 2019 |

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on October 28, 2019 includes ¥62 million of dividend payable for the Company's shares held through the Trust.

(2) Dividends to be Paid after the End of the Fiscal Year

The board of directors of the Company plans to resolve on May 21, 2020, as described below:

| | |
|------------------------|-----------------|
| a. Total Dividends | ¥51,493 million |
| b. Dividends per Share | ¥41.00 |
| c. Record Date | March 31, 2020 |
| d. Effective Date | June 18, 2020 |

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on May 21, 2020 includes ¥60 million of dividend payable for the Company's shares held through the Trust.

Tax Effect Accounting

1. Breakdown of the Major Components of Deferred Tax Assets and Liabilities

| Deferred Tax Assets: | Millions of yen |
|---|-----------------|
| Allowance for Doubtful Receivables | 18,195 |
| Write-downs of Investment Securities and Shares of Subsidiaries and Affiliates | 26,961 |
| Impairment losses | 5,223 |
| Depreciation of assets for lease | 484 |
| Accrued bonuses | 1,308 |
| Allowance for Directors' Retirement Benefits | 596 |
| Provision for loss on Guarantees | 1,720 |
| Deferred gains or losses on hedges | 298 |
| Other | 15,964 |
| <hr/> Subtotal | <hr/> 70,754 |
| Valuation allowance | (28,880) |
| <hr/> Total Deferred Tax Assets | <hr/> 41,874 |
| Deferred Tax Liabilities: | |
| Prepaid pension cost | (10,184) |
| Net unrealized gains on other securities | (1,995) |
| Reserve for special depreciation | (825) |
| Other | (6,084) |
| <hr/> Total Deferred Tax Liabilities | <hr/> (19,090) |
| <hr/> Net Deferred Tax Assets | <hr/> 22,783 |

2. Breakdown of Major Components of Differences between the Statutory Income Tax Rate and the Effective Income

| Tax Rate after applying Tax Effect Accounting | |
|---|---------------|
| Statutory income tax rate | 30.6 % |
| Adjustments: | |
| Non-taxable income for tax purposes (e.g. Dividends income) | (24.6) |
| Non-deductible expenses for tax purposes (e.g. Entertainment expenses) | 0.3 |
| Change in valuation allowance | (6.4) |
| Reconciliation of gain or loss on transfer of transactions between consolidated corporations | (2.4) |
| Other | 0.1 |
| <hr/> Effective income tax rate after applying tax effect accounting | <hr/> (2.4) % |

Related Party Transactions

| Category | Name of company | Ownership interest of voting rights (%) | Relationship with related party | Transactions | Transaction amount (Millions of yen) | Account Item | Year-end balance (Millions of yen) |
|------------|---|---|--|-------------------------------------|--------------------------------------|-------------------|------------------------------------|
| Subsidiary | ORIX Auto Corporation (Notes 1 and 2) | Directly held 100.00% | Concurrent positions of directors, Payments for operating payables on behalf of the entity, etc. | Lending funds | 9,150 | Installment loans | 390,500 |
| | | | | Guarantees on borrowings and others | 9,089 | - | - |
| Subsidiary | ORIX Rentec Corporation (Note 1) | Directly held 100.00% | Concurrent positions of directors, Lease transaction, etc. | Lending funds | 16,431 | Installment loans | 68,931 |
| Subsidiary | ORIX Credit Corporation (Notes 1 and 2) | Directly held 100.00% | Payments for operating payables on behalf of the entity, etc. | Collection of funds | 6,430 | Installment loans | 105,862 |
| | | | | Guarantees on business | 199,886 | - | - |
| Subsidiary | ORIX Real Estate Corporation (Notes 1 and 4) | Directly held 100.00% | Concurrent positions of directors, Payments for operating payables on behalf of the entity, etc. | Lending funds | 150,391 | Installment loans | 160,000 |
| | | | | Sale of subsidiary stocks | 149,938 | - | - |
| Subsidiary | ORIX Aviation Systems Limited (Note 1) | Directly held 100.00% | Concurrent positions of directors | Collection of funds | 51,773 | Installment loans | 175,978 |
| Subsidiary | ORIX Corporation USA (Notes 1 and 2) | Directly held 100.00% | Concurrent positions of directors | Lending funds | 104,844 | Installment loans | 309,621 |
| | | | | Guarantees on borrowings and others | 250,618 | - | - |
| Subsidiary | ORIX Finance Services Hong Kong Limited (Notes 1 and 2) | Directly held 100.00% | - | Lending funds | 29,506 | Installment loans | 59,721 |
| | | | | Guarantees on borrowings and others | 3,150 | - | - |
| Subsidiary | ORIX Asia Capital Limited (Note 1) | Directly held 100.00% | Concurrent positions of directors | Lending funds | 3,736 | Installment loans | 69,796 |
| Subsidiary | ORIX Capital Korea Corporation (Notes 1 and 2) | Directly held 100.00% | Concurrent positions of directors | Lending funds | 1,686 | Installment loans | 45,500 |
| | | | | Guarantees on borrowings and others | 81,150 | - | - |

