This document is a translation of the Japanese language original prepared solely for convenience of reference. In the event of any discrepancy between this translated document and the Japanese language original, the Japanese language original shall prevail.

To Our Shareholders:

Matters available on the website in relation to the Notice of the 58th Annual General Meeting of Shareholders

The 58th Fiscal Year (From April 1, 2020 to March 31, 2021)

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June 4, 2021
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 That Have Been Delivered as Consideration for Their Execution of Duties

No items to report.

(2) Stock Acquisition Rights Delivered to Employees as Consideration for Their Execution of Duties During the Fiscal Year Ended March 31, 2021

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, 2021

¥766 million

Notes: 1. The audit contract between ORIX CORPORATION (the "Company") and the independent auditor does not separate the audit fees based on the Companies Act, the Financial Instruments and Exchange Act, and U.S. Securities and Exchange acts. Since fees for the audit based on these 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 the Company has agreed 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

¥1,603 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 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, 2021

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 and enhanced management and have established sound and transparent corporate governance to carry out appropriate business activities in line with Management's Basic Policy and to 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 2, "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 the Company's Corporate Governance System and history of the 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 have expert knowledge in their respective fields, monitor and advise on the lawful and appropriate execution of operations with an independent view. Based on these principles, the Company's Board of Directors possesses an oversight function, and under the "Company with Nominating Committee, etc." board model, delegates certain responsibilities to the three board committees to carry out the role of effective governance.

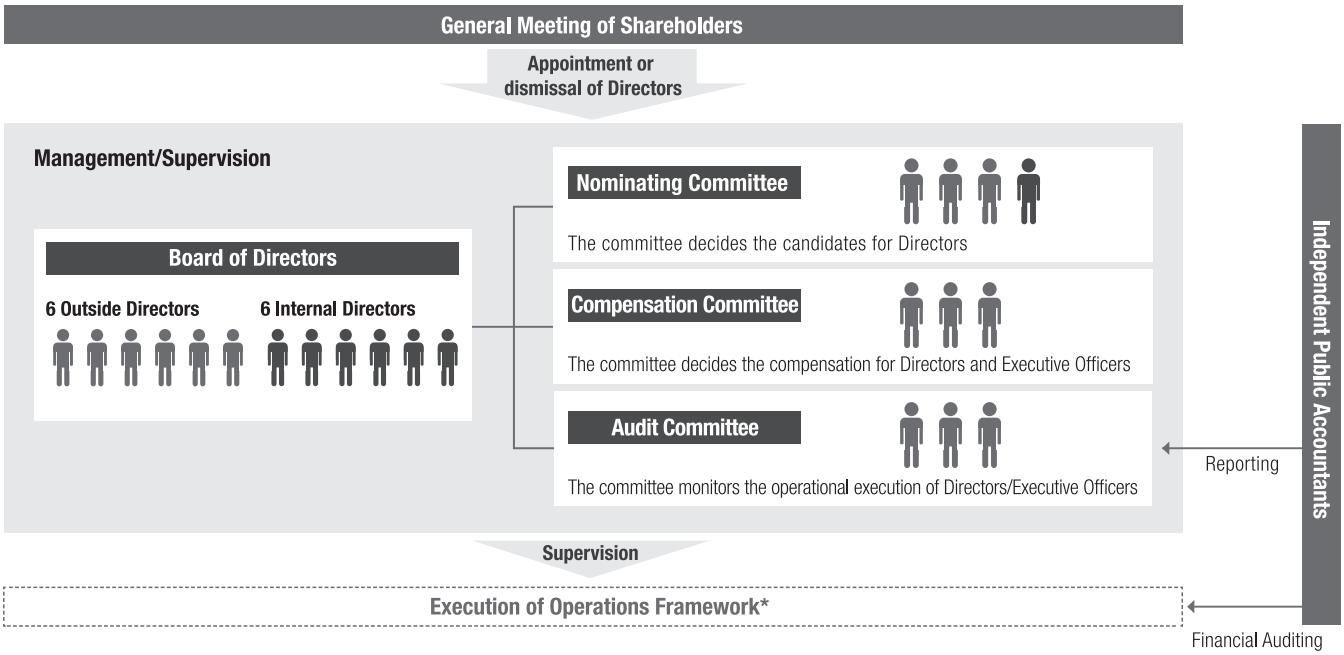
Among the three committees of the Board of Directors (Nominating, Audit and Compensation), a majority of the members of the Nominating Committee are outside directors and all members of the Audit and Compensation Committees are outside directors, and the chairperson for each committee is appointed from among the outside directors to help separate the oversight function of the Board of Directors from the execution of operations and avoid conflicts of interest with our shareholders. In addition, all outside directors meet objective and specific "Requirements for Independent Directors" stipulated 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. The Company's Corporate Governance System

A diagram outlining the Company's Corporate Governance System as of March 31, 2021 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, 2021, 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 to our Articles of Incorporation, cannot be delegated to Executive Officers, and other important items as determined by the regulations of the Board of Directors. It also monitors the execution of operations by the directors and executive officers. Regarding decisions on operational execution, the Board of Directors is primarily responsible for determining matters such as 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 (CEO) to facilitate better efficiency and swiftness of such process.

Furthermore, as for the monitoring of operational execution, the Board of Directors also receives reports from Executive Officers and the three committees regarding the status of business operations, collects information necessary for its monitoring activities, and monitors the appropriateness of operational execution based on such information.

From April 1, 2020 through March 31, 2021, the Board of Directors met eight times. The attendance rate of directors for these meetings was 100%.

< Structure and Activities of the Three Committees >

The Audit and Compensation Committees composed entirely of outside directors and the Nominating Committee composed of a majority of outside directors, with the chairperson of each committee being appointed from among outside directors.

	Nominating Committee	Audit Committee	Compensation Committee
Members as of March 31, 2021	4 Members Sakie Akiyama (Chairperson) Ryuji Yasuda Hiroshi Watanabe Makoto Inoue	3 Members Aiko Sekine (Chairperson) Heizo Takenaka Hiroshi Watanabe	3 Members Ryuji Yasuda (Chairperson) Michael Cusumano Aiko Sekine
Number of meetings held during fiscal 2021 (Attendance rate)	Five (5) meetings (100%)	Eleven (11) meetings (97%)	Four (4) meetings (100%)

< Nominating Committee >

The Nominating Committee is authorized to propose the slate of director appointments or dismissals to be submitted to the general meeting of shareholders. Directors are appointed and dismissed by a resolution of the general meeting of shareholders. In addition, the Nominating Committee deliberates on the agenda concerning appointment or dismissal of the 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 director candidates.

< Audit Committee >

The Audit Committee monitors the operational execution of the Directors and Executive Officers and prepares audit reports. In addition, the Audit Committee decides the content of proposals to appoint, dismiss or refuse the reappointment of the Company’s Independent Auditor, which are submitted to the general meeting of shareholders.

< Compensation Committee >

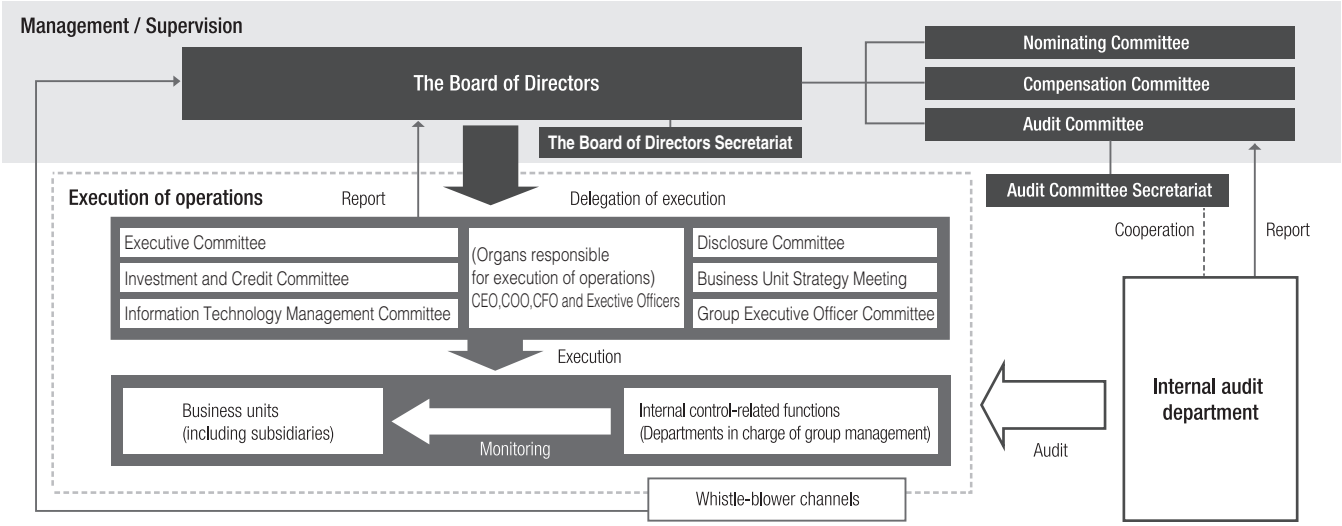
The Compensation Committee has the authority to set the policy for determining compensation for Directors and Executive Officers and to set the specific compensation for each individual Director and Executive Officer.

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 ORIX's "Framework for Securing the Adequacy of ORIX Business Procedures (Internal Control System)" is as follows.



[Basic policy on the internal control system]

An outline of the "Basic policy on the internal control system" as resolved by the Board of Directors of the Company 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 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 internal bodies such as its Executive Committee 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.

(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 Company establishes rules and procedures about 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 monitor critical risk.
5) To secure the accuracy and reliability of financial reporting, ORIX establishes systems to ensure adequate internal control over financial reporting.
6) Further strengthen the group internal management system from a global perspective.
7) The internal control-related functions establish systems, monitor and assist the operations of ORIX to comply with laws and regulations and the Articles of Incorporation.

(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) In cases where directors; executive officers/employees of ORIX report to and consult through internal whistle-blower channels and 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 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 from 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.

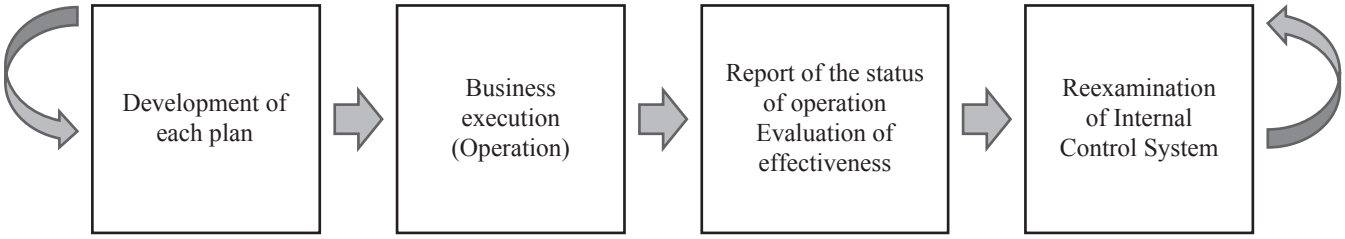
(7) Costs of performance of duties of the Audit Committee

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 Basic policy on the internal control system.
- Business execution based upon each developed plan. (operation of the Internal Control System)
- 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 Audit Committee monitors the execution of operations by directors and executive officers including design and operations 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 representative executive officer to the extent permitted under laws and regulations except for certain matters. Information that is important to business execution, including information on individual matters, is reported to the representative executive officer, 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. In the current fiscal year, the name of the meeting for discussing matters such as the state of strategic targets and business result achievement for each business division was changed from “Monthly Strategy Meetings” to “Business Unit Strategy Meeting,” and the system was changed to allow more business-focused discussion.

4) In the current fiscal year, ORIX established and began operations of the “ALM subcommittee” and “Accounting subcommittee” under its “Executive Committee” to deliberate on important matters related to management. The ALM subcommittee and Accounting subcommittee have deliberated on important matters related to ORIX’s asset / liability management and accounting / tax.

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 identifies important risks in accordance with business strategy and business plans and conducts risk management autonomously.

2) The internal control-related functions grasp the risks they manage and such risks' impact on management and control them.

3) ORIX has prescribed rules according to risk factors, such as investment and credit rules, ALM rules and disaster risk management rules.

4) 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.

5) 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.

6) In order to deal with recent risks such as information breaches due to cyber-attacks, ORIX works to periodically assess and repair weaknesses of its information systems. In addition, incident response training, e-learning on information security and training drills on countermeasures against targeted email attacks have been provided to directors; executive officers / employees of ORIX, along with workforce training and awareness campaigns for employees regarding the appropriate handling of information and information security.

7) In order to strengthen its organizational risk management system, ORIX promoted the visualization of market risk, liquidity risk, and operational risk during the current fiscal year, and established a system to report to the representative executive officer as appropriate.

(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 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 training for newly graduated employees, training for mid-career hires, and work environment surveys at 21 sites in Japan and individually interviewed personnel at the sites. Although ORIX was unable to visit overseas sites during the fiscal year, ORIX continues to conduct compliance reviews through activities such as regular online and telephone conferences with major overseas sites.
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 addition, ORIX has 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 audit 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. By analyzing the current status of matters such as evaluation methods, summarizing tasks at hand, and considering improvement plans, ORIX is working to further improve its internal control evaluation. 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 regulations through evaluation of contracts and monitoring of changes in laws. In addition, ORIX has developed group-wide rules on important laws and regulations and increasing awareness of them. In the current fiscal year, ORIX has strengthened its response system by developing and applying group-wide rules on money laundering and personal data protection regulations.

c) The compliance department is striving to foster a corporate culture that prioritizes compliance pursuant to the "ORIX Group-wide Compliance Policy." Furthermore, through online information sessions and group intranet, ORIX is increasing awareness of important laws, regulations, and related internal rules.

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 reporting.

e) The information security department defines and builds awareness of security standards. In addition, it has assessed security management of information assets by domestic and overseas subsidiaries based on global security standards and operates 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 promote 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 Business Unit Strategy Meeting.

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) In the current fiscal year, the directors; executive officers / employees of the Company provided reports regarding the whole group periodically to the Audit Committee of the group-wide matters including ORIX:

・report by the representative executive officer 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 and Head of Credit and Investment Management Headquarters 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, the representative executive officer 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 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 policy and annual audit plan of the Company are approved by the representative executive officer 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, five 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 and the final audit, 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, in the current fiscal year, instead of visiting offices, ORIX used online meetings to hold interviews between the Chairperson of the Audit Committee and each executive officer. 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 executive officer in charge of and the Head of the Group Internal Audit Department are appointed as 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, 2020 to March 31, 2021)

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, 2020	221,111	257,638	2,754,461	(118,532)	(121,070)	2,993,608	72,227	3,065,835
Cumulative effect of adopting Accounting Standards Update 2016-13			(42,855)			(42,855)	(71)	(42,926)
Balance at April 1, 2020	221,111	257,638	2,711,606	(118,532)	(121,070)	2,950,753	72,156	3,022,909
Contribution to subsidiaries						0	18,225	18,225
Transaction with noncontrolling interests		1,700				1,700	(8,688)	(6,988)
Comprehensive income, net of tax:								
Net income			192,384			192,384	4,453	196,837
Other comprehensive income								
Net change of unrealized gains (losses) on investment in securities				(11,207)		(11,207)	25	(11,182)
Net change of debt valuation adjustments				(899)		(899)	0	(899)
Net change of defined benefit pension plans				5,302		5,302	28	5,330
Net change of foreign currency translation adjustments				36,015		36,015	511	36,526
Net change of unrealized gains on derivative instruments				4,671		4,671	111	4,782
Total other comprehensive Income						33,882	675	34,557
Total comprehensive income						226,266	5,128	231,394
Cash dividends			(95,164)			(95,164)	(12,133)	(107,297)
Acquisition of treasury stock					(55,443)	(55,443)	0	(55,443)
Disposal of treasury stock		(227)	(0)		322	95	0	95
Cancellation of treasury stock			(64,237)		64,237	0	0	0
Other, net		250	(1)			249	0	249
Balance at March 31, 2021	221,111	259,361	2,744,588	(84,650)	(111,954)	3,028,456	74,688	3,103,144

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: 888

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 Aviation Systems Limited, ORIX Corporation USA, ORIX Corporation Europe N.V., ORIX Asia Limited, ORIX Leasing Malaysia Berhad, PT. ORIX Indonesia Finance, ORIX Australia Corporation Limited, ORIX (China) Investment Co., Ltd., ORIX Capital Korea Corporation

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, 2021, 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: 134

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, whether they qualify as effective "hedges" for accounting purposes, 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 fair value 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 credit losses:

The allowance for credit losses estimates all credit losses expected to occur in future over the remaining life of net investment in leases, financial assets measured at amortized cost, such as installment loans, held-to-maturity debt securities and other receivables, and is recognized adequately based on the management judgement. Expected repayments are reflected in the remaining life. The allowance for credit losses is increased by provision charged to income and is decreased by charge-offs, net of recoveries mainly.

Developing the allowance for credit 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, prior charge-off experience, current delinquencies and delinquency trends, value of underlying collateral and guarantees, current economic conditions and trends and expected outlook in future.

The Company and its subsidiaries estimate the allowance for credit losses by using various methods according to these estimates and judgments. When certain financial assets have similar risk characteristics to other financial assets, these financial assets are collectively evaluated as a pool. On the contrary, when financial assets do not have similar risk characteristics to other financial assets, the financial assets are evaluated individually. The company and its subsidiaries select the most appropriate calculation method based on available information, such as the nature and related risk characteristics on financial assets, the prior charge-off experience and future forecast scenario with correlated economic indicators.

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, etc.

In addition, credit losses related to the loan commitments, such as card loans, installment loans and financial guarantees are in the scope of the allowance for credit losses. If the entity has a present contractual obligation to extend the credit and the obligation is not unconditionally cancelable by the entity, the loan commitments are recognized as credit losses for the expected exercise portion. The allowance for off-balance sheet credit exposure is accounted for in other liabilities on the consolidated balance sheets.

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) Accounting Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.The Company has identified ten areas where it believes assumptions and estimates are particularly critical to the financial statements. The Company makes estimates and assumptions to the selection of valuation techniques and determination of assumptions used in fair value measurements, the determination and periodic reassessment of the unguaranteed residual value for finance leases and operating leases, the determination and reassessment of insurance policy liabilities and deferred policy acquisition costs, the determination of the allowance for credit losses (including the allowance for off-balance sheet credit exposures), the recognition and measurement of impairment of long-lived assets, the recognition and measurement of impairment of investment in securities, the determination of the valuation allowance for deferred tax assets and the evaluation of tax positions, the assessment and measurement of effectiveness in hedging relationship using derivative financial instruments, the determination of benefit obligation and net periodic pension cost and the recognition and measurement of impairment of goodwill and indefinite-lived intangible assets.

We carefully considered the future outlook regarding the spread of the COVID-19. As of March 31, 2021, there was no significant impact on our accounting estimates. However, the outlook for future outbreaks of COVID-19 and the resulting global economic slowdown is uncertain and it may change rapidly. Therefore our accounting estimates may change over time.

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 95 subsidiaries due mainly to acquisitions and deduction of 130 subsidiaries due mainly to divestitures during the current fiscal year

2) Changes in scope of application of the equity method

Addition of 56 affiliates due mainly to acquisitions and deduction of 126 affiliates due mainly to divestitures during the current fiscal year

(2) Changes in Accounting Policies

(Application of New Accounting Standards)

In June 2016, Accounting Standards Update 2016-13 ("Measurement of Credi Losses on Financial Instruments" －ASC 326 ("Financial Instruments －Credit Losses")) (hereinafter, "the Credit Losses Standard") was issued, and related amendments were issued thereafter. These updates significantly change how companies measure and recognize credit impairment for many financial assets. The new current expected credit loss model requires companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are within the scope of these updates. These updates also make targeted amendments to the current impairment model for available-for-sale debt securities. The Company and its subsidiaries adopted these updates on April 1, 2020 through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period. The allowance for credit losses for financial assets such as installment loans, net investment in leases and off-balance-sheet credit exposures such as financial guarantees and loan commitments was increased due to the changes of the measurement of the allowance for credit losses. The effect of the adoption of these updates on the Company and its subsidiaries' financial position at the adoption date was an increase of ¥ 31,745 million in the allowance for credit losses for financial assets, an increase of ¥ 28,294 million in other liabilities related to off-balance sheet credit exposures and a decrease of ¥ 42,855 million in retained earnings in the consolidated balance sheets as of April 1, 2020.

In January 2017, Accounting Standards Update 2017-04 ("Simplifying the Test for Goodwill Impairment"―ASC 350 ("Intangible ― Goodwill and Other")) was issued. This Update eliminates Step 2 from the conventional two-step goodwill impairment test. Instead, goodwill impairments would be measured by the amount by which the carrying amount exceeds the reporting unit's fair value. This Update also eliminates the requirement for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it is more likely than not that the goodwill is impaired, to perform Step 2 of the goodwill impairment test. The Company and its subsidiaries adopted this Update on April 1, 2020. The adoption of this update had no material impact on the Company and its subsidiaries' results of operation or financial position.

(3) Changes in presentation

The Credit Losses Standard has been adopted since April 1, 2020 and the amounts of allowance for doubtful receivables on finance leases and probable loan losses have been reclassified to allowance for credit losses, and the amounts of provision for doubtful receivables and probable loan losses have been reclassified to provision for credit losses.

Allowance for credit losses on loans to affiliates are recorded in investment in affiliates, and provision for credit losses on loans to affiliates are recorded in equity in net income of affiliates.

Effective from the current fiscal year, due to the application of "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020), note to Accounting Estimates is disclosed in consolidated financial statement.

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	¥9,715 million
Installment Loans	¥321,256 million
Investment in Operating Leases	¥111,094 million
Investment in Securities	¥172,503 million
Property under Facility Operations	¥257,341 million
Investment in Affiliates	¥62,456 million
Other assets	¥119,025 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 ¥226,987 million and ¥10,101 million, and debt liabilities of affiliates are secured by investment in affiliates of ¥50,538 million. In addition, ¥73,191 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	¥102,209 million
Trade Notes, Accounts and Other Payable	¥2,390 million
Long-Term Debt	¥729,174 million
Other Liabilities	¥42,024 million

(2) Accumulated Depreciation of Tangible Assets

Investment in Operating Leases	¥741,022 million
Property under Facility Operations	¥132,184 million
Office Facilities	¥68,524 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	¥469,364 million	¥4,767 million
Transferred loans	¥341,740 million	¥5,448 million
Consumer loans	¥294,250 million	¥49,025 million
Real estate loans	¥17,621 million	¥4,119 million
Other	¥559 million	¥97 million

4. Notes to the Consolidated Statement of Changes in Equity

(1) Number of Outstanding Stock as of March 31, 2021

Common Stock	1,285,724,480 shares

(2) Number of Treasury Stock as of March 31, 2021

Common Stock	68,386,164 shares

Note: Treasury stock held through the Board Incentive Plan Trust of 2,154,248 shares is 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 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 means such as 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.

In response to the transition away from and discontinuation of LIBOR and other interest rate benchmarks, we have taken, and are continuing to take, necessary steps to proactively transition to a successor reference rate, taking steps such as monitoring external developments, negotiating successor reference rates with relevant counterparties, planning for the circumstances where the transition results in a mismatch with the fallback reference rates used (particularly in the case of derivatives contracts used for hedging purposes), and evaluating the potential impact on our financial results and condition.

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-subsidiary 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, 2021 are as follows:

Millions of yen

	Carrying amount	Estimated fair value	Differences
1) Cash and cash equivalents	¥951,242	¥951,242	—
2) Restricted cash	128,333	128,333	—
3) Installment loans (net of allowance for credit losses)	3,613,316	3,631,561	18,245
4) Equity securities (Note 1)	396,465	396,465	—
5) Trading debt securities	2,654	2,654	—
6) Available-for-sale debt securities	2,003,917	2,003,917	—
7) Held-to-maturity debt securities	113,790	139,132	25,342
8) Time deposits	4,146	4,146	—
9) Derivative assets	20,752	20,752	—
10) Reinsurance recoverables (Investment contracts)	7,299	7,507	208
11) Short-term debt	(307,269)	(307,269)	—
12) Deposits (Note 2)	(2,165,293)	(2,167,449)	(2,156)
13) Policy liabilities and Policy account balances (Investment contracts)	(196,549)	(196,624)	(75)
14) Long-term debt	(4,416,833)	(4,442,351)	(25,518)
15) Derivative liabilities	(69,090)	(69,090)	—

Notes: 1. The carrying amount of ¥61,197 million of equity securities without readily determinable fair values and the carrying amount of ¥82,420 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 ¥152,492 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 credit 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 for credit losses) 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
¥350,799 million	¥410,858 million

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

2. Fair value as of March 31, 2021 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 2,487.77 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	155.54 yen
Diluted	155.39 yen

Note: The Company's shares held through the Board Incentive Plan Trust are included in the number of treasury stock which is excluded for the purpose of calculating Per Share Data in the fiscal year ended March 31, 2021.

8. Significant Subsequent Events

The Company's Board of Directors has passed a resolution approving the matters required under Article 156, Paragraph 1 of the Companies Act for the repurchase of its own shares, to be implemented pursuant to Article 459, Paragraph 1 of the Companies Act and Article 34 of the Articles of Incorporation.

(1) Reason for Repurchase of Own Shares

The Company will repurchase its own shares in order to enhance shareholder returns and improve capital efficiency.

(2) Details of Share Repurchase

- Class of shares to be repurchased: Common shares
- Total number of shares: Up to 50,000,000 shares
  (approximately 4.1% of the total outstanding shares (excluding treasury shares))
- Total purchase price of shares to be repurchased: Up to 50 billion yen
- Repurchase period: From May 17, 2021 to March 31, 2022
- Method of share repurchase: Market purchases based on the discretionary dealing contract regarding repurchase of own shares

VI. NON-CONSOLIDATED BALANCE SHEET (Japanese GAAP)
AS OF MARCH 31, 2021
ORIX Corporation

	Millions of yen
ASSETS	
Current assets	**2,613,035**
Cash and deposits	271,692
Accounts receivable - trade	11,997
Accounts receivable - installment sales	66,564
Lease receivables	88,953
Lease investment assets	203,285
Installment loans	1,917,301
Securities	161
Inventories	7
Advance payments - trade	1,439
Prepaid expenses	5,153
Other	74,347
Allowance for doubtful receivables	(27,870)
Non-current assets	**2,151,270**
Property, plant and equipment	**215,687**
Assets for lease	**185,729**
Assets for lease	170,652
Advances for purchases of assets for lease	15,076
Office Facilities	**29,957**
Buildings	3,703
Structures	92
Machinery and equipment	19,452
Tools, furniture and fixtures	722
Land	708
Leased assets	8
Construction in progress	5,269
Intangible assets	**2,397**
Software	801
Trademark right	0
Telephone subscription right	158
Other	1,437
Investments and other assets	**1,933,185**
Investment securities	59,156
Shares of subsidiaries and affiliates	1,507,339
Investments in other securities of subsidiaries and affiliates	282,406
Investments in capital	292
Long-term loans receivable from employees	21
Bad debts	277
Prepaid pension cost	34,221
Deferred tax assets	29,861
Other	19,645
Allowance for doubtful receivables	(35)
Total Assets	**4,764,305**

	Millions of yen
LIABILITIES	
Current liabilities	**729,596**
Trade accounts payable	18,139
Short-term debt	143,178
Current portion of long-term debt	271,327
Commercial papers	16,800
Current portion of bonds	162,117
Lease obligations	1,551
Accrued expenses	15,254
Deposits received	26,807
Unearned revenue	6,277
Deferred profit on installment sales	4,661
Provision for loss on guarantees	4,388
Other	59,093
Non-current liabilities	**2,826,488**
Bonds payable	845,249
Long-term debt	1,871,952
Lease obligations	2,920
Allowance for directors' retirement benefits	2,061
Asset retirement obligations	4,586
Other	99,718
Total Liabilities	**3,556,085**
Net Assets	
Shareholders' equity	**1,224,374**
Common stock	**221,111**
Capital surplus	**248,290**
Legal capital surplus	248,290
Retained earnings	**866,927**
Other retained earnings	866,927
Reserve for special depreciation	969
Retained earnings brought forward	865,957
Treasury stock	**(111,954)**
Valuation and translation adjustments	**(16,154)**
Net unrealized gains on other securities	**6,481**
Deferred gains or losses on hedges	**(22,636)**
Total Net Assets	**1,208,219**
Total Liabilities and Net Assets	**4,764,305**

Ⅶ. NON-CONSOLIDATED STATEMENT OF INCOME (Japanese GAAP)
FOR THE YEAR ENDED MARCH 31, 2021

	Millions of yen
Net Sales	**470,164**
Cost of Sales	**307,094**
Gross Profit	**163,070**
Selling, General and Administrative Expenses	**62,003**
Operating Income	**101,067**
Non-operating Income	**13,349**
Gains on investments in securities	9,170
Dividend income	537
Interest on securities	434
Foreign exchange gains	1,844
Miscellaneous income	1,362
Non-operating Expenses	**5,616**
Expenses on investments in securities	712
Interest on bonds	1,403
Bond issuance cost	988
Interest expenses	2,324
Miscellaneous expenses	186
Ordinary Income	**108,800**
Extraordinary Income	**17,073**
Gain on sales of securities of subsidiaries and affiliates	16,042
Other	1,031
Extraordinary Losses	**5,231**
Loss on sales of securities of subsidiaries and affiliates	4,159
Other	1,071
Income Before Income Taxes	**120,642**
Income Taxes - Current	**2,834**
Income Taxes - Deferred	**1,612**
Net Income	**116,195**

Ⅷ. Financial Statements (Japanese GAAP)

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2020 to March 31, 2021)

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		Total retained earnings		
					Reserve for special depreciation	Retained earnings brought forward			
Balance as of April 1, 2020	221,111	248,290	0	248,290	2,232	907,900	910,133	(121,070)	1,258,464
Changes of items during the period									
Reversal of reserve for special depreciation					(1,262)	1,262	–		–
Dividends of surplus						(95,164)	(95,164)		(95,164)
Net income						116,195	116,195		116,195
Purchase of treasury stock								(55,443)	(55,443)
Disposal of treasury stock			(0)	(0)				321	321
Cancellation of treasury stock			(64,237)	(64,237)				64,237	–
Transfer from retained earnings to capital surplus			64,237	64,237		(64,237)	(64,237)		–
Net changes of items other than shareholders' equity									
Total changes of items during the period	–	–	(0)	(0)	(1,262)	(41,943)	(43,206)	9,115	(34,090)
Balance as of March 31, 2021	221,111	248,290	–	248,290	969	865,957	866,927	(111,954)	1,224,374

	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, 2020	4,617	(686)	3,930	1,262,395
Changes of items during the period				
Reversal of reserve for special depreciation				–
Dividends of surplus				(95,164)
Net income				116,195
Purchase of treasury stock				(55,443)
Disposal of treasury stock				321
Cancellation of treasury stock				–
Transfer from retained earnings to capital surplus				–
Net changes of items other than shareholders' equity	1,864	(21,949)	(20,085)	(20,085)
Total changes of items during the period	1,864	(21,949)	(20,085)	(54,175)
Balance as of March 31, 2021	6,481	(22,636)	(16,154)	1,208,219

Ⅸ. 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

For other than non-marketable Equity Securities, when the fair value declines significantly, the difference between the carrying amount and the fair value is recorded in Loss on valuation of securities unless it is expected recovery.

For non-marketable Equity Securities, the Company assesses for impairment based on the real value calculated from the latest net asset value which is available by the closing date. When the real value declines significantly due to the deterioration of the financial condition, the difference between the carrying amount and the real value is recorded in Loss on valuation of securities unless the recoverability is supported by sufficient evidence.

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 of Accounts receivable - installment sales, Lease receivables, Lease investment assets and Installment loans (except receivables from subsidiaries and affiliates), 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 at the amount determined in consideration of collectability of individual receivables with respect to receivables from borrowers who have or are likely to have serious problems in repayment.

With respect to receivables from subsidiaries and affiliates, an allowance for doubtful receivables is recorded at the amount determined in consideration of collectability of individual receivables.

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.

Changes in Presentation

Application of “Accounting Standard for Disclosure of Accounting Estimates"

Effective from the current fiscal year, due to the application of “Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020), note to Accounting Estimates is disclosed in financial statement.

Accounting Estimates

1. Allowance for doubtful receivables on Accounts receivable - installment sales, Lease receivables, Lease investment assets and Installment loans

(1) The amount recorded in financial statement in Fiscal 2021

Allowance for doubtful receivables	¥27,905 million

(2) Additional information of accounting estimates

Accounts receivable - installment sales, Lease receivables, Lease investment assets and Installment loans (except receivables from subsidiaries and affiliates) are classified to receivables from normal borrowers and receivables from borrowers who have or are likely to have serious problems in repayment depending on credit risk. 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 at the amount determined in consideration of collectability of individual receivables with respect to receivables from borrowers who have or are likely to have serious problems in repayment.

The Company classifies the receivables based on debtor monitoring considering the repayment status, quantitative factors such as debtor's financial condition, operating results and cash flows and qualitative factors such as business and financing forecast.

For receivables from normal borrowers, the Company evaluates prior charge-off experience as segmented by debtor's industry and the purpose of the loans and develops the allowance for doubtful receivables based on such prior charge-off experience as well as current economic conditions. Therefore, the amount of the allowance for doubtful receivables is changed by current economic conditions and the prior charge-off experience.

For receivables from borrowers who have or are likely to have serious problems in repayment, the Company mainly estimates the collectability of individual receivables depended on the real estate collateral value. The real estate collateral value may decline as a result of decrease in liquidity of the real estate market, rise in vacancy rate of rental properties, fall in rents and other factors. These risks may change the amount of the allowance for doubtful receivables. The fair value of the real estate collateral securing the loans is determined using appraisals prepared by independent third-party appraisers or our own staff including qualified appraisers based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate. The Company generally uses a new appraisal once a fiscal year. In addition, the Company periodically monitors circumstances of the real estate collateral and then uses a new appraisal in situations involving a significant change in economic and/or physical conditions which may materially affect its fair value.

For receivables from subsidiaries and affiliates, the Company estimates the collectability of individual receivables considering quantitative factors such as debtor's financial condition and operating results and qualitative factors such as business and financing forecast.

To verify the sufficiency and the appropriateness of the estimate method, the Company compares the allowance for doubtful receivables recorded in previous years and prior charge-off experience and modifies estimate method as appropriate.

With the Company considers the allowance for doubtful receivables is adequate based on the current available information, additional provisions may be required due to future uncertain factors.

2. Valuation of investment in subsidiaries and affiliates

(1) The amount recorded in financial statement in Fiscal 2021

Shares of subsidiaries and affiliates	¥1,507,339 million
Investments in other securities of subsidiaries and affiliates	¥282,406 million

(2) Additional information of accounting estimates

For other than non-marketable Equity Securities of Shares of subsidiaries and affiliates and Investments in other securities of subsidiaries and affiliates, when the fair value declines significantly, the Company records the difference between the carrying amount and the fair value in Loss on valuation of securities of subsidiaries and affiliates unless it is expected recovery.

For non-marketable Equity Securities of Shares of subsidiaries and affiliates and Investments in other securities of subsidiaries and affiliates, the Company assesses for impairment based on the real value calculated from the latest net asset value which is available by the closing date. When the real value declines significantly due to the deterioration of the financial condition, the Company records the difference between the carrying amount and the real value in Loss on valuation of securities of subsidiaries and affiliates unless the recoverability is supported by sufficient evidence.

The real value for impairment assessment is calculated based on the net asset value in the latest financial statements which is prepared in accordance with generally accepted accounting principles obtained from subsidiaries and affiliates and available by the closing date.

For investments in subsidiaries and affiliates whose real value declines significantly due to the deterioration of financial condition, when the recoverability of the real value is supported by sufficient evidence including qualitative factors such as business and financing forecast, the Company doesn’t record Loss on valuation of securities of subsidiaries and affiliates.

As the result of above assessment, the Company doesn't record Loss on valuation of securities of subsidiaries and affiliates in Fiscal 2021.

With the Company considers the investment in subsidiaries and affiliates is assessed properly based on the current available information, additional losses may be required due to future uncertain factors.

In addition, the Company carefully considered the future outlook regarding the spread of the COVID-19. As of March 31, 2021, there was no significant impact on above two accounting estimates. However, the outlook for future outbreaks of COVID-19 and the resulting global economic slowdown is uncertain and it may change rapidly. Therefore, our accounting estimates may change over time.

Notes to Non-Consolidated Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment	¥52,802 million
2. Monetary Receivables from Subsidiaries and Affiliates included in:	
Current assets	¥1,649,266 million
Non-current assets	¥364 million
Monetary Payables to Subsidiaries and Affiliates included in:	
Current liabilities	¥166,705 million
Non-current liabilities	¥3,645 million
3. The Trade Notes from Lease and Installment Sales Contracts Deposited for:	
Accounts receivable - installment sales	¥3,630 million
Lease receivables	¥754 million
Lease investment assets	¥171 million

4. Assets Pledged as Collateral

The following assets are pledged as collateral for the borrowings of ¥186,798 million of the Company and its subsidiaries and affiliates:

Installment loans	¥12,002 million
Leased assets	¥43,214 million
Shares of subsidiaries and affiliates	¥23,459 million

In addition to the assets above, installment loans of ¥4,667 million and office facilities of ¥17,738 million are accounted for as financial transactions. As a result, ¥752 million and ¥28,238 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.	¥903,266 million

Notes to Non-Consolidated Statement of Income

Sales to subsidiaries and affiliates	¥148,387 million
Purchases from subsidiaries and affiliates	¥27,120 million
Non-operating transactions with subsidiaries and affiliates	¥88,173 million

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Number of Shares Issued as of March 31, 2021

Common Stock	1,285,724,480 shares

2. Number of Treasury Stock as of March 31, 2021

Common Stock	68,386,164 shares

Note: The Company's shares held through the Trust of 2,154,248 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 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.

The board of directors of the Company resolved on November 2, 2020, as described below:

a. Total Dividends	¥43,670 million
b. Dividends per Share	¥35.00
c. Record Date	September 30, 2020
d. Effective Date	December 9, 2020

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on November 2, 2020 includes ¥76 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 20, 2021, as described below:

a. Total Dividends	¥52,438 million
b. Dividends per Share	¥43.00
c. Record Date	March 31, 2021
d. Effective Date	June 7, 2021

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on May 20, 2021 includes ¥92 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	16,653
Write-downs of Investment Securities and Shares of Subsidiaries and Affiliates	23,851
Impairment losses	4,512
Depreciation of assets for lease	452
Accrued bonuses	1,453
Allowance for Directors' Retirement Benefits	624
Provision for loss on Guarantees	1,333
Deferred gains or losses on hedges	9,795
Other	26,029
Subtotal	84,706
Valuation allowance	(35,762)
Total Deferred Tax Assets	48,944
Deferred Tax Liabilities:	
Prepaid pension cost	(10,315)
Net unrealized gains on other securities	(2,802)
Reserve for special depreciation	(358)
Other	(5,606)
Total Deferred Tax Liabilities	(19,083)
Net Deferred Tax Assets	29,861

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)	(33.4)
Non-deductible expenses for tax purposes (e.g. Entertainment expenses)	0.7
Change in valuation allowance	5.7
Other	0.1
Effective income tax rate after applying tax effect accounting	3.7 %

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.	Collection of funds	36,788	Installment loans	353,711
				Guarantees on borrowings and others	7,140	-	-
Subsidiary	ORIX Rentec Corporation (Note 1)	Directly held 100.00%	Concurrent positions of directors, Lease transaction, etc.	Collection of funds	20,931	Installment loans	48,000
Subsidiary	ORIX Real Estate Corporation (Note 1)	Directly held 100.00%	Concurrent positions of directors, Entrustment of real estate related services, etc.	Lending funds	115,296	Installment loans	275,296
Subsidiary	ORIX Golf Holdings Corporation (Note 3)	Directly held 99.32% Indirectly held 0.68%	-	Repaying funds	51,059	Short-term debt	10,289
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	1,611	Installment loans	104,251
				Guarantees on business	171,297	-	-
Subsidiary	ORIX Corporation USA (Notes 1, 2, 4 and 5)	Directly held 100.00%	Concurrent positions of directors	Collection of funds	88,201	Installment loans	221,420
				Guarantees on borrowings and others	237,846	-	-
				Sales of subsidiary stocks	53,795	-	-
				Undewriting of capital increase	52,371	-	-
				Exchange of shares	37,670	-	-
Subsidiary	ORIX Aviation Systems Limited (Note 1)	Directly held 100.00%	Concurrent positions of directors, Entrustment of aircraft leasing arrangement services, etc.	Collection of funds	26,741	Installment loans	149,237

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 Finance Services Hong Kong Limited (Notes 1 and 2)	Directly held 100.00%	-	Collection of funds	368	Installment loans	59,353
				Guarantees on borrowings and others	11,314	-	-
Subsidiary	ORIX Capital Korea Corporation (Notes 1 and 2)	Directly held 100.00%	Concurrent positions of directors	Lending funds	16,500	Installment loans	62,000
				Guarantees on borrowings and others	93,666	-	-

Terms and conditions of transactions and their decision policy

Notes: 1. The interest rates for lending funds to subsidiaries are determined in reference to market interest rates. The Company does not receive collateral.

2. Guarantees on borrowings and others, and guarantees on business provided for lending and other transactions by subsidiaries. The Company receives market-based guarantee fees from subsidiaries.

3. The interest rates for borrowing funds from subsidiaries are determined in reference to market interest rates.

4. The sales price of the subsidiary stock is determined by the value of the subsidiary.

5. The Company underwrote the entire amount of the capital increase conducted by the subsidiary.

Per Share Data

Net assets per share ¥992.51

Basic net income per share ¥93.94

Note: The Company's shares held through the Trust are included in the number of treasury stock to be deducted in calculation of per share data.

Significant Subsequent Events

The Company's Board of Directors has passed a resolution approving the matters required under Article 156, Paragraph 1 of the Companies Act for the repurchase of its own shares, to be implemented pursuant to Article 459, Paragraph 1 of the Companies Act and Article 34 of the Articles of Incorporation.

1. Reason for Repurchase of Own Shares

The Company will repurchase its own shares in order to enhance shareholder returns and improve capital efficiency.

2. Details of Share Repurchase

- Class of shares to be repurchased: Common shares
- Total number of shares: Up to 50,000,000 shares
  (approximately 4.1% of the total outstanding shares (excluding treasury shares))
- Total purchase price of shares to be repurchased: Up to 50 billion yen
- Repurchase period: From May 17, 2021 to March 31, 2022
- Method of share repurchase: Market purchases based on the discretionary dealing contract regarding repurchase of own shares

Others

Amounts less than one million yen have been rounded down.

X. Audit Report by the Accounting Auditors with Respect to the Non-consolidated Financial Statements

Independent Auditor's Report

May 13, 2021

To the Board of Directors of ORIX Corporation:

KPMG AZSA LLC
Tokyo Office, Japan

Yutaka Terasawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shin Suzuki (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Ryohei Kashiwaba (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of ORIX Corporation ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and The Audit Committee for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act at the Company's responsibility.