

ORIX to Transfer Its Bank Subsidiary—Limited Impact on the Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the decision made by ORIX CORPORATION (security code: 8591) to transfer its subsidiary ORIX Bank Corporation to Daiwa Next Bank, Ltd., a consolidated subsidiary of Daiwa Securities Group Inc. (security code: 8601).

- (1) ORIX CORPORATION (the "Company") announced on April 27 that it has decided to transfer all shares in wholly owned subsidiary ORIX Bank Corporation ("ORIX Bank") to Daiwa Next Bank, Ltd., a consolidated subsidiary of Daiwa Securities Group Inc. (hereinafter, the "Share Transfer"). The transfer price is 370 billion yen, and the Company expects to record a gain on the sale of approximately 124.2 billion yen for the fiscal year ending March 2027. ORIX Bank's total assets are approximately 3 trillion yen, which represents a large part of the Company's consolidated total assets of approximately 18 trillion yen. However, ORIX Bank accounts for only 5% of the total in terms of segment profit.
- (2) The Share Transfer will have only a limited impact on the rating. JCR reflects in the rating such factors as the Company's diversified earnings base, favorable earnings capacity and good capital adequacy. JCR considers that the loss of profit contribution from ORIX Bank, which JCR judges to be highly stable in the Company's business operations, following the Share Transfer will negatively affect the Company's creditworthiness. However, having set increasing ROE as an important target, the Company intends to actively sell its assets held, and the Share Transfer is highly significant in that it will increase management flexibility by making room for retaining other assets and businesses and creating new investment capacity. Looking ahead, JCR will continue watching whether the Company can further strengthen its earnings base by, for instance, enhancing the asset management business, a key focus area, and whether balance between risks and capital will be appropriately controlled.

Tsuyoshi Ohishi, Nozomi Haramiishi

<Reference>

Issuer: ORIX CORPORATION

Long-term Issuer Rating: AA Outlook: Stable

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