

No.:

Hanoi, March 2026

RISK MANAGEMENT REPORT

2025

To: Ministry of Finance

Section 1: Risk Management Policy

1. Organization Structure, internal policies, rules and regulations in Risk Management

1.1. Organization Structure

Three Lines of Defence

Tokio Marine Insurance Vietnam Company Limited (here in after referred to as “Company” or “TMIV”) risk governance is built around the “Three Line of Defense” model, in which:

First Line of Defence (1st LOD) – Business departments (or Risk Owners)

- + The First Line of Defence (1st LOD) – Business departments and business supporting functions (or Risk Owners)
- + Key responsibilities of the Business departments and Business supporting functions include:
 - day-to-day risk taking within the parameters of the Risk Management Framework;
 - identifying, assessing, mitigating, monitoring and reporting of risks;
 - learning lessons when material control failures occur and making changes to prevent, detect or limit future recurrence (including sharing those lessons with the broader business);
 - implementing the risk management policies for each key risk relevant to Units and functions;
 - executing risk management remediation activities; and
 - developing and implementing controls that are capable of mitigating the company’s risk exposures.

Second Line of Defense

- + The Second Line of Defence Model (2nd LOD) – Risk Management, Compliance functions and other functions/departments having the function of controlling risks to the 1st LOD

- + The Risk Management and Compliance Function provides independent oversight, challenge and advisory support on the risk management activities in the business, and puts in place effective risk management mechanisms to mitigate risks.

Third Line of Defense

- + The Third Line of Defence Model (3rd LOD) – Internal Audit Department
- + IA shall be responsible for the independent review and assessment of the 1st and 2nd LODs and shall report directly to the Members’ Council.
- + The IA Department provides independent assurance that the business is effectively applying risk management policies and processes in line with expectation of Members’ Council and BoD.

Risk Governance Structure

TMIV has established the Audit Committee (AC) to support the supervision and monitoring of the Company’s operation. The AC comprises two members of the Members’ Council of the Company. Meetings of the AC is held once a quarter, with the authority to convene additional/ ad-hoc meetings, as circumstances require. Regarding risk management and corporate governance, The AC’s responsibilities includes:

- + Support the Members’ Council in reviewing the effectiveness of the Company’s processes of corporate governance to enable the organization to implement best practices as set out in appropriate guidance.
- + Evaluate the overall effectiveness of the internal control system and consider whether recommendations made by the internal and external auditors have been implemented by management.
- + Review the non-compliance issues raised by regulatory agencies and the rectification of those issues.
- + Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of follow-up of any instances of non-compliance.
- + Review results derived from risk management and advice for appropriate strategies and methods used in risk management upon general practices in the insurance industry, business environmental factors, size of business, opportunity and impact of emerging risks, expenses, etc.
- + Review the annual results of Control - Self Assessment (CSA) exercise.
- + Oversight on risk management and compliance.

TMIV has also established a Risk Management and Compliance Committee, comprising members from the Board of Directors, the Head of Risk Management Department, the Head of Compliance Department, and the Heads of key operational departments (Underwriting, Marketing, Claims, etc.). The Risk Management and Compliance Committee convenes regularly once per quarter to review the company's risk issues, and to consider the quarterly reports provided by the Board of Director on the company's risk and compliance status.

The roles and responsibilities on risk management of the Members Council (“MC”), the Board of Directors (“BoD”), the Risk Management Department, and all relevant lines of defense are fully stipulated to comply with the provisions outlined in Section 2, Article 4 of Circular 70/2022/TT-BTC dated November 16, 2022, regarding risk management, internal control, and internal audit of insurance

enterprises, reinsurance enterprises, branches of foreign non-life insurance enterprises, branches of foreign reinsurance enterprises, as reflected in Section 6, Part 1 of TMIV's Risk Management Policy.

Specifically, for the Risk Management Department, the responsibilities include:

- + Providing expert counsels in order for MC/BoD to issue internal rules and regulation on risk management;
- + Formulating and implementing risk assessment approach to help identify and evaluate potential risks in various levels and relevant controls;
- + Controlling risk profile and formulating strategic action plans to reduce, manage and mitigate material risks and then monitor the progress of effort;
- + Constructing the scenario for testing of the Company's risk tolerance;
- + Promoting risk management competency throughout the company;
- + Establishing reporting protocols to regularly update information to General Director and Members' Council

In addition, as a subsidiary of Tokio Marine Group, TMIV is also supervised by TM Asia and TMHD to ensure that the Company's risk management practices are sound and generally in line with TMHD's ERM Framework. The framework covers management strategy and risk culture, organizational structure for ERM, risk appetite and the ERM cycle. Details of the framework is included in Appendix.

1.2. Internal policies, Rules and Regulations

TMIV has issued and implemented risk management policies and procedures, including:

- + **Risk management policy:** The Risk Management Policy is issued and approved by the Members Council, delineating the organizational structure of TMIV's risk management, the roles, responsibilities, and authorities of the entire company in risk governance; specifying the identification of various risks associated with TMIV's business operations, such as risks impacting the entire company, and managing risks appropriately to ensure the soundness of financial conditions and the suitability of business activities.
- + **Risk management guideline:** The Risk Management Guideline is issued by Board of Directors, providing guidance on how to carry out the risk management exercise in TMIV, including:
 - The process of identifying, measuring, tracking, monitoring and supervising material risks; making reports and exchanging information or feedback on risk changes and response;
 - Measures or approaches applied to control risks arising from business activities, and control individuals and departments involved in those activities.
 - Stress testing (or tolerance testing)
 - Internal regime for reporting of risk management
- + **Risk appetite:** The Risk Appetite Statement (RAS), approved by the Members Council, establishes the risk boundaries within which the business will operate, sets stakeholder expectations with regards to the risks undertaken and assures regulators, shareholders, and policyholders that the TMIV has a robust and consistent approach to risk. Main TMIV's RAS are as below:
 - "TMIV conducts risk-taking mainly in insurance business (including underwriting and investment risks)"

- “TMIV only assumes risks which can be compensated by sufficient profit, and do not assume risks which are difficult to perform adequate evaluation or the Company do not have enough expertise in, even if they might look profitable.”

Besides, TMIV has varied appetite defined for different types of risk assumed in the business operation, namely for Insurance Risk, Investment Risk and Operational Risk.

- + **Risk tolerance/limit:** TMIV establishes risk thresholds for each category of material risk and associated risks, as well as the interconnectedness among these risks. Key risks are monitored through the monitoring of risk indicators, with reports submitted to both the Risk Management Compliance Committee (RMCC) and Members Council on a quarterly basis. Additionally, risk thresholds undergo at least annual evaluation and are updated as warranted in reaction to substantial alterations impacting the risks inherent in TMIV's operations.
- + **Policy and plan for business continuity:** These documents are approved by Members Council which establish and plan contingencies for emergency situations to ensure continuity in TMIV's business operations.
- + Furthermore, the Risk Management Policy also stipulates and monitors the issuance of documents by operational departments aimed at risk management in their business activities, including:

Table 1: List of documents required in Risk Management Policy

No.	Document Name	Document Owner
1	IT Security Policy	IT Department
2	Vendor (Outsourcing) Management Policy	Compliance Department
3	Business Continuity Management Policy	Risk Management Department
4	Compliance Manual	Compliance Department
5	Underwriting Guideline	UWRI Department
6	Investment Regulation	Accounting Department
7	Code of Conduct	Compliance Department
8	Incident Reporting & Management Policy	Compliance Department

- The Risk Management Department and the Compliance Department ensure compliance review and examination of the adherence and completeness of all business procedures, including all authorized documents issued from the Board of Directors level. This encompasses documents aimed at ensuring the implementation of internal control activities as per Circular 70/2022/TT-BTC dated November 16, 2022, on risk management, internal control, and internal audit of insurance enterprises, reinsurance enterprises, branches of foreign non-life insurance enterprises, branches of foreign reinsurance enterprises, specifically:

Table 2: List of key documents which are reviewed by RM and COM

No.	Document Name	Document Owner
1	Pricing procedure	UWRI Department
2	Product development procedure	UWRI Department
3	Underwriting procedure	UWRI Department

4	Claim handling and claim settlement procedure	Claims Department
5	Reinsurance procedure	UWRI Department
6	Internal Control procedure	Risk Management Department
7	AI governance policy	IT Department

2. Changes in internal policies, rules and regulations on risk management, taste for risk defined in the reporting period, and reasons for such changes

There is no significant change to current policies, rules and regulations on risk management or risk appetite during the reporting period.

3. Assessing the completeness of risk management activities of the Company, and resources required for business within its risk-taking capabilities

TMIV has established a comprehensive risk management framework and allocated sufficient resources to ensure the rigorous implementation and compliance with legal provisions regarding risk management, as manifested in the Insurance Business Law No. 08/2022/QH15 dated June 16, 2022, and Circular 70/2022/TT-BTC dated November 16, 2022, on risk management, internal control, and internal audit of insurance enterprises, reinsurance enterprises, branches of foreign non-life insurance enterprises, branches of foreign reinsurance enterprises.

3.1. Completeness of Risk Management Activities

a. Risk Identification and Assessment

TMIV maintains a comprehensive risk-identification framework that covers all material risk types, including underwriting, credit, market, operational, liquidity, regulatory, and reputational risks. Risk assessments are performed regularly using both qualitative and quantitative approaches, supported by scenario analysis and stress testing. A structured risk taxonomy ensures consistent classification and monitoring across the organization. In preparing this report, TMIV evaluates risks in accordance with the categories prescribed in Circular No. 70/2022/TT-BTC, while also mapping them to the Company's internal risk register to ensure alignment between regulatory and internal risk-management classifications.

b. Risk Control and Mitigation

TMIV has clearly defined risk appetite and tolerance levels, aligned with its strategic business objectives. Underwriting guidelines and risk selection criteria are effectively implemented, ensuring sound risk-taking decisions. The reinsurance strategy, including both facultative and treaty reinsurance, is optimally structured to transfer excessive risks. Additionally, strong operational controls mitigate fraud, data breaches, and compliance violations.

c. Risk Monitoring and Reporting

A robust risk monitoring system is in place with a set of more than 30 Key Risk Indicators (KRIs), including both leading and lagging indicators for oversight and proactive risk management. Risk reports are generated on quarterly basis, providing senior management with actionable insights. Risk reporting is fully integrated with business planning and performance monitoring, ensuring informed decision-making.

d. Governance and Compliance

TMIV has well-established governance structures, with clear risk management roles and responsibilities following the Three Lines of Defense model. The Company maintains full compliance with regulatory requirements, solvency standards, and corporate governance principles (refer to Part 1 above).

3.2.Resources Required for Business Within Risk-Taking Capabilities

a. Capital Adequacy and Financial Resources

TMIV maintains sufficient capital reserves to support its underwriting activities within its defined risk appetite. The solvency ratio meets and exceeds both regulatory and internal capital requirements. Adequate reserves are in place to absorb potential losses from catastrophic events.

b. Human Resources and Expertise

TMIV has a skilled workforce in underwriting, claims management, risk assessment, and compliance. Ongoing training and development programs enhance employees' risk management capabilities. Actuarial, legal, and cybersecurity expertise are available to strengthen risk oversight.

c. Operational and Process Efficiency

Risk management processes are integrated into business workflows, ensuring efficiency. A business continuity and disaster recovery plan is in place to safeguard operations against disruptions.

Section 2: Material Risk Management

1. Methodology for assessing risks

Annually, TMIV implements the Risk and Control Self-Assessment (RCSA) process and determines material risks pertaining to the company's activities. Detailed steps are described below:

Step 1 – Risk Identification

1st LOD identifies significant inherent risks using TMIV risk register, audit findings, loss data, business strategy, prior assessments, and regulatory input. Each risk is assigned to at least an owner.

Step 2 – Inherent Risk Assessment

Risks are scored by Likelihood (1–5 scale) and Impact (Minor → Significant) in the absence of key controls. Combined rating yields: Very Low (VL) / Low (L) / Medium (M) / High (H) / Very High (VH).

Step 3 – Control Assessment

Each control is rated on Design Effectiveness (Inadequate → Excellent) and Operating Effectiveness (Ineffective → Fully Effective), producing an overall Red / Amber / Green control rating.

Step 4 – Residual Risk Assessment

Risk is re-assessed after applying existing controls using the same Likelihood × Impact scales. Reflects actual risk exposure given the current control environment.

Residual risk is derived by combining the Inherent Risk rating with the Overall Control Rating. The matrix below shows the resulting residual risk level for each combination

		Inherent Risk				
		Very Low (VL)	Low (L)	Medium (M)	High (H)	Very High (VH)
Overall Control Rating	Red	VL	L	M	H	VH
	Amber	VL	VL	L	M	H
	Green	VL	VL	L	L	M

Step 5 – Target Risk Assessment

Defines the desired residual risk level aligned to Risk Appetite. Assessed based on target control capability; guides prioritisation of improvements.

Step 6 – Risk Treatment Strategies

Where residual risk exceeds target, management should consider one of four responses: Avoid — halt or change the activity; Transfer — shift risk to a third party (e.g. insurance); Mitigate — strengthen controls; or Accept — document cost/benefit justification.

Step 7 – Risk Action Plans

Action plans are required when residual risk exceeds target, controls are rated Amber or Red, or control gaps exist. Each action must have an owner, a due date, and be monitored to completion.

2. Assessing material risks to the reporting company’s business

- a) **Insurance risk:** Insurance risk of TMIV is assessed as Medium.

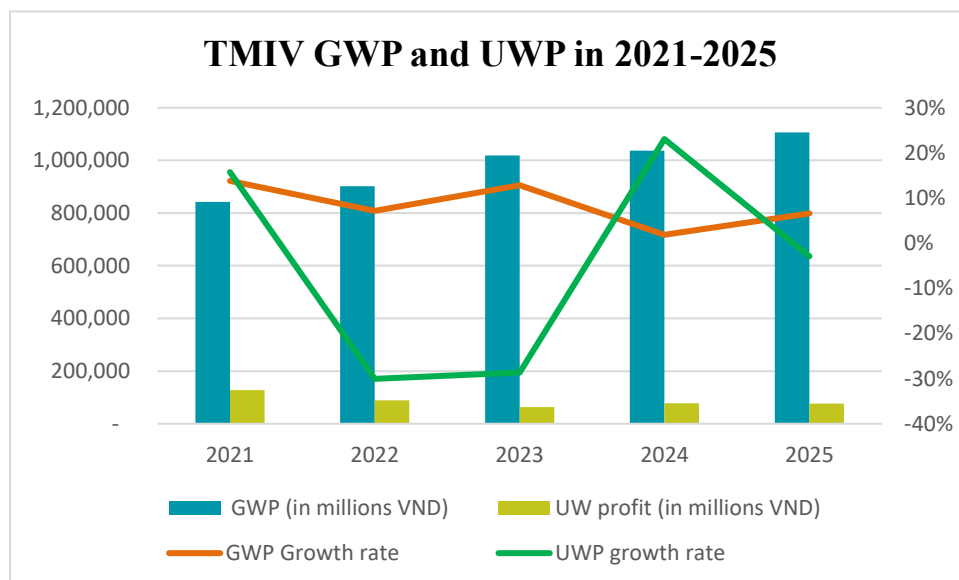
Insurance risk of TMIV encompasses various facets, including underwriting risk (risk related to calculation of insurance premiums such as Pricing, Expense, tax & other pricing assumptions, Risk selection, Retaining risk, etc); reserving risk and exposure to catastrophic events. Currently, TMIV establishes various risk indicators to measure and monitor Insurance risks. The risk indicators are

measured and reported on a quarterly basis, with reports submitted to both the Risk Management Compliance Committee and Members Council. For any breach of risk tolerance/limit, risk owners are required to propose a suitable mitigation plan.

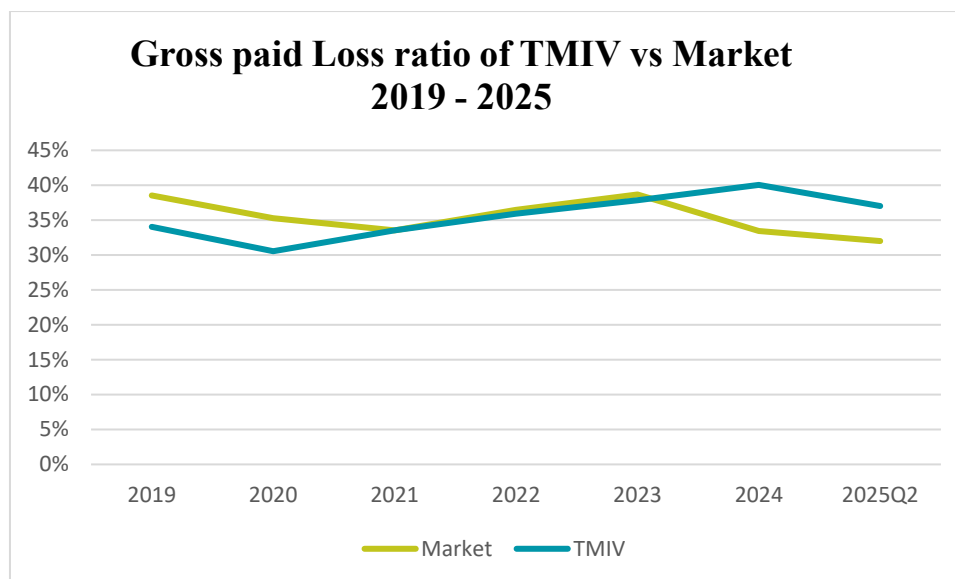
a1) Risk related to calculation of insurance premiums (Medium)

TMIV’s underwriting risk profile over 2021–2025 is moderate and improving overall, despite periods of volatility. Gross Written Premium (GWP) shows sustained growth, reflecting continued effort for business expansion, though slowing growth rates point to rising competition.

Underwriting Profit (UWP) peaked in 2021 due to one-off COVID-19 effects that suppressed claims, then weakened in 2022–2023 despite higher premiums, indicating elevated underwriting risk from adverse claims experience, pricing pressure, and cost inflation. Performance recovered in 2024, with UWP returning to positive growth, and stabilized in 2025, signaling more normalized and sustainable profitability. Overall, the post-2023 improvement reflects stronger underwriting discipline and aligns with TMIV’s risk appetite of pursuing adequately compensated and well-understood risks.



The development of Loss ratio (L/R) on Gross paid basis also showed Medium Underwriting risk level. From 2019 to 2021, TMIV’s loss ratio remained below the market average, although the strong result in 2021 was influenced by the one-off impact of COVID-19. From 2022, the loss ratio increased and exceeded the market level, peaking in 2024 due mainly to adverse claims experience, including the Yagi claim and higher loss in Trade credit and Accident and Health line, indicating heightened UW risk during this period. In 2025 (up to Q2), TMIV’s loss ratio shows a downward trend, reflecting improving underwriting discipline, though it remains above the market average. Apart from the loss impact of the Yagi event, underwriting challenges were identified in the Trade Credit and Accident & Health lines. TMIV has taken corrective actions in coordination with reinsurers and through internal underwriting and renewal controls to manage and mitigate losses.



a2) Reserve risk (Low)

TMV insurance liabilities valuation is performed on quarterly basis and certified by the in-house Appointed Actuary which meets current requirement. Annual review is also conducted by the regional office.

a3) Nat Cat risk (Medium)

TMIV risk appetite includes purchasing reinsurance protection to cover at least a 1 in 250-year Nat Cat event. The Regional XL is sufficient to cover a 250-year Nat Cat event. Based on the annual pricing analysis by the broker, the Regional XL reinstatements remain sufficient on a combined basis (all LOBs) at 250-year Return Period.

b) Market risk: Market risk of TMIV is assessed as Low.

b1) Interest risk (Low):

TMIV's exposure to interest rate risk is limited, as the company has no bank borrowings and places its financial assets primarily in traditional asset classes such as government bonds, and fixed deposits. TMIV Accounting department manages a part of the Company's fixed deposits and assigns a Fund management company to manage portion of the fixed deposits and Government bonds. The main source of risk is therefore reinvestment risk, where maturing deposits may need to be reinvested at lower market rates, potentially reducing investment income. TMIV's investment income has shown fluctuations— VND 47 billion in FY2021, rising to VND 54 billion in FY2022 (+15%) and peaking at VND 83 billion in FY2023 (+54%), before declining to VND 62 billion in FY2024 (-25%) and recovering to VND 70 billion in FY2025 (+13%). These variations reflect changes in market interest rates rather than structural financial risk, and overall indicate that TMIV's interest rate risk remains moderate and manageable under its current low-volatility investment strategy.

b2) Exchange rate risk (Low)

Given that TMIV's foreign-exchange gains and losses remain modest - netting approximately VND 8.35 billion in 2024 and VND 4.33 billion in 2023, compared with total annual profit - the Company's exposure to foreign-exchange risk is assessed as very low. Although TMIV continues to experience routine gains and losses from the revaluation of foreign-currency balances, these amounts represent only a small proportion of overall earnings and do not materially affect profitability. With limited open FX positions and a largely VND-denominated balance sheet, foreign-exchange volatility poses minimal financial impact, and TMIV's overall FX risk remains well-controlled and within risk appetite.

b3) Equity risk (Not exist): The Company does not have a risk appetite for equity investments, except for a immaterial holding maintained for relationship purposes; accordingly, the Company does not invest in equity securities.

b4) Asset-liability tenor mismatch risk (Low)

TMIV's asset-liability tenor mismatch risk is assessed as very low. As at year-end 2025, approximately 99% of assets are short-term, with VND 1,138.7 bn in short-term investments (predominantly fixed-term deposits) and VND 537.1 bn of reinsurance assets, while gross technical reserves are VND 837.6 bn. Liquidity coverage is robust with (cash + short-term investments) / gross reserves around 1.36 and the non-life portfolio's annual tenor further limits liability duration. Residual exposure is mainly reinvestment risk on deposit roll-overs and collection/timing on premiums receivable and reinsurance recoveries; these are actively managed within TMIV's conservative investment and reinsurance policies.

c) Operational risk: Operational risk of TMIV is assessed as Medium.

TMIV identifies, assesses, and monitors various operational risks including but not limited to personnel, technology/cyber security, fraud, vendor/outsourcing risk, etc.

c1) Risks related to failure to completely set up and conform to the internal regulations and operating procedures (Medium):

TMIV has established a comprehensive system of internal regulations and procedures covering all operational areas. However, given the inherent complexity of insurance products and the multiple steps involved in underwriting, policy administration, claims handling, and support functions, some level of processing error is unavoidable. In addition, the reliance on manual work in certain processes means that occasional non-critical errors are still detected during the year, although none have resulted in material loss or operational failure. TMIV acknowledges this operational-risk exposure and continues to monitor and strengthen controls to ensure that any errors remain within the Company's defined risk appetite.

c2) Legal risk (Medium):

TMIV assesses this as Medium risk, reflecting the current regulatory environment in Vietnam. The volume of new regulations continues to increase, accompanied by more stringent requirements from authorities, while certain grey areas in the legislation create interpretation challenges. Regulatory

changes often require adjustments to internal processes, systems, and documentation—such as new provisions, revised procedures, or new functional requirements for digital distribution—which may demand additional investment and specialized personnel (including 3LoD functions, qualified actuaries, and distribution oversight), despite limited internal resources. Several regulatory updates also involve 1–3-year phased implementation periods, requiring continuous monitoring to avoid compliance lapses or potential breaches. Additionally, supervisory bodies have intensified inspection and monitoring activities, partly driven by heightened media scrutiny, further elevating the Company’s exposure to legal, compliance risk.

c3) Risk associated with failure to develop complete and relevant underwriting processes, which leads to an increase in the rate of high-risk policyholders (Low):

TMIV assesses this risk as low because core underwriting guidelines, product manuals, and approval authorities are well-established and regularly updated. Ongoing monitoring and periodic refinement help ensure that high-risk policyholders are appropriately screened and controlled.

c4) Risk associated with designing insurance benefits or coverage that is/are not adaptable to market situation (Low):

This risk remains low as TMIV performs periodic product reviews and benchmarks coverage features against market practices. Product development follows a structured approval process involving actuarial input, ensuring that benefits remain competitive yet financially prudent.

c5) Risk associated with staff and safety-at-work policies (Low):

TMIV considers this risk very low due to well-defined HR policies, mandatory safety protocols, and routine monitoring of workplace conditions. No significant incidents have been recorded, and the overall exposure is negligible relative to the company’s operations.

c6) Risk associated with unsatisfactory outsourced services or failure of outsourced partner(s) to fulfill obligations under outsourcing agreements (Medium):

TMIV places this risk at a medium level as the company relies on several external providers for claim handling and system maintenance, where delays or service failures could affect operations or customer experience. The company mitigates this risk through service-level agreements, periodic performance reviews, and contingency arrangements.

c7) Risk related to information technology (IT) systems, personal data security and cybersecurity (Medium):

With increasing digitalization and data-handling requirements, TMIV faces moderate exposure to IT disruptions and cybersecurity threats. While key controls, security protocols, and system monitoring are in place, the evolving threat landscape requires continuous investment and oversight.

c8) Risk related to business interruption (Low):

Business-interruption risk is assessed as low given TMIV's established business-continuity procedures, and redundancy in core systems. The company maintains disaster-recovery capabilities that help ensure minimal disruption in the event of an incident.

c9) Fraud risk (Low):

TMIV assesses fraud risk as low due to clear segregation of duties, established controls in underwriting and claims, and periodic audits. While isolated fraud attempts may occur, strong detection mechanisms and oversight help keep exposure within acceptable thresholds.

d) Counterparty risk: Counterparty (credit) risk at TMIV is assessed as Low

TMIV establishes reinsurance security criteria and ensures that they are updated and properly applied when arranging reinsurance. Every year, a list of accepted reinsurers – evaluated and approved by our group company with rigorous review – is issued and strictly followed by our underwriters.

e) Liquidity risk: Liquidity risk at TMIV is assessed as Very Low.

TMIV has low tolerance to liquidity risk, and maintains enough liquidity needed for claims payments and other capital needs.

3. Methodologies for Management of Material Risks:

a) Insurance risk:

TMIV has set standard Underwriting procedure in Underwriting Guideline (including tariff, rules of conducting risk survey, underwriting information needed and referral timeline) to control risk assessment and acceptance process. Besides, for Nat Cat risk management, TMIV has been monitoring the exposure movement and engaging flag regional broker (Gallagher Re) to perform flood loss modelling on annual basis. These results are leveraged for portfolio analysis and internal monitoring to ensure adequacy of reinsurance limit and serve as a benchmark for event losses.

b) Market risk:

TMIV exercises prudent management for all investment activities. The Company issued Investment Guidelines to manage investment activities under strict risk appetite. All investment strategy and business plan was referred to TMIV's group company and get approval from Members Council and daily transactions are authorized by both BOD and Chief accountant. The Company monitors investment results monthly with a Fund management company appointed to ensure compliance with Investment guideline, investment plan and result.

c) Operational risk:

For each risk, TMIV issued guidance policies/procedures with appropriate controls; and risk indicators/tolerances where appropriate to be monitored and reported on quarterly basis to the Risk Management Compliance Committee and Members Council. Refer to some specific mitigations for top operational risks in Section 2, Part 3.

d) Counterparty risk:

TMIV sets up Retention and Reinsurance policy and operates as per such policy. For many years, there has been no dispute with TMIV's reinsurers in relation to outstanding recoveries and the amount of overdue recoveries is substantially small compared to total reinsurance claim recoverable. TMIV issued Reinsurance Guideline which is updated annually. In the guideline, the Company set up a security list of accepted reinsurers and in case of any reinsurer not included in such list, we perform scrutiny check, involving assessment by both TMIV's underwriter and our group's experts. TMIV utilizes the Company's core insurance system to manage reinsurers' credit limits. We issue the credit limit guideline for all fac-out reinsurers.

e) Liquidity risk:

TMIV has low tolerance to liquidity risk, and maintains enough liquidity needed for claims payments and other capital needs.

TMIV properly monitors our cash flow to ensure liquidity:

- (1) Cash flow plans for both long term (over 1 year to two years) and short term (less than 1 year) are prepared.
- (2) A risk management system is established to deal with cash crunches: Our investment assets are mainly deposit, which is highly liquid assets.
- (3) The Company sets up an annual Strategic Assets Allocation and follows strictly.

4. TMIV specific Material Risk

In 2025, departments within TMIV conducted a review and assessment of 115 risks in the insurance company's operations identifying five significant risks requiring focused management in 2026. The five significant risks include:

Table 3: TMIV material risks

No	Risk	Definition	Risk situation at TMIV
1	Product Development TMIV	Inadequate and Inappropriate development and launch of products as a result of process, people or system issues	<p>During the 2025 approval process with the MOF, we identified several gaps in our internal product development procedures, which resulted in challenges meeting approval timelines and created difficulties in ensuring smooth renewals for existing clients. These findings underscored the potential impacts on compliance, delivery timelines, and overall operational efficiency. Although the risk is expected to be lower in 2026—given that some products will only require MOF notification, partial revisions are simpler, and new product filings are no longer constrained by a regulatory deadline—we will retain this risk on the material risk list to ensure continued attention and to guide our efforts in reviewing and strengthening our procedures.</p>
2	Virus/Spam Attack TMIV	Risk of business loss that arises from partial/total loss or corruption of data and/or hardware failure due to virus/spam attack	<p>Ransomware attacks are still the trend of attacks in 2025. With the measures that have been and are being implemented, TMIV has not had any incidents related to virus/ransomware attacks.</p> <p>However, a high level of attention is still needed because viruses/ransomware are always changing very quickly and it is necessary to maintain centralized management to avoid serious incidents that may occur.</p>
3	Loss of major account / distribution partner TMIV	Loss of major account / distribution partner causing unexpected drop in business volume	<p>In 2025, the introduction of the new regulatory framework for CFE insurance under Decree 105 created significant shifts in market pricing structures. As a result, premium levels for IAR products became standardized across the market, leading to notable premium increases for certain large clients. In parallel, other product lines such as BI experienced downward pressure on premium rates and increasingly competitive terms and conditions, including deductibles. These market dynamics posed challenges for TMIV in</p>

			maintaining competitiveness and securing key accounts under the new regulatory environment.
4	IT infrastructure operations TMIV	Systems infrastructure risk due to inadequate IT operations	The possibility of sudden failure of electronic devices (server, firewall, switch, storage device) exists. Network equipment/internet connection still operates in standalone mode, posing a high risk of connection/work disruption if the equipment fails suddenly.
5	Political, statutory, legal & regulatory TMIV	The risk to objectives and strategy as a result of changes in the political, statutory and regulatory environment	In 2025, several new and revised regulations impacted TMIV's operations, including Decree No. 105/2025/NĐ-CP, the Law on Enterprises, the Data Law, and the Personal Data Protection Law. TMIV carried out a comprehensive mapping and impact assessment of these regulatory changes and communicated the findings to relevant departments to facilitate the development of appropriate action plans. By the end of 2025, no compliance incidents related to these regulatory updates were recorded; however, the expanded requirements resulted in a significant increase in monitoring and coordination efforts to ensure timely implementation and sustained compliance throughout 2025 and in preparation for upcoming regulatory changes.

Management of TMIV's Material Risks

For the material risks, TMIV has been and continues to deploy a system of control measures to prevent and mitigate risks. TMIV establishes various risk indicators to measure and monitor identified material risks. The risk indicators are measured and reported on a quarterly basis, with reports submitted to both the Risk Management Compliance Committee and Members Council. For any breach of risk tolerance/limit, risk owners are required to propose a suitable mitigation plan.

The risk management measures corresponding to each material risk are as follows:

Table 4: Controls of TMIV's material risks

No	Risk	Risk controls
1	Product Development TMIV	<p>TMIV has established a comprehensive set of controls to mitigate product-development risks. These include:</p> <ul style="list-style-type: none"> - Standardized templates issued by PDC to ensure complete and consistent information collection, - Training for UW and MKT staff to strengthen product-risk awareness, - A defined proposal and approval workflow between functions. - All new or materially revised products require actuarial review and sign-off, with oversight and support from BoD, TMA UW, and MKT. - In addition, UWRI has issued the Product Management Guide and Project Manual Guide, requiring strict adherence to stage-gate procedures—checklist completion, criteria-based screening, documented sign-offs, timeline management, and quarterly post-launch monitoring with actions triggered when performance approaches the Product Exit Threshold.
2	Virus/Spam Attack TMIV	<ul style="list-style-type: none"> - TMIV invests in ensuring the safety and security of its Information Technology systems through various projects, complying with the general standards of the Tokio Marine Group. Currently, the company utilizes a service provider for security services including SOC/ERD, Endpoint Security, DLP, PAM/NAC, FIM, ManageEngine Desktop Central, 2FA, VPN, Firewall policy management/review, WAF/DDOS, and Qualys internal/external scanning, as well as PENTEST. - TMIV issues an Information Security Policy which outlines the information security principles to be followed, ensuring system safety (consisting of 46 smaller policies covering system security requirements such as system control, clear system segregation, user management, access management, data backup, etc). Additionally, TMIV provides guidelines for addressing globally common information technology incidents such as suspicious emails and malware-infected devices. - Regular training sessions (at least once a year) are conducted for all employees on information security, especially focusing on common attack forms like email phishing and malware. - Following the group's schedule, TMIV conducts quarterly exercises where employees are sent simulated phishing emails to train them in recognizing and handling such emails. - Employee devices are centrally managed, and installation of software is only allowed with approval from the IT department. The centralized management system (AD) only permits administrators to install software on employee devices and

		<p>regularly scans to detect, alert, and remove unauthorized software on workstations.</p> <ul style="list-style-type: none"> - ManageEngine Desktop Central application is used to prevent the installation of unauthorized software on PCs.
3	Loss of major account / distribution partner TMIV	<p>TMIV applies layered controls across relationship management, renewal discipline, portfolio diversification, and capacity assurance to mitigate major-account lapse risk.</p> <ul style="list-style-type: none"> - Increase corporation to improve products/ propose new products to meet customers' demand. - Build client portfolio. - Increase frequency to visit clients. - Renewal procedure to review the account before renewal time. - Establish direct renewal kick off - Constantly build and foster relationship with existing clients. - Weekly tracking and monthly meeting renewal process and reach out to new customers within MKT Department. - Enhance relationship with Reinsurers to improve TMIV's capacity.
4	IT infrastructure operations TMIV	<p>TMIV has implemented a robust set of IT-infrastructure controls to ensure system stability, accuracy, and continuity.</p> <ul style="list-style-type: none"> - Maintaining a comprehensive network system diagram, along with an up-to-date inventory of all systems and devices (network equipment, physical servers, virtual machines, and other components) to support proactive monitoring and timely EOL/EOS replacement. - System operations are continuously monitored through dedicated tools such as EMCO Ping, log-analysis systems, ManageEngine Endpoint Central (patch management), and ManageEngine OpManager (resource monitoring). - All infrastructure changes are promptly updated in technical documentation, and alerts from monitoring tools are regularly assessed for severity. - TMIV also leverages a group's platform for an integrated architectural view and has begun implementing high-availability (HA) configurations for critical network devices to further strengthen operational resilience.

5	Political, statutory, legal & regulatory TMIV	<p>TMIV has a compliance review process in place to adhere to legal regulations, wherein:</p> <ul style="list-style-type: none"> - Compliance Department closely monitors and evaluates the impacts of draft legal documents on various areas of the company's operations. - Proactively participating and providing input on compliance requirements with appropriate compliance deadlines and plans. - After the issuance of the document, a compliance assurance plan is established, specifying the responsible departments and completion timelines, with regular progress reviews on a monthly/quarterly basis. - For unclear or contentious points of interpretation, Compliance Department organizes internal discussions to reach consensus within the company or seeks additional advice from reputable and competent external entities. - Understanding market reactions and interpretations. - Annually conducting internal compliance checks, focusing on compliance requirements of the Insurance Business Law and other relevant legal documents, as well as internal procedure compliance requirements.
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Section 3: Results of Risk Tolerance Test

Under normal business conditions, TMIV has consistently upheld strong solvency. Over the past five years, the company's solvency margin has remained resilient and steady, consistently around 500% and above the regulatory minimum solvency margin.

3.1 Test Scenario

Based on the guidelines provided in Circular No. 70/2022/TT-BTC regarding risk management, internal control, and internal audit of insurance companies, reinsurance companies, branches of foreign non-life insurance companies, and branches of foreign reinsurance companies, TMIV conducted stress testing for period from 2025 - 2030 with the following scenarios:

- **S0 – Base scenario: Normal business condition.** Base scenario is developed based on the Company's tentative business plan, projected for 03 years from 2026 – 2028, and estimated development in the following 2 years 2029 – 2030.
- For 2025 stress testing exercise, TMIV identified 06 stress scenarios based on assessment of the Company risk profile, covering a wide range of risks from underwriting risk, technology risk, regulatory risk to market risk. The table below shows the descriptions on the 06 internally developed scenarios, designed to be prospective and examined over 5-year horizon spanning from 2026 to 2030.

Table 5: Description of Stress test scenario

Scenario name	Scenario description	Impact
Base Scenario (S0)	Normal business condition - Business plan 2026	Key business parameters as in Table 6
S1 – Operational risk	Issue in TMIV IT system (attack, system breakdown, etc.) causing business disruption/loss of revenue, and require an expense to amend. Assume it takes 2 years to fix the issues	Expenses increased 1,000,000 USD in 2026 once and increased 5% vs base in 2026 and 2027. Revenue decreased 5% in 2026 and 2027
S2 – Legal risk	Mismatch between product Terms & Conditions with regulations forces the company to pay higher claim than expected. One-off legal expenses due to lawsuit or system upgrade for compliance	Claim increased 10%, unrecoverable from RI. One-off legal expenses of 500,000 USD in 2026.
S3 - Natural catastrophe - Storm	Catastrophic storms happen, impacting Property and Engineering line	Gross and net loss equivalent to the 150% Yagi loss in 2026. RI premium increased by 10% for 3 years from 2027 to 2029
S4 – Underwriting risk – UnderPricing	Underprice leads to higher claim than expected	Ratio Claim/GWP increased by 10 percentage points. Premium increased 10% due to customers making use of the underpricing from 2027 onward. Expenses increased by 5%
S5 - Market risk - Interest rate	Difficulties in general economies drive down investment income	Investment rate of return reduces 100 basis point from 2026 onward
S6 - Strategic risk	Fail to renew major policies (changed from last year)	Loss of top 5 clients with highest gross written premium and profitable: loss of 4,600,000 USD in GWP, and 680,000 USD in Gross incurred claim every year 2026~2028
Aggregation	Combine S3 and S4 which have the largest impact on Solvency.	

3.2 Analysis of capabilities of maintaining ongoing business activities in case of any disadvantage that occurs.

Table 6: Solvency margin ratio in all scenarios

	2025	2026	2027	2028	2029	2030
Baseline (S0)	496%	412%	371%	344%	320%	299%
S1	496%	406%	376%	344%	320%	299%
S2	496%	381%	371%	344%	320%	299%
S3	496%	410%	340%	314%	291%	299%
S4	496%	389%	324%	300%	279%	259%
S5	496%	406%	364%	338%	314%	293%
S6	496%	429%	383%	353%	320%	299%

Aggregation S3+S4	496%	399%	293%	270%	249%	259%
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TMIV’s solvency remains robust across all cases, with the baseline easing from 496% (2025) to 299% (2030) and all standalone scenarios (S1–S6) staying comfortably above the regulatory requirement throughout the horizon.

Threshold for internal capital level (ITCL) management: TMIV sets ITCL at 200% for 2026 (unchanged from current practice).

3.3 Management actions

TMIV’s Capital Management Plan (CMP) comprises three action groups that can be deployed individually or in combination to restore or enhance solvency if adverse conditions materialize, including:

Table 7: TMIV management actions

No	Management action	Description
1	Capital Raising or Capital Restructuring	<ul style="list-style-type: none"> • Through Intra-group measures (i.e. Capital Injection from parent company). The procedure for requesting capital raise follows the guideline in the Company’s Joint Venture Agreement. • Suspension of dividend to parent company
2	De-Risking of Liabilities	<ul style="list-style-type: none"> • Reduction or exit of capital intense business to reduce liabilities • Transfer of risk through reinsurance
3	Enhancement of Operational Procedures/Processes	<ul style="list-style-type: none"> • Conducting more intensive claims review to reduce loss ratio and/or outstanding reserves • Tighten the control and monitoring on the management expenses

TMIV will follow its Capital Management Plan and apply either a separate or combination of the 3 action groups above according to Senior Management’s decision when solvency falls below authority’s requirement or internal monitoring threshold.

LEGAL REPRESENTATIVE

Recipients:

- As stated above;
-
- Stored in:

(Signature, full name and seal)

Appendix: TMHD ERM Overview

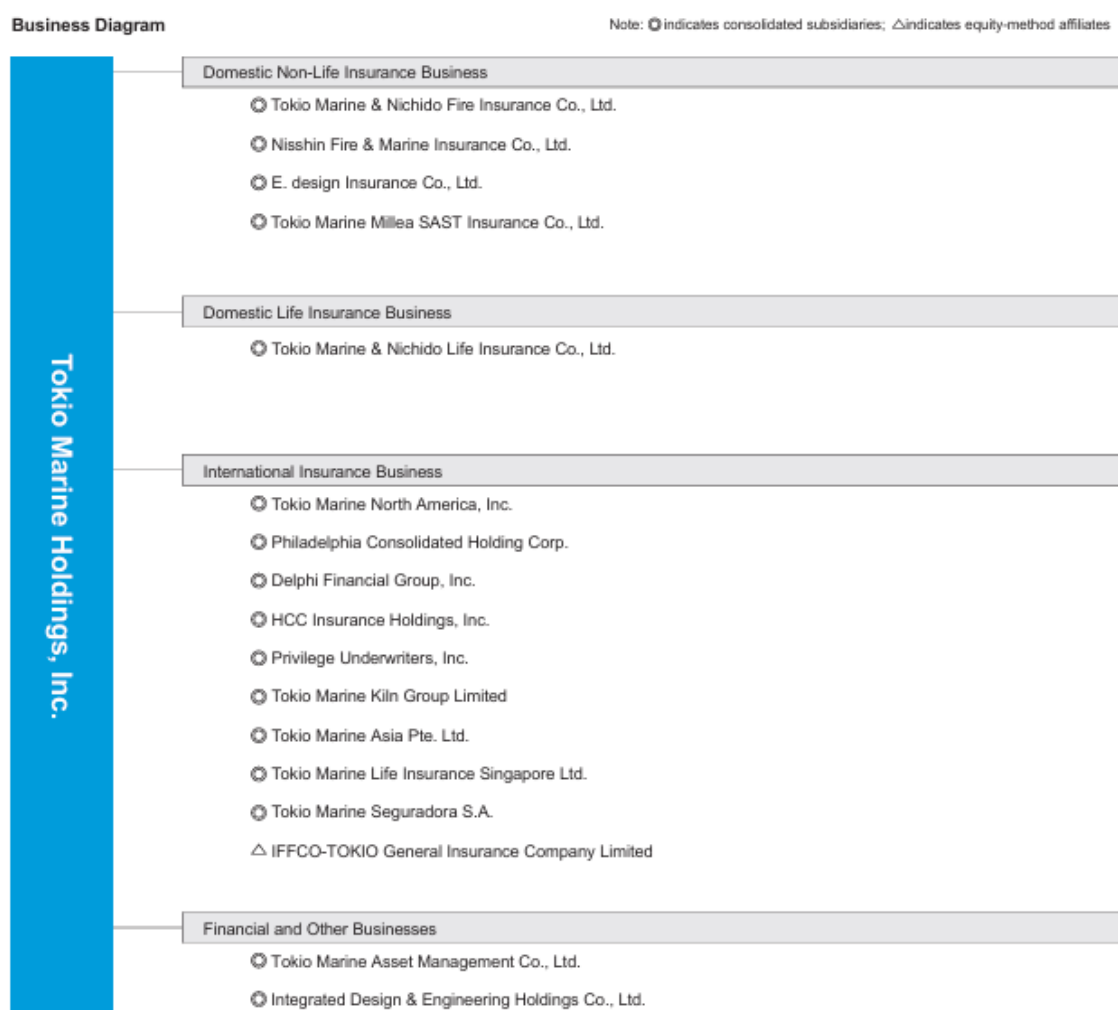
Tokio Marine Holdings, Inc. (Hereinafter “HD”)

1. Tokio Marine Group’s Overall Picture

- Tokio Marine Group is engaged in domestic non-life insurance, domestic life insurance, international insurance, and financial and general businesses.
- The following is a diagram of business as of March 31, 2025.

<Business Diagram>

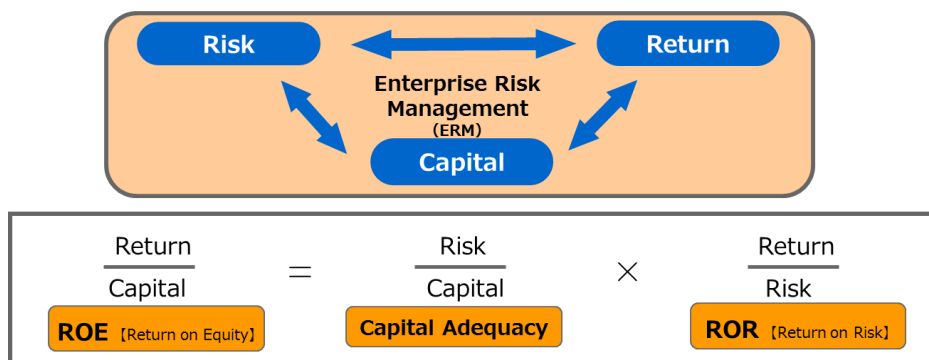
Note: ◎ indicates consolidated subsidiaries; △ indicates equity-method affiliates



2. ERM in management strategies and risk culture (as of September 2025)

- We, Tokio Marine Group (hereinafter the Group), promote Enterprise Risk Management (ERM) as the platform on which we pursue our business strategies. We are constantly aware of the relationship between risk, capital, and return to achieve both capital adequacy and profitability in balance with risk and thereby achieve capital efficiency that exceeds cost of capital. Through this approach, we will seek to maintain financial soundness while realizing ongoing improvements in corporate value.
- The range of risks the Group faces is growing ever more diverse and complicated as we have developed our business globally and the business environment changes. Moreover, the highly uncertain and drastically changing political, economic, and social trends urge us to keep vigilant and always prepare for new risks. From this perspective, it is important for the Group to strengthen its ERM framework with the quantitative and qualitative monitoring of risks to effectively balance capital, risk and return groupwide.

<Enterprise Risk Management>



- In the current mid-term business plan started in FY2024, the second and third lines of defense (HD Risk Management Dept., Legal and Compliance Dept., and Internal Audit Dept.) formulated their mid-term plans to further promote the establishment and enhancement of group governance by the 2nd and 3rd lines.

(1) Mid-Term Business Plan of the Second and Third lines of Defense

- In order to achieve group-wide major strategy, ‘Strengthen/enhance internal controls/governance’, roles of second- and third- lines at HD and group companies shall be further defined, while group governance and supports of HD to group companies, as well as functional consolidations, shall be pursued, both at international and Japan business, through building business foundation by utilizing & training skilled personnel at the global levels.

<Major Initiatives>

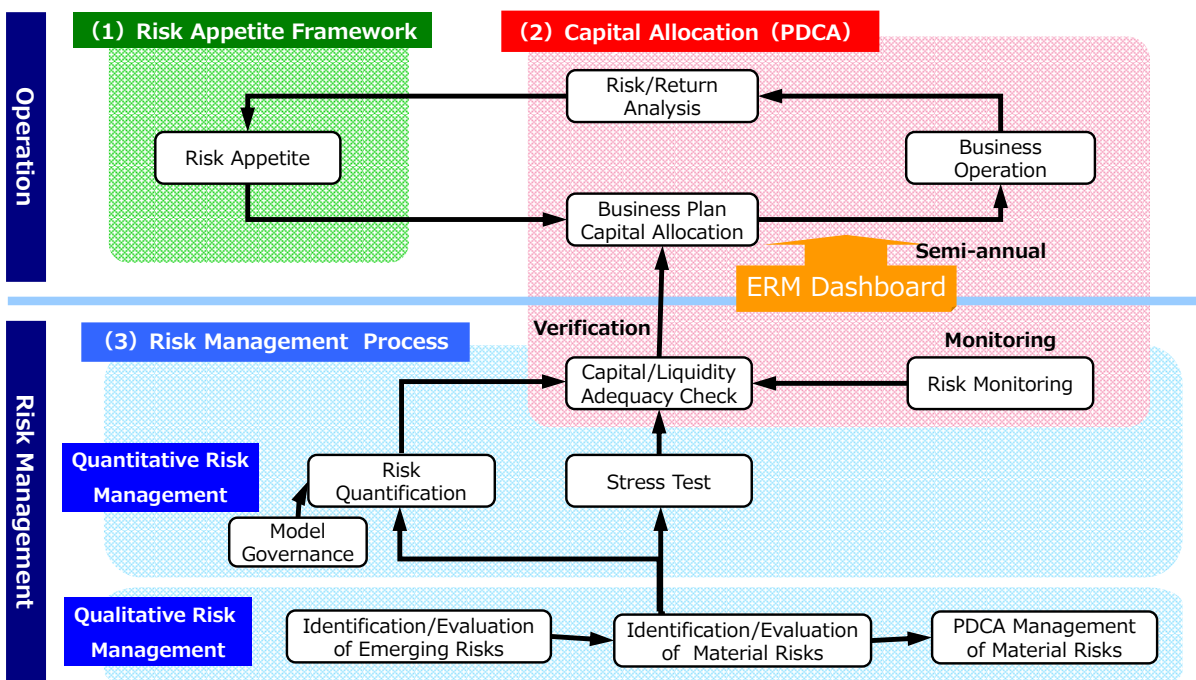
<Major Initiatives>	Risk Management	Legal & Compliance	Internal Audit
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Capabilities	<ul style="list-style-type: none"> ✓ Enhancement of governance by further clarifications & optimization of roles at 2nd & 3rd lines of defense ✓ Review at each department of HD's supports/assistance to group companies ✓ Study of possible group consolidations at common functions 		
Major Initiatives	<p>Enhancement of ERM risk quantifications</p> <ul style="list-style-type: none"> - In view of upcoming introductions of IFRS and economic-based solvency 	<p><Compliance></p> <ul style="list-style-type: none"> - AML/CFT, information security, bribery: HD's on-site monitoring - Unfair competition, human rights (outsourcing related): HD to consider group wide frameworks - Customer protection: <p style="text-align: center;">Strengthen HD's check functions for group companies</p> <hr/> <p><Legal></p> <ul style="list-style-type: none"> - HD's involvement towards material legal incidents of group companies <hr/> <p><M&A></p> <p style="text-align: center;">Strengthen HD's legal risk management during the M&A processes</p>	
	<p>Strengthen emergency responsiveness</p> <ul style="list-style-type: none"> - In addition to operational resilience (BCP), enhance underwriting risk management & Investment risk management. 		<p>Launch of Group Audit Committee and its administration</p> <hr/> <p>Strengthen functions based on EQA results</p> <ul style="list-style-type: none"> - Execute initiatives at HD - Review of HD's involvement/supports to group companies
	<p>Enhance communications to management as well as business 1st lines</p>		<p>Strengthen Internal Audit capabilities</p> <ul style="list-style-type: none"> - Build audit capabilities that can execute necessary thematic audit, direct audit, joint audit, agile audit - Flexible re-allocation of audit resources based on the situations
			<p>Strengthen communications with group companies</p> <ul style="list-style-type: none"> - Strengthen International Head of Internal Audit
Foundation	Human Resources	<ul style="list-style-type: none"> ✓ Recruiting, training, and utilizing skilled personnel globally (Career development programs, talent secondment programs among group companies, etc.) ✓ Identifying future management talents. Promoting talent recruitment and training. ✓ Global training of future management talents 	
	Intelligence	Build information network and infrastructures that enables forward-looking governance	
	Data / Technologies	Build technologies / IT system foundation that enables data-driven governance	
Communication	Continuous close communications with group companies that enables forward-looking governance		
Risk Culture	Continuous communications from HD to 1 st lines and managements of group companies		

3. Overall framework of Tokio Marine Group's ERM activities (as of September 2025)

The Group’s ERM framework consists of the following three items.

- (1) Risk Appetite Framework: Basic management guidelines for the extent and type of risks which we prefer to take to make returns in a particular business field
- (2) Capital allocation (PDCA): Process for preparing, implementing and reviewing capital allocation plans (PDCA) under the risk appetite framework
- (3) Risk management process: Process for identifying risks that exert significantly large effects on the Group’s financial soundness, business continuity, etc., and assessing relevant effects qualitatively and quantitatively.



4. Tokio Marine Group’s Risk Appetite Framework (as of September 2025)

- (1) HD sets “Risk Appetite Framework”.
- (2) "Risk Appetite Framework" consists of "Risk Appetite Statement", “Quantitative Appetite Standard” and "Risk Strategy".
- (3) “Risk Appetite Statement” qualitatively expresses the group-wide risk appetite in terms of what kind of risks the Group can take in what business area to what extent, and states the scope, direction and concerns of key risk-takings, and the approach to the balance between capital and risks.

- (4) “Quantitative Appetite Standard” defines a quantitative standard related to risk-taking policies, such as the target range of ESR and the financial leverage.
- (5) “Risk Strategy” describes the qualitative risk-taking policy and the future direction of capital allocation by risk categories such as NAT-CAT risk and business-related equity risk.
- (6) “Risk Appetite Framework” of the current mid-term business plan is as follows.

<Risk Appetite Statement>

Risk Appetite Statement
<ul style="list-style-type: none"> • As a global insurance group, conduct risk-taking mainly in the insurance business (underwriting and investment risks) and in the solution business. <ul style="list-style-type: none"> ➢ As for insurance underwriting risks, aim to expand profit-generating capacity while suppressing volatility by diversifying risk through global business expansion. ➢ As for investment risks, focus on asset management in line with the characteristics of insurance liabilities as a primary principle, and aim to contribute to profit growth by expanding risk-taking under appropriate control while paying attention to liquidity. ➢ As for the solution business, aim to achieve profit contribution through the expansion of value provision areas that contribute to solving societal challenges, taking into consideration the potential for improving capital efficiency due to the low capital burden.
<ul style="list-style-type: none"> • Achieve proper balance between risk and capital, enabling the group to maintain capital level comparable to AA (Aa) credit ratings and continue operation even under the stress scenario.
<ul style="list-style-type: none"> • Aim to achieve continuous profit growth as well as improved capital efficiency, while paying attention to earnings stability.

5. Organizational Framework for ERM (as of September 2025)

- The Group promotes ERM at the initiative of HD. For overseas group companies, HD International Business Development Dept. (hereinafter IBDD) and HD Risk Management Dept. take the initiative in promoting ERM through the board of directors.
- The organization that promotes ERM at each company is mainly the board of directors. HD has set up the ERM Committee as a management committee to have substantial discussions on various ERM challenges. This committee discusses policies on important matters related to ERM.

6. Risk Management Policies, Standards and Communication (as of September 2025)

- HD has set up the rules on its capital allocation system and risk management as ERM-related rules.

- HD has set up the “Tokio Marine Group Basic Policy for Capital Allocation System” as the rules stipulating standards for the Group’s capital allocation system.
- In addition, HD has set up three basic policies for risk management as the Group's risk management rules: "Tokio Marine Group Basic Policy for Risk Management," "Tokio Marine Group Basic Policy for Integrated Risk Management", and "Tokio Marine Group Basic Policy for Crisis Management". Group companies have set up their own rule structures in line with the three basic policies to conduct risk management.
- In order to have a consistent and standardized view of risk as a part of the Group’s quantitative risk management, HD has set up the “Standard Capital Modeling Manual for Overseas Operation” (SCM Manual). Overseas group companies quantify risk according to the SCM Manual so that HD is able to integrate all risk information gathered from overseas group companies in consistent manner and capture the full risk profile of the entire international insurance business.
- For qualitative risk management, IBDD has promoted and conducted comprehensive risk management for overseas group companies by preparing “Control Standards” (minimum internal control standards) based on the basic group policies, etc., and the Risk Management Dept. monitors the compliance status.
- Dotted Reporting Line (a system where a CRO of overseas group companies directly reports to Group CRO (GCRO) in addition to its CEO) was established between the GCRO and CROs of major overseas group companies in order to strengthen the risk management framework between HD and overseas group companies, and the operation commenced in September 2018. Specifically, meetings are held about once a quarter between GCRO and CRO of the major overseas group companies for information sharing with HD and promoting the PDCA cycle of ERM enhancement at each overseas group companies.

7. IBDD’s Role in ERM (as of September 2025)

The following are the key ERM tasks of IBDD responsible for the international insurance business that has become increasingly important in the progress of globalization

- a. IBDD promotes and implements ERM throughout the international insurance business as a managing division of the entire international insurance business.
- b. In the event that a material risk management issue defined in the case report criteria is detected, overseas group companies concerned shall promptly report the issue to the officer in charge of international business management, the Risk Management Dept., and other relevant departments through IBDD.

- c. In addition, IBDD is also closely involved in the management strategy, management plan, business plan and goal setting process of overseas group companies, through the following ERM processes.
- (a) IBDD decides the basic policy, schedule, formulation method, etc., of the mid-term management plan and annual plan of overseas group companies, based on the Group's overall policy including risk appetite, and provides instruction on the companies usually every June (if there is an intermediate management company, IBDD provides instruction on the intermediate management company).
 - (b) IBDD closely examines the content of the mid-term management plan and annual plan based on full collaboration with overseas group companies, etc., with consideration of assumptions concerning capital, risk amount, insurance underwriting and investment and the business environment, etc., of each overseas group companies (usually every September), and compiles the drafts of the mid-term management plan and annual plan (including risk appetite) after holding discussion at IEC, CEO conferences, etc., as needed. After the above process, the drafts are determined by the Officer in charge of International Business Management following preliminary consultation by relevant HD officers and a proposal to HD Management Meeting (a provisional plan in December and a final plan in April of the following year) and reported to HD Board of Directors.
 - (c) Regarding the credit risk and the hurricane risk in North America, which are peak risks in international insurance business, IBDD, in full collaboration with overseas group companies, checks and reviews that the planned content is consistent with the risk appetite and verifies that there is no excessive risk taking. Consistency with risk appetite is also discussed and confirmed by IEC, the CEO conference and other meeting bodies as necessary.

8. Future direction of ERM (as of September 2025)

- HD will continue to implement PDCA for business plans and capital allocation in accordance with "Risk Appetite Framework", review risk strategies in response to changes in the business environment, and exercise ERM to improve capital efficiency and strengthen our management base.
- In addition, HD will continue to work on strengthening operational resilience as well as financial resilience so that we can continue our business or quickly recover from material risk events.