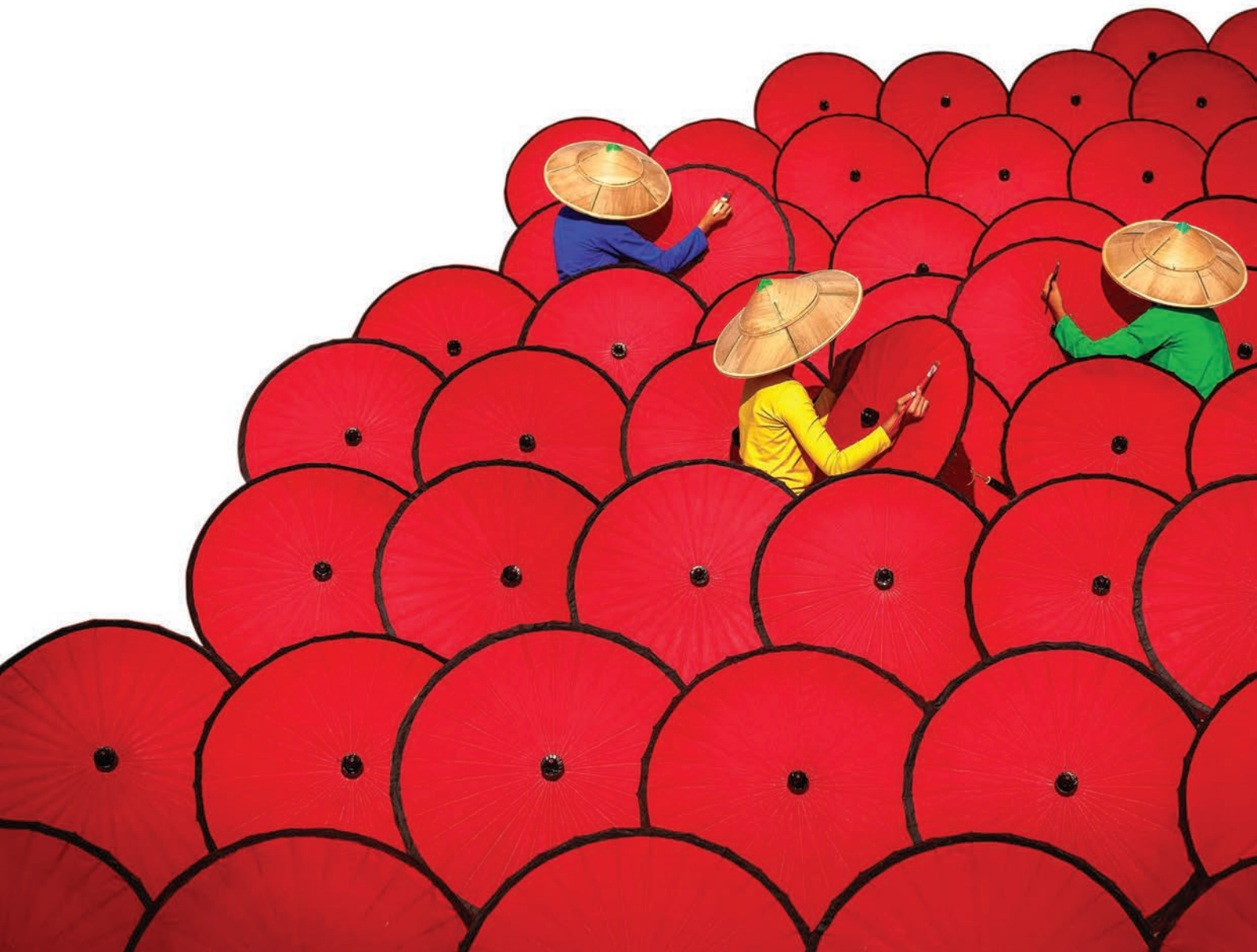


ANNUAL REPORT 2021





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This report is intended to communicate with our stakeholders to better understand AYA SOMPO Insurance's passion and initiatives reflecting our key values: "Peace of Mind, Solutions and Beyond" with integrity and transparency.

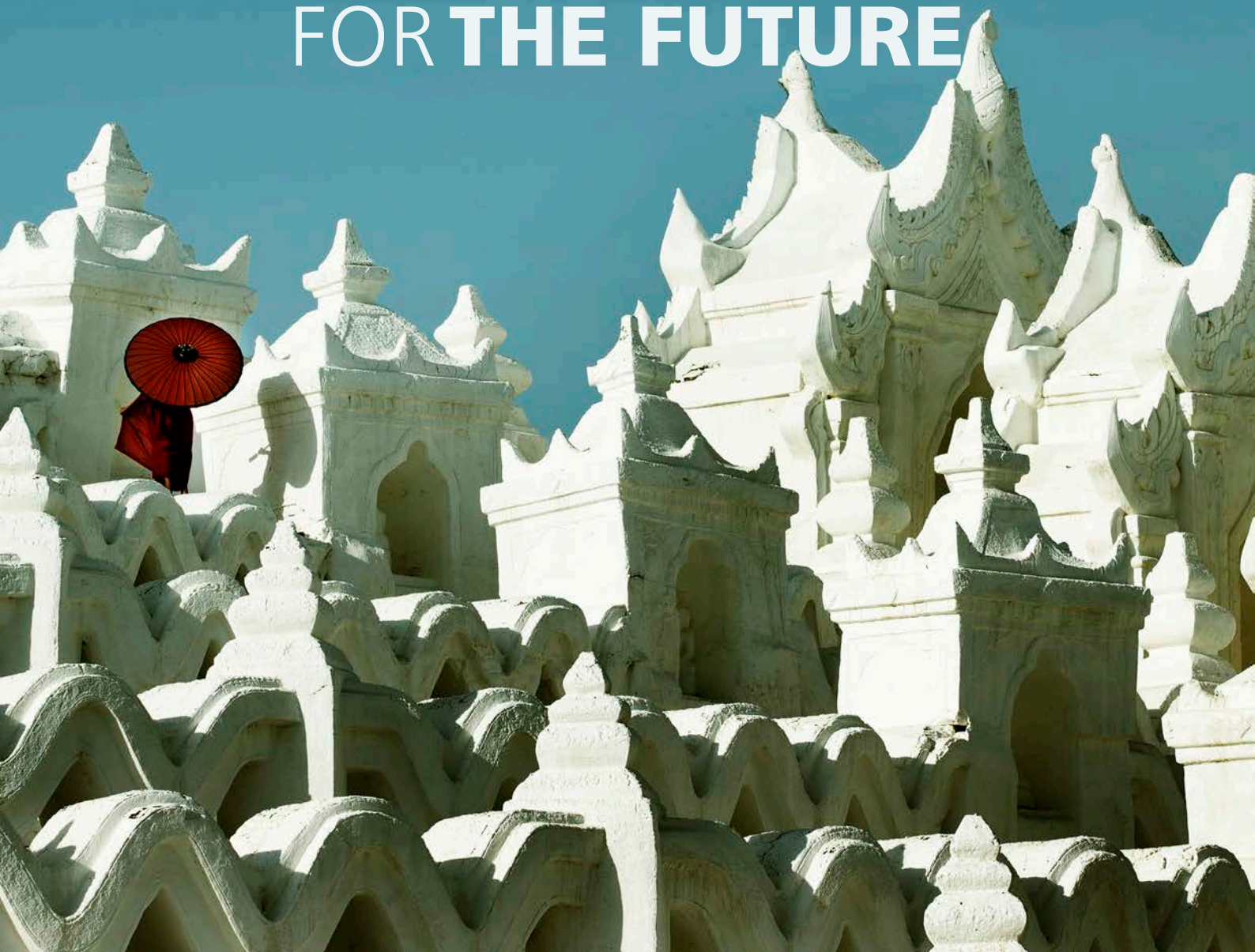
These topics are illustrated from both financial and non-financial perspectives while also describing our history, key developments, initiatives and milestones in the context of the year in operating review. We hope this report will foster a deeper understanding of the management purposes and our approach to business growth, as well as our efforts in driving social and economic development in Myanmar.

This report covers the period from 1 October 2020 to 30 September 2021. It is available online at <https://ayasompo.com/annual-reports/>.

Please scan the QR Code to view the AYA SOMPO Annual Report 2021



**BEYOND NOW,  
FOR THE FUTURE**



# 01

## OVERVIEW

- 002 About AYA SOMPO
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## Overview

# About AYA SOMPO

AYA SOMPO celebrates two years into the joint venture since ministerial approval on 28 November 2019 between AYA Myanmar Insurance (AMI) and Sompo Japan Insurance Inc. (Sompo). We celebrate and trace our heritage knowing: (i) that we are a local grown company through our beginnings as AMI and our bigger network with the AYA Financial Group (AFG) and (ii) that we have more than a century of insurance expertise and a strong international presence leveraged through Sompo.

We continuously aspire to remain true to our values of (i) going beyond now and into the future, beyond the regular and towards excellence, and to be beyond customer expectations and be the best, (ii) providing solutions that make an impact, that improve our customer's lives, and solutions that truly matter, and lastly (iii) ensuring that we are able to provide peace of mind to our partners, knowing that they, you, have a partner for life through AYA SOMPO.

Our key focus areas remain the same: (i) human capital development, centered on our youthful and dynamic workforce of over 570 employees, (ii) digital transformations, systems, and workflow integrations, and (iii) creating insurance category awareness. We aim to play a leadership role in driving social and economic development in Myanmar.

AYA SOMPO is the leading digital-first insurance company in the country, launching strong and robust digital campaigns to promote digital services and tools. We have launched the market-first self-service online platform branded My AYASOMPO, the first integration of our front- and back-end processes through the Artificial Intelligence Chatbot, CRM and Call Centre initiative, and most importantly we have expanded our digital presence through the creation of various platforms and channels. These innovative digital touchpoints are aimed to enhance the overall customer experience as well as improve work efficiency.

**AYA SOMPO Insurance – Your Partner for Life**



**Human Capital**  
Development



**Digital**  
Transformations



**Social & Economic**  
Development

## Vision, Mission and Key Values

AYA SOMPO combines international expertise with Myanmar's youthful energy.

We are **local, strong** and **committed**.

AYA SOMPO's unique approach is to go **beyond** protecting you to providing you and your loved ones with **peace of mind**.

### VISION

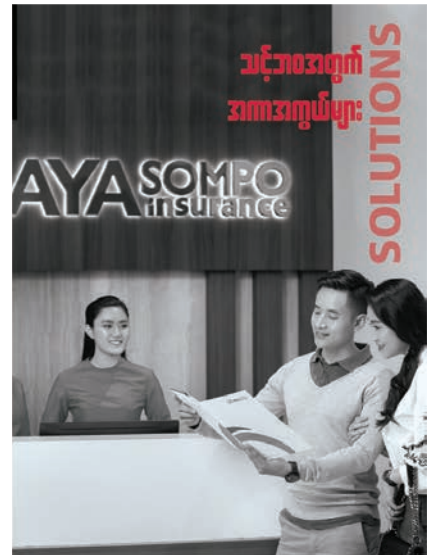
We look **beyond the present**.

We go **beyond insurance**.

### MISSION

Through **innovative solutions**, we provide **peace of mind**.

For now and for the future.



## KEY COMMITMENTS

At AYA SOMPO, fair dealing is central to our corporate culture. We are fully committed to ensure our dealings with key stakeholders are in a timely, fair, transparent, and professional manner.

### **TO OUR CUSTOMERS:**

We act fairly, reasonably and in their best interest when dealing with our customers.

### **TO OUR EMPLOYEES:**

We promote human capital development through internal and external trainings and job enrichment.

### **TO OUR COMMUNITY:**

We behave in a socially responsible and environmentally conscious manner in conducting our business.

### **TO OUR SHAREHOLDERS:**

We practice corporate governance, provide appropriate disclosure of information and exert our utmost to enhance shareholders' value.



## Chairman's Statement

" We will continue to invest in our people and technology to ensure a sustainable business model that provides our **Customers**, with **Peace of Mind** through innovative insurance solutions, **for now and beyond.**"

### Mingalabar from AYA SOMPO Insurance, Your Partner for Life.

The year under review was a highly challenging year for us as we continue to strive to create value amidst an increasing challenging local economics due to the Covid-19 pandemic, which had a significant impact on people and economies worldwide.

Amidst this challenging environment, we were able to stay on course in executing our strategic plan to deliver sustainable, profitable, and socially beneficial outcomes. Our teams around the country demonstrated remarkable resilience and resourcefulness as they embraced new ways of working; many working from home for a large part of the year. We were able to quickly adapt to a new way of work and continued providing our customers with our utmost service level during these difficult times. As a result, the company strengthened its financial position with growth registered on our revenue and enhanced our total assets compared to the previous year.

Notwithstanding the volatilities in the economy, we remain focused in our commitment to our Customers, Employees, Community, and Shareholders. We will continue to invest in our people and technology to ensure a sustainable business model that provides our customers with peace of mind through innovative insurance solutions, for now and beyond.

I would like to express my deep thanks to our customers, partners, and the wider community for the unwavering support. My sincere gratitude to the Shareholders, Board of Directors, Management, and Employees who share AYA SOMPO's vision to be recognized as "YOUR PARTNER FOR LIFE". I am confident that AYA SOMPO is well positioned to meet the challenges in the coming years and generate sustainable long-term growth for all stakeholders.



Zaw Zaw  
Chairman

## Key Highlights from Chief Executive Officer

“ I would like to convey my appreciation to everyone, especially **Our Customers, partners and the community** for the trust and unwavering support that had made us **better and stronger together.** ”



### **Dear Valued Customers, Business Partners, Employees and Shareholders,**

On behalf of AYA SOMPO, I am delighted to share our financial highlights and key initiatives for financial year 2020/21. The last 12 months have been one of the most challenging times during our era with the Covid-19 pandemic threatening the overall economic outlook of the country. We were, however, able to find a way to persevere through the difficult times by constantly challenging the status quo and striving for even greater levels of excellence. We never stop learning, instead adapting to the new way of work, moving almost our entire operations to end-to-end automation. We were able to anticipate the challenges as well as opportunities by staying nimble as we scale our operations.

Throughout the year, we have applied these principles to strategically position ourselves for long-term, sustainable growth. We developed solutions that elevate the customer experience and address the challenges of scale without adding linear costs. Most important of all, we continued to provide our customers with peace of mind insurance solutions through our innovative products and services.

### **Performance Review**

Despite all the challenges, AYA SOMPO had a solid end to the year in terms of our business performance, achieving a healthy growth in our Gross Written Premium year-on-year. We continue to be one of the fastest growing companies in the industry and reported a net profit with all key targets and expenses within the projected figures of our business plan. We connected with more consumers than ever before as we expanded our digital capabilities and reach. With increased operational efficiency flexibility, we are now well positioned to tackle both short-term uncertainty and drive long-term sustainable growth.

### **Commitment to Customers, Employees, Community and Shareholders**

Sustainability is an integral part of our business philosophy. We continued to invest in sustainability and our people in line with our commitment to provide customer-centered insurance solutions that are simple and easily accessible. Our business operations are enabled by digital technologies, we are well positioned to adapt to the market changes that will define our business beyond now and for the future.

With the vision of nurturing a young workforce into future leaders of the country, human capital development is part of our DNA at AYA SOMPO. We create employment opportunities for young employees in Myanmar along with development programs to groom talented and qualified human resources in the insurance industry.

Our industry plays a major role in ensuring financial stability especially in an emerging country like Myanmar. Therefore, it is important that we keep working hard to enhance insurance awareness and close the protection gap in country. This will require more than traditional insurance solutions. It is our ambition over the coming years to strongly position AYA SOMPO as “Your Partner for Life” providing innovative Insurance Solutions to the people of Myanmar.

### Thank you

Last but not least, I would like to convey my appreciation to everyone, especially our customers, partners and the community for the trust and unwavering support that had made us better and stronger together. We would not be where we are today without your support and trust.

The only way to get through such a challenging year is by working together as a team. Therefore, I would like to extend my heartfelt thanks to our employees. They have demonstrated resilience and shown great commitment in these unprecedented times. And I would also like to say thank you to you, our shareholders, for the trust you have placed in us. We will continue to do everything we can to remain worthy of this trust. Together, I hope we can achieve many more milestones in our exciting years ahead.



**Myo Min Thu**  
Chief Executive Officer

A misty landscape of ancient pagodas at sunrise. The scene is dominated by a soft, hazy atmosphere of pink and orange light from the rising sun. In the foreground, a large, multi-tiered pagoda stands prominently on the right. To the left, another large pagoda with a pointed spire is visible. The background is filled with numerous smaller pagodas and trees, all shrouded in a thick mist. The overall mood is serene and contemplative.

# **SOLUTIONS TO UNCERTAINTIES**

# 02

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## AYA SOMPO at a Glance

### PAID UP CAPITAL

MMK

**64** BILLION



### TOTAL ASSETS

MMK

**98** BILLION



### TOTAL RESERVES

MMK

**8** BILLION



### GROSS WRITTEN PREMIUM (IN FY 20/21)

MMK

**21** BILLION



### NET WRITTEN PREMIUM (IN FY 20/21)

MMK

**15** BILLION



### PAID CLAIMS (IN FY 20/21)

MMK

**6** BILLION



**FASTEST  
GROWING  
GENERAL  
INSURANCE  
COMPANY**

### NUMBER OF EMPLOYEES (AVERAGE IN FY 20/21)

OVER

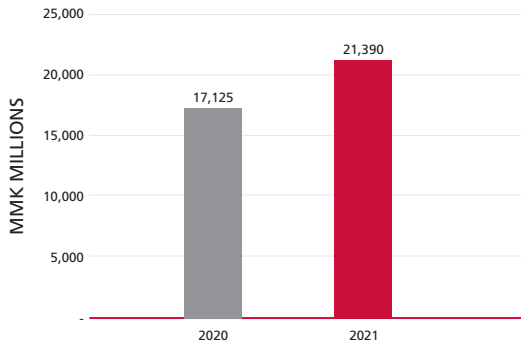
**570**



# Financial Highlights

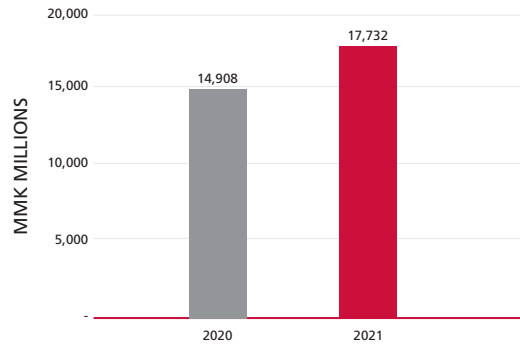
## GROSS WRITTEN PREMIUM

**25%** increase in Gross Written Premium in 2021



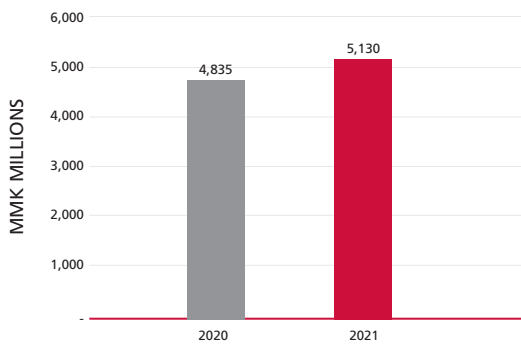
## NET EARNED PREMIUM

**19%** increase in Net Earned Premium in 2021



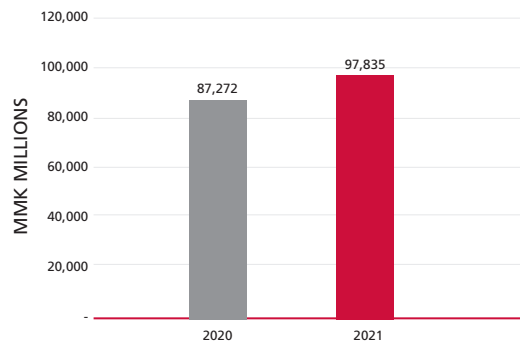
## INVESTMENT INCOME

**6%** increase in Investment Income in 2021



## TOTAL ASSETS

**12%** increase in Total Assets in 2021



## Outlook

### **ECONOMIC OUTLOOK**

Myanmar economy was expected to contract around 18 percent and inflation rate forecasted at 6.2 percent in Myanmar's 2021 Fiscal Year (Oct 2020-Sep 2021) with implications for future growth (reference: World Bank). This upcoming year (Oct 2021-Sep 2022), the economy is forecasted to recover slightly, although growth will remain weighed down by the past effects. Significant impacts on investment, human capital accumulation, and the environment for doing business are likely to impair prospects for economic growth over the longer term. The Focus Economics Consensus Forecast panel projects the economy to grow 2.8% in FY 2022, which is down 0.3 percentage points from last month's estimate, and to grow 5.2% in FY 2023.

### **INSURANCE INDUSTRY OUTLOOK**

Recent years have seen Myanmar's insurance sector take significant steps forward with liberalization giving rise to a number of foreign insurance companies entering the market. These developments bode well for the industry, with rising per-capita incomes expected to lift premium volumes and improved regulations set to stimulate investment.

During the year 2021, Myanmar's rapidly rising third wave of Covid-19 cases resulting economic fallout radically shifted consumer and employee needs, habits, and expectations, while compelling virtualization of insurer operations practically overnight. But while most of those in the industry adapted quickly, insurers are still likely facing lingering obstacles to growth and profitability in the year ahead. From October 2020 to September 2021, the value of insurance premiums for AYA SOMPO Insurance was MMK 21 billion, which was one of the highest in the general insurance industry in Myanmar.

In the long run, the post Covid-19 era and recent events for insurers require accelerated digitalization of operations, artificial intelligence-based solutions, and powerful data analytics tools.

### **BUSINESS OUTLOOK**

We have remained steadfast to the initial goals, focusing our efforts to maintain the strategic framework that we have set up while maneuvering the rapidly changing landscape that we are in. There has been no deviation from our underlying assumptions, mainly:

- Embark on data-driven CHANNEL EXPANSION STRATEGY
- Improve OPERATION EFFICIENCY and overall company-wide productivity
- Embrace DIGITAL TECHNOLOGY

AYA SOMPO continues to provide a wide range of insurance products with a higher emphasis on value-added services that enhance the overall customer experience. We have increased our position, taking into context the volatility, uncertainty, complexity, and ambiguity in the market. We are proud to claim that AYA SOMPO's portfolio is well diversified with the broad spread of exposures underwritten.

Our growth is measurable. We have increased our net earned premium in comparison to the previous year, showing the dedication of our team to bring value to the company. Moreover, the combined ratio was significantly lower than planned, and consequently, the net underwriting result was significantly above plan because of the impressive result in expenses ratio where a frugal and prudent approach was undertaken by the management to avoid unnecessary expenses during these challenging times.



The landscape is challenging. Yet we continue to persevere for the various stakeholders of AYA SOMPO. We remain true to our mission and values. We have strengthened our digital capabilities, launching the first ever digital customer portal – My AYASOMPO. With My AYASOMPO, our policyholders are able to access insurance policy documents, file endorsements, conduct renewals, and update personal details at their own time. We have expanded our digital reach, leveraging new platforms and diversifying communications channels – we are able to reach 5 million individuals through our digital channels monthly. Most importantly, we supported our teams to adapt to the challenges of working from home. We remain optimistic of the future and carry with us the learnings from the previous year.



## Business Review

### OUR KEY DISTRIBUTION CHANNELS AND PARTNERSHIPS

#### BANCASSURANCE (Exclusive with AYA Bank)

AYA SOMPO was the first insurer to be granted approval by the Ministry to pilot a bancassurance model in the country since November 2017, with the model currently operational in more than 70 servicing branches across Myanmar.

During 2021, AYA SOMPO strengthened bancassurance channels focusing on deepening collaborations with AYA Bank, one of the largest banks in Myanmar and AIA Myanmar, that enable broader access to innovative insurance products and services for the people of Myanmar. The collaboration aims to increase protection and drive insurance penetration in Myanmar and enables life, health, and general insurance solutions from AYA SOMPO and AIA Myanmar to be offered on AYA Bank's extensive branch network throughout the country and will empower to bring the people of Myanmar best-in-class insurance propositions and innovation that will significantly expand coverage across the country.



#### CORPORATE PARTNERS AND ADVISORS

In 2021, AYA SOMPO focused on growing our agency force to build a quality and sustainable business. AYA SOMPO Agent Training Center has obtained the official license from the Ministry of Planning and Finance. In accordance with the standardized curriculum and syllabus provided by the regulator with interactive teaching methods, AYA SOMPO Agent Training Center provides online learning platforms and online revision classes for the convenience of our insurance solutions advisors.





AYA SOMPO နှင့်အတူ လက်တွဲပြီး မိတ်ဆွေ၊ သူငယ်ချင်း Customers တွေရဲ့ ကျန်းမာရေးနှင့် ပိုင်ဆိုင်မှုများကို ကာကွယ်ပေးနိုင်ခဲ့လို့ များစွာ ကုသိုလ်လည်းရခဲ့သလို Insurance ဖြင့် ခိုင်မာတဲ့ ကိုယ်ပိုင်လုပ်ငန်းတစ်ခု တည်ဆောက်နိုင်ခဲ့ပါတယ်။ ယခုထက်ပိုပြီး မြန်မာပြည်သူပြည်သားတွေအနေဖြင့် အာမခံအပေါ် ယုံကြည်မှု မြင့်မားလာအောင် Insurance အကာအကွယ်တွေရယူပြီး မပူမပင်တဲ့ လူမှုဘဝတွေ အောင်မြင်တဲ့ လုပ်ငန်းကြီးတွေဖြစ်လာအောင် အကောင်းဆုံး ဆက်လက်ကြိုးစားသွားမှာပါ။

**U Soe Moe Aung**



Strength and growth will only come from continuous efforts and changes, glad to be part of this journey with AYA SOMPO.

**Mr. Patrick Oung**



I am happy to hear words from clients that they are satisfied to receive monthly reminders for renewal of insurance and birthday wishes showing regards to them. Keep going AYA SOMPO!

**U Pyae Phyto Aung**



We are together to bring PEACE of MIND for everyone, with AYA SOMPO.

**Daw May Moe Lwin**

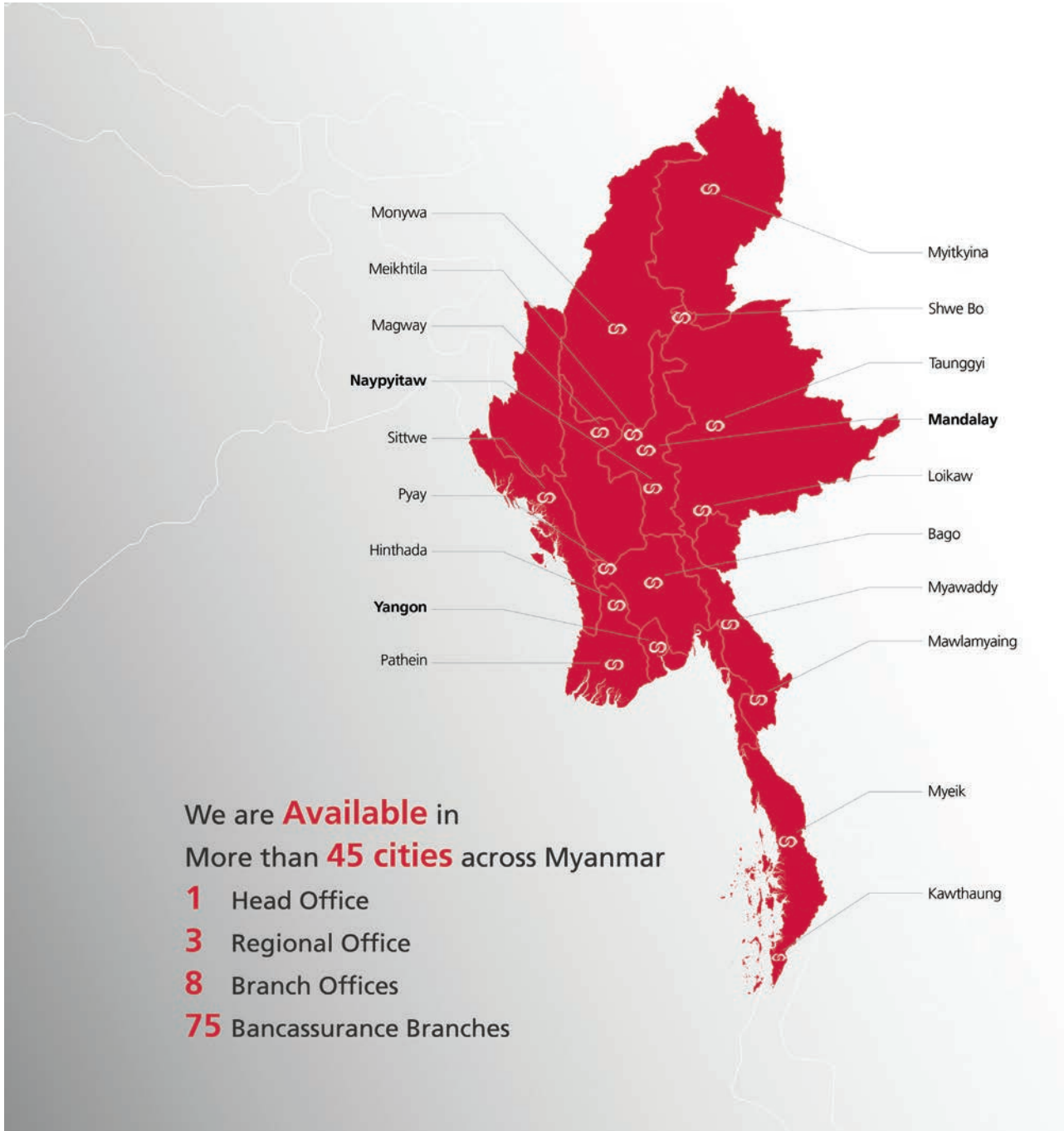


Wishing many successes and opportunities for future growth! We would like to have war risk cover for motors in other regions if possible.

**Daw Hnin Yu (AYK)**

## BRANCHES

Over the years, AYA SOMPO has expanded geographical footprint, enhanced infrastructure, and deepened capabilities across the country. Most recently, AYA SOMPO increased presence in more than 45 cities across Myanmar with a Head Office in the Financial District of Downtown Yangon, 3 Regional Offices in Yangon, Mandalay, Naypyidaw, 8 Branch Offices across major cities with a growing service offering to provide the best general insurance solutions to meet customer needs.



## PARTNERSHIPS

To make insurance an accessible everyday proposition for existing and potential customers, in 2021, AYA SOMPO strengthened partnership relationships and collaborated with new ones allowing to reach out digitally savvy and new customers.



### AYA SOMPO Insurance x AYA Pay

We made collaboration with digital partner “AYA Pay” to provide better insurance services to customers with more convenience and to provide safe and secure insurance coverage in line with the lifestyle of the people of Myanmar.

### AYA SOMPO x Air KBZ and MAI

AYA SOMPO and Air KBZ and MAI exclusive collaboration will provide a complimentary travel insurance coverage worth up to MMK 1,000,000 and more to MMK 10,000,000 and better hospital cash coverage.



### AYA SOMPO x KBZ Pay

AYA SOMPO collaborated with digital partner KBZ Pay to provide better insurance services to customers with more convenience and to provide safe and secure insurance coverage in line with the lifestyle of the people of Myanmar.

### AYA SOMPO x Oway Travel

AYA SOMPO launched the First-Of-Its-Kind Comprehensive Travel Insurance In Myanmar for Domestic and International Travels in Collaboration With Oway Travel. The partnership with Oway Travel allowed AYA SOMPO newly launched travel partner to be present on Oway’s online travel portal.



### AYA SOMPO x Citizens Pay

AYA SOMPO and Citizens Pay teamed up to introduce insurance services both digital and offline. The partnership is part of AYA SOMPO’s intent to provide customer convenience.

## MARKETING AND COMMUNICATIONS

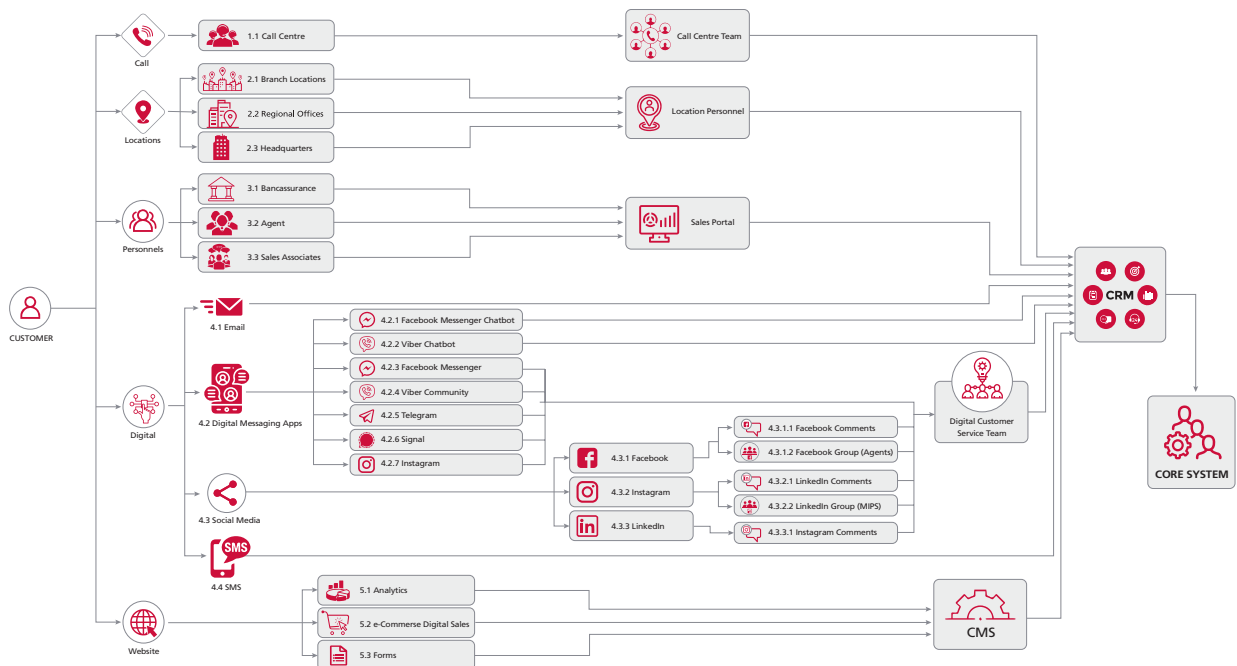
### THE MOST POWERFUL, FEATURE-PACKED, FULLY RESPONSIVE WEBSITE IN MYANMAR – AYA SOMPO INSURANCE WEBSITE 2.0

A major gap in almost all insurance-owned website portals in Myanmar, and even in the region, is the lack of a “one stop shop” where customers can gain access to digital services, if any, access and update personal information on their own, intuitive mapping tools for various service touchpoints, and other immediate insurance-related services like digital premium calculation and appointment booking. All those have been housed in AYA SOMPO’s Knowledge Hub. With Knowledge Hub, customers have a one-stop shop for all their insurance needs, anywhere they are, anytime they need to, right at their fingertips.



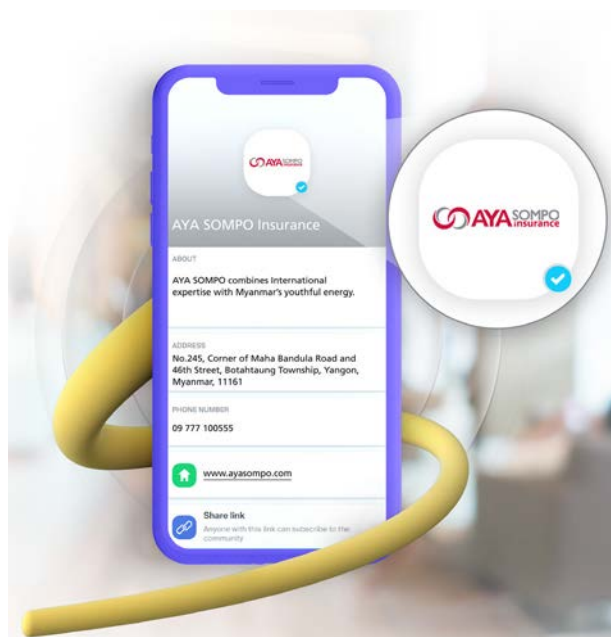
### INTEGRATED SYSTEMS, DIGITAL TRANSFORMATION – MARKET-FIRST INTEGRATED AI-CHATBOT, CALL CENTRE, AND CRM PROJECT

The desire to have the best customer experience for any insurance company in Myanmar was what drove AYA SOMPO to push forward into a fully digital ecosystem. Our AI-powered chatbot is omnipresent on both Facebook Messenger and Viber to ensure customers receive information and avail of our services round the clock. Behind this is our omniscient CRM system that triggers alerts, notifications, and conducts automated processes to ensure any customer interaction or requirement is fully noted and ready for any necessary action from our team.

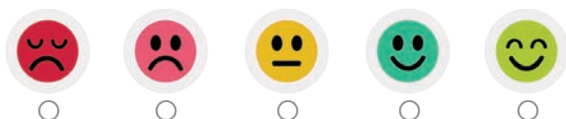


**AYA SOMPO, THE 1ST INSURANCE BRAND WITH A VERIFIED VIBER COMMUNITY**

AYA SOMPO has been on the Viber platform earlier than any financial institution in the market. We've adapted this ecosystem at the end of 2020 to expand on alternative direct-customer communications channels outside of Facebook. With the ongoing political crisis in Myanmar and the subsequent banning of direct access to Facebook, companies have moved to Viber only in the 1st quarter of 2021. AYA SOMPO's Viber Community is a verified and official page with thousands of members allowing direct access to information, empowered by the ability to directly engage AYA SOMPO Customer Service Team for any insurance requirements.



**ENHANCING EVALUATIONS, STRENGTHENING MONITORING – RHQ AUDIT, BRAND HEALTH TRACKER STUDY, AND CUSTOMER EXPERIENCE SURVEYS (NPS, CES, AND CSAT)**



Improvements to ensure proper evaluations and monitoring of our customer engagements have been bolstered in 2021. Customer communications channels, through the integrated network of systems and processes, are being utilised to retrieve customer feedback on various customer journey points. From purchasing an insurance online, renewals, claims, and even non-renewals – customers are provided with survey questionnaires to get their feedback on areas that may need improvement.



## Digital Transformation & Operational Efficiency

“ We will keep proposing the friendliest, yet **sophisticated insurance solutions** making the best of **our digital capability** in order for you to realize AYA SOMPO as **“Your Partner for Life”**. ”



Working from home and a “no contact” working style have been prevalent with the onslaught of the Covid-19 pandemic. This has been the trend for most across the world. Through this disruption we at AYA SOMPO Insurance reaffirmed the value of IT and digital. Digital Transformation (DX) is expected to accelerate further. It is believed that the interest of the business world is going to expand from the change in working style to digital marketing and digital business areas.

AYA SOMPO is no exception – but rather a spearhead. We have been at the forefront of DX acceleration not only within the insurance sector but also across the Myanmar market. AYA SOMPO’s intentions to lead through DX precedes the pandemic-induced digital adaptation of the global market. We have been pioneers in the digitalization of operational processes and strategic investment of resources. Accordingly, AYA SOMPO is now equipped with an Artificial Intelligence powered Customer Relationship Management (AI-CRM) system. This supports our key activities of acquiring, retaining, understanding, serving, and collaborating with our valued customers through an omnichannel approach. Business Intelligence (BI) Tools have also been widely used within AYA SOMPO to gather, process, analyze, and visualize various data to get actionable insights and make agile and effectual decisions.

There is no time to stop in this constant evolution and improvement within AYA SOMPO. Up next is a first-to-market sales portal which gives our agents and salesforces quick and timely access to product knowledge, sales materials, documents, and forms. All based on best practices to realize a unified sales approach in line with regulatory requirements. Another project within the pipeline is the Robotic Process Automation (RPA). In the next few years, we envision this project to be realized to improve quality and efficiency of the company’s administrative processes. This brings our administrative operations to the next level and ensure quick and flawless issuance or handling of insurance related documents.

Being innovative in terms of products and processes is an indelible desire within AYA SOMPO. It lies deep within our DNA. I guarantee that we will keep proposing the friendliest, yet sophisticated insurance solutions making the best of our digital capability in order for you to realize AYA SOMPO as “Your Partner for Life”. The following section will explore our “new innovation and digital footprint” through the year 2021.

Thank you very much.

Keiji Okada

Chief Operating Officer



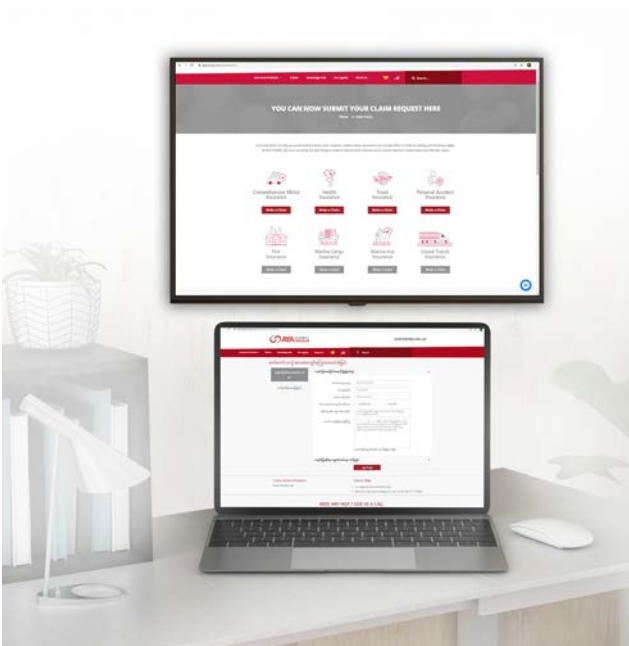
### NEW INNOVATION & DIGITAL FOOTPRINT

AYA SOMPO focuses on meeting the insurance needs of our customers in ways that provide greater efficiency, services, productivity, experience, and peace of mind representing a combination of the insurance business and technology and promotes initiatives of strategic importance.

### DIGITAL PAYMENTS FOR CUSTOMER CONVENIENCE AND SECURITY



AYA SOMPO Ecommerce Platform provides flexibility to our customers by offering 24/7 any place and any time. All these functionalities will facilitate AYA SOMPO to deliver an exceptionally high level of dedicated service to its customer base. AYA SOMPO Ecommerce Platform permits multiple payment modes that include VISA/MPU.



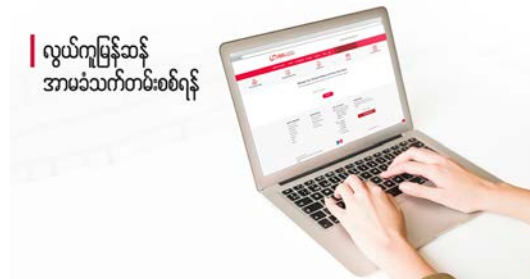
### CLAIMS IN THE DIGITAL ERA

AYA SOMPO digitized and streamlined our online claim, for a better claim experience in 2021. We empower our customers to raise claims anytime and anywhere with just one click and simplify the experience at each touchpoint through our website. Our customers do not have to wait for minutes to report claims to the support team or filling up multipage claim forms. Instead, they can raise claims through the website by answering a few questions and uploading relevant documents. AYA SOMPO offers real-time status updates, fast track claims payouts and electronic submission of documents.

Every claim is a "moment of truth." Speed of settlement, process transparency: the most important contributors to the overall customer experience.

### MY AYASOMPO

My AYASOMPO is a one-stop web-based portal which provides customers with the easiest way of accessing policy information with just a registered phone number, to help them be aware of the policy period, and more importantly service their policies instantly.



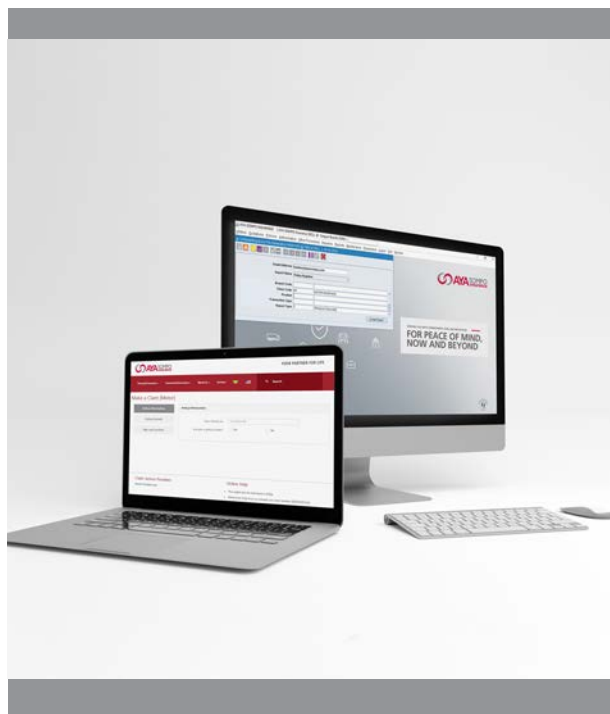
## PROCESS AUTOMATION AND DIGITIZATION



At AYA SOMPO, we focus on doing the right things in order to find the best solutions and to ensure sufficient compensation and effective procedures. In 2021, we expanded AYA SOMPO Payment Requisition App based solution for purchase requisition generation and approval process which allows the employees of the company to generate and approve purchase requisitions and keep a track of all of their requisition headers and respective lines by a comprehensive set of controls and reports.

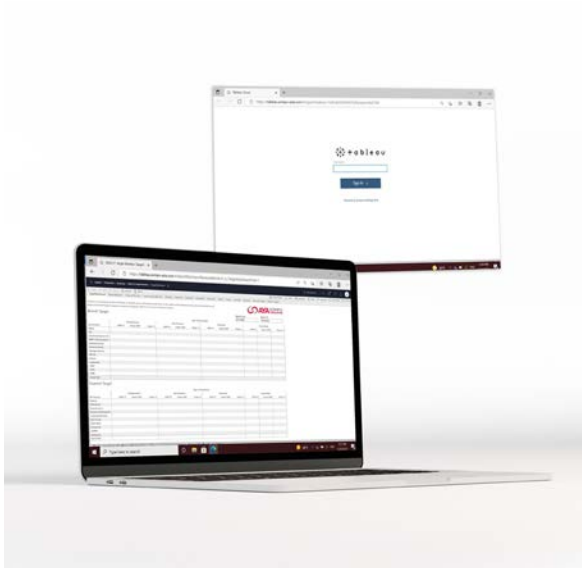
## CORE INSURANCE MANAGEMENT SYSTEM

AYA SOMPO is the first insurer to embark on full digital platform in Myanmar. The end-to-end functionalities of the Core Insurance System contains features such as quotations, underwriting, claims, accounting, finance, co-insurance, document management, branch connectivity portal, customer web portal and MIS reporting. All these functionalities will facilitate AYA SOMPO to deliver an exceptionally high level of dedicated and personalized service to its customer base. Our Core Insurance System enables AYA SOMPO to also expand our product range and services across a variety of channels by boosting customer service levels through the single view of clients and quick access to information in the near future. Our Core Insurance System will also be an added marketing tool that will aid AYA SOMPO to market new insurance products in double quick time, to our targeted client base. In 2021, AYA SOMPO facilitated seamless integration between Core Insurance System and Strategic IT Infrastructures.



Information technology has become a core enabler of business processes within organizations today. AYA SOMPO Core Insurance System provides a complete set of modules to support the entire insurance value chain.

## SEAMLESS INTEGRATION WITH TABLEAU



AYA SOMPO embarked on Business Intelligence (BI) Tools and Interactive Dashboard to give the management team necessary insights to enable real time data analysis and reporting and improve efficiency through agility and timely decision-making. The BI tool is a crucial part in moving the company towards a data-driven organization, enabling a more robust management approach in adapting to the market changes.

## ARTIFICIAL INTELLIGENCE POWERED CUSTOMER RELATIONSHIP MANAGEMENT

We at AYA SOMPO always look within. We reflect on our core values to provide better solutions for our customers. AYA SOMPO launched the country's first multi-system integrated 360° Customer Relationship Management (CRM) System to enhance service delivery and boost fast-response and reduce manual work. AYA SOMPO aims to provide a better user experience and digital communications experience with this CRM system.



## Our Values to Customers

AYA SOMPO is committed to help individuals and families in Myanmar to live healthier and happier lives. We aim to deliver high quality service and innovative products through internal and external distribution channels to assist both individuals and corporate customers to protect their assets from the uncertainties of tomorrow. Throughout our experience, we understand the needs of our clients and aim to play an integral role in assuring their future. We provide a suite of non-life insurance solutions ensuring peace of mind for our customers.

### OUR PRODUCTS

#### PERSONAL INSURANCE



##### **Comprehensive Motor Insurance**

Protect your vehicles against losses resulting from accidents



##### **Health Insurance**

Provide coverage for medical, surgical and hospitalization expenses



##### **AYA Go Travel Insurance**

Explore Myanmar with AYA Go Travel



##### **AYA Joy Travel Insurance**

Explore the World with AYA JOY Travel



##### **Personal Accident Insurance**

Protects individuals against unexpected loss caused by injury, total permanent disabilities and death due to accident

PEACE OF MIND

## COMMERCIAL INSURANCE



### Fire Insurance

Protect properties and assets against unexpected losses due to fire and natural disasters



### Industrial All Risks (IAR)

Protect your premises from sudden and unforeseen loss by any perils other than by exclusions



### Contractor's All Risks (CAR), Erection All Risks (EAR)

Protect any damage that occurs during the construction process



### Marine Cargo Insurance

Protect cargoes and machineries against financial losses resulting from unforeseen incidents



### Marine Hull Insurance

Protect marine hull and machineries against financial losses resulting from unforeseen incidents



### Inland Transit Insurance

Protect from unexpected loss of goods during transportation within the country



### Cash In Safe Insurance

Cover your cash safe from burglary and theft



### Cash In Transit Insurance

Protect cash from unforeseen accidents while transporting from one place to another



### Fidelity Insurance

Provide coverage from losses of cash manager's fidelity

## Our Value-Added Services



### Convenience

Premium Payment at any AYA Bank Branches



### 24/7 Services

24 hours claims/survey services



### My AYASOMPO

One stop application which provides customers with the easiest way of accessing for policy information with just a registered phone number



### Premium Calculator

Calculate your Insurance Premium at your fingertips



### Nationwide Network

We are available at more than 45 Cities across Myanmar



### Mobile Payment

Premium payment on mobile or internet banking



### Workshops and Service Centers

A wide range of workshops at different regions in Myanmar



### Online Appointment

Convenience for customers to engage AYA SOMPO for their insurance needs, at their most convenient time, anywhere they are



### Get a Quote

Understanding how much an insurance premium would cost through the customer's own needs



### Website Live Chat

Making it much easier for website viewers to chat with AYA SOMPO Customer Care



## Our Nationwide Footprint

AYA SOMPO expanded geographical footprint with a growing service offering and combining local experience and know-how with international technical expertise, improved our institutional network, and achieved better connection with our customers as well as better integration of domestic and overseas resources to provide the best general insurance solutions to meet customer needs. We integrated domestic and overseas services, and online and offline services and strengthened one-stop service capability. AYA SOMPO currently operates in more than 45 cities across Myanmar with a Head Office in the Financial District of Downtown Yangon, 3 Regional Offices in Yangon, Mandalay, Naypyidaw, 8 Branch Offices across major cities with a growing service offering to provide the best general insurance solutions to meet customer needs.

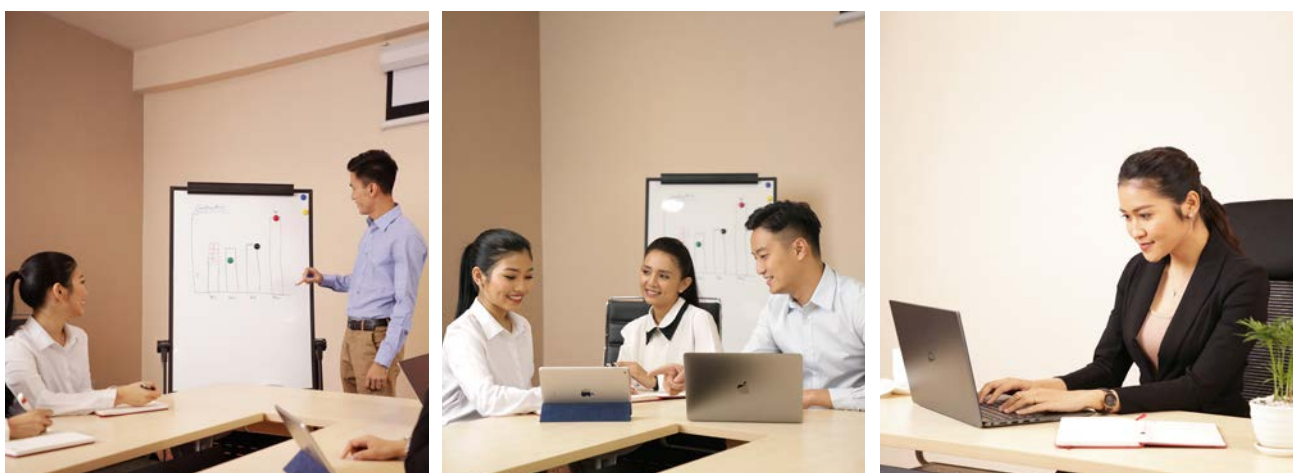
AYA SOMPO partnered with 19 Hospitals and Clinics towards encouraging and supporting a more financially secure and healthy lifestyle for Myanmar people. This collaboration would effectively provide thousands of insurance policyholders with better international-standard hospital service along with securing the public's health through effective insurance products, enabling communities to enjoy a better now and a brighter future. Furthermore, AYA SOMPO collaborated with 87 workshops that will be assured of both quality repairs and timeliness of the work and our partnered workshops come standard with all AYA SOMPO comprehensive motor insurance policies. these workshops will handle our customers' repairs in a professional and fair manner and the vehicles will be restored to the pre-accident condition.



## Our People

At AYA SOMPO, we want to foster an environment in which employees feel empowered and that they are making an active contribution to the organization and the communities we serve. We believe a successful organization is a result of successful engagement of our employees, customers, and the community. It must first begin with us engaging our people and creating an alignment and appreciation of our direction. Our employee engagement strategy is multidimensional and open two-way communication between staff and senior management.

Even in the difficult times due to the high impact of Covid-19, we provided flexible working practices by arranging Work from Home (WFH), providing essential aids for those who need and affected by Covid-19 and for the development of our employees, we continuously conducted training programs via online learning platforms, virtual workshops, webinars and multiple virtual dialogue sessions for our employee engagement.



### DEVELOPING OUR PEOPLE

AYA SOMPO makes learning and development a top priority so our employees are best prepared for what lies ahead, and our learning and development programmes include:

- **Inhouse Essential Insurance Knowledge and Insurance Products Trainings**

Provided by our experts from the relevant departments where our people attached to the Company undergo skills conversion to develop their talent in areas such as insurance competency and the concept of Underwriting. Also initiated 'HR Know What, Know How' training that is ideal for all levels of employees mainly focused on enhancing the employees' awareness on updated company rules, regulations, policies, and the HR procedures.

- **Forming of AYA SOMPO Agent Training Center and provided Licensing Training Courses for Employees and Agents:**

With the approval of Financial Regulatory Department (FRD), AYA SOMPO evolved Agent Training Center (ATC) to equip licensing of internal-external sales team and agents with holistic knowledge across technical, operational as well as risk and governance aspects of insurance with encouraging digitalized modern learning style along with interactive discussion sessions.

- **Leadership Seminars:**

Leadership development is a key focus for AYA SOMPO. We continually seek to improve our internal processes to ensure we are securing and nurturing the best talent to lead and to sustain our growth. We started a series of virtual Leadership Seminars in 2021 where the management team would share



their experiences and advice to help employees find innovative solutions to engage their teams and bring out the best results of high potential employees, and the much-needed skills to transit from high potential performers into engaging leaders.

- **Webinars and workshops:**

The workshops were developed in collaboration with one of our partner institutes, Wall Street English. In 2021, we also started extending to other development aspects with both mandatory product knowledge training and development programs such as “Business Email Writing Webinar”.

- **Knowledge sharing sessions:**

We started a series of Knowledge Sharing Sessions in 2021 to support the continual learning and development of our people creating a learning culture in the Company to upgrade the knowledge to perform better in daily works.

- **AYA SOMPO Library**

A place where our employees can access books from anywhere, anytime with easy-one-click access to hundreds of books online to extend our employee reach to resources and make our communities healthier.



## ENGAGING OUR PEOPLE

This includes increasing opportunities for personal growth and career development, building capabilities necessary for a future-ready workforce, and enhancing overall employee experience and engaging all.

- **Staff Dialogue Sessions**

“Monthly Staff Dialogue Session” held with employees in order to provide clearly on the new changes and direction of the Company.

- **Get-Together with CEO & COO**

Our “Get-Together with CEO & COO”, where the selected employees from each function are given opportunities to engage with senior management over causal talks, have proven popular and successful.

- **Sense of Pride**

With the purpose to improve unity and interdepartmental cooperation, “AYA SOMPO Sense of Pride” was held looking for the opportunities to be

acquainted with colleagues and enhance the awareness on updates between departments and culture of AYA SOMPO.

- **AYA SOMPO 8th Anniversary Virtual Event**

AYA SOMPO 8th Anniversary Virtual Event held on August 27, 2021, to appreciate our employees that they are the vessels through which the company’s values are realized with revitalizing the connection between AYA SOMPO and our employees.

- **AYA SOMPO Covid Care Program**

With the Covid-19 outbreak turning more threatening in July 2021, AYA SOMPO implemented “AYA SOMPO Covid Care Program” for our people and his/her relatives who have been exposed to Covid-19 or who are Covid-19 positive and will help with supplements, food, further treatment, and medical examination, if necessary.

## Our Moments

### • Happy Work Anniversary



I am thankful and proud to be a part of AYA SOMPO. The Company is focused on the growth and wellbeing of its employees.

**Daw Wai Zin Maung**  
Support Division



I feel that “young and dynamic environment” under the reputable organization excel further with full of greatness.

**U Kyaw Myo Win**  
Business Division



AYA SOMPO has infinite possibilities. Working at AYA SOMPO with passionate colleagues is very unique experience and so exciting.

**Mr. Takashi Ando**  
Corporate Affairs Department



I enjoy working with my superior as well as my colleagues. They are friendly, taking care each other and hardworking people. Positive workplace culture motivates and inspires me. “Happy work anniversary to me”.

**Daw Khine Wint Phyu**  
Corporate Business Department



The great corporate culture at AYA SOMPO enables me to lead my team more efficiently. We value equality, diversity and inclusion.

**U Thiha Win Ni**  
Partnerships and Regional Business Department

• Employee of the Year



It is a true honor to attain this special award from AYA SOMPO, I believe this award will improve me. It gives me purpose and zeal to improve my work, and I guarantee to put more effort in the future.

**U Soe Moe Aung**  
Nay Pyi Taw (Regional Office)

“

Such a great honor for being awarded. I give all my thanks to my colleagues for being so agile and committed to build this far especially during this challenging year. We'll be implementing sustainable operational development plans with more dynamic approaches to be readied for the uphill battles under the guidance of our leaders.

**Daw Hsu Htet Hlaing**  
Operations Planning Department



First of all, I would like to thank the responsible staff and colleagues of AYA SOMPO Insurance for me receiving this award. We will continue to work harder as part of AYA SOMPO Insurance in the future.

**U Zin Bo Aung**  
Claims Department

## Our Achievements



### DIGITAL INSURANCE INITIATIVE – MYANMAR 2017 & 2018

- Awarded by Asian Banking and Finance in recognition of digitalization efforts over the years

### BEST PRIVATE INSURANCE COMPANY MYANMAR 2017 & 2019

- Awarded by Global Banking and Finance



### BEST INSURANCE COMPANY DIGITAL TRANSFORMATION MYANMAR 2020

- Awarded by Global Banking and Finance in recognition of key initiatives in corporate governance, CSR activities and embarking on a digital journey



### BEST COMPANIES TO WORK IN MYANMAR 2020 – CORPORATE WINNER

- Awarded by JobNet for management development in recognition of excellence in employee satisfaction and engagement



### MYANMAR CUSTOMER EXPERIENCE OF THE YEAR 2021 – GENERAL INSURANCE

- Awarded by Asian Experience Awards in recognition of ingenious initiatives of delivering meaningful experiences to the stakeholders



## United Nations Global Compact



AYA SOMPO has been a member of the United Nations Global Compact since September 2015 and AYA SOMPO celebrates our 7th year as a recognized member of the UNGC. We continue to take responsibilities and legitimate actions to commit to positive initiatives in socioeconomic developments in Myanmar.

AYA SOMPO is committed to contribute to the society in which we operate in. In line with our corporate values and a principles-based approach in doing our business, we conduct our business in ways that meet fundamental responsibilities in the key areas of human rights, labour, environment and anti-corruption advocated by United Nations Global Compact.

AYA SOMPO recognizes that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes AYA SOMPO's capabilities of doing business in transparent and ethical manner, that come along with its encouragements in engaging Corporate Social Responsibilities activities (SR), which promotes a broader sustainable development of the country.

AYA SOMPO at all times observes the highest principles of ethical behavior, respect for society, the law and environment. We invest significant amount of time and funds into the social initiatives with the focus on contributing to the society that we operate in. We would like to express our appreciation to our shareholders for their confidence in the direction we are taking, their on-going support and encouragement and our gratitude to the management and employees for their efforts that have contributed to the growth in our performance, driving AYA SOMPO as a leading insurance company in Myanmar. We will continue to strive to uphold our core principles that enable us to protect our community, at the same time to strive to become a reputable financial institution looking at a long-term sustainability of the organization.

WE SUPPORT

## Our Key Milestones

► 2010s - 2018s

► 2019s - 2020s

► 2020s

2021



**2013 - GRANTED LICENSE**  
by Insurance Business Regulatory Board



**2015 - Member of the UNITED NATIONS GLOBAL COMPACT (UNGC)**



**2018 - 1st INSURER** to embark on Pilot Bancassurance Project



**2018 - 1st INSURER** to embark on full digital platform



**2018 - DIGITAL INSURANCE INITIATIVE MYANMAR 2017 & 2018**  
by Asian Banking and Finance



**2019 - JOINT VENTURE PARTNERSHIP**  
with Sompo Japan Insurance Inc.



**2019 - BEST PRIVATE INSURANCE COMPANY MYANMAR 2019**  
by Global Banking and Finance



**2020 - BEST COMPANIES TO WORK IN MYANMAR 2020 CORPORATE WINNER**  
by JobNet



**2020 - BEST INSURANCE COMPANY DIGITAL TRANSFORMATION MYANMAR 2020** with Sompo Japan Insurance Inc.



Explore Myanmar with AYA Go Travel



Explore the World with AYA Joy Travel

**2020 - FIRST-OF-ITS-KIND COMPREHENSIVE TRAVEL INSURANCE** in Myanmar for Domestic and International Travels

**2020 - GRANTED AUTHORIZED AGENT TRAINING CENTER** Insurance Business Regulatory Board

**2021 - MYANMAR CUSTOMER EXPERIENCE OF THE YEAR – GENERAL INSURANCE** by ASIAN EXPERIENCE AWARDS 2021

**2021 - launched of first multi-system integrated 360' CUSTOMER RELATIONSHIP MANAGEMENT (CRM) solution**



# 03

## CORPORATE GOVERNANCE

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- 039 Whistleblowing Policy
- 041 Quality Policy
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- 045 Board of Directors
- 048 Management Team
- 049 Board & Management Committees

## Corporate Governance Policy

The Board believes that strong corporate governance is an important part of our company culture as it emphasizes on having the appropriate people, processes, and structures to direct and manage the business and affairs of the Company to enhance long-term shareholder value, whilst taking into account the interests of other stakeholders. Companies that embrace the tenets of good governance, including accountability, transparency, and sustainability, are more likely to engender investor confidence and achieve long-term sustainable business performance.

### • BOARD OF DIRECTORS

The Board of Directors of the Company has the dual role of setting strategic direction, and of setting the Company's approach to governance. This includes establishing an appropriate culture, values and ethical standards of conduct at all levels of the Company. The role of the Board is therefore broader than that of providing oversight. A well-constituted Board fosters more complete discussions, leading to better decisions and enhanced business performance.

The Company is headed by an effective Board which (i) is collectively responsible for the long-term success of the Company and (ii) works closely with management bodies and personnel who have authority and responsibility of planning, directing, and controlling the activities of the Company.

Good corporate governance is good for the Company, as a well-governed company is better placed to perform over the longer-term. A sustainably successful Company is good for myriad stakeholders, employees, suppliers, customers, shareholders, as well as society at large.

Specific areas of responsibilities of the Board are:

- (i) Directors are fiduciaries who act objectively and in good faith in the best interests of the

Company and hold Management accountable for their performance. Constructive and challenging dialogue is essential for the effective functioning of the Board and each of the Directors shall fully and actively participate in such dialogue.

- (ii) The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.
- (iii) To address potential conflicts of interest, the Board shall formulate a Policy on Related Party Transactions in accordance with all applicable laws and regulations and in line with best practices. The policy should be reviewed by the Board on an annual basis.
- (iv) Directors understand the Company's business as well as their Directorship duties (including their roles as executive, non-executive Directors) and expectations of the Company. Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.
- (v) The Board decides on matters that require its approval and clearly communicates this to Management in writing.
- (vi) Board Committees and Management Committees (if any), are formed with charters which clearly set out their composition, authorities, and duties, including reporting back to the Board. These include, without limitation, Audit, Risk & Compliance Committee, Investment Committee and Human Resource and Remuneration Committee. Regardless of whether the Board chooses to form a Board Committee and/or Management Committee and delegates certain matters to



the Board Committee or Management Committee to decide, the Board is responsible for understanding the Board Committee and/or Management Committees discussions and monitoring and endorsing the Board Committee and/or Management Committee's decisions.

- (vii) Directors attend and actively participate in Board and Board Committee meetings. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each Company.
- (viii) Management provides Directors with complete, adequate, and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.
- (ix) The Board is supported by the company secretary ("Co-Sec"). The Co-Sec's responsibilities will include advising the Board on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required. The Co-Sec should attend all board meetings.

#### • BOARD COMPOSITION

The Board has an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

- i. Non-executive Directors make up a majority of the Board.
- ii. The Directors and the Board shall be supplied in a timely manner with information in a form of and of a quality appropriate to enable it to discharge its duties.
- iii. The Board and Board Committees are of an appropriate size and comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity, so as to avoid groupthink and foster constructive debate, and to drive the strategies in a manner that would sustain growth and protect the interests of the stakeholders in general and policyholders in particular.

iv. Directors should possess the knowledge of group structure, organizational structure, processes and products of the Company and the Board generally complies with the following requirements:

- A. the Board and Key Management Personnel should understand the operational structure of the Company and have a general understanding of the lines of business and products of the Company, more particularly as the Company grows in size and complexity
- B. As the Company is part of larger group structure/conglomerate, the Board should understand the material risks and issues that could affect the group entities, with attendant implication on the Company

#### • BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.

The shareholders of the Company must elect or nominate Directors who:

- at a minimum, (i) would fulfil the fit and proper criteria imposed by the Financial Regulations Department of the Ministry of Planning and Finance of Myanmar, and
- (ii) has demonstrated integrity by his/her personal behavior and business conduct, soundness of judgement and financial soundness; have established expertise in information technology, finance and management such as accountancy, law, insurance, banking, economics etc with qualifications and experience that is appropriate to the Company; are able to allocate sufficient time to the Company to discharge his/her responsibility effectively; (in the event of re-election or nomination of a previous Director) has received positive results of performance from the Board,

The Board establishes a Human Resource and Remuneration Committee to make recommendations to the Board on relevant matters relating to:

- a. the review of succession plans for Directors, and the appointment and/or replacement of Key Management Personnel.
- b. the process and criteria for evaluation of the performance of the Board, its Board Committees, Management Committees, and Directors. For the avoidance of doubt, if a Director is a member of the committee, such Director shall abstain from participating in the discussions and evaluation of his/her performance evaluation.
- c. the review of training and professional development programmes for the Board and its Directors; and
- d. the appointment and re-appointment of Directors (including alternate Directors (if any)), which shall include an assessment on whether a Director elected or nominated by a shareholder fulfils the Minimum Requirement.

The Human Resource and Remuneration Committee ensures that new Directors are aware of their duties and obligations. The Human Resource and Remuneration Committee also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company.

- **ACCOUNTABILITY AND AUDIT**

- **Risk Management and Internal Controls**

The Board is responsible for the governance of risk and ensuring that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders. The Board shall be responsible for the oversight over the control functions of the Company.

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

The Board lays down the policy framework to put in place:

- A. robust and efficient mechanisms for the identification, assessment, quantification, control, mitigation and monitoring of the risks.
- B. appropriate processes for ensuring compliance with the Board approved policy and applicable laws and regulations.
- C. appropriate internal controls, including governance structure with clear segregation of duties and defined responsibilities, to ensure that the risk management and compliance policies are observed.
- D. an internal audit function capable of reviewing and assessing the adequacy and effectiveness of, and the Company's adherence to, its internal controls as well as reporting on its strategies, policies and procedures; and
- E. independence of the control functions, including the risk management function, from business operations demonstrated by a credible reporting arrangement.

The Board to receive assurance from:

- (i) the CEO and the head of finance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (ii) the CEO and other Key Management Personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

## Whistleblowing Policy

- **PURPOSE**

All employees from AYA SOMPO Insurance both from Headquarters and from branches and regional branch offices can report concerning malpractice and wrongdoing within the workplace. Also, this policy is defined to protect the reporting staff from worry of retaliation or making trouble with wicked mind.

- **POLICY**

The Company defined the standards for a higher level of honesty and transparency for taking responsibilities and duties, starting with each employee. The entire company is urged to follow the defined standards and report such issues for better results. Revealing honestly, by believing as staying in line with the standards of the company and without being afraid of affecting personality, insecurity of position and department, being fired. The reported case can be assumed that it was done honestly. If the reported employees can explain that malpractice or the related issue was done with innocence.

- **FREEDOM OF DISCUSSION POLICY AND DISCIPLINARY ACTIONS**

This Policy is intended for the following important issues.

- i. financial misuse, fraud, and malpractice.
- ii. Expending the budget without permission.
- iii. Corruption
- iv. Conducting cases that are unconstitutional.
- v. Misuse of authority and power of the position and department for the business or using for the personal benefits.
- vi. Non-compliance as the regulator of the policy (e.g. move the property of the company without special permission)
- vii. Collusion, omission, concealment of the information concerning the cases described in above with intention.

- **PROCEDURES**

The following stages will be conducted in whistle blowing policy

- i. **First stage procedures**

For employees, directly contact and raise concerns to their respective superiors or to the authorized person about wrongdoings, malpractice, or illegal practices within the Company which they have become aware of. For other concerns, the employees can use "Reach HR" from HR Application for their convenience. If the employee feels unable to raise the matter with his/her direct supervisors or appointed whistle blowing officers for any reason, or are not satisfied with the outcomes of initial investigation, he/she can raise the matter up with the CEO, either via Email or personally.

- ii. **Second stage procedures**

It's best that the employee could provide as much information as possible, including any relevant names, dates and places and so on. The employee will have to show them that there are good reasons for the concern. The earlier the employee raise the concern, the easier it will probably be to take effective action.

- iii. **Third stage procedures**

According to the statements mentioned in this policy, disclaimers from employees have to investigate and take action upon by CEO or authorized person as per below procedures;–

1. The disclaimer cases must take over with proper care and documented. The disclaimer cases must be reviewed and assessed thoroughly.
2. Authorized person may need the support and suggestion from Legal Unit if the cases are complicated and involve relevant government laws and regulations.

3. The disclaimer cases must be investigated, handled and solved properly without any delay.
4. The root cause of such cases must be identified.
5. Non-discrimination policy must comply at all laws when handling cases.
6. Take legal cover and action, if the disclaimer cases which involve legal and crime issues.

Authorized person can set up a meeting with the disclaimer employees during investigation period and number of meetings must depend upon the nature of cases and disclaimer employees must participate in the process in their own free will. The meeting location will be at AYA SOMPO Head Office and may change upon requirements. (The disclaimer employees and authorized person can bring an accompany if it is required.) Authorized persons must keep confidential the name and identity of declaimed employees unless only required for the legal and compliance matter

iv. **Fourth stage procedures**

The whistle blowing officers from AYA SOMPO must maintain records of cases comprehensively according to this policy. Records must include the outcomes investigation, decisions, and improvement. (The whistle blowing officers must carefully control the forms which

included the confidentiality of the complainant's identity.)

v. **Fifth stage procedures**

The whistle blowing of must report the cases, investigation process and the results of each investigation at the Management Meeting for the improvement of process and action plans.

- **Misconduct of Human Resource Department**

For the unfairness, misconduct, malpractice, or illegal practices from members of Human Resource Department, the employees can report or disclaim the incident through Workplace Coordinating Committee (WCC). The Workplace Coordinating Committee (WCC) will investigate as necessary and will only be reported to CEO. The Workplace Coordinating Committee (WCC) must follow the procedures from section (iv) and (v) as mentioned in this policy

- **Obligation**

If the complaint is not justified after the investigating but the complainant has the good faith and without malice, the complainant can still submit other supporting data. However, if the complaint which came from bad faith and with malicious was found after the investigating, that the employee who disclaimed the case will be disciplined according to the rules adhered by the Company.

## Quality Policy

AYA SOMPO Insurance provides people in Myanmar with a sense of assurance and certainty.

1. The future is unknown but planning ahead together with the Company will help manage the uncertainties of tomorrow and give customers peace of mind.
2. The Company leads the way in providing customer-centered solutions that are simple, accessible. It informs and educates, promoting financial literacy and financial inclusion for the country.
3. The Company is driven by the innovative spirit to deliver ever-better products and services. And we build up human capital beyond our company needs, for the needs of the country.

The Company shall continually improve the effectiveness of the quality management system through the use of the quality policy, quality objectives, audit results, analysis of data, corrective and preventive actions and management review to further improve customer convenience and services. By investing not only capital but also our group's advanced technologies and human resources in the Company, we will strive to achieve sustainable growth in the Company's business performance and improve its governance. In addition, we will contribute to the penetration of insurance and the development of the marketing Myanmar.

## Anti-Money Laundering and Combating the Financing of Terrorism Policy

### • INTRODUCTION

AYA SOMPO Insurance is strongly aware that Money Laundering and Terrorist Financing will be highly damaging to an insurance company's image, reputation and the insurance company may suffer legal risk. The Company is committed to the highest standards of Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) compliance and requires management and employees to adhere to these standards to prevent use of our products and services for Money Laundering and Terror Financing purposes.

AML/CFT strategies, goals and objectives will be maintained in an effective Anti-Money Laundering procedures manual for the insurance's business that reflects the best practices for a financial institution.

The Company's AML/CFT policy is the responsibility of all staffs. The policy includes client screening and monitoring requirements, "Know Your Customer (KYC)" policies, Sanction Policies, record keeping requirement, the reporting requirements of threshold transactions and suspicious transactions and AML/CFT training.

### • RELEVANT LAWS AND REGULATION

The Company is practicing to comply with the following laws and regulations;

1. The Anti-Money Laundering Law of Myanmar (The Pyidaungsu Hluttaw Law No.11/2014)
2. The Anti-Money Laundering Rule of Myanmar
3. The Counter Terrorism Law of Myanmar
4. IBRB's Directive No.(4/2019)
5. Consolidated United Nations Security Council Sanction List
6. Sanction Regulations by Office of Foreign Asset Control (OFAC), U.S. Department Of The Treasury.

### • DEFINITION OF MONEY LAUNDERING

Money Laundering is defined as the following in Section 3(n) of Anti-Money Laundering Law of Myanmar;

1. Converting or transferring of money and property, knowing or having reason to know that it is money and property obtained by illegal means for the purpose of disguising or concealing the source or for the purpose of assisting before or after commission of the offence to any person who is involved in the commission of any offence to evade the legal action;
2. Changing the true nature, source, location and disposition of money and property, knowing or having reason to know that it is money and property obtained by illegal means and conceal or disguise of ownership or rights of such money and property;
3. Acquiring, possessing or using of money and property, knowing or having reason to know at the time of receipt that it is money and property obtained by illegal means;
4. Participating, facilitating, aiding, supporting, managing, counseling, being a member of an organized group in committing, attempting to commit or conspiring to commit any offences.

### • KNOW YOUR CUSTOMER (KYC) POLICY

Know Your Customer (KYC) policy helps to build our relationship with customers. It includes the following processes;

1. Acceptance Application Proposal
2. Proposal Identification
3. Proposal reviewing process
4. Specific issue for insurance company
5. Debit Note issue for Wire Transfers

Customer Due Diligence shall be applied to customers, based upon customer risks, product risks and geographical risks. Enhance Due Diligence shall be applied to high-risk customers.

The Company would not do business with shell insurer or AML/CFT regime country and would not provide the products and services to those.

- **RECORD KEEPING**

According to the Section 23 of Anti-Money Laundering Law of Myanmar. The Company shall maintain the records of the necessary information at least 5 years under local laws and regulations.

- **LOCAL BLACK LIST AND INTERNATIONAL SANCTIONS**

The Company Sanctions producer is designed to ensure that our company with applicable local black list and international sanction regulations.

- **ROLES AND RESPONSIBILITIES OF COMPLIANCE OFFICER**

Compliance Officer of Head Office shall be approved by Chief Executive Officer. Compliance Officer of Head Office are specified in the section 28 (b) of the Anti-Money Laundering Law of Myanmar.

Branch Manager and Head of Department shall be appointed to perform proper AML/CFT responsibilities of report to Compliance Officer.

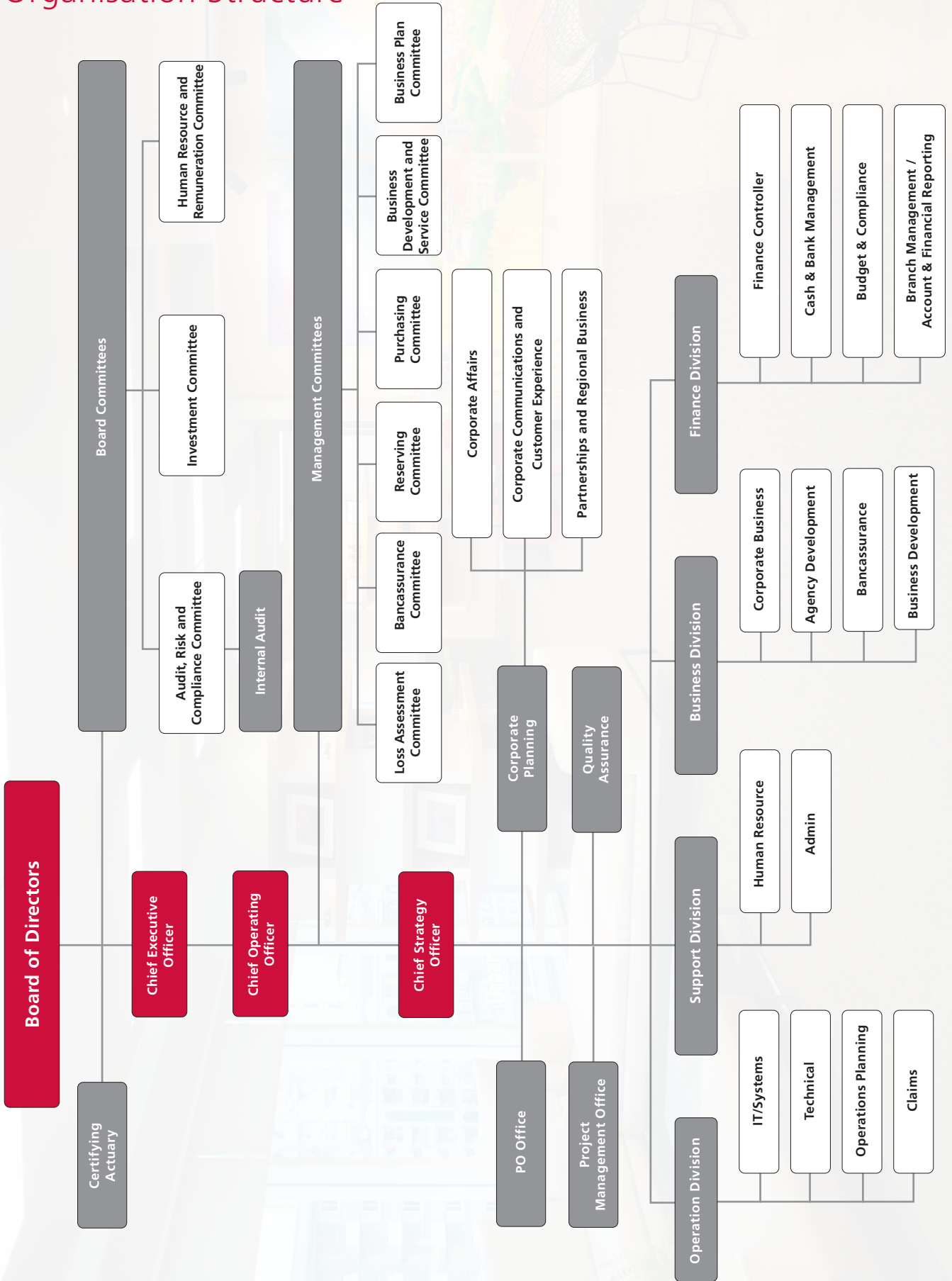
- **REPORTING**

Branch Manager and Head of Department are, case by case, receive US\$15,000/- (equivalent MMK 22,000,000/-) shall be reported to Head of Finance, Head of internal Audit and Compliance Officer.

- **TRAINING**

All new staff shall receive the AML/CFT awareness training within six months after an employee has joined the Company. The Advanced AML/CFT training and workshops will provide to specific level of staffs occasionally.

# Organisation Structure





## Board of Directors



### U Zaw Zaw

- Chairman

U Zaw Zaw is the founder and Executive Chairman of AYA SOMPO INSURANCE COMPANY LIMITED – a joint venture company between AYA Myanmar Insurance (AMI) and Sompo Japan Insurance Inc. and a member of AYA Financial Group.

U Zaw Zaw is an established and well-connected entrepreneur and business leader in Myanmar, with over 25 years of management experience. U Zaw Zaw founded Max Myanmar Group of Companies, a major conglomerate in the country.

U Zaw Zaw is also the Chairman of the Myanmar Football Federation (MFF) and AYA Bank, the second largest bank in Myanmar since 2005 and 2010 respectively. He also served as an Executive Committee Member of Asian Football Confederation (AFC) and the Chairman of AFC Organizing Committee for Youth Competition. He was re-elected as vice-president of ASEAN Football Federation (AFF) for another four-year term from 2019-2023 and designated as vice president of the Asian Football Confederation (AFC) for the four-year term from 2019-2023.

U Zaw Zaw is a believer of contributing to the society and is a founder of Ayeyarwady Foundation. Through the Ayeyarwady Foundation, he has donated to various philanthropic causes and carried out numerous Corporate Social Responsibility activities. He has also donated generously for the development of football in Myanmar.



### U Than Zaw

- Vice Chairman

U Than Zaw is the Vice Chairman of AYA SOMPO INSURANCE COMPANY LIMITED – a joint venture company between AYA Myanmar Insurance (AMI) and Sompo Japan Insurance Inc. and a member of AYA Financial Group.

U Than Zaw played a pivotal role in starting AYA Myanmar Insurance (AMI) as the Managing Director when the market liberalized for private insurers in 2013. U Than Zaw served as Managing Director to AYA Bank from 2011 to 2013 and remains as the Executive Director of the Board at AYA Bank. During his tenure, he has led the fledgling Bank to grow its brand and network in Myanmar. U Than Zaw's vast experience includes eight-year tenure with the Olympics Committee as a Treasurer and another two years as the Chief Executive Officer of the Myanmar Football Federation.



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## **U Myo Min Thu**

• Chief Executive Officer

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U Myo Min Thu is the Chief Executive Officer of AYA SOMPO INSURANCE COMPANY LIMITED – a joint venture company between AYA Myanmar Insurance (AMI) and Sampo Japan Insurance Inc. and a member of AYA Financial Group.

U Myo Min Thu joined AMI as the Managing Director in January 2015 and has spearheaded the company's progress as one of the leading private insurers in Myanmar providing insurance products through innovative channels. Under his leadership, AMI was the first insurer to embark on the digital journey, winning regional and global awards and accolades over the last 6 years. AMI successfully established a new joint venture company, AYA SOMPO INSURANCE COMPANY LIMITED in 2019, joining hands with a global brand in Sampo Japan Insurance Inc.

Prior to joining AMI, U Myo Min Thu had held various management positions in Singapore and overseas, bringing to the country his wealth of knowledge, international exposure, and experience.

U Myo Min Thu holds a bachelor's degree from London School of Economics (LSE), UK with a BSc (Hons) in Banking and Finance and a Master of Business Administration (MBA) awarded by Edinburgh Business School (EBS) – Heriot Watt University, UK.



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## **Mr. Keiji Okada**

• Chief Operating Officer

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Mr. Keiji Okada is the Chief Operating Officer of AYA SOMPO INSURANCE COMPANY LIMITED – a joint venture company between AYA Myanmar Insurance (AMI) and Sampo Japan Insurance Inc. and a member of AYA Financial Group.

Mr. Okada is currently leading the overall operation of the AYA SOMPO Insurance such as Underwriting, Reinsurance, Customer Service, Claims Handling and IT system, etc. by making the most of his insights and experience through his professional career.

Mr. Okada has built 35 years of insurance business career including diversified international experience in Japan, South East Asia (Myanmar and Vietnam) and Europe (Belgium and France) having been providing the professional insurance services to the clients and leading his team to expand and add value to the business of Sampo Japan Insurance Inc.

Mr. Okada received a Bachelor of Economics degree from Kobe University, Japan.



### **Mr. Yasuhiro Sasanuma**

• Director

Mr. Yasuhiro Sasanuma is the Director of AYA SOMPO INSURANCE COMPANY LIMITED – a joint venture company between AYA Myanmar Insurance (AMI) and Sompo Japan Insurance Inc. and a member of AYA Financial Group.

Mr. Yasuhiro Sasanuma assumed the roles of Regional Chief Operating Officer and Senior Executive Director at Sompo Holdings (Asia) Pte. Ltd. (Sompo Holdings Asia) in April 2019. Prior to that, he was Executive Director of Corporate Planning in the same regional HQ based in Singapore for 5 years. As the Regional Chief Operating Officer, Mr. Sasanuma spearheads the daily operations, management, and administrative activities of the Asian business entities, excluding Japan, to ensure sustainability across the region.

Before joining Sompo Holdings Asia, Mr. Sasanuma has held various senior positions, such as Head of Secretary to the Sompo Group Chief Executive Officer. He has been with the Sompo Group since 1995.

Mr. Sasanuma holds a Bachelor of Economics from Hokkaido University, Japan.



### **Daw Thazin Aung**

• Director

Daw Thazin Aung is the Director of AYA SOMPO INSURANCE COMPANY LIMITED – a joint venture company between AYA Myanmar Insurance (AMI) and Sompo Japan Insurance Inc. and a member of AYA Financial Group.

She was a PwC Advisory Partner and local Lead Director/Partner for PwC Myanmar. She has over 16 years of professional experiences including 11.5 years with PwC Singapore and PwC Myanmar for audit, financial advisory and consulting and 5 years in the Maritime service industry in Myanmar.

During her 11.5 years with PwC, banking and investment management sectors are her areas of expertise and she has a strong understanding of asset management, investment funds, trade flow processes (end to end), structured finance and treasury product knowledge, financial analysis, due diligence transactions, people and change transformation of both private and investment bank operations. She led the local teams in PwC Myanmar for consulting, government, and banking advisory projects.

Daw Thazin Aung is also a member of USASEAN Business Council (USABC) where she actively participates and assists the Council's business activities and missions related to foreign investments, and community initiatives in Myanmar.

## Management Team



**U Myo Min Thu** >  
Chief Executive Officer



**Mr. Keiji Okada** >  
Chief Operating Officer



**Mr. Hirokazu Mori** >  
Chief Strategy Officer



**U Thant Sin Tun** >  
Principal Officer



**U Kyaw Myo Win** >  
Business Division



**Daw Myat Myat Htwe** >  
Finance Division



**Daw Wai Zin Maung** >  
Support Division



**Mr. Tomoyuki Togashi** >  
Project Management Office



**U Soe Min** >  
Technical Department



**Mr. Ryozo Tamura** >  
Business & Distribution Development



**U Thiha Win Ni** >  
Partnerships & Regional Business Department



**U Htet Wai Min** >  
Human Resource Department



**Daw Ei Ei Latt** >  
Admin Department



**U Aung Htet Maung** >  
IT Department



**U Nyi Nyi** >  
Internal Audit Department



**Daw Nay Nwe Han** >  
Quality Assurance Department



**Mr. Tomio Yoneda** >  
Claims Department

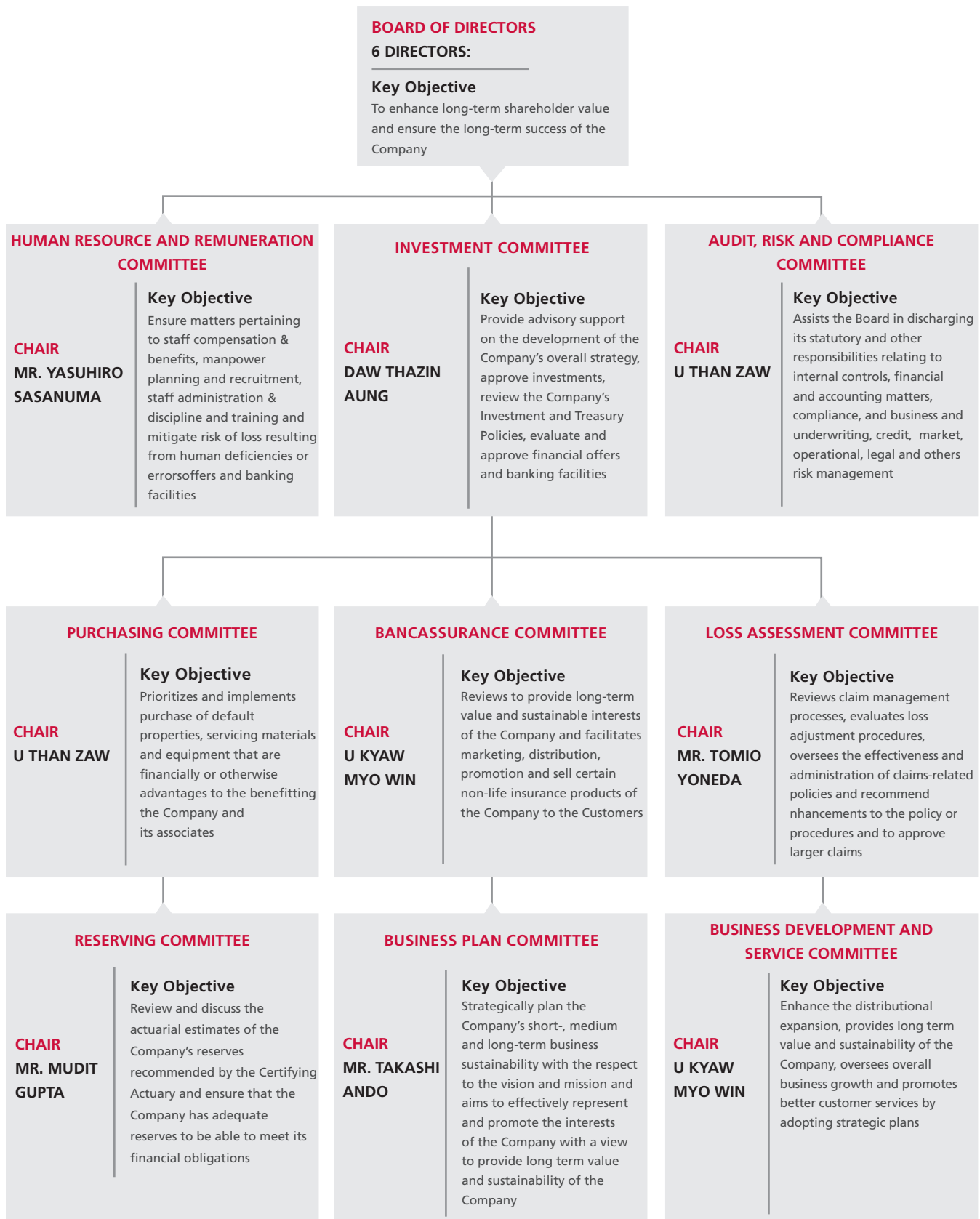


**Mr. Takashi Ando** >  
Corporate Affairs Department



**Mr. Ted Patrick Boglosa** >  
Corporate Communications & Customer Experience Department

## Board & Management Committees



## **BOARD COMMITTEES**

### **AUDIT, RISK AND COMPLIANCE COMMITTEE**

Chaired by Non-Executive Director and comprised of senior management members including Chief Executive Officer, Chief Operating Officer, and Head of Internal Audit. External auditors may be invited as required. The committee makes recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors. The selection process for appointing an auditor must focus on auditors having at least knowledge and understanding of insurance industry, insurance reserve valuation and insurance business operation. The committee monitors the effectiveness of, and receives regular reports from, the internal audit, risk and compliance, and legal functions. The committee reviews financial statements, procedures and systems of internal control over financial reporting. The committee reviews arrangements for compliance with the requirements stipulated by the regulators and receives reports on the audit, risk, and compliance matters of the company. The committee also reviews and guides the Enterprise Risk Management framework, mainly consisting of underwriting, credit, market, operational, legal, and other related risks to the company. The committee recommends risk philosophy and tolerance for board approval, defines the company's risk appetite and reviews risk management policies, procedures, and processes proposed by related stakeholders and departments.

### **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

Chaired by Non-Executive Director. Comprised of senior management members including the Head of Human Resource, the committee is responsible on behalf of the board of directors to review succession plans for directors, and the appointment and/or replacement of key management personnel, access process and criteria for evaluation of the performance of the board, its board committees, management committees and directors, and review of training and professional development programs for the board and its directors and appointment and re-appointment of directors. The committee also reviews a framework of remuneration for the board and key management personnel and the specific remuneration packages for each director as well as for the key management personnel.

### **INVESTMENT COMMITTEE**

Chaired by Non-Executive Director and comprised of senior management members including Chief Executive Officer, Chief Operating Officer, and Finance Divisional Head. The committee carries out the responsibilities delegated by the board of directors regarding recommendation of investment policy that lays down the operational framework for investment operations, and encompasses aspects concerning liquidity for smooth operations, compliance with prudential regulatory norms on investments, risk management/mitigation strategies to ensure commensurate yield on investments and above all protection of reserves and capital, which will be approved and adopted by the board.

## **MANAGEMENT COMMITTEES**

### **BANCASSURANCE COMMITTEE**

Comprised of senior management members including Chief Executive Officer, Chief Operating Officer and Divisional Head and Deputy Division Heads of Business Division. The committee sets annual targets across the Bancassurance business in line with the company's business strategy, executes to achieve set targets, monitors performance against targets, and makes improvements. The committee works closely with bank partner(s) and is responsible to create long-term sustainable business for the company as well as to implement strategy for marketing, distribution, and promotion of general insurance products through partner banks.

### **BUSINESS DEVELOPMENT AND SERVICE COMMITTEE**

Led by the Business Divisional Head as Chair and is comprised of senior management members including Chief Executive Officer, Chief Operating Officer, and the Head of Customer Experience. The committee sets annual targets across the business division in line with the company's business strategy, executes to achieve set targets, monitors performance against targets, and makes improvements. The committee is responsible to explore potential business opportunities that create long-term sustainable business for the company and also to implement strategy for marketing, distribution and promotion of general insurance products through the AYA SOMPO network. The committee is accountable to management and board of directors and is responsible to achieve business growth and promote better customer

services by adopting strategic plans in order to expand business at potential channels and sectors within distribution networks in Myanmar.

### **BUSINESS PLAN COMMITTEE**

Led by the Head of Corporate Planning Department as Chair to strategically plan the company's short-, medium-, and long-term business sustainability with respect to the overall vision and mission, and in response to market conditions. The committee is comprised of senior management members including Chief Executive Officer, Chief Operating Officer, Business Divisional Head, and other key stakeholders. The committee aims to effectively represent and promote the interests of the company with a view to provide long-term sustainability that creates value for customers, employees, the community, and shareholders. The committee is also accountable to the management and board of directors, and as such is responsible for the business planning of the company in line with the long-term vision of driving social and economic development of Myanmar.

### **LOSS ASSESSMENT COMMITTEE**

Led by the Head of Claims Department as Chair. Comprise of senior management members including Principal Officer, Head of Audit, Risk and Compliance, Head of Underwriting, and Legal Officer. The committee reviews claim management processes, evaluates loss adjustment procedures, including the quality in decision making on claim disbursements and the evaluation process on the need of external loss adjustment teams. The committee also oversees the effectiveness and administration of claims-related policies, recommend enhancements to the policy or procedures, and to approve larger claims.

### **PURCHASING COMMITTEE**

Led by Non-Executive Director and comprised of key members from Finance, Admin departments and key stakeholders. The committee prioritizes and implements purchase of default properties, servicing materials and equipment that are financially or otherwise advantageous to the company and its associates. The purchasing committee has the ultimate responsibility to recommend to the board of directors in order to engage purchasing functions that are mutually advantageous to obtain accurate performances in doing business with full transparency. The committee also oversees the effectiveness and administration of procurement policies, recommends enhancements to the policy or procedures, and to approve purchasing assets and capital expenditures in line with the company strategy.

### **RESERVING COMMITTEE**

Led by Certifying Actuary and comprised of key members from the Management Team, Finance, Technical and Claims departments. The committee reviews and monitors the actuarial estimates of the reserves as recommended by the Certifying Actuary and is responsible for finalizing and recommending the technical reserves to be booked in the financial accounts that are to be reported to the management and the board of directors. The committee is to ensure that the company has adequate reserves to be able to meet its financial obligations as and when the fall due, comply with local statutory guidelines, manage, and control reserving risks, and provide relevant information to the management team that allows efficient and effective management of its financial resources.

A serene landscape featuring a range of mountains in the background and a pagoda on the right side. The scene is reflected in a calm body of water in the foreground. The overall atmosphere is peaceful and tranquil.

**FOR YOUR PEACE  
OF MIND**



# 04

## FINANCIAL STATEMENTS

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- 062 Statement of Changes and Equity
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## Corporate information

<b>COMPANY</b>	AYA SOMPO INSURANCE COMPANY LIMITED	
<b>REGISTRATION NUMBER</b>	101200531	
<b>BOARD OF DIRECTORS</b>	U ZAW ZAW	CHAIRMAN
	U THAN ZAW	VICE CHAIRMAN
	U MYO MIN THU	CHIEF EXECUTIVE OFFICER
	MR. KEIJI OKADA	CHIEF OPERATING OFFICER
	MR. YASUHIRO SASANUMA	DIRECTOR
	DAW THAZIN AUNG	DIRECTOR
<b>REGISTERED OFFICE</b>	NO. 245, MAHA BANDULA ROAD, BOTAHTAUNG TOWNSHIP, YANGON, MYANMAR	
<b>AUDITORS</b>	THE RIGHT PARTNER CONSULTING GROUP COMPANY LIMITED SUITE 01-06, UNION BUSINESS CENTRE (UBC) NAT MAUK ROAD, BO CHO QUARTER BAHAN TOWNSHIP, YANGON MYANMAR TEL: +95 9409-253-017	

## Director's Report

FOR THE YEAR ENDED 30 SEPTEMBER 2021

We are pleased to submit this report to the members of the Company together with the audited financial statements for the year ended 30 September 2021.

### DIRECTORS

The directors in office at the date of this report are as follows:

U Zaw Zaw	Chairman
U Than Zaw	Vice chairman
U Myo Min Thu	Chief executive officer
Mr. Keiji Okada	Chief operating officer
Mr. Yasuhiro Sasanuma	Director
Daw Thazin Aung	Director

### ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year except as disclosed in the note to the financial statements, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### SHARE OPTIONS

- (a) No option to take up unissued shares of the Company was granted during the financial year.
- (b) During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.
- (c) There were no unissued shares of the Company under option at the end of the financial year.

### AUDITORS

The financial statements have been audited by Tin Swe Aye, Certified Public Accountant of "The Right Partner Consulting Group Company Limited", an independent auditor of the Company. The auditor has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



U Than Zaw  
Vice Chairman



U Myo Min Thu  
Chief Executive Officer

28 December 2021

## Management's responsibilities in respect of the financial statements FOR THE YEAR ENDED 30 SEPTEMBER 2021

Management of AYA SOMPO Insurance Company Limited (the "Company") is responsible for the preparation of the financial statements for the year ended 30 September 2021, in accordance with the Myanmar Financial Reporting Standards ("MFRS") and the provisions of Myanmar Companies Laws (the "Law"). In preparing the financial statements, management is required to:

- (i) Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) Comply with the MFRS and the Law;
- (iii) Maintain adequate accounting records and an effective system of internal controls;
- (iv) Take reasonable steps for safeguarding the assets of the Company and for preventing and detecting fraud, error and other irregularities;
- (v) Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- (vi) Effectively control and direct the Company and be involved in all material decisions affecting the Company's operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms that they have complied with the above requirements in preparation of the financial statements.

### DIRECTORS' STATEMENT

In our opinion,

- (a) the financial statements set out are drawn up, in all material aspects, so as to give a true and fair view of the financial position of the Company as at 30 September 2021 and the financial performance, and cash flows of the Company for the year ended 30 September 2021 in accordance with the Myanmar Financial Reporting Standards ("MFRS") and the provisions of Myanmar Companies Laws (the "Law"); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



U Than Zaw  
Vice Chairman



U Myo Min Thu  
Chief Executive Officer

28 December 2021

## Independent Auditors' Report

### TO THE MEMBERS OF AYA SOMPO INSURANCE COMPANY LIMITED

#### **OPINION**

We have audited the financial statements of AYA SOMPO Insurance Company Limited (the "Company"), which comprise the statement of financial position as at 30 September 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects, in accordance with Myanmar Financial Reporting Standards ("MFRS") and the provision of Myanmar Companies Law (the "Law") so as to give a true and fair view of the financial position of the Company as at 30 September 2021, and of its financial performance and its cash flows for the year then ended.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with Myanmar Standards on Auditing (MSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 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.

#### **EMPHASIS OF MATTER**

We draw attention to notes 3 and 15 to the financial statements describing its effect of the Company's adoption from 1 October 2019 of certain new accounting policies. The comparative figures presented are based on the audited financial statements as at and for the year ended 30 September 2020 after making the adjustments described in notes 3 and 15. Our opinion is not modified in respect of this matter.

#### **RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards ("MFRS") and the provision of Myanmar Companies Law (the "Law") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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.

#### **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 MSAs 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.

As part of an audit in accordance with MSAs, 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, 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, but not for the purpose of expressing 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 auditors' report to the related disclosures in the financial statements 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

Further to our opinion we report as follows:

- (a) The proper books of account have been kept by the Company in accordance with the provisions of the Law.
- (b) In accordance with the provisions the Law
  - We have obtained all the information and explanations we have required; and
  - The financial statements are drawn up in conformity with the provisions of the Law.



Tin Swe Aye  
Audit partner  
Certified Public Accountant (P.A. 830)



28 December 2021

## Statement of Financial Position

<b>Assets</b>	30 September 2021	30 September 2020 Restated
	<i>(in MMK)</i>	
<b>Non-current assets</b>		
Property and equipment	11,319,019,687	11,899,010,153
Investment Property	3,928,750,000	4,033,750,000
Right-of-use asset	232,832,708	393,174,027
Intangible assets	265,558,032	292,547,223
Investments in securities	29,300,000,000	29,300,000,000
<b>Total non-current assets</b>	<b>45,046,160,427</b>	<b>45,918,481,403</b>
<b>Current assets</b>		
Premiums due and uncollected, net	1,728,746,136	984,849,871
Other receivables	1,789,691,846	6,893,835,941
Cash and cash equivalents	44,308,555,919	31,890,578,259
Other current assets	4,961,587,209	1,584,238,452
<b>Total current assets</b>	<b>52,788,581,110</b>	<b>41,353,502,523</b>
<b>Total assets</b>	<b>97,834,741,537</b>	<b>87,271,983,926</b>

## Statement of Financial Position

Liabilities and shareholders' equity	30 September 2021	30 September 2020 Restated
<b>Shareholders' equity</b>		
Share capital		
Authorised share capital (475,342 ordinary shares, value at MMK 133,874.64 per share)	<b>63,636,241,541</b>	<b>63,636,241,541</b>
Issued and paid share capital (475,342 ordinary shares, value at MMK 133,874.64 per share)	63,636,241,541	63,636,241,541
Retained earnings		
Appropriated		
Reserve	8,327,905,110	6,347,972,667
Unappropriated	4,301,176,319	1,313,772,693
<b>Total shareholders' equity</b>	<b>76,265,322,960</b>	<b>71,297,986,901</b>
<b>Liabilities</b>		
<b>Non-current liability</b>		
Lease liabilities	89,644,959	258,481,431
<b>Total non-current liability</b>	<b>89,644,959</b>	<b>258,481,431</b>
<b>Non-current liability</b>		
Insurance contract liabilities	11,824,983,583	10,274,453,879
Co-insurance premium	5,121,860,420	2,774,348,079
Commission payable	713,178,818	966,231,575
Current portion of lease liabilities	161,082,438	136,996,435
Other current liabilities	3,658,668,359	1,563,485,626
<b>Total current liabilities</b>	<b>21,479,773,618</b>	<b>15,715,515,594</b>
<b>Total liabilities</b>	<b>21,569,418,577</b>	<b>15,973,997,025</b>
<b>Total liabilities and shareholders' equity</b>	<b>97,834,741,537</b>	<b>87,271,983,926</b>



## Statement of Profit or Loss and other Comprehensive Income

	For the year ended 30 September 2021	For the year ended 30 September 2020 Restated
	(in MMK)	
<b>Revenue</b>		
Gross premium written	21,389,756,999	17,124,820,383
Less Premium ceded	(6,575,316,017)	-
Net premiums written	14,814,440,982	17,124,820,383
Less unearned premium reserve	2,917,376,730	(2,216,920,082)
Net premium earned	17,731,817,712	14,907,900,301
Gain (loss) on disposal of fixed asset	53,175,000	(4,978,725)
Other income	6,300,394,501	5,548,178,205
<b>Total revenues</b>	<b>24,085,387,213</b>	<b>20,451,099,781</b>
<b>Expenses</b>		
Gross claim expenses	7,352,136,342	9,308,813,974
Reinsurance recovery	(445,839,170)	-
Net claim expenses	6,906,297,172	9,308,813,974
Acquisition costs and direct expenses	3,110,683,150	2,118,567,719
Operating expenses	6,862,563,214	7,048,540,758
<b>Total expenses</b>	<b>16,879,543,536</b>	<b>18,475,922,451</b>
<b>Profit before income tax expense</b>	<b>7,205,843,677</b>	<b>1,975,177,330</b>
Income tax expense	1,315,672,263	498,717,300
<b>Net profit for the year</b>	<b>5,890,171,414</b>	<b>1,476,460,030</b>

## Statement of Changes and Equity

	Issued and paid-up share capital	Retained earnings			Total shareholders' equity
		Reserve	Unappropriated	(in MMK)	
<b>Year ended 30 September 2020</b>					
<b>Balance at 1 October 2019</b>	63,636,241,541	5,961,743,611	206,451,652		69,804,436,804
Adjustment from transaction with owner	-	-	6,411,360		6,411,360
Refund of agent commission pertaining to prior year	-	-	17,052,057		17,052,057
Impact from application of IFRS16	-	-	(6,373,350)		(6,373,350)
Net profit for the year	-	386,229,056	1,090,230,974		1,476,460,030
<b>Balance at 30 September 2020 - as restated</b>	<b>63,636,241,541</b>	<b>6,347,972,667</b>	<b>1,313,772,693</b>		<b>71,297,986,901</b>
<b>Year ended 30 September 2021</b>					
<b>Balance at 1 October 2020</b>	<b>63,636,241,541</b>	<b>6,347,972,667</b>	<b>1,313,772,693</b>		<b>71,297,986,901</b>
Dividend paid			(922,835,355)		(922,835,355)
Net profit for the year		1,979,932,443	3,910,238,971		5,890,171,414
<b>Balance at 30 September 2021</b>	<b>63,636,241,541</b>	<b>8,327,905,110</b>	<b>4,301,176,309</b>		<b>76,265,322,960</b>

## Statement of Cash Flows

	For the year ended 30 September 2021	For the year ended 30 September 2020
	<i>(in MMK)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit before income tax expense	7,205,843,677	1,975,177,330
<i>Adjustments for:</i>		
PPE write off expense	459,760	-
(Gain) loss on disposal of premises and equipment	(53,175,000)	4,978,725
Interest expense on lease	10,649,531	27,051,862
Depreciation	897,125,218	600,922,767
Amortisation	150,017,112	306,807,180
	<b>8,210,920,298</b>	<b>2,914,937,864</b>
<b><i>Changes in operating assets and liabilities</i></b>		
Changes in insurance and other receivables	986,024,585	(1,733,803,320)
Changes in provision, claims and other payables	4,981,374,245	3,886,825,785
Refund of agent commission pertaining to prior year	-	17,052,057
Income tax paid	(560,000,000)	(299,300,000)
<b>Net cash from operating activities</b>	<b>13,618,319,127</b>	<b>4,785,712,386</b>
<b><i>Cash flows from investing activities</i></b>		
Acquisition of intangible assets	(123,027,920)	(7,412,500)
Acquisition of premises and equipment	(91,078,194)	(594,462,970)
Proceeds from sale of dispose premises and equipment	116,000,000	7,500,000
Adjustment from transaction with owner	-	6,411,360
Purchase of investment	-	(10,000,000,000)
<b>Net cash used in investing activities</b>	<b>(98,106,114)</b>	<b>(10,587,964,110)</b>
<b><i>Cash flows from financing activities</i></b>		
Repayment of lease liability	(179,400,000)	(181,900,000)
Dividend paid	(922,835,355)	-
<b>Net cash from (used in) financing activities</b>	<b>(1,102,235,355)</b>	<b>(181,900,000)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>12,417,977,660</b>	<b>(5,984,151,724)</b>
Cash and cash equivalents at beginning of the year	31,890,578,259	37,874,729,984
<b>Cash and cash equivalents at 30 September</b>	<b>44,308,555,919</b>	<b>31,890,578,260</b>

# AYA SOMPO Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

These notes form an integral part of the interim financial statements.

### 1. GENERAL INFORMATION

AYA SOMPO Insurance Company Limited, the “Company”, was incorporated on 12 July 2018 (Company Registration No. 101200531) in Republic of the Union of Myanmar and has its registered office at No. 245, Maha Bandula Road, Botahtaung Township, Yangon, Myanmar.

The Company was issued composite insurance business licenses No. 008 dated 14 June 2013 by Insurance Business Regulatory Board (IBRB) granting to operate both life and non-life insurance business under the pursuance of sub-section(a) of the section 38 of Insurance Business Law on 25 May 2013.

The shareholders during the financial year were AYA Myanmar Insurance Company Limited (84% shareholding), a company incorporated in Myanmar, SOMPO Japan Insurance Inc. (15% shareholding), a company incorporated in Japan and U Zaw Zaw (1% shareholding).

The principal business of the Company is underwriting of non-life insurance which included Fire insurance, Comprehensive Motor insurance, Marine insurance, Cash in Transit insurance, Cash in Safe insurance, Fidelity insurance, Travel insurance, Health insurance, Property insurance and other general insurance business lines permitted by the Ministry of Planning, Finance and Industry.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### (a) Statement of compliance

The financial statements are prepared in accordance with the Myanmar Financial Reporting Standards (“MFRS”) and the provisions of Myanmar Companies Law (the “Law”).

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated in the accounting policies.

#### (c) Functional and presentation currency

The financial statements are presented in Myanmar Kyats (“MMK”) which is the Company’s functional currency.

#### (d) Use of judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Key sources of estimation uncertainty

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 6	Investment property
Note 15	Insurance contract liabilities
Note 20	Income tax expense
Note 23	Risk management and financial instruments

**Insurance contract liabilities**

Insurance contract liabilities consist of loss reserve and outstanding claims and unearned premium reserves. The carrying amount as at the reporting date is provided in Notes 15.

**Process involved in determining assumptions of loss reserve and outstanding claims**

The Company determines the loss reserve and outstanding claims in accordance with the Company's policy and procedures. The assumptions used in the estimation of assets and liabilities are intended to result in provisions which are sufficient to cover any liabilities arising out of insurance contracts to the extent that can be reasonably foreseen.

However, given the uncertainty in establishing a provision for insurance claims, it is likely that the final outcome could prove to be different from estimated liability.

Provision is made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid.

The Company uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims, for example, as below.

The actuarial best estimates for Incurred But Not Reported ("IBNR") are neither deliberately optimistic nor pessimistic. The IBNR include allowance for pure IBNR reserves (late reported claims), Incurred But Not Yet Reported ("IBNER") reserves (development of known claims) and reopened claims.

The following generally accepted actuarial methods are applied to the attritional or total claims triangles to estimate the best estimate IBNR for each line of reserving on an accident quarter basis:

- Chain Ladder method on incurred claims ("ICL");
- Bornhuetter-Ferguson method on incurred claims ("IBF"); and
- Expected Loss Ratio ("ELR") method.

In the ICL method, the loss development factors are generally selected based on the following considerations:

- Smooth progression of individual loss development factors and average factors across different development periods;
- Stability of loss development factors for the same development period;
- Credibility of the experience;
- Changes in the development patterns; and
- Applicability of historical experience.

Where it indicates that the claims development is less developed, for instance in the more recent development periods, the IBF method or the ELR method is selected to balance the actual emerging experience.

A separate analysis has been conducted to estimate the ultimate claim liabilities of large losses for Motor and Fire. We generally relied on the Frequency-Severity method to estimate the large loss IBNR. This method was based on the historical large loss emergence in each development period and the average loss amount of such large losses.

IBNR estimates are first calculated on a gross of reinsurance basis. As for IBNR estimates on a net of reinsurance basis, they are generally calculated using by applying ceded ratios for Earned Premium or Incurred Loss onto the gross total IBNR estimates.

Both qualitative and quantitative aspects have been taken into consideration with the aim of projecting IBNR reserves that appropriately reflect the future claims liabilities as at the valuation date.

We have used the Kittel's Refinement of the Classical Paid-to-Paid method to derive the CHE assumption, as documented by Conger and Nolibos in "Estimating ULAE Liabilities: Rediscovering and Expanding Kittel's Approach". Kittel's use of the ratio of CHE to the average of paid losses and reported losses is derived based on the assumption that half of a claim's CHE is expended when a loss is reported, half when it is paid. The formula is outlined below:

$$\text{CHE Ratio} = \text{Total Paid CHE} / [ 0.5 * (\text{Total Claims Paid} + \text{Total Claims Reported}) ]$$

To derive the Paid CHE, each expense item is categorised into: 1) claims handling, 2) policy administration, and 3) business acquisition, using the actual expenses information provided by Finance. We note that there is a scope to refine the expense allocation approach applied in estimating the CHE ratio and PAC ratio.

To calculate the CHE amount for claims liability, the CHE Ratio is applied using the following formula:

$$\text{CHE for Claims Liability} = \text{CHE Ratio} * [ 0.5 * \text{Case Reserves} + \text{IBNR} ]$$

The policy administration cost ("PAC") is an ongoing cost that arises from the unearned portion of premium.

The PAC ratio is calculated as follows:

$$\text{PAC Ratio} = \text{Allocated PAC} / \text{Gross Earned Premium}$$

We assume no reinsurance recoveries from CHE and PAC. As such, the amount of CHE and PAC is the same on both gross and net of reinsurance basis.

The best estimate of URR is calculated from UPR, taking into account all potential future payments, including but not limited to future claims payments, CHE and PAC. This is as follows:

$$\text{Gross URR} = (\text{Gross UPR Gross of DAC} \times \text{Cost of Future Claims Payment \%}) + \text{CHE} + \text{PAC}$$

$$\text{Net URR} = (\text{Net UPR Gross of DAC} \times \text{Cost of Future Claims Payment \%}) + \text{CHE} + \text{PAC} + \text{Cost of Reinsurance}$$

To calculate the CHE amount for URR, the same CHE ratio is applied to the cost of future claims payment in the unexpired period. The full allowance was used as future losses have yet to occur.

In determining the PAC amount for URR, the PAC ratio is applied to the UPR gross of DAC.

We have allowed for the cost of renewing reinsurance coverage associated with unexpired risks on a net of reinsurance basis only. In particular, we have allowed for the excess of loss reinsurance treaties as they are written on a loss occurring basis, where accidents arising after the treaty expiration date would not benefit from the same protection.

The cost of reinsurance assumptions is using the actual 2021/22 treaty premium rates. The Company's excess of loss treaty starts from 1 Oct 2021 and end on 30 Sep 2022. The three layers of the treaty cover all lines of business except for Health. No additional costs of reinstatement were considered.

The cost of reinsurance assumptions is then applied to the net UPR gross of DAC to obtain the cost of reinsurance.

#### ***Process involved in determining of premium reserves***

The Company determines the premium reserves based on the greater amount of unearned premium reserves and unexpired risk reserves which as of reporting date the unearned premium reserves are still higher.

Further information about the methods used in calculating the unearned premium reserves is disclosed in note 4 (f).

### **Measurement of fair value**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

### **3. CHANGES IN ACCOUNTING POLICIES**

From 1 October 2020, the Company has applied IFRS 4 requirements for Incurred but not reported claim reserve and unexpired risk reserve. Incurred but not reported (IBNR) reserve represents the reserves that are required to provide for losses that have incurred or are in the occurrence period as at the end of reporting year but have not been reported to the Company by the end of reporting year, and for losses that have been reported by the end of reporting year, but still subject to further changes in loss amount in the future as the complete loss information is not available to the Company at the end of reporting year. Unexpired risk reserve (URR) represents the reserve that is required to cover future insurance claims and expenses which are expected to emerge from the related unexpired risks. The Company recognises a premium deficiency reserve in profit and loss when the URR is higher than UPR.

As a result the Company have restated the financial statements for prior years and recorded Incurred but not reported claim reserve of MMK 1,007,252,980 and tax impact of MMK 251,813,245 which reduce retained earnings by 755,439,735 at 30 September 2020. However, the financial statements were not restated from the opening of the comparative year as historical claim experience prior to September 2019 is not readily available to derive any credible loss development pattern, the incurred but not reported claim reserve could not be reliably estimated for years prior to September 2019. The Company determines the premium reserves based on the greater amount of unearned premium reserves and unexpired risk reserves which as of reporting date the unearned premium reserves are still higher.

Previously, the assessment for IBNR has been carried out by actuarial specialist engaged by the Company using generally accepted IBNR calculation methods such as Chain Ladder method, Bornhuetter-Ferguson method and Expected Loss Ratio method on individual class of business. However, as the Company was following the generally accepted accounting practice in Myanmar, IBNR reserves was not recorded in the previous financial statements.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **a. Property and equipment**

##### **Recognition and measurement**

Property and equipment are stated at cost less accumulated depreciation and impairment losses, except for land which is state at cost less impairment losses Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of building and equipment have different useful lives, they are accounted for as separate items (major components) of building and equipment.

Any gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised in profit or loss.

##### **Subsequent costs**

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

### **Depreciation**

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of Properties and equipment. The estimated useful lives are as follows:

Buildings	40 years
Machinery and equipment	4 - 16 years
Furniture, Fixtures and Office equipment	5 - 20 years
Vehicles	8 years
Computer and equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **b. Investment property**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property and are recognised in profit or loss.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Building	40 years
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### **c. Intangible assets**

Intangible assets that are acquired by the Company and have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

#### **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### **Amortisation**

Amortisation is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software licenses	3-5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.



**d. Impairment**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset [or its cash-generating unit] exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

**Reversal of impairment**

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**e. Investment****Investments in debt security**

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

**Disposal of investments**

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

**f. Recognition and measurement of insurance contracts****Premiums**

Premium income is recognised as revenue on the inception date of the insurance contract that meets the risk transfer requirement. Premium written are disclosed gross of commission and tax levied on premium for inward coinsurance, premiums are recorded based on the declaration made by the ceding company or the term specified on the coinsurance contracts. Revenue from premium is determined after considering the unearned portion of premium. The unearned portion of premium income is recognised as a liability.

**Reinstatement fee**

Reinstatement fee is recognised as income when insurance policy is extended to certain period under the terms and conditions set out in the policy.

**Premiums due and uncollected**

Premiums due and uncollected are stated at their invoice value less allowance for doubtful accounts. The allowance for doubtful accounts is assessed on analysis primarily of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### ***Claims and loss adjustment expenses***

Claims and loss adjustment expenses consist of claims and loss adjustment expenses of direct insurance and reinsurance, and include the amounts of claims, related expenses and loss adjustments of current and prior period incurred during the year, less residual value and other recoveries (if any) and claims refundable from reinsurers and coinsurers.

Claims and loss adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claims and loss adjustment expenses of reinsurance are recognised as expenses when the reinsured company submits the loss advice or the statement of accounts with the Company.

Insurance contract liabilities consist of loss reserve and outstanding claims and premium reserves.

### ***Loss reserve and outstanding claims***

The purpose of loss reserve and outstanding claims is to cover the ultimate cost of settling an insurance claim. The loss reserve and outstanding claims include claims incurred and reported, and claims incurred but not reported (IBNR) as well as claim handling costs including unallocated loss adjustment expenses (ULAE).

A liability for outstanding claims (claim incurred) is recognised for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy.

Incurred but not reported (IBNR) reserve represents the reserves that are required to provide for losses that have incurred or are in the occurrence period as at the end of reporting year but have not been reported to the Company by the end of reporting year, and for losses that have been reported by the end of reporting year, but still subject to further changes in loss amount in the future as the complete loss information is not available to the Company at the end of reporting year.

IBNR calculation is based on historical claims data, current trends, and actual payment patterns for all insurance business lines and anything else that could impact amount to be paid in accordance with actuarial technique. The assessment for IBNR as at 30 September 2021 has been carried out by actuarial specialist engaged by the Company using commonly accepted IBNR calculation methods such as Chain Ladder method, Bornhuetter-Ferguson method and Expected Loss Ratio method on individual class of business.

### ***Premium reserve***

Premium reserves consist of unearned premium reserve (UPR) and unexpired risk reserve (URR).

Unearned premium reserve (UPR) represents the prorated portion of written premiums that relates to the unexpired period. Provision for unearned premium is calculated by applying 365 days method.

Unexpired risk reserve (URR) represents the reserve that is required to cover future insurance claims and expenses which are expected to emerge from the related unexpired risks. The Company recognises a premium deficiency reserve in profit and loss when the URR is higher than UPR.

The Company determines the premium reserves based on the greater amount of unearned premium reserves and unexpired risk reserves which as of reporting date the unearned premium reserves are still higher.

### ***g. Commission and brokerage expenses***

Commission expense / acquisition cost incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with the pattern of recognition of premium revenue.

#### **h. Reinsurance transactions**

Transactions relating to reinsurance assumed and ceded are accounted for and presented in the statements of financial position and comprehensive income in the same manner as the direct business transactions. The reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance receivables and assets are the Company's net contractual rights under reinsurance agreements. These consist of accrued reinsurance commission, claim receivables and other amounts due from Reinsurers. The allowance for impairment of reinsurance assets is established based on latest publicly available credit rating information and past collection experiences.

Due to reinsurers represents the amount payable to reinsurers and the amounts withheld on reinsurance. Outstanding payables consist of reinsurance premiums and other payables due to reinsurers.

The reinsurance assets and liabilities are presented on a net basis in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The measurement of reinsurance asset is consistent with the measurement of the underlying insurance contracts.

Premium ceded, reinsurer's share of change in unearned premium reserve, fee and commission income and claims and loss adjustment expenses recovered from reinsurers are recognized as expense or income in accordance with the pattern of reinsurance service received when incurred.

Amounts recoverable under reinsurance contracts are assessed for impairment at reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

#### **i. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

#### **j. Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### **k. Other income**

Other income comprises interest income recognised in profit loss from investments and bank deposits.

#### **l. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### **m. Foreign currencies**

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in the profit or loss.

**n. Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to the items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**o. Leases**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. The lease liability is measured at amortised cost using the effective interest method.

The Company presents right-of-use assets in 'land, property and equipment, net' and lease liabilities in 'other liabilities' in the statement of financial position.

## **5. RISK MANAGEMENT**

### **5.1 Financial risk management**

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### **Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or can do so on terms that are materially disadvantageous. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The Company manages the market risk exposures by internal risk management policies.

**5.2 Insurance risk**

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally, most insurance contracts carry the insurance risk for a period of one year.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. The insurance contracts are provided to all types of customers based on assessment of insurance risk by the Company. Adequate coinsurance is arranged to mitigate the effect of potential losses to the Company from individual large insured events. Further, the Company adopts strict claim review policies including active management of the claims, regular detailed review of claim handling procedures and investigation of possible false claims.

**6. AUTHORISATION OF FINANCIAL STATEMENTS**

On the date of directors' statement, these financial statements were authorised for issue by the Board of Directors.

***Your Partner for Life***

**YANGON (HEAD OFFICE)**

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