

ANNUAL REPORT 2020



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FOR PEACE OF MIND, NOW AND BEYOND

Serving you with Commitment,
Care and Protection



ABOUT THIS REPORT

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 2019 to 30 September 2020. It is available online at <https://ayasompo.com/annual-reports/>.



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BEYOND

CORPORATE GOVERNANCE

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ABOUT AYA SOMPO

With the approval of Myanmar's Ministry of Planning, Finance and Industry (the "Ministry") on 28th November 2019, AYA Myanmar Insurance established a joint venture with one of the largest global general insurers, Sampo Group, forming a reputable Joint Venture company as AYA SOMPO Insurance Company Limited, focusing on general insurance business in Myanmar.

AYA Myanmar Insurance is one of the top private insurance companies in Myanmar offering a wide range of general insurance products which include motor, fire, construction, marine, travel and health insurance for individual customers and businesses.

Sampo Group traces its roots in Japan from 1888 and was first present during the economic development in Myanmar in 1942. It then re-opened its representative office in the country in 1995 and was the first insurer to be awarded a license to operate in the Special Economic Zone in 2015. Since then, Sampo has been a leading foreign insurer providing insurance and re-insurance services mainly to foreign investments across the country. Meanwhile Sampo also has been contributing to the country by making use of its cutting-edge insurance technology.

With the joint venture between AYA Myanmar and Sampo Group, AYA SOMPO combines international expertise with Myanmar's youthful energy and aims to provide peace of mind to our customers' needs through innovative solutions and be recognized as "Your Partner for Life".

Our key focus areas such as (i) human capital development (centered on our youthful and dynamic workforce of over 550 employees), (ii) digital transformation and (iii) creating insurance awareness have helped us build a strong foundation to move on to the future with great confidence and competitive advantages in an industry that is dynamic and undergoing rapid growth over the next 5 years. We aim to play a leadership role in driving social and economic development in Myanmar.

AYA SOMPO is also the first insurance company in the country to embark on building a digital core system and continues to leverage on technology and innovation to serve partners and customers in the simplest, fastest and most secure way. Through our experience, we understand the needs of our clients and aim to play an integral role in assuring their futures.



SERVING YOU WITH COMMITMENT, CARE AND PROTECTION

FOR PEACE OF MIND, NOW AND BEYOND



OVERVIEW

YEAR IN OPERATING REVIEW

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 Values

Peace of Mind

The future is unknown, but planning ahead together with AYA SOMPO will help manage the uncertainties of tomorrow and give customers peace of mind.

Solutions

AYA SOMPO leads the way in providing customer-centred solutions that are simple and accessible. It informs and educates, promoting financial literacy and financial inclusion for the nation.

Beyond

AYA SOMPO 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.

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

KEY COMMITMENTS

At AYA SOMPO, fair dealing is central to our corporate culture and we are fully committed to providing our customers with the best possible service 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



Mingalarbar from AYA SOMPO Insurance, Your Partner for Life.

Since our inception in June 2013, AYA SOMPO Insurance has shown commitment to help make uncertainties better coped for both individuals and corporates alike. We aim to play an active role in driving social and economic development in Myanmar.

We believe that putting our values into practice creates long term benefits for customers, employees, shareholders and the communities that we serve. This year has been a special year and will be remembered for many more generations in history as we welcomed Sompco to the AYA Financial Group, joining hands to establish a joint venture company, AYA SOMPO Insurance. As an emerging country with huge potential liberalization of the insurance industry, I believe that AYA SOMPO will grow from strength to strength, leverage on Sompco's expertise and innovation, and we will be able to serve our customers better through innovation of new products, channels and services.

At AYA SOMPO, everything we do is guided by our values: Peace of Mind, Solutions and Beyond, providing our customers with peace of mind through innovative solutions for now and beyond. We believe our employees are our greatest asset and are crucially important in ensuring that we realise our values in our daily operation. We also aim to develop our young workforce into future leaders in the industry.

In conclusion, I would like to convey my appreciation to our customers, partners and the community for the continuous trust and unwavering support and also my sincere gratitude to the Board of Directors, Management, Employees, Strategic Partners and Shareholders who share AYA SOMPO's vision to be recognized as YOUR PARTNER FOR LIFE. Together, I hope we can achieve many more milestones in our exciting years ahead.

“ We believe that putting our values into practice creates long term benefits for **Customers, Employees, Shareholders,** and the **Communities** that we serve.”



Zaw Zaw
Chairman

MESSAGE FROM CHIEF EXECUTIVE OFFICER



Dear Valued Customers, Business Partners and Shareholders,

On behalf of AYA SOMPO, I am delighted to share our financial highlights and key initiatives for Financial Year 2019/2020. The last 12 months have been exciting with a lot of optimism due to the liberalization of the market to both 100% foreign owned insurers and joint ventures. AYA SOMPO was one of the three joint ventures approved by the Ministry of Planning, Finance and Industry for General Insurance Business in November 2019.

AYA SOMPO combines international expertise with local youthful energy aimed at providing Peace of Mind to every individual through innovative insurance solutions. Over the course of 12 months, AYA SOMPO has made great strides in key developments which centers around our vision of “Beyond the Present and Beyond Insurance” providing the people of Myanmar with Peace of Mind through innovative insurance solutions.

Performance Review

AYA SOMPO had a strong finish to the year in terms of our business performance, achieving a healthy growth of 54% on our Gross Written Premium against last year. We continue to be one of the fastest growing companies in the industry. Despite the higher claim ratio contributed by a significant increase in motor claims in the country, we reported a net profit with all key targets and expenses within our projected figures reflected in the business plan. Our capital position remains strong, and we are committed to creating a long-term value for our customers.

Our Commitment to Customers, Employees, Shareholders and Community

We will continue to invest in both the human capital development and new technologies to ensure we provide our customers with the utmost customer experience through new products and innovative channels.

We are committed to providing customer-centered insurance solutions that are simple and accessible. We will work with the regulator and key stakeholders to promote financial literacy and financial inclusions in the country. 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 one of the most important aspects 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.

I would like to convey my appreciation to everyone, especially our customers, partners, employees, and shareholders for the trust and unwavering support that made us better and stronger. The past 12 months have been extraordinary moments of demonstrating how, with resilience, agility and dedication, we have become one of the most promising companies in the country.

“ We will continue to invest in both the **human capital development** and **new technologies** to ensure we provide our customers with the **utmost customer experience.**”



Myo Min Thu
Chief Executive Officer



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AYA SOMPO at a Glance



Paid Up Capital

MMK **64** Billion



Total Assets

MMK **87** Billion



Total Reserves

MMK **6** Billion



Gross Written Premium
(In FY 19/20)

MMK **20.5** Billion



Net Written Premium
(In FY 19/20)

MMK **17.6** Billion



Paid Claims
(In FY 19/20)

MMK **8** Billion



Number of Employees
(Average in FY 19/20)

Over **550**

Creating the Synergy – “AYA SOMPO”, A Unique Combination of International Expertise with Myanmar’s Youthful Energy

With the approval of the Ministry of Planning, Finance and Industry of Myanmar (the “Ministry”) on 28th November 2019, AYA Myanmar Insurance established a joint venture with one of the largest global general insurers, Sompo Group, forming a reputable Joint Venture company as AYA SOMPO Insurance Company Limited, focusing on general insurance business in Myanmar.

AYA SOMPO, is one of the top private insurance companies in Myanmar offering a wide range of general insurance products which include motor, fire, construction, marine, travel and health insurance for individual customers and businesses. Also, AYA SOMPO is the first insurance company in the country to embark on building a digital platform and continues to leverage technology and innovation to serve partners and customers in the simplest, fastest and most secure way. AYA SOMPO is also working to leverage AI technology and incorporating data analytics to offer merit-based (behavior-based) pricing and products.

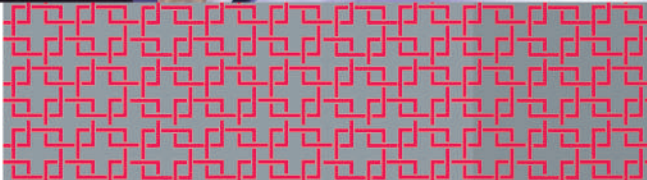
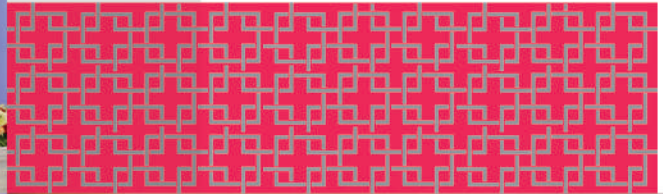
AYA SOMPO was the first insurer to be granted approval by the Ministry to pilot a bancassurance model in the country since November 2017, with the model currently operational in more than 50 servicing branches across Myanmar.

Sompo Group traces its roots in Japan from 1888 and present in 30 countries, across 218 cities. Their scale and international presence have garnered vast experience and allowed to develop or adapt from best practices in product development, marketing and distribution, tailoring them to the intricacies of the markets the company operates in.

Sompo Group was first present during the economic development in Myanmar in 1942. It then re-opened its representative office in the country in 1995 and was the first insurer to be awarded a license to operate in the Special Economic Zone in 2015. Since then, Sompo has been a leading foreign insurer providing insurance and re-insurance services mainly to foreign investments across the country. Meanwhile Sompo also has been contributing to the country by making use of its cutting-edge insurance technology.

With the joint venture between AYA Myanmar and Sompo Group, AYA SOMPO combines international expertise with Myanmar’s youthful energy and aims to provide peace of mind to our customers’ needs through innovative solutions and be recognized as “Your Partner for Life”







U MYO MIN THU
Chief Executive Officer
AYA SOMPO Insurance

The friendship between AYA and Sompo started since 2014 and moved a level higher when we signed our Memorandum of Understanding to explore a potential partnership in 2016. The vision of a joint venture was painted since then and both teams were committed to turn the vision into reality.

The discussions intensified when the government announced liberalization of the industry. I would say this is a one-in-a-lifetime experience as there were a lot of aspects under consideration to ensure we have the best and sustainable business model. There were multiple challenges in structuring the partnership in legal, commercial, and regulatory perspectives as there is no precedent of liberalizing a young and high potential industry in Myanmar. Most of our discussions stretched till early hours of the mornings with both teams committed to making sure we do not leave any pebble unturned. I am sure all of us look back at the memories of the jokes and heated arguments shared between us, quick meals, and black coffees in the early hours of the mornings to stay awake.

We managed to conclude the agreements in time for the submission and the successful establishment of the joint venture is a result of commitment and relentless effort from all stakeholders. I would like to thank everyone for their dedication and hard work to ensure we turn our vision into reality. Looking back after the first anniversary since the signing in Sep 2019, we are delighted to have embarked on the journey with Sompo as Myanmar presents an enormous potential for growth in all sectors. With our vision of "Beyond the Present, and Beyond Insurance", we aim to provide the people of Myanmar with Peace of Mind through innovative Insurance Solutions.



MR. KEIJI OKADA
Chief Operating Officer
AYA SOMPO Insurance

In April 2012 when I got the assignment in Myanmar, the first thing I initiated was looking for a partnership to establish JV insurance business. In those days, the government finally hardened its resolve to open the insurance market to the private sector, and quite a few illustrious enterprise groups were examining entering the market behind the scenes. Having introduced by a certain person, I met with U Zaw Zaw in July 2012 and was struck by his firm and clear vision as he wished to bring up young Myanmar entrepreneurs by means of the financial system and have them help innovate the society. With that encounter I schemed out a unique joint venture that places bancassurance at the center of the driving force, whereby Sompo could make the most of its predominant expertise with AYA Bank, the country's leading commercial bank.

7 years afterwards, the conception was eventually implemented. I am now convinced that AYA SOMPO, the JV, is going to contribute to the innovation of the society by supporting hosts of entrepreneurs in terms of risk management and helping innumerable individuals and families to live healthier and happier lives, which also has been Sompo's core aspiration in the region.



MR. AZEEM M. AZIMUDDIN
SCFO & Advisor to Chairman
AYA Bank

The entire process of AYA SOMPO partnership from conceptualization to execution is a trailblazer in every aspect whether it be structure, valuation, documentation and in so many other ways. Some of these include, for example, there were no precedents or market comparable transactions; much like other frontier markets, some regulatory requirements changed mid-course, without notice; spin-off of two new operating entities from the main operating company; conducting and negotiation on valuation while ensuring long-term sustainability and commitment for both AYA & Sompo with so many unresolved imponderables; negotiating a multi-decade bancassurance agreement in the absence of regulatory framework. Consequently, nearly two dozen legal documents had to be drafted, negotiated and executed to address the concerns on both sides.

The successful consummation of the deal is a testament to the dedication and commitment of both AYA & Sompo to the nascent Myanmar Non-Life market and it's future potential with the youngest demographics in the region. AYA SOMPO represents one of the finest examples of the art of win-win-win deal wherein Myanmar-AYA-Sompo are all winners. AYA SOMPO partnership is a true representation of the new Myanmar.



MR. YASUHIRO SASANUMA
Director
AYA SOMPO Insurance

With COVID-19 continuing to wreak havoc worldwide, I would like to express heartfelt sympathy for those infected with the virus as well as real respect for the professionals who are risking infection daily as they struggle on the front lines of medicine and nursing care.

In addition to the spread of COVID-19, more-severe natural catastrophes such as earthquakes, typhoons and cyclones and the threat of cyber-attacks have become part of the "new normal" worldwide. Our operating environment is changing dramatically. With the goal of realizing a "A Theme Park for Security, Health & Wellbeing", Sompo Group has been aiming to solve social issues by providing products and services that are always close to our customers' lives and utilize all advanced technologies such as digital technology as well as aiming to be a partner that enriches the lives of our customers.

In considering business in Myanmar, we have built a close relationship with AYA Myanmar Insurance for a long time through personnel exchanges, etc. During discussions with U Zaw Zaw & U Myo Min Thu, we have found that we have the same vision, which has been the main reason for the decision to establish JV together.

Based on the experience that Sompo Group has cultivated over its 130-year history, we view imaginable risks as business opportunities, and will strive to contribute to the security, health, and wellbeing of its customers and Myanmar society by providing insurance and related services of the highest quality possible under our strong partnership.



DAW THAZIN AUNG
Director
AYA SOMPO Insurance

Being exposed to many M&A deals during my 11.5 years with PwC, this project was really a special one which took us more than 2 years to complete. I enjoyed every bit and pulse of the deal and journey of having to work with some of the amazing professional from both sides.

Some of the key moments includes (1) working with Sompoo team led by Vincent who would always go an extra mile to ensure every detail is covered (2) a cheerful, enthusiastic, and hardworking Myo Min Thu, CEO of AYA SOMPO who showed 101% commitment in ensuring the project is successfully concluded, (3) A wise and resourceful Azeem guiding us all the way even when we had to spend countless late night hours during his fasting period, (4) ever-cheerful support team from AYA Financial Group who carries smile even from sunset to sun rise, (5) Two sets of very patient and steady legal advisers.

Last but not least, our Chairman who mentored us along the way, always ready to provide us prompt and efficient response, and Sasanuma-San and team from Tokyo who were always there to provide valuable input towards completion.

We fought for rights, we argued for facts, we convinced for compromises, and, we worked tirelessly over nights and days, yet, we have bonded and progressed as "One". And Congratulations to both teams for the establishment of "AYA SOMPO" and all the very best in making it one of the most promising companies in Myanmar.



MR. VINCENT NG
Executive Director,
Head of Strategic Projects
Sompoo Holdings (Asia) Pte. Ltd.

AYA SOMPO Insurance Company Limited ("AYA SOMPO") has been in the making since 2014, and its establishment in November 2019 is the result of hard work, tenacity, creativity and patience by the AYA Group and Sompoo deal teams. We agreed early on to adopt the key principles of "long-term orientation", "sustainability", "reciprocity" and "mutual respect" and these principles guided both teams throughout the negotiation process and in the establishment of the JV.

This partnership is one of the toughest deals throughout my career but also one in which I am extremely proud to be associated with. The long hours spent understanding each other's perspective and working together to clear regulatory approvals have created a strong bond of friendship and mutual respect between the AYA Group and Sompoo deal teams which bodes well for the partnership. I still reminisce about the heated exchanges, the many meals at The Square, the jovial banter and one-on-one discussions from time to time.

Myanmar represents a significant growth opportunity for Sompoo Group in the future given its very attractive demographics and economic potential. We have a first-mover advantage with AYA SOMPO and with our JV partnership with AYA Financial Group and AYA Bank, we have the building blocks of a very successful partnership to build a leading and innovative non-life insurance company in Myanmar.

BUSINESS REVIEW

STRENGTHENING OUR DISTRIBUTION CAPABILITIES

AYA SOMPO delivered another year of consistent profitable growth in a competitive market, as we strengthened our presence in the agency, bancassurance and branches.

Agency Development

In 2020, AYA SOMPO focused on growing our agency force to build a quality and sustainable business.

Training remained a key priority for us to build and retain a quality agency force. Regular training sessions with National Insurance Institute of Myanmar (NIIM)'s Certified Trainers were conducted to boost the professionalism, advisory skills and product knowledge of our agency force with state of the art facilities.

Also, regular engagement with our agency force is critical to AYA SOMPO's success. The weekly product sharing session on the "Art of Insurance" were conducted to keep the agents abreast of the insurance industry and AYA SOMPO's upcoming plans and products throughout the year and encourage our agency workforce to strive for customer excellence. With online learning platforms and online revision classes, our agents are able to enhance professionalism and quality service anytime and anywhere.

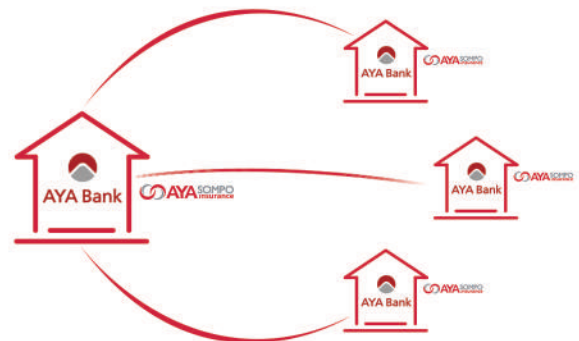
In addition, AYA SOMPO continues to invest in digital technology that enables a simplified, easy approach for our agency workforce to sell insurance solutions and also access policyholder details in real-time via AYA SOMPO iPortal.



Bancassurance

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 50 servicing branches across Myanmar.

During the years, AYA SOMPO strengthened bancassurance channels focusing on deepening collaborations with AYA Bank, one of the largest banks in Myanmar, to focus on the credit-linked and noncredit linked business. With the collaboration of AYA Bank, AYA SOMPO deepened relationships with the stakeholders, enhanced processes and generated positive business outcomes.



Branches

Over the years, we have expanded our geographical footprint, enhanced our infrastructure and deepened our capabilities across the nation. Most recently, AYA SOMPO increased presence in more than 39 cities across Myanmar with Head Office in the Financial District of Downtown Yangon, 2 Regional Offices in Mandalay and Naypyidaw, 10 Branch Offices across major cities in the country with a growing service offering and combining local experience and know-how with international technical expertise 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 2020, AYA SOMPO strengthened partner relationships and collaborated with new ones allowing to reach out to the digitally savvy and new customers.

AYA SOMPO Insurance x Max Energy

We made collaboration with Max Energy Myanmar having our AYA SOMPO lounge at Max Energy petrol stations in the country to fulfill our customers' needs, to reach customers more intellectually and bring comprehensive insurance services under one roof with an easy access for claims.



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 Insurance x Telenor Myanmar

AYA SOMPO partnered with "Telenor Myanmar", one of the world's leading telecommunications company across Asia, to launch AYA SOMPO Comprehensive Motor Insurance available through Telenor Zay platform in simple and accessible way for the public.



AYA SOMPO Insurance x Common Health Myanmar

To make affordable healthcare and financial protection accessible to underserved populations in Myanmar, AYA SOMPO piloted a collaboration with "Common Health Myanmar" using digital and mobile services to improve access to health services, improve efficiency and reduce costs to consumers.



AYA SOMPO Insurance x MPT

AYA SOMPO and MPT teamed up to introduce the new digital insurance service, the first of its kind in Myanmar, providing personal accident insurance to its customers by offering "Thet Taw Saunt" personal accident insurance through the MPT platform.



MARKETING AND COMMUNICATIONS

AYA SOMPO has grown to become one of the largest general insurance companies, trusted by customers as the leading insurance brand in Myanmar.

Our brand “AYA SOMPO” was officially launched in December 2019. Both AYA and Sampo are very well-known and reputable brands and we believe the union of these two companies in our JV created a powerful brand in Myanmar.

AYA SOMPO’s branding and marketing strategy is focused on ensuring safety, security and wellness of the people of Myanmar with a promise to be “Your Partner for Life”. We look beyond financial protection to provide customers with peace-of-mind and solutions to live safe and healthy lifestyles.

“Branding a New Brand, AYA SOMPO”

AYA Myanmar Insurance Company Limited, and Sampo Japan Nipponkoa Insurance Inc., obtained an approval to form a joint venture from the Ministry of Planning, Finance and Industry on November 28, 2019. According to the partnership agreement, establishing a new joint venture company AYA SOMPO Insurance Company Limited.

In a rapidly changing world, AYA SOMPO Insurance provides people in Myanmar with a sense of assurance and certainty. AYA SOMPO’s unique approach is to go beyond protecting you to providing you and your loved ones with peace of mind. By delivering our products and services quickly and conveniently, we can improve the quality of life for our customers, while ensuring that Myanmar’s economy is effectively supported by the insurance industry. A strong brand in the insurance industry is a value-add to the sector, and to the business community in general. Our unique combination of Myanmar and Japanese strengths will give customers the best of both worlds and while enhancing the friendship between the two countries. Having a unique Brand Identity with a clear vision, a strong purpose and shared values, will carry us through to the future.



CUSTOMIZING SOLUTIONS FOR YOUR PEACE OF MIND

OUR COMMITMENT, NOW AND BEYOND



Our New Home

We are very excited and proud to present to our customers AYA SOMPO Headquarters at Botahtaung Township effective 20 July 2020. We welcome our customers to our new home, serving a wide range of insurance solutions with comfort and convenience. Our new home is a welcomed change for our company and better represents our brand-new brand.

Our new home will allow us the ability to continue to deliver our products and services quickly and conveniently and improve the quality of life for our customers. We are looking forward to the opportunity to celebrate our new home with our employees, customers and partners.

Also, AYA SOMPO Headquarters continue to feature high-performance workspaces to promote mobility and collaboration among our colleagues. To improve engagement and efficiency, our colleagues can choose the type of work settings that best suit their needs.

Our Lobby

Delighting our customers with enticing colors and style, and a warm, personalized welcome, starting point for strong customer relationships and promoting our brand-new brand "AYA SOMPO" through unique design features and impactful branding.



Our Touch Down Areas

Designed to enable our employees to perform short duration tasks without taking up a standard workstation position, providing a quieter work setting to use if our employees' main working space is too distracting for intensive tasks. And also, our employees can use touchdown areas for quick informal meetings.

Our Focus Rooms

A space that allows our employees to touch down and relax or to work in a more private setting and to inspire motivation and autonomy.



Our Collaboration Areas

Promoting mobility and collaboration among our employees. By improving engagement and efficiency, our employees can choose the type of work settings that best suit their needs.



Our Work Bistro

Promoting social interaction and healthier relationships among our employees. Also, our work bistro turning into a dynamic space for collaboration, focus and relaxation, and getting refreshment. Our work bistro becoming the perfect welcoming environment, and a hub of productivity for our employees.

Our Meeting Rooms

A space created specifically to keep things private and confidential creating a quiet environment without distractions. Decorated in a professional setting, which allows our employees and clients to use smart devices and other office equipment, creating comfort while conducting meetings.



Activities and Highlights

AYA SOMPO focuses on not only for developing economic and healthy living standards for Myanmar citizens but also for sports development by encouraging the role of football and giving support to young and active people to promote more young and energetic athletes in Myanmar in collaboration with AUFC and Myanmar National League.

MNL Sponsorship 2020

Signed the "Myanmar National League Partnership" contract in introducing The AYA SOMPO Insurance's Brand Logo with Myanmar National League Partnership.



2020 Mandalay City Marathon
Launched our new brand through participation in sponsorship of the 2020 Mandalay City Marathon.



Jan 2020 – AUFC Sponsorship
Sponsorship ceremony to the AUFC which will compete in Myanmar National League as one of the local clubs was held on 28 January 2020 at Novotel Yangon Max.



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DIGITAL INNOVATION

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.

AYA SOMPO Core Insurance 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 contain 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 will enable AYA SOMPO to also expand its 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 its targeted client base.

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

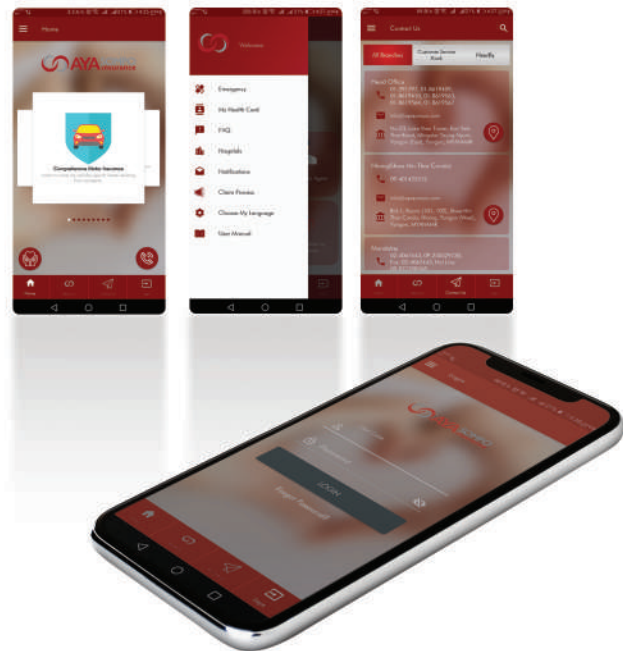


AYA SOMPO Mobile App

AYA SOMPO's mobile app is a one-stop application which provides our customers with a range of functions at their fingertips, to help them purchase insurance products, and more importantly service their policies instantly.

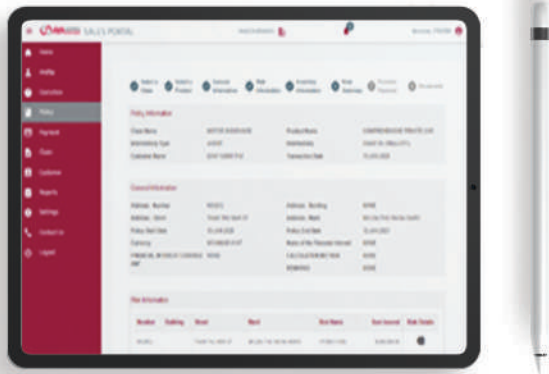
Some of the key features of the AYA SOMPO mobile app are:

1. Easy access to general insurance product information and instant premium calculation
2. Ability to buy/renew insurance policies online instantly
3. Easy log in to customer personal account (Visual Card) to manage renewal and claims processes
4. Connecting with 24/7 hotline and getting information on a range of services, which include emergency contacts, branches nearby, hospitals, etc.
5. Applying for cashless approval for health insurance



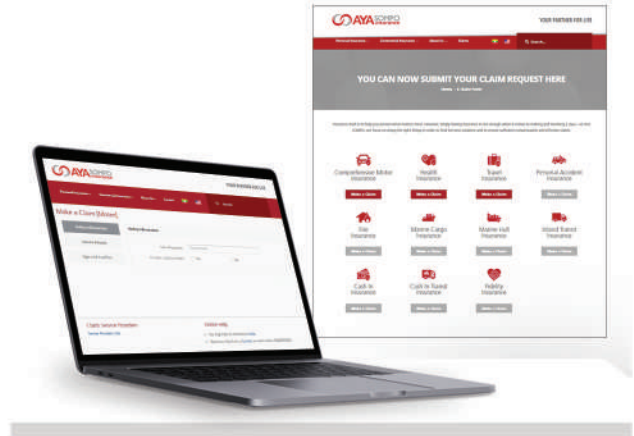
AYA SOMPO iPortal – seamless sales process

AYA SOMPO’s iPortal is a sales portal that enables a simplified, easy approach for frontline staff to sell insurance solutions and also access policyholder details in real-time. Through this intuitive, user friendly interface, frontline staff will be able to generate a quote based on customer requirements and instantly issue a policy seamlessly. In addition to sales, the portal enables our employees to access policy holder information to be able to better serve our customers. The portal also has a sales reporting feature, for our management to effectively monitor business performance in real-time.



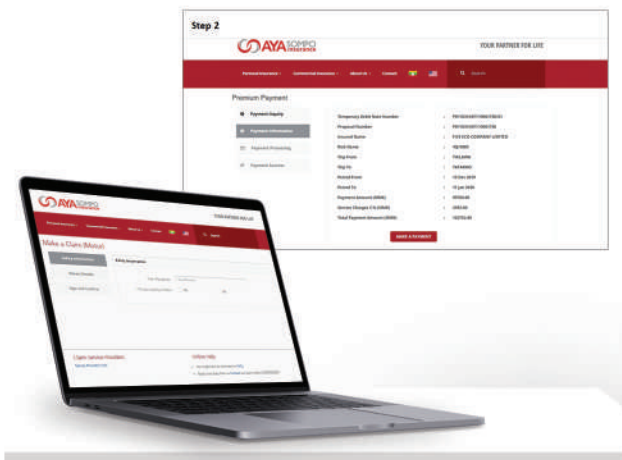
AYA SOMPO E Claim

At AYA SOMPO, we focus on doing the right things in order to find the best solutions and to ensure sufficient compensation and effective claims. In 2020, we expanded the digitalization of services contents and delivery method with the launch of E Claim service. Implemented since July 2020, it has resulted in faster processing of claims and enhancing customers’ experience to the next level.



AYA SOMPO iConnect

Another upcoming innovation in the pipeline is AYA SOMPO’s digital tool “iConnect” to speed up self-service capabilities enabling our customers to access and check their policy details anytime, anywhere privately. Besides providing utmost convenience, through the app, our customers are also able to eliminate the hassles of manual processes such as “flipping papers” or contacting their agents.



AYA SOMPO Online Appointment

With online appointment feature, our customers are able to make virtual appointments with our business managers to better understand about insurance and access insurance solutions from anywhere, anytime.



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



COMPREHENSIVE MOTOR INSURANCE

Protect your vehicles against losses resulting from accidents



HEALTH INSURANCE

Provide coverages for medical, surgical and hospitalization expenses



TRAVEL INSURANCE

Protect against losses due to uncertainties in your travel



PERSONAL ACCIDENT INSURANCE

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



FIRE INSURANCE

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



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's manager fidelity



INDUSTRIAL ALL RISKS (IAR)

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



CONSTRUCTOR'S ALL RISKS (CAR), ERECTION ALL RISKS (EAR)

Protect any damage that occurs during the construction process.



Our Value-Added Services



Convenience

Access to our services through our selected AYA Bank Branches countrywide



24/7 Services

24 hours claims/ survey services



Premium Calculator

Calculate your Insurance Premium at your fingertips at ayasompo.com



Nationwide Network

We are available at more than 39 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



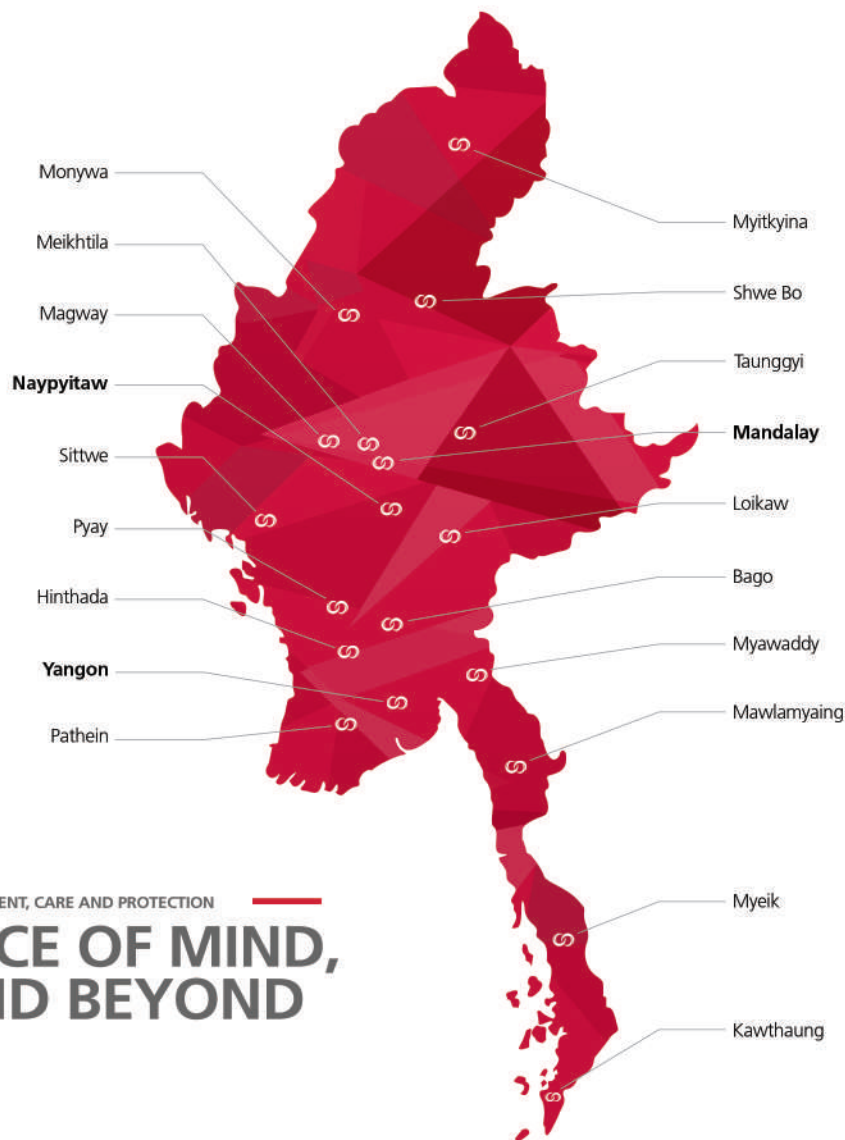
Partner Clinics and Hospitals

Peace of mind to customers with quality care from partners that they can trust

Our Nationwide Footprint

We have expanded our geographical footprint, enhanced our infrastructure and deepened our capabilities across the nation. AYA SOMPO currently operates in more than 39 cities across Myanmar with Head Office in the Financial District of Downtown Yangon, 2 Regional Offices in Mandalay and Naypyidaw, 9 Branch Offices across major cities and 50 Servicing Branches in the country with a growing service offering and combining local experience and know-how with international technical expertise to provide the best general insurance solutions to meet customer needs.

AYA SOMPO believes bancassurance to be one of the primary channels of insurance sales in Myanmar and is well-prepared to serve this burgeoning channel. With the model, AYA SOMPO is currently operating in more than 50 servicing branches across Myanmar.



SERVING YOU WITH COMMITMENT, CARE AND PROTECTION
**FOR PEACE OF MIND,
 NOW AND BEYOND**

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.

Developing Our People

AYA SOMPO continues to invest in people learning and development activities which help in the growth and development of employees, the true assets of AYA SOMPO. During the year, employees had the opportunity to cultivate core competencies and skills to help them to meet the rapidly changing demands of the insurance industry.

Over the period from October 2019 to September 2020, learning and development continued to play a crucial part in equipping our work force with required skillsets while exploring learner-centered tactics to inspire the modern learners. AYA SOMPO live with the quote of "Learning is not an expense but an investment". During these periods, AYA SOMPO conducted formal training/learning classes to equip our people with relevant knowledge and skills to be successful in their workplace through classroom, seminars and workshops.

We believe that the key to developing a qualified workforce lies in quality learning and development programs. Our significant investment in quality learning programs and people is one of the main reasons for our success to date in the industry. Our new investment in online learning programs have enabled our employees to learn and develop essential skills in both technical and commercial focus areas enhancing their learning experience.

In 2020, we expanded the digitalization of learning contents and delivery method with a launch of a new learning platform that centrally houses an extensive range of contents. This platform provides employee with flexibility regarding the subject matter they would like to develop while addressing some key principles of modern learning – access to content is on-demand, anytime and anywhere.

LEAD (Leadership, Exploration and Development) Courses: aimed for management and middle management level employees who have potential career succession and development for our company's sustainable development.



Insurance Professional Courses: aimed for foundational efforts like soft skills and manager training, learner-centric workshops to effectively manage the team, collaborate across the organization to common goals.



Other Career Development Trainings/Workshops: selected employees to participate in 9th & 10th ASEAN Young Insurance Manager Programme and ISJ General Course to strengthen the capacity development within the organization.



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.

With the purpose to improve unity between employees and to create a healthy lifestyle, **AYA SOMPO Sports Day** was held on 22 Feb 2020 at Kyike Ka San Football Stadium.



"Coffee with CEO & COO" chaired by senior management to keep employees abreast of company performance, achievements and upcoming plans and products throughout the year.



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



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

Management Offsite Meeting with the theme of “Shaping Vision 2020, Beyond Insurance” was held in December 2019 at Awei Metta Hotel. The offsite meeting was aimed at communication of our business plan for the upcoming year and also outline key initiatives among the management team.



Allowing our employees to get a break from their desks by scheduling a company-wide outings along with the purpose of enhancing employer's branding and building up employee's relation, we organized “Movie Date with AYA SOMPO”.



Health and physical activities to promote healthy living of employees on their journey towards better health and fitness.



Lockdowns during Covid - 19 posed various challenges to our employees. In order to cope with the challenge, the company provided food supplies and necessities. All employees are also extended with full health insurance cover to protect their financial loss.



Annual Scholarship Program for children of employees which aims to provide financial assistance, to nurture young leaders and support Myanmar education sector.

OUR ACHIEVEMENTS - AWARDS AND ACCOLADES

AYA Myanmar Insurance (former name of AYA SOMPO) was awarded with numerous accolades and awards in recognition for our achievements: The **“Digital Insurance Initiative - Myanmar 2017 & 2018”** award by Asian Banking and Finance, in recognition of our digitalization efforts over the years. The winners were selected by a panel of judges which included experts from Deloitte, Milliman, EY and KPMG Singapore.

In June 2019, AYA SOMPO received the **“Best Private Insurance Company Myanmar 2019”** and **“Best Insurance Company Digital Transformation Myanmar 2020”** award by Global Banking and Finance. The awards are in recognition of our company’s key initiatives in (i) corporate governance; (ii) CSR activities in contributing to social and economic developments in Myanmar; and (iii) our key initiatives in embarking on a digital journey which builds a good foundation towards conducting business digitally and being a role model for the newly-opened insurance industry in Myanmar.

We are also proud to have received **“Best Companies to Work in Myanmar 2020 – Corporate Winner”** awarded by JobNet for management development in recognition of excellence in employee satisfaction and engagement within the Company.



OUR COMMUNITY

AYA SOMPO is committed to be a responsible of the community. Our strong contribution, harnessing the commitment of our people, continues to improve lives and build communities we operate in. We establish long-term relationship with Ayeyarwady Foundation, our charity partner to ensure that the projects we support are sustainable, and we work closely with it to ensure that our programme continuously improve.

Throughout the year, AYA SOMPO's commitment to community during COVID – 19 spread in Myanmar and also provide much needed health protection funds for health care volunteer at Ayeyarwady Center to fight against COVID – 19 in the country.

Also, a key part of our community contribution is encouraging volunteerism among our staff for the benefit of the community which brings together people from across the company to get involved in setting up Ayeyarwady Center in an effort to help our community for COVID – 19 Quarantine process.



Contributed MMK 100 Million for Coronavirus Disease 2019 (COVID-19) Prevention, Control Medical supplies; Medicines at Yankin Children Hospital and Waibargi Hospital.



Donated MMK 100 Million to the COVID – 19 Facility Quarantine Center – Thuwanna. intended for construction and operations of a temporary quarantine facility.



Donated the fund for Health Insurance worth 500 Million MMK for Caregivers in Myanmar, who are actively working relentlessly across the country to contain and fight against the COVID-19 spread.



Encouraging volunteerism among our staff to get involved in setting up Ayeyarwady Center for COVID – 19 Quarantine process



Contributed Health Insurance Coverage for Medical Doctors, Nurses and Volunteer at Ayeyarwady Center in collaboration with AIA Myanmar



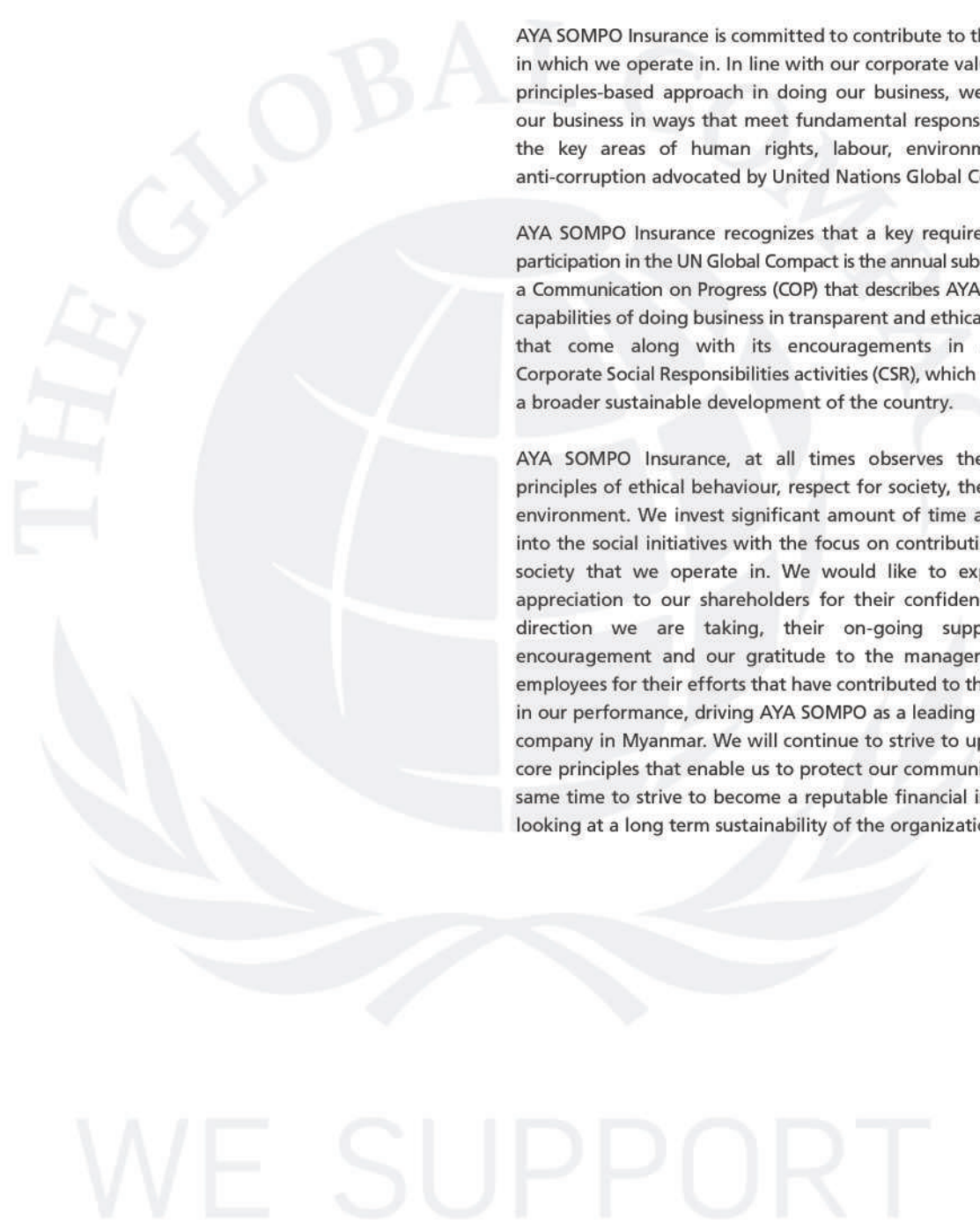
United Nation Global Compact

AYA SOMPO Insurance has been a member of the United Nations Global Compact since September 2015 and AYA SOMPO celebrates our 6th 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 Insurance 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 Insurance 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 (CSR), which promotes a broader sustainable development of the country.

AYA SOMPO Insurance, at all times observes the highest principles of ethical behaviour, 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.



OUR KEY MILESTONES

2013



GRANTED LICENSED
by Insurance
Business Regulatory
Board



2018

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

2020

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



2018

1st INSURER
to embark
on Pilot
Bancassurance
Project



2015

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



2018

1st INSURER
to embark on
full digital
platform



2019

**JOINT VENTURE
PARTNERSHIP**
with Sampo
Japan Nipponkoa
Insurance Inc.



2020

**"BEST INSURANCE
COMPANY DIGITAL
TRANSFORMATION
MYANMAR 2020"**
by Global Banking
and Finance



2019

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





သင့်ဘဝအတွက် စိတ်နှေးချမ်းသာမှု

PEACE OF MIND

OVERVIEW

- 02 About AYA SOMPO
- 03 Vision, Mission and Key Values
- 04 Key Commitments
- 05 Chairman's Statement
- 06 Message from Chief Executive Officer

CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE

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.

2. 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 a myriad of stakeholders, employees, suppliers, customers, shareholders, as well as the 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 organisational 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, Risk Management 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.

3. 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

4. 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 through his/her personal behaviour 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 responsibilities 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.

5. ACCOUNTABILITY AND AUDIT Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensuring that the 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.

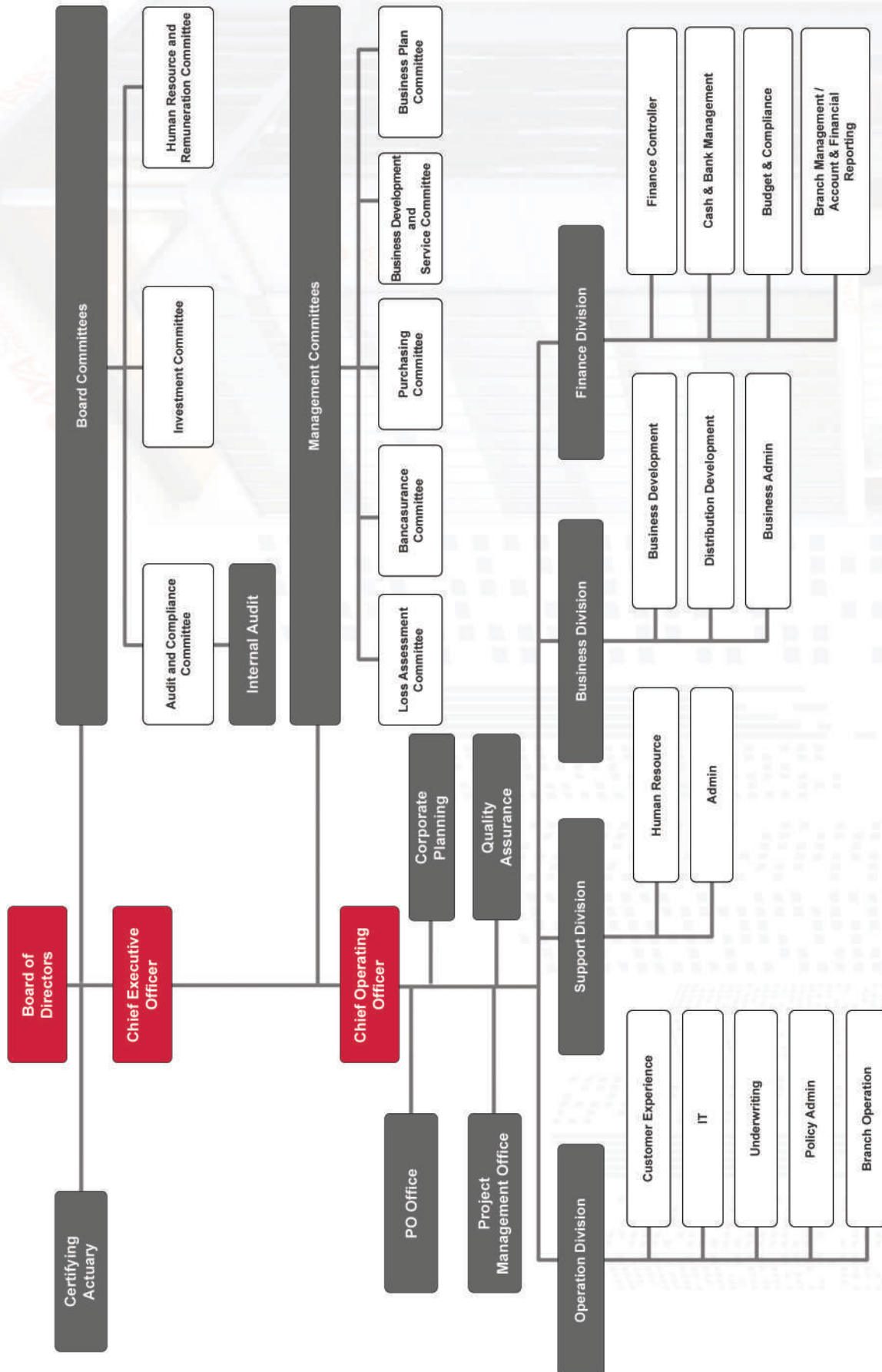
The Board lays down the policy framework to put in place:

- (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:

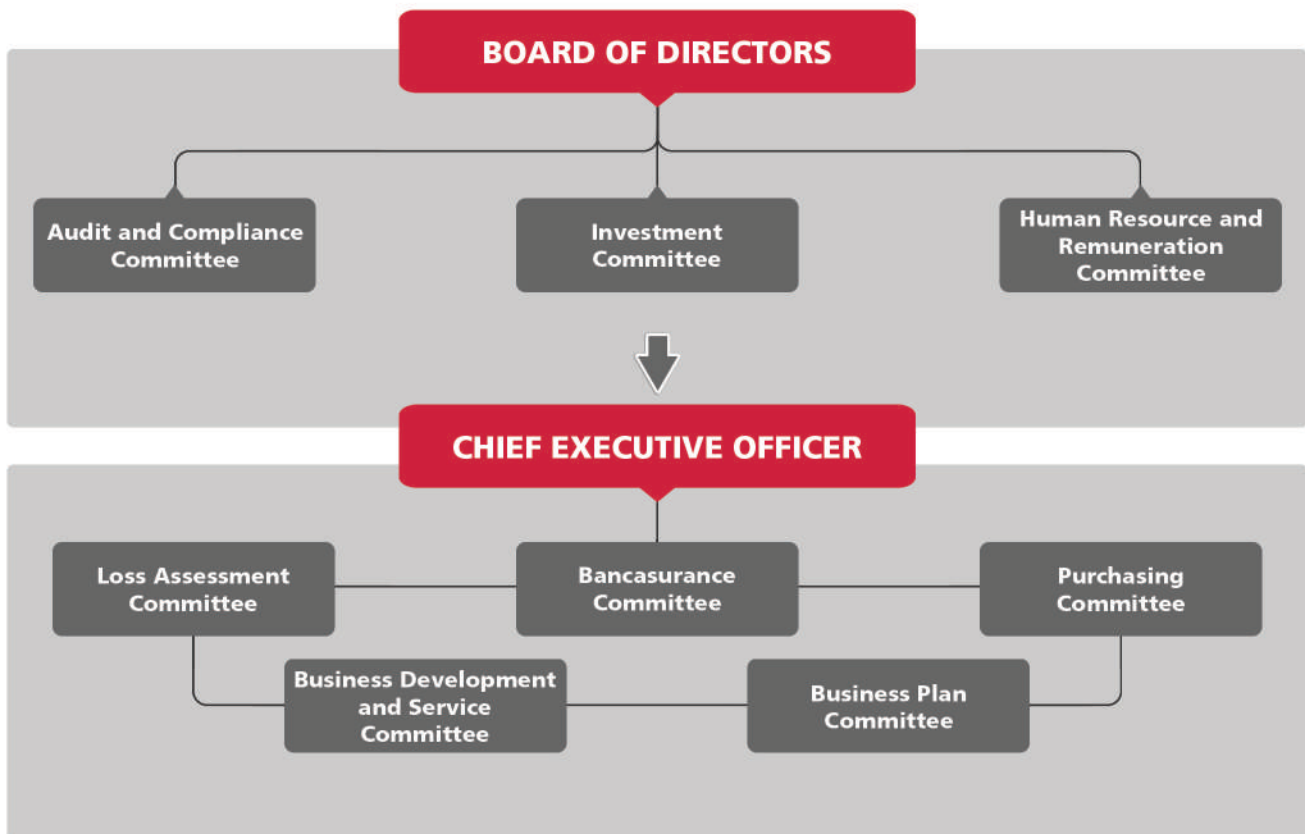
- (i) the CEO and the head of finance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (ii) the CEO and other Key Management Personnel who are responsible, regarding the adequacy and effectiveness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

ORGANIZATION STRUCTURE



BOARD AND MANAGEMENT COMMITTEES

AYA SOMPO corporate governance refers to 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. The policy takes as its starting point a recognition that the Board of Directors of the Company (the "Board") has the dual role of setting strategic direction, and of setting the Company's approach to governance. AYA SOMPO, as a well-governed company, is better placed to perform over the longer-term and a sustainably successful company is good for a myriad of stakeholders, employees, suppliers, customers, shareholders, as well as the society at large



Board Committees ("BDs") and Management Committees ("MCs"), are formed with charters which clearly set out their composition, authorities and duties, including reporting back to the "Board". These include, without limitation, three committees established by the "Board", namely, Audit, Risk & Compliance Committee, Investment Committee and Human Resource and Remuneration Committee and five Management Committees, namely, Loss Assessment Committee, Business Plan Committee, Purchasing Committee, Bancassurance Committee and Business Development and Service Committee. Regardless of whether the "Board" chooses to form a BD and/or MC and delegates certain matters to the BD or MC to decide, the Board of Director is responsible for understanding the BD and/or MC's discussions and monitoring and endorsing the BD and/or MC's decisions.

BOARD OF DIRECTORS

AYA SOMPO is headed by the Effective Board which is collectively responsible for the long-term success of the Company and works closely with management bodies and personnel who have authority and responsibility of planning, directing and controlling the activities of the Company.



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 Sampo Japan Nipponkoa 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 20 years of management experience. U Zaw Zaw graduated from the University of Yangon in 1988 with the major in Mathematics and had worked in Japan for several years prior to his return to Myanmar in 1995 and founded Max Myanmar Company, which is now known as 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 banks 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 Organising Committee for Youth Competition. And, 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 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 Sampo Japan Nipponkoa Insurance Inc, and a member of AYA Financial Group.

U Than Zaw also played a pivotal role in starting AYA Myanmar Insurance (AMI) as the Managing Director when the market liberalised for private insurers in 2013. U Than Zaw served as the 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 fledging 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.



U MYO MIN THU
Chief Executive Officer

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 Nipponkoa Insurance Inc, and a member of AYA Financial Group.

U Myo Min Thu joined AYA Myanmar Insurance (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 5years. AMI successfully established a new joint venture company, AYA SOMPO INSURANCE COMPANY LIMITED in 2019, joining hands with a global brand in Sampo Japan Nipponkoa 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.



MR.KEIJI OKADA
Chief Operating Officer

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 Nipponkoa 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 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 Nipponkoa 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 Nipponkoa Insurance Inc, and a member of AYA Financial Group.

Daw Thazin Aung is also the Chief Executive Officer of Max Global Co., Ltd. She currently manages and monitor diversified investment portfolios that includes existing, on-going and new business ventures of Max Group and AYA Financial Group. In her capacity as a Group Investment arm, she also manages and oversees Group new Mergers and Acquisitions [“M&A”], and Joint Ventures with Potential Partners for the group’s entities and/or new Ventures investment activities.

Before joining Max Global Investment, 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 leads 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.

BOARD COMMITTEES

➤ AUDIT, RISK AND COMPLIANCE COMMITTEE

Chaired by the Vice Chairman and comprised majority of senior management members including Chief Executive Officer, Chief Operating Officer and Head of Internal Audit in attendance. External auditors may be invited as necessary. The committee approves the appointment of external auditors and oversees their relationship with the company. 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 and procedures and systems of internal control over financial reporting. The committee reviews arrangements for compliance with the requirements of regulators and receives reports on the operation of the company. The committee oversees the management of underwriting, credit, market, operational, legal and other risks. The committee recommends risk philosophy and tolerance for board approval, defines the company's risk appetite and reviews risk management processes used by the risk management department.

➤ HUMAN RESOURCE AND REMUNERATION COMMITTEE

Chaired by the Non-Executive Director. Comprised of senior management members including the Head of Human Resources, the HR committee has responsibility on behalf of the board committee to ensure matters pertaining to staff compensation & benefits, manpower planning and recruitment, staff administration & discipline and training are managed in a way to ensure effective, efficient and uninterrupted operations, and to mitigate risk of loss resulting from human deficiencies or errors.

➤ INVESTMENT COMMITTEE

Chaired by the Non-Executive Director and comprised majority of senior management members including Chief Executive Officer, Chief Operating Officer and Head of Finance. The committee carries out the responsibilities delegated by the Board of Directors (the "Board") of the Company regarding oversight of AYA SOMPO's financial reserves, recommendation and implementing of the investment policies of the Company, laying down the operational framework for the investment operations of the Company, consistent with directives issued by Insurance Business Regulatory Board.

MANAGEMENT COMMITTEES

➤ BANCASSURANCE COMMITTEE

Comprised of senior management members including Chief Executive Officer, Chief Operating Officer and Head and Deputy Head of Business Development. The committee reviews to provide long-term value and sustainable interests of the Company and also to facilitate marketing, distribution, promotion and sell certain non-life insurance products of the Company to the Customers through the Distribution Networks in the Territory.

➤ BUSINESS DEVELOPMENT AND SERVICE COMMITTEE

Led by the Head of Business Division as Chair and is comprised of senior management members including Chief Executive Officer, Chief Operating Officer the Head of Customer Experience. The committee aims to represent and promote the interests of AYA SOMPO Insurance with a conception to provide long-term value and sustainability of the company. The committee is accountable to management and board members and is responsible for overall business growth and promote better customer services by adopting strategic plans in order to enhance the distributional expansion in business at potential sectors in Myanmar's insurance industry.

➤ 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 its vision and mission, and in response to market condition and is comprised of senior management members including Chief Executive Officer, Chief Operating Officer and Head of Business Development. The committee aims to effectively represent and promote the interests of the Company with a view to provide long term value and sustainability of the Company. The Committee is also accountable to the Management and Board members, and as such is responsible for the business planning of the Company.

➤ LOSS ASSESSMENT COMMITTEE

Led by the Head of Customer Experience Department as Chair. Comprised of senior management members including Principal Officer, 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 the Vice Chairman and comprised of key members from Finance, Technical and Operational departments. The committee prioritizes and implements purchase of default properties, servicing materials and equipment that are financially or otherwise advantages to the benefitting the company and its associates. The purchasing committee has ultimate responsibilities to recommend to board committee in order to engage purchasing functions that are mutually advantageous to obtain accurate performances in doing business with full transparency.



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CORPORATE INFORMATION

COMPANY	AYA SOMPO INSURANCE COMPANY LIMITED	
REGISTRATION NUMBER	101200531	
BOARD OF DIRECTORS	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
REGISTERED OFFICE	NO. 245, MAHA BANDULA ROAD, BOTATAUNG TOWNSHIP, YANGON, MYANMAR	
AUDITORS	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	

AYA SOMPO INSURANCE COMPANY LIMITED
DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 2020.

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 period 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

Date: 29th December 2020

MANAGEMENT'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

Management of AYA SOMPO Insurance Company Limited (the "Company") is responsible for the preparation of the financial statements for the year ended 30 September 2020, in accordance with the Myanmar Financial Reporting Standards ("MFRS") and the provisions of Myanmar Companies Laws (the "Law"). The management is working towards migration to International Financial Reporting Standard (IFRS) as issued by the International Accounting standards Board (IASB) with key measures of IFRS 4 Insurance Contracts, such as Unearned Premium Reserve (UPR), Deferred Acquisition Cost (DAC), Outstanding Claim Reserve (OCR) and Incurred But Not Reported (IBNR). 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 2020 and the financial performance, and cash flows of the Company for the year ended 30 September 2020 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

Date: 29th December 2020

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 2020, 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 2020, 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.

Other Matter

The financial statements of the Company for the period from 1 April 2019 to 30 September 2019 were audited by another auditor whose report, dated 17 March 2020 expressed qualified opinion on those statement due to non-compliance of IFRS 16. The management has applied IFRS 16 for the year ended 30 September 2020.

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.

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)



Date: 29th December 2020

AYA SOMPO INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

Assets	Note	30 September	30 September
		2020	2019
<i>(in MMK)</i>			
Non-current assets			
Property and equipment	5	15,932,760,153	15,974,748,070
Right-of-use asset	6	393,174,027	-
Intangible assets	7	292,547,223	429,896,609
Investments in securities	8	29,300,000,000	19,300,000,000
Total non-current assets		45,918,481,403	35,704,644,679
Current assets			
Premiums due and uncollected, net	9	984,849,871	141,672,486
Other receivables	10	6,893,835,941	6,141,276,008
Cash and cash equivalents	11	31,890,578,259	37,874,729,984
Other current assets	12	1,584,238,452	1,359,297,962
Total current assets		41,353,502,523	45,516,976,440
Total assets		87,271,983,926	81,221,621,119
Liabilities and shareholders' equity			
<i>(in MMK)</i>			
Shareholders' equity			
Share capital	13	63,636,241,541	63,636,241,541
Retained earnings			
Appropriated			
Reserve		6,347,972,667	5,961,743,611
Unappropriated		2,069,212,428	206,451,652
Total shareholders' equity		72,053,426,636	69,804,436,804
Liabilities			
Non-current liability			
Lease liabilities	14	258,481,431	-
Total non-current liability		258,481,431	-
Current liabilities			
Insurance contract liabilities	15	9,267,200,899	6,401,058,575
Co-insurance premium		2,774,348,079	2,529,881,823
Commission payable	16	966,231,575	1,553,909,810
Current portion of lease liabilities	14	136,996,435	-
Other current liabilities	17	1,815,298,871	932,334,107
Total current liabilities		14,960,075,859	11,417,184,315
Total liabilities		15,218,557,290	11,417,184,315
Total liabilities and shareholders' equity		87,271,983,926	81,221,621,119

AYA SOMPO INSURANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	For the year ended 30 September 2020	For the period from 1 April 2019 to 30 September 2019
<i>(in MMK)</i>			
Revenue			
Gross premium written		19,977,492,900	8,460,213,304
Less Premium ceded		(2,852,672,517)	(1,715,787,109)
Net premiums written		17,124,820,383	6,744,426,195
Less unearned premium reserve		(2,216,920,082)	(338,467,570)
Net premium earned		14,907,900,301	6,405,958,625
(Loss) / gain on disposal of fixed asset		(4,978,725)	13,725,000
Other income	18	5,548,178,205	1,166,251,402
Total revenues		20,451,099,781	7,585,935,027
Expenses			
Insurance claim expenses		8,301,560,994	3,858,749,680
Acquisition costs and direct expenses		2,118,567,719	78,451,202
Operating expenses	19	7,048,540,758	2,785,307,097
Total expenses		17,468,669,471	6,722,507,979
Profit before income tax expense		2,982,430,310	863,427,048
Income tax expense	20	750,530,545	212,425,512
Net profit and other comprehensive income for the year / period		2,231,899,765	651,001,536

AYA SOMPO INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY

	Note	Issued and paid-up share capital	Retained earnings		Total shareholders' equity
			Reserve	Unappropriated	
(in MMK)					
Period ended 30 September 2019					
Balance at 1 April 2019		500,000	-	8,993,097	9,493,097
Business transfer adjustment		40,000,000,000	5,508,200,630	-	45,508,200,630
Paid-up share capital	13	23,635,741,541	-	-	23,635,741,541
Net profit and other comprehensive income for the period		-	453,542,981	197,458,555	651,001,536
Balance at 30 September 2019		63,636,241,541	5,961,743,611	206,451,652	69,821,526,871
Year ended 30 September 2020					
Balance at 30 September 2019		63,636,241,541	5,961,743,611	206,451,652	69,821,526,871
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)
Balance at 1 October 2019		63,636,241,541	5,961,743,611	223,541,719	69,838,616,938
Net profit and other comprehensive income for the year		-	386,229,056	1,845,670,709	2,231,899,765
Balance at 30 September 2020		63,636,241,541	6,347,972,667	2,069,212,428	72,070,516,703

AYA SOMPO INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 30 September 2020	For the period from 1 April 2019 to 30 September 2019
	(in MMK)	
Cash flows from operating activities		
Profit before income tax expense	2,982,430,310	863,427,048
<i>Adjustments for:</i>		
Loss / (gain) on disposal of premises and equipment	4,978,725	(15,250,000)
Interest expense on lease	27,051,862	-
Depreciation	600,922,767	770,350,786
Amortisation	306,807,180	198,019,161
	<u>3,922,190,844</u>	<u>1,816,546,995</u>
Changes in operating assets and liabilities		
Changes in insurance and other receivables	(1,733,803,320)	(7,392,753,359)
Changes in provision, claims and other payables	2,879,572,804	11,204,758,803
Refund of agent commission pertaining to prior year	17,052,057	-
Income tax paid	(299,300,000)	(240,000,000)
Net cash from operating activities	<u>4,785,712,385</u>	<u>5,388,552,439</u>
Cash flows from investing activities		
Acquisition of intangible assets	(7,412,500)	(627,915,770)
Acquisition of premises and equipment	(594,462,970)	(21,697,848,855)
Proceeds from sale of dispose premises and equipment	7,500,000	4,968,000,000
Adjustment from transaction with owner	6,411,360	-
Purchase of investment	(10,000,000,000)	(19,300,000,000)
Net cash used in investing activities	<u>(10,587,964,110)</u>	<u>(36,657,764,625)</u>
Cash flows from financing activities		
Repayment of lease liability	(181,900,000)	-
Proceeds from issue of shares	-	63,635,741,540
Equity share investment	-	5,508,200,630
Net cash from (used in) financing activities	<u>(181,900,000)</u>	<u>69,143,942,170</u>
Net (decrease) increase in cash and cash equivalents	<u>(5,984,151,725)</u>	<u>37,874,729,984</u>
Cash and cash equivalents at beginning of the year / period	37,874,729,984	-
Cash and cash equivalents at 30 September	<u><u>31,890,578,259</u></u>	<u><u>37,874,729,984</u></u>

AYA SOMPO INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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, Botataung 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 and Travel insurance, Health 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”).

The Company has adopted IFRS16 – Lease and disclosed impact form changes to significant accounting policies in note 3.

(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 5	Property and equipment
Note 8	Investments in securities
Note 15	Insurance contract liabilities
Note 20	Income tax expense
Note 23	Risk management and financial instruments

AYA SOMPO INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 reported up to that date, together with related claims handling expenses, less amounts already paid.

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.

Further information about the methods and assumptions made in measuring fair values is disclosed in note 23.

3. CHANGES IN ACCOUNTING POLICIES

From 1 October 2019, the Company has adopted IFRS 16 on contracts previously identified as leases according to IAS 17 Leases using the modified retrospective approach. As at 1 October 2019 the Company recorded right of use asset and lease liability amounting to MMK 447,732,383 and 431,756,591 respectively. Present value of right of use asset and lease liability is calculated using incremental borrowing rate of 6%.

Previously, the Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. As at 1 October 2019, the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

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 property and equipment, and are recognised in profit or loss.

AYA SOMPO INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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) 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
-------------------	-----------

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

(c) 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.

AYA SOMPO INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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.

(d) 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.

(e) 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.

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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

This represents the claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year. The purpose of loss reserve and outstanding claims is to cover the ultimate cost of settling an insurance claim.

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

This 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.

The assessment for IBNR as at 30 September 2020 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. However, as the Company is following the generally accepted accounting practice in Myanmar, IBNR reserves have not been recorded in these financial statements.

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.

(f) *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.

(g) *Cash and cash equivalents*

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

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(h) 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.

(i) Other income

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

(j) 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.

(k) 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.

(l) 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.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plans. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) 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.

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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.

7. COMPARATIVE FIGURES

The financial statements for the year ended 30 September 2020 covers the period from 1 October 2019 to 30 September 2020. The financial statements for the period ended 30 September 2019 covers the period from 1 April 2019 to 30 September 2019.

Your Partner for Life

YANGON (HEAD QUARTERS)

No.245, Corner of Maha Bandula Road and
46th Street, Botahtaung Township,
Yangon, Myanmar.

Phone : 01 9010941, 01 9010942,
01 9010943, 01 9010944