





At AYA SOMPO, we believe in diversity, equity and **INCLUSIVITY**. We are committed to treating everyone equal and providing equal opportunities to all our employees. We ensure that people of Myanmar are able to have access to our innovative insurance solutions that are simple and easy to understand.

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01 OVERVIEW





About AYA SOMPO

At AYA SOMPO Insurance, we are committed to providing the right protection for our customers. As a leading general insurance company, we specialize in providing comprehensive coverage and risk management solutions that safeguard individuals, families, and businesses against unforeseen events and challenges.

Innovation is at the center of everything we do, and we are proud to be the first general insurance company in Myanmar to fully utilize an end-to-end digital core insurance system that enables our business operations.

Established in 2013, we have been one of the fastest-growing insurance companies since the liberalization of the private insurance industry. The joint venture with Sampo Holdings in 2019 was one of the key milestones enabling us to enhance our capital, invest in talent development and new technologies. As a member of one of the largest financial groups in the country, AYA SOMPO Insurance combines local knowledge and network with international expertise from Sampo Holdings.

Over the years, we have developed a strong reputation for our commitment to providing our customers with unparalleled innovative insurance solutions that gives our customers peace of mind and beyond. The future is unpredictable and in this VUCA (Volatile, Uncertain, Complex and Ambiguous) environment, we push beyond our boundaries to ensure all information and services remain accessible to the public at the click of a button.

AYA SOMPO maintains a strong financial position, backed by prudent underwriting practices, robust risk management and transparent corporate governance. Our key missions are to provide our customers with peace of mind through innovative insurance solutions that are beyond now, and into the future. We remain committed to our key strategies of (1) Building on a sustainable business model that creates value for all stakeholders (2) Continuous innovation and (3) Customer Centricity. This ensures that we have the sustainability to meet clients' claim obligations and deliver long-term value to our community.

As we reflect on the years of continuous growth in the nascent Myanmar insurance market, AYA SOMPO Insurance remains committed to providing robust insurance solutions to our customers. We remain dedicated to being "Your Partner for Life" for our customers, employees and partners, providing them with peace of mind solutions and protection. We will continue to stay resilient in the evolving market dynamics, innovate our products and services, and leverage emerging technologies to enhance our customer experience. Our commitment to our vision and mission is not just a mere statement but will always be at the core of everything we do.



Creating Sustainable Future



Continuous Innovation



Customer Centricity

Vision

To be recognized as “Your Partner for Life” providing Peace-of-Mind Insurance Solutions to Customers.

Mission

Through Innovative Solutions, we provide Peace of Mind. For now, and for the Future.

Values

Solutions: providing customer-centered innovative insurance solutions for you and your loved ones.

Beyond: going beyond to ensure guaranteed protection beyond now, for the future.

Peace of Mind: providing the right protection against uncertainties of tomorrow.



Key Commitments

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

To Our Customers

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

To Our Employees

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

To Our Community

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

To Our Shareholders

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

Chairman's Statement

We will continue to focus on meeting the diverse needs of our customers and aim to create long term value for all stakeholders.



Dear Valued Partners and Stakeholders,

I am pleased to share that AYA SOMPO has achieved remarkable growth and stability throughout the year. We have continued to strengthen our brand and position in the insurance industry, connecting with more customers through our continued innovation and network expansion. This has been made possible through our unwavering commitment to providing new products and services while leveraging technology to enhance our operations and improve customer experiences.

Looking ahead, we anticipate both opportunities and challenges in the fast-growing insurance landscape. Technological advancements will continue to shape the industry, and we will prepare ourselves to embrace innovation and leverage emerging technologies to enhance our value offerings and achieve operational excellence.

We recognize the growing importance of sustainability while we work towards contributing to the social and economic development of the country. We will continue to focus on meeting the diverse needs of our customers and aim to create long-term value for all stakeholders.

I would like to express my gratitude to all our customers and stakeholders for the continued trust and support. It is through your confidence in our brand that we have been able to achieve remarkable growth and success. As we embark on this journey of sustainable growth, we remain focused on our mission to provide our customers with peace of mind insurance solutions while embracing innovation and sustainability.

Thank you

I thank all our shareholders and Board of Directors for their continued faith in our strength and capabilities, our customers for their valuable support and trust and our employees for their tireless efforts towards achieving our goals.



Zaw Zaw
Chairman

Key Highlights from Chief Executive Officer

As we navigate through challenges in this fast-growing industry, we will continue to strive for excellence and innovation in everything we do. We remain committed to investing in new technologies and developing our human resources.



Dear Valued Partners and Stakeholders,

It gives me immense pleasure to present to you our annual report for the year 2022/23. This report provides an overview of our financial performance, and a glimpse of our future and beyond.

As we close out another year, I would like to express my deepest appreciation to all our customers, partners and stakeholders for the unwavering support, trust, and most important of all, resilience through the difficult times. Despite the challenges of the past year, we had another successful year. Our Gross Written Premium, profitability, and customer base have grown, along with the trust of our customers in our brand. The results on our performance and key milestones achieved show how much we have excelled and grown during one of the most challenging times in our history.

Our commitment to achieving a sustainable and responsible business, along with our ongoing efforts to improve our services to meet the ever-changing needs of our customers successfully has contributed to making us one of the fastest growing insurers in Myanmar. We have transformed the way we work, providing customers with a wider range of services, leveraging digital capabilities that are easier, faster and more convenient to use. This has enhanced both insurance awareness and raised overall insurance penetration amongst the public in Myanmar to another level.

Beyond now, into the future

As we navigate through challenges in this fast-growing industry, we will continue to strive for excellence and innovation in everything we do. We remain committed to investing in new technologies and developing our human resources. I am confident that we will stay ahead of the market and keep pace with the ever-evolving market to deliver better and superior products and services that provide our customers with peace of mind.

Commitment to Employees, Customers, Community and Stakeholders

Our industry plays a major role in ensuring financial stability especially in an emerging country like Myanmar. It is important that we keep working hard to enhance insurance awareness and close the protection gap in the country. Sustainability will remain an integral part of our business philosophy. We will continue to invest in sustainability and our people in line with our commitment to provide customer-centered insurance solutions that are simple and easily accessible. We look to improve our services along with our efforts to remain environmentally friendly and socially responsible.

Thank you

We owe this success to our customers for the trust in our brand, our partners for the unwavering support, our employees for their resilience and commitment, and our board of directors and shareholders for the confidence and trust.

Without the support and trust, none of what we have accomplished would have been possible.

We look forward to closer collaboration to achieve our goals that make us stronger and better together.

Myo Min Thu
Chief Executive Officer



02 YEAR IN OPERATING REVIEW



AYA SOMPO **at a Glance**

We are available at more than **45 cities** across Myanmar

 **Top Insurer**
Fastest Growing Company

 **Paid Up Capital**
MMK 64 Billion

 **Total Assets**
MMK 100 Billion

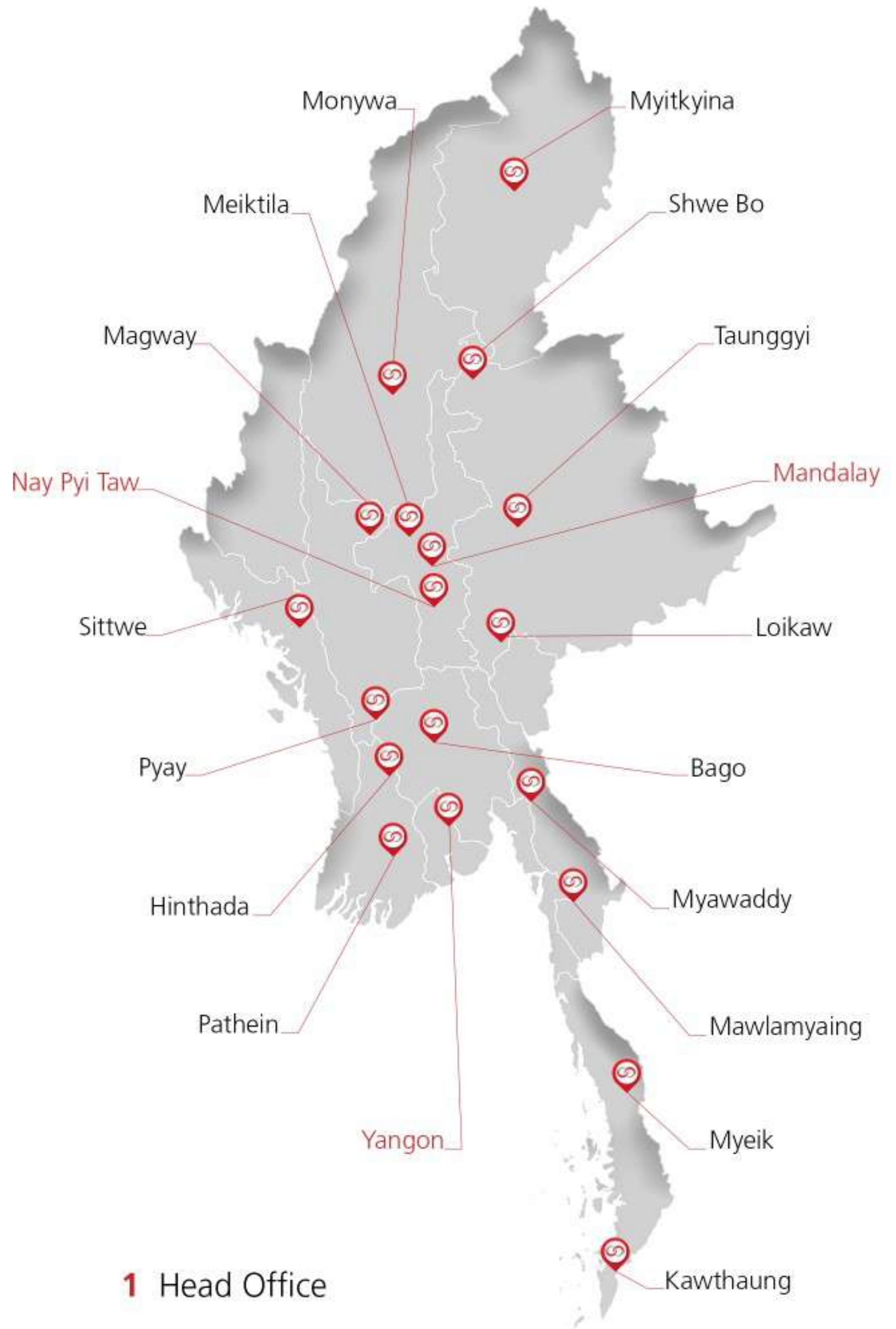
 **Total Reserves**
MMK 9.6 Billion

 **Gross Written Premium**
MMK 27 Billion

 **Net Written Premium**
MMK 16 Billion

 **Paid Claim**
MMK 8 Billion

 **Number of Employees**
Over 500



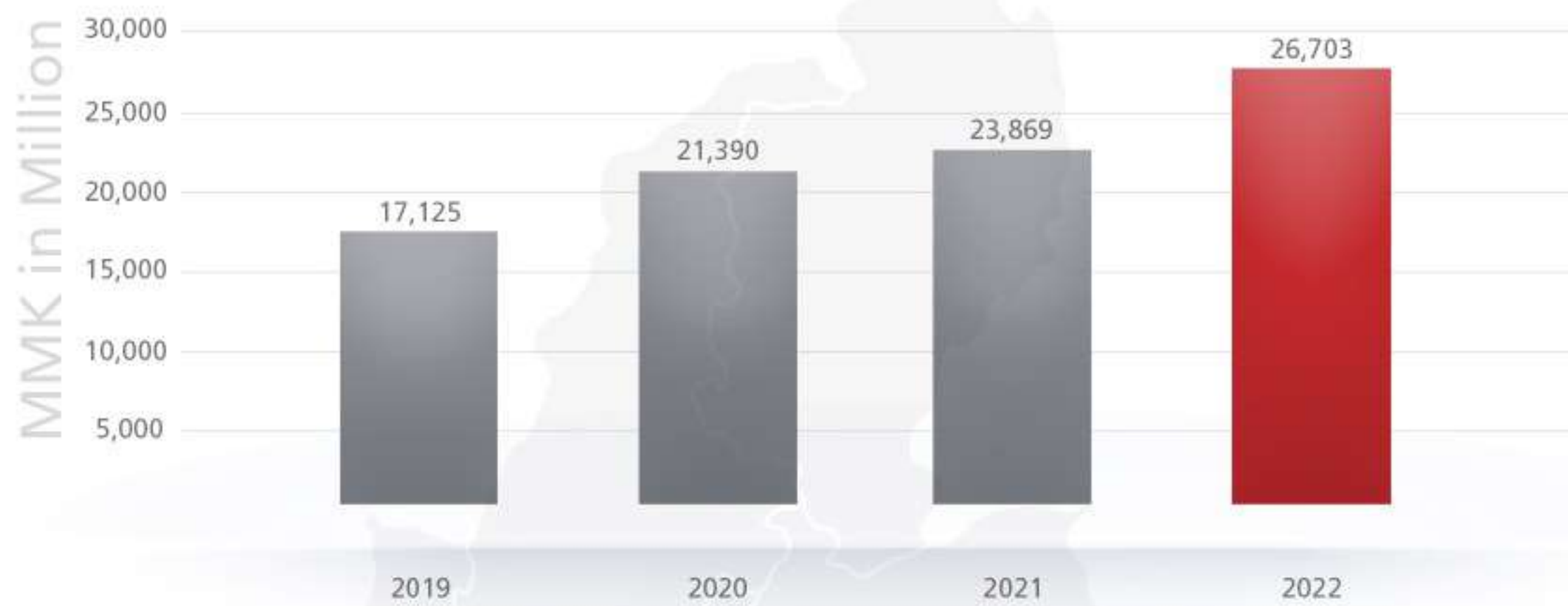
- 1** Head Office
- 3** Regional Offices
- 8** Branch Offices
- 120** Bancassurance Branches

Data updated as at end of March 2023.

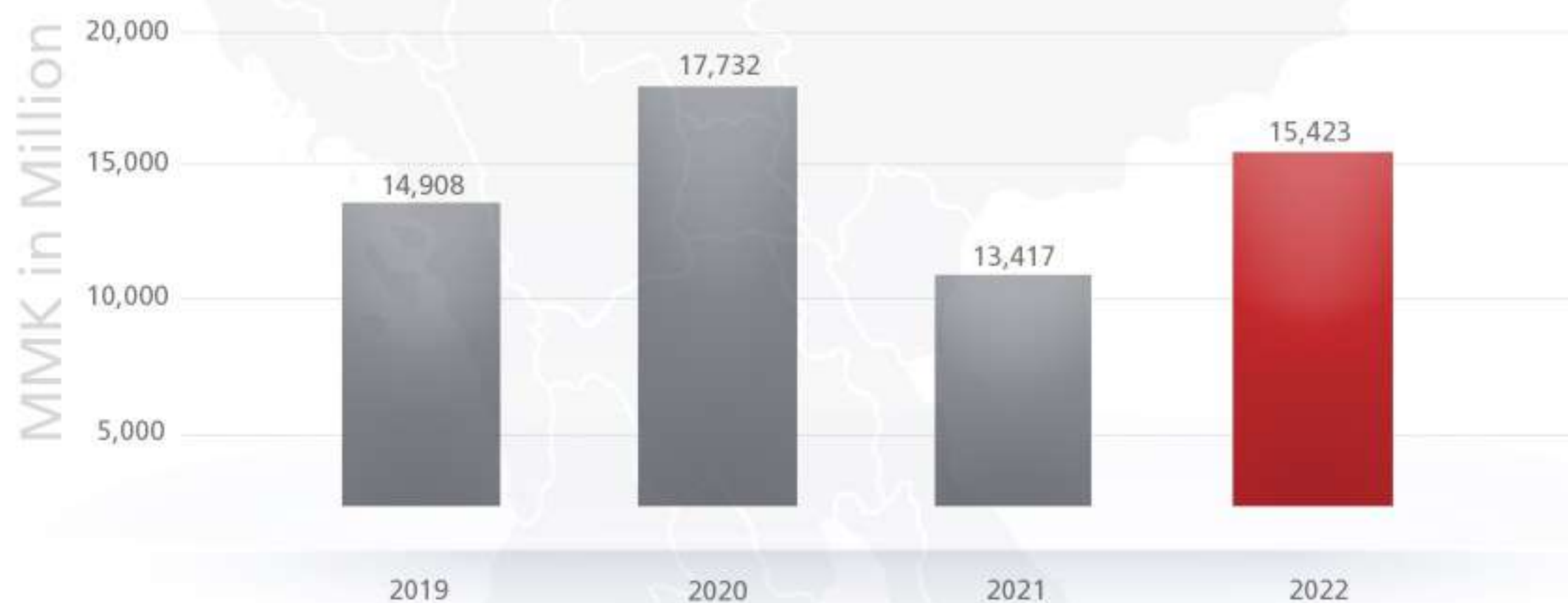


Financial Highlights

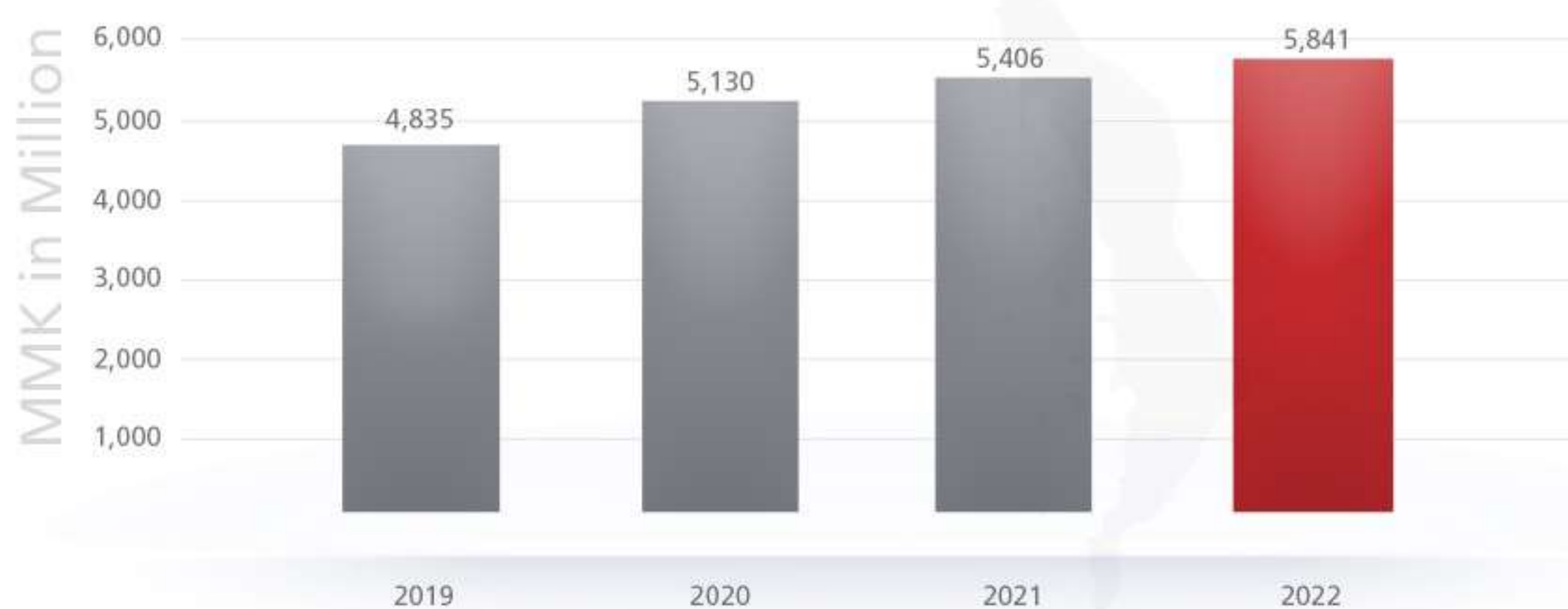
GROSS WRITTEN PREMIUM



NET EARNED PREMIUM



INVESTMENT INCOME



Data updated as at end of March 2023.



Outlook

Economic Outlook

The global economy has experienced periods of volatility, disruption, and uncertainty, impacting various sectors and markets worldwide. Myanmar has also faced these challenges which significantly affect business operations within the country. Electricity outages, trade and foreign exchange restrictions, input shortages, and ever-changing regulations have been part of the ongoing disruptions.

Despite the challenges, certain sectors have displayed positive developments. Mobility has improved and returned to pre-COVID levels, construction activities continue to expand, and energy output has remained stable. Additionally, trade has demonstrated relative resilience in the face of economic headwinds. In FY 2022, activity exhibited signs of recovery and the Manufacturing Purchasing Managers' Index (PMI) averaged higher in FY 2022, reflecting positive momentum in the manufacturing sector.

Looking ahead, a gradual economic recovery is expected in the near term. According to the World Bank, Myanmar's GDP is projected to grow by 3% in 2023. However, it is important to note that GDP per capita is estimated to remain around 13% lower compared to the levels observed in 2019. The Asian Development Bank forecasts per capita GDP growth for Myanmar at 2.1% in 2023 and 2.5% in 2024, indicating a positive trajectory for the country's economic development. Inflation continues to be a significant concern. The Asian Development Bank projects inflation rates of 10.5% in 2023 and 8.2% in 2024, building upon the 16% rate observed in 2022. Factors such as high global commodity prices, logistical limitations, and the depreciation of the kyat contribute to substantial inflationary pressures that affect the overall economy. The cumulative impact of recent disruptions continues to hinder overall economic activity and household income levels.

While some businesses have shown resilience, overall growth still lags behind pre-pandemic levels. The current economic climate presents challenges across all sectors and in response, local businesses have undergone strategic shifts in their business and operational processes to adapt and meet the evolving market demands. These events highlight the importance of resilience and adaptability in navigating ongoing uncertainties.

Insurance Industry Outlook

The Myanmar insurance industry has witnessed significant changes in recent years, and the outlook for 2023 demonstrates promising growth potential, albeit at a slower pace compared to previous years. With a population of over 54 million, Myanmar represents a vast untapped market for insurance providers.

The entry of foreign players into the Myanmar insurance market has fueled competition, resulting in improved pricing, innovative product offerings, and enhanced customer services. This increased competition has also raised awareness among consumers about the importance of insurance and its associated benefits, leading to a rise in demand.

However, it is important to acknowledge that the industry still faces certain challenges. Lack of insurance literacy in the market, limited reinsurance capacity for larger risks, lack of new products that meet the market needs, and a high claim ratio in the motor insurance business pose obstacles to industry growth. Nevertheless, with the collaborative efforts from all insurers and stakeholders on a commitment to reform, the industry will strive towards improvements.

There is also a vast opportunity for the development of a microinsurance market that caters to the retail market. These are smaller-ticket sized products that include comprehensive health and travel insurance offerings, as well as insurance coverage for electronic gadgets. The outlook for the Myanmar insurance industry is promising, offering opportunities for market expansion, product innovation, and deeper penetration of insurance products within the population.

For sustainable growth, it is crucial for industry players to receive capacity support, establish a smoother payment mechanism, and introduce new commercial and consumer line products that cater to the local market. These measures will contribute to the industry's steady progress and ensure its ability to meet evolving customer needs.

As one of the leading general insurance companies operating in Myanmar, AYA SOMPO Insurance remain committed to providing comprehensive insurance solutions to meet the requirements of individuals and businesses. We are dedicated to driving industry innovation, fostering customer trust, and contributing to the overall growth and development of the insurance sector.

Strategic Initiatives

In line with our vision, "Your Partner for Life", AYA SOMPO Insurance is committed to our missions of sustainability, continuous innovation, and customer-centricity.

Sustainability will be the center of everything we do. We will continue to invest in developing qualified human capital while we stay environmentally friendly and socially responsible. We will play a pivotal role in ensuring the financial stability of the country by enhancing insurance awareness and closing the protection gap. This will require more than traditional insurance solutions. It is our ambition to strongly position AYA SOMPO as the preferred insurer providing innovative insurance solutions to the people of Myanmar.

Innovation will be part of our DNA as we gear towards leveraging digital capabilities to improve our products and services. Our business operations will be enabled by end-to-end digital technologies that provide higher efficiency and productivity while ensuring compliance with internal governance and regulatory requirements. We have launched digital services over the last 12 months that enable our customers to access insurance information and policy details through our digital platforms. We are committed to continuing innovating new products and services in line with changes to the market trend.

Meeting our customer's needs is our utmost priority with everything we do centering around our customers. We will invest in developing our people as well as in new technology that enhances our offerings providing greater customer experience. It is one of our commitments to provide customer-centered insurance solutions that are simple and easily accessible.

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

Sustainability
Sustainability
Sustainability

Innovation
Innovation
Innovation

Customer-centricity
Customer-centricity
Customer-centricity



Business Review

Overview of The Business

Throughout the year, we had experienced remarkable growth across various key performance indicators, demonstrating our strong position in the insurance market. Our financial results have been positive, reflecting the trust and confidence placed in our company by our valued customers. This growth has been driven by a combination of factors, including our robust channel expansion, exceptional digital innovation and enhanced customer experience. We have embarked on strategic initiatives aimed at enhancing our competitive edge and addressing areas for improvements in our business operations.

Our extensive network of connections domestically and internationally has been a key strength for our business. We have forged strategic partnerships with reputable industry stakeholders, including universities, financial institutions, reinsurers, service providers and technology companies, to ensure that we can deliver the best possible solution to our community. These collaborations enable us to leverage the collective expertise, resources, and capabilities of our partners, further enhancing our value proposition and market competitiveness.

As we move forward, we will continue to invest in innovative solutions and human capital development to enhance operational efficiency, streamline processes and improve customer engagement. In addition, we will closely monitor market trends, identify emerging risks, and develop new products and services to meet the evolving needs of our valued customers.

Our New Mandalay Regional Office

Over the past year, we have embarked on an ambitious growth strategy aimed at broadening our footprint and strengthening our presence in key markets. As part of this expansion strategy, we successfully opened a new regional office in Mandalay, strategically located at No.648, 78th Street, between 36th and 37th Street, MahaAungMyay Township. This office serves as a central hub for our operations in the region, enabling enhanced customer service and accessibility to our growing customer base in the region. We recognized the importance of actively engaging with the communities we serve.

Our experienced team of insurance professionals, dedicated customer service representatives and claims experts are now readily available to assist customers with their insurance needs, offering localized expertise and swift response to inquiries and claims.

We remain focused on leveraging the opportunities presented by the region's dynamic business landscape. We hope this represents a major milestone for our company and underscores our commitment to providing insurance solutions to customers in the region.



Bancassurance Partnership with AYA Bank

As a pioneer in bancassurance distribution channel in Myanmar, our bancassurance partnership with AYA Bank has played a pivotal role in improving insurance awareness amongst different regions in the country, contributing to the increased in overall insurance penetration of the country through the vast distribution network. AYA SOMPO – AYA Bank Bancassurance partnership was the first ever Bancassurance partnership in Myanmar, setting the trend of leveraging the banking platform as the key distribution channel in the nascent market even as early as in 2018. Through our partnership, we have been able to reach a wider customer base, offering them convenient access to our comprehensive range of insurance products. By leveraging the extensive branch network and customer base of AYA Bank, we have been able to establish a strong presence across Myanmar as well as allowing us to tap into their existing customer relationships, providing a seamless customer experience and ensuring that individuals and businesses are having the right protections for them and their assets. In addition, we have implemented effective sales and service processes, ensuring a smooth customer journey from policy purchase to claims settlement.



Started with a mere 10 Bancassurance branches back in 2018 after the approval from Ministry of Planning and Finance to pilot the bancassurance project, we have scaled our expansion to more than 120 Bancassurance servicing branches across Myanmar by the end of FY 22/23, greatly expanding our reach and accessibility. Gross Written Premium grew by 67% in line with enhanced customer base as we improved our sales processes and offerings to customers across the network. We will continue to collaborate closely with AYA Bank and other strategic partners, leveraging on their expertise and resources to drive further growth and innovation. We remain committed to strengthening our bancassurance channel to ensure we are at the forefront of the insurance industry in Myanmar.



Agency Development

During the past year, we have taken steps to expand our agency network in terms of geographical coverage and agent recruitment. Our efforts to expand have been guided by our rigorous selection process, ensuring that we partner with quality agents who are in line with our values and commitment to sustainable development of the insurance industry. To support our expansion, we have implemented comprehensive agent recruitment fairs and training programs across major cities in the country. These initiatives are designed to attract and onboard talented individuals who can effectively represent our company and provide professional advice to ensure our customers are provided with professional advice in their insurance needs.

We also recognize the importance of providing our agents with robust digital sales tools and infrastructure to enhance their productivity and sales processes. In line with this objective, we have made significant improvements in upgrading our agency sales web portals, customer relationship management platforms and digital tools. These advancements enable our agents to streamline their sales process, improve customer interactions and make informed business decisions. We have also established open lines of communication to assure continuous feedback and address any concerns or challenges faced by our agents promptly.



As a result of our agency expansion initiatives, we have witnessed a 41% GWP growth in FY 22/23 significantly contributed to achieving a positive impact on our company's performance and market share. Our dedication to further expanding our agency network and strengthening our market position remains resolute. We will explore strategic corporate partnerships to leverage synergies and continue to invest in recruitment, training, and technology to equip our agents with the tools and resources they need to thrive in a progressive business landscape. By focusing on customer-centricity, innovation, and operational excellence, we are confident in our ability to drive sustainable growth and create long-term value for our stakeholders.



Cutting Edge Innovations - the CiRCLE

the CiRCLE (by AYA SOMPO) is a partners' privilege program that is aimed at improving AYA SOMPO's unique offering in the market, positioning the company as the preferred insurer. The program is designed to support our partners to pursue greater things in life by providing a wide collection of privileges, discounts, benefits, and rewards to support our partners throughout their career journey focusing on Mental, Physical, and Financial Wellness.



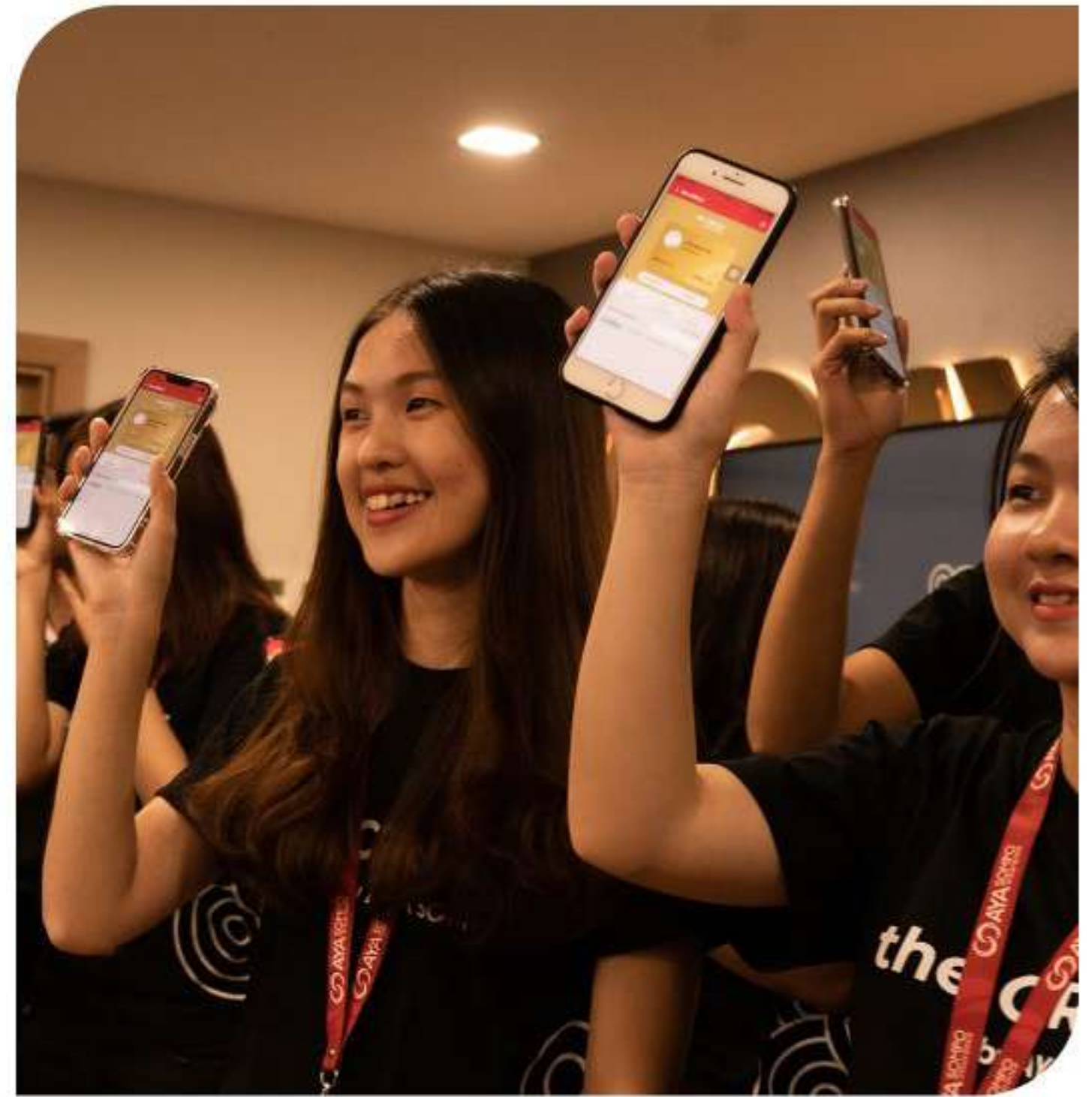
This program is in partnership with AYA PAY as a digital platform, providing greater convenience and accessibility to privileges, rewards, and discounts at more than 150 brands across the country. The digital experience ensures users have everything they need at their fingertips on their AYA PAY mobile wallet anytime, anywhere.

The 3 key areas of focus for the program are:

Mental Wellness – we provide our partners with Peace of Mind. Through our wellness and development programs and exclusive packages, our partners will be pampered to enhance their mental wellness and personal development, enabling them to achieve your career goals.

Physical Wellness – “Health is Wealth.” A wide range of recreation activities and exclusive packages to keep our partners in good physical shape. Living well is an ongoing process that is achieved with physical wellness and good health.

Financial Wellness – Offering our partners a new approach to growing their wealth and assets. This is a golden opportunity that enables our partners to craft a legacy for themselves and their loved ones, building a sustainable future.



Our main objective of the program is to provide exclusive privileges and benefits to partners who continuously support and represent AYA SOMPO brand in the market. Through this program, we believe we will be able to build a sustainable and professional network of partners, improving the quality of life of people in Myanmar. We believe that our partners will be able to achieve greater things in life through working with AYA SOMPO and through the exclusive privileges of this program.

the CiRCLE is now exclusively available for our partners on the AYA Pay wallet under the AYA SOMPO tab and bringing all the exciting privileges at your fingertips. Partners of AYA SOMPO include employees, agents, and strategic and business partners. The program will be extended to all AYA SOMPO policyholders in the future.

Annual Partners' Award Night 2022

AYA SOMPO Partners' Awards Night with the theme of "Beyond and Into the Future" was held to recognize our partners for their excellent performance and dedication to the development of the insurance industry in Myanmar.

Top Partners awards such as Rising Star Award, Growth Achiever Award, Most Promising Advisor Award, Top Sales Achiever Awards, CEO Award, Most Promising Business Partner Award, and Top Corporate Partner Award were presented to our top achievers. Together with the top awards, there were also recognition awards for our Top Auto Partners, Exclusive Digital Partner and Exclusive Bank Partner.

We are thankful to our partners for their dedication to providing our customers with the best and most innovative insurance solutions to our customer, contributing to the development of the insurance industry in Myanmar. As Your Partner for Life, AYA SOMPO is committed to providing peace of mind and innovative insurance solutions to every individual and company in Myanmar.



Achieving Sustainability; Environmental, Social and Governance

AYA SOMPO is committed to creating a sustainable business for all key stakeholders including the wider society and community. Our strong contribution, harnessing the commitment of our people, continues to improve lives and build communities in the country. We ensure that our projects are sustainable and that our programs continuously contribute to the social and economic development of Myanmar.



United Nations Global Compact

AYA SOMPO has been a member of the United Nations Global Compact since September 2015 and we continue to take responsibility and legitimate actions to commit to positive initiatives in socioeconomic development in Myanmar. In line with our corporate values and a principles-based approach to doing our business, we conduct our business in ways that meet fundamental responsibilities in the key areas of human rights, labor, environment, and anti-corruption advocated by the United Nations Global Compact.

Environmental

We believe that being economically successful is inseparable from acting sustainably. As such AYA SOMPO’s brand positioning as the “preferred insurer in Myanmar”, we aim to contribute towards a sustainable and greener future. With that commitment in mind, we have implemented several initiatives focused on tree plantation, plastic waste reduction campaigns, energy conservation initiatives and transitioning towards a paperless office environment.

Tree Plantation: Recognizing the importance of preserving our environment and combating climate change, we initiated a tree plantation program for AYA SOMPO’s 9th anniversary at Pan Pyo Latt monastery where we successfully planted 999 trees. These tree plantation efforts not only contribute to the reduction of carbon dioxide levels but also help in soil conservation, water retention and overall biodiversity preservation. Our commitment towards expanding the tree plantation initiatives in upcoming years remains firm, intending to make a positive and lasting impact on the environment, and to our earth.



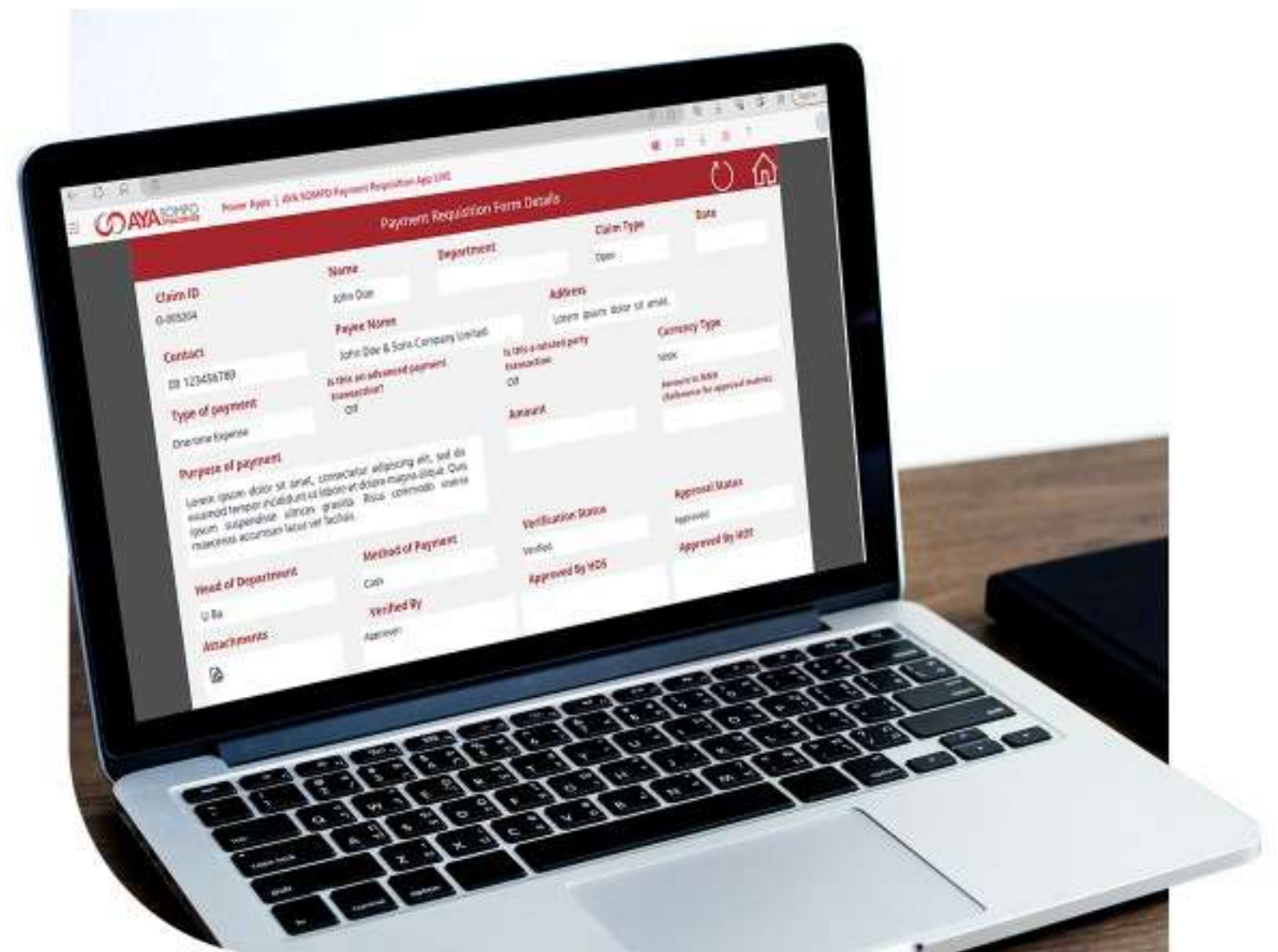
Plastic Waste Reduction: Plastic pollution has emerged as a significant global concern, and we need to do our part in addressing this issue. Our plastic waste reduction campaign focuses on raising awareness among employees, customers, and the wider community about the importance of reducing single-use plastic consumption and promoting recycling practices. To facilitate this, we have implemented water treatment across our office premises and ensured the reduction in the usage of plastic bottles. By being part of this campaign, we contribute to minimizing the environmental impact of plastic waste and fostering a more sustainable society.



Energy Conservation: Not only does it help in reducing our carbon footprint, but it also saves on operations costs. We have installed motion sensors that automatically switch off lights when not in use and encourage our employees to adopt energy-efficient behavior in their daily lives. By minimizing power wastage, we have been able to reduce our electricity consumption significantly towards our larger goal of promoting sustainable future.



Paperless Office: As part of our ongoing efforts to reduce paper consumption and promote digital workflows, we have made significant progress in transforming our office into a paperless environment. We have implemented advanced technologies and systems that allow for efficient document and process management, electronic communication, and digital archiving. By embracing digital platforms and minimizing paper usage, we have not only reduced our ecological footprint but also enhanced operational efficiency and productivity. This transition has been supported by employee training programs and continuous improvements in our technological infrastructure. We have made important strides towards becoming a paperless office and will continue to explore innovative solutions to further reduce our reliance on paper-based processes.



At AYA SOMPO, we recognize that addressing environmental challenges requires collective action and long-term commitment. These environmental initiatives align with our core values, and we are committed to continually exploring new ways to integrate sustainability into our business practices. We aim to inspire positive changes and set an example for others in the industry.

Positive impact to the society

AYA SOMPO is committed to making a positive impact on society beyond its core business operations and contributing to the well-being of our community. In the past year, we have had three key social initiatives: job creation, career fairs and a young leader's development program.

Recognizing the importance of employment opportunities in promoting economic growth and social stability, we have partnered with educational institutions to implement initiatives aimed at enhancing employability. We have also implemented a young leaders development program that equips young individuals with the necessary skills and knowledge to excel in their personal and professional lives.

We have established scholarship programs in partnership with educational institutions to provide financial support, gain valuable work experience, develop industry-specific skills, and enhance their employability, setting them on the path towards successful careers. By removing financial barriers and providing them with insights into career progression, talented young minds have equal opportunities to pursue higher education and unlock their full potential.

By leveraging our resources and expertise, we aim to contribute to a sustainable and inclusive society where everyone has the opportunity to thrive. We will diligently monitor and evaluate the impact of our social initiatives and strive for continuous improvement.



Governance

AYA SOMPO upholds the highest standards of corporate governance. The Board believes that transparency, accountability, and ethical practices are essential for maintaining the trust of our stakeholders and ensuring the long-term success of our business. In the past year, we have continued to strengthen our corporate governance framework and implement robust policies and practices across the organization.

Board of Directors

Our Board of Directors plays a central role in overseeing the strategic direction, risk management, and performance of the company. Comprising experienced professionals from diverse backgrounds, the Board brings a wealth of knowledge and expertise to guide the company's decision-making process. We provide updates on the company's performance, strategy and governance practices through quarterly Board meetings and annual general meetings. The Board reviews and guides on key matters, ensuring that our actions align with our corporate values and objectives.

Ethics and Integrity

We maintain a strong culture of ethics and integrity throughout the organization. Our Code of Conduct sets forth the principles and standards that all employees are expected to adhere to, promoting a culture of honesty, fairness, and respect. Regular ethics training and awareness programs are conducted to ensure that employees understand and comply with ethical guidelines and legal requirements.

Risk Management

Effective risk management is integral to our business operations. We have established a comprehensive risk management framework that identifies, assesses, and manages risks across all aspects of our operations. Our risk management practices are designed to safeguard the interests of our stakeholders, protect our assets, and maintain the financial strength and stability of

the company. The Board and Management Committee oversees the risk management function, ensuring that risks are appropriately monitored and mitigated.

Audit and Compliance

We have a dedicated internal and quality audit function that independently assesses the adequacy and effectiveness of our internal controls, risk management processes, and compliance with regulatory requirements. Regular internal audits are conducted to identify areas for improvement and ensure compliance with applicable laws and regulations. We maintain an open and constructive relationship with external auditors, who provide an objective assessment of our financial statements and internal controls.

Stakeholder Management

We value our relationships with all stakeholders, including customers, employees, regulators, and the communities we serve. We strive to maintain open and transparent communication channels, seeking to understand their needs and concerns. By actively engaging with stakeholders, we are better positioned to incorporate their perspectives into our decision-making processes and address their interests effectively.

AYA SOMPO's key Management team will continue to adhere to governance practices, ensuring that we align with evolving regulatory requirements and best industry practices. We will actively monitor developments in corporate governance and implement measures to strengthen our governance framework as appropriate. By doing so, we aim to maintain the trust and confidence of our stakeholders and create long-term value for our shareholders. Together with the Board of Directors, Board and Management Committees, we will navigate the challenge and opportunities ahead, upholding the principles of transparency, accountability and ethical conduct that are at the core of a sound corporate governance framework.



Innovative Leverage on Productivity Optimization

Proactive Approach to Achieve Operational Efficiency Through Digital Innovation

Message from Chief Operating Officer

We are dedicated to continuing to provide a customer-centric approach, in harmony with human and digital technology, to achieve optimal operational efficiency and foster long-term relationships with our valued clients as "Your Partner for Life."



As the insurance industry undergoes continuous evolution, insurance companies are compelled to adopt digital innovation to remain competitive in the marketplace. To achieve this objective, it is vital to consider and implement effective digital transformation (DX) strategies that can enhance efficiency. This proactive approach to DX emphasizes the need for the wider insurance industry to prioritize innovation and transformation to keep pace with the fast-changing business landscape. In this regard, AYA SOMPO's commitment to improving the quality of service and operational excellence stands out as a leading example.

Digital transformation (DX) refers to the comprehensive integration of digital technologies into an organization's various domains aimed at enhancing customer experience, operational efficiency, and business agility. For insurance companies, DX can facilitate optimal operations, cost reduction, and improved service delivery to customers. AYA SOMPO has been a pioneer in the digitalization of operational processes and strategic investment of resources and has already implemented and leveraged advanced technologies such as Robotic Process Automation (RPA), Artificial Intelligence powered Customer Relationship Management (AI-CRM), and Business Intelligence (BI) Tools. These digital tools have been widely used within AYA SOMPO to automate routine tasks, streamline processes, analyze, and visualize various data to make agile and effective decisions and offer the best solutions that align with the distinct needs of our customers. We have enhanced operational efficiency by using Robotic Process Automation (RPA). We could significantly reduce employee workload, minimize errors, and optimize the overall workflow by automating laborious and time-consuming activities with greater speed and accuracy, freeing up their workforce to

focus on more critical tasks that require human intervention. As a result, we have been able to optimize our resources, increase operational efficiency and boost the productivity of our operation. In addition, by leveraging the AI-CRM system, we could gain valuable insights into our customers' requirements and preferences, facilitating the delivery of personalized services that enhance the overall customer experience. By analyzing customer data, we can identify patterns and trends, and tailor our services to meet our customers' needs effectively. As a result, we have been able to foster stronger customer relationships, promoting customer loyalty and retention.

However, it is important to harmonize human and digital technology as we strive for operational efficiency through digital innovation. While digital technologies can automate numerous tasks, there are still certain activities where the human touch is irreplaceable. For instance, we can leverage RPA to automate data entry in claims processing, which can significantly reduce errors and processing times. However, it is still necessary for us to involve human claims adjusters in making complex or judgment-based decisions. This approach ensures that the claims settlement process remains both efficient and accurate while maintaining a customer-centric focus. Similarly, for AI-CRM, some complex insurance needs may not be able to be easily addressed through automation. In such cases, human staff with expertise can provide the necessary guidance and support to the customer. By balancing the strengths of humans and machines, we can create a seamless, customer-centric approach that enhances operational efficiency, strengthens customer relationships, promotes loyalty and retention.

AYA SOMPO's company slogan, "Your Partner for Life," embodies our deep commitment to customers and underscores the belief that digital innovation is essential for us to remain competitive and provide better services to our valued customers. By embracing digital technology, AYA SOMPO will not only optimize operations but also continue to provide high-quality, customer-oriented services that add value to our customers' lives.

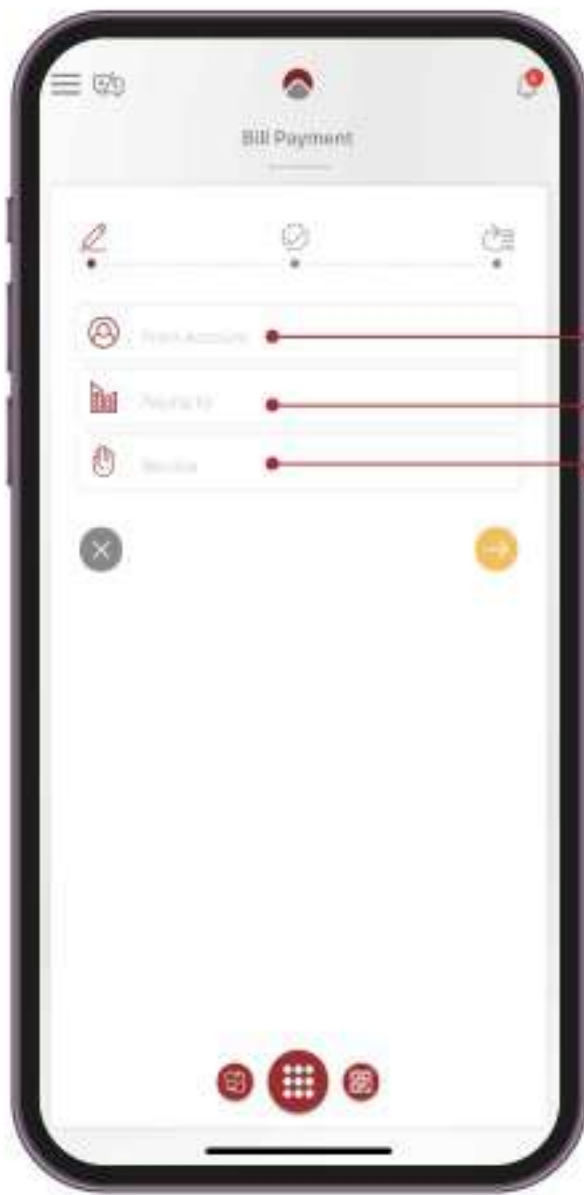
We believe our unwavering focus on digital innovation and customer satisfaction will keep us at the forefront of the industry, and we are strongly committed to maintaining long-term relationships with our customers.

Hirokazu Mori
Chief Operating Officer



Effortless Premium Payments

AYA SOMPO, as a leading general insurance company, aims to go beyond by providing more than just insurance services. In line with this objective, we have successfully implemented a payment gateway system in collaboration with prominent banks in Myanmar.



- From Account တွင် AYA Saving Account တစ်ခုကို ရွေးချယ်ပါ။
- Paying to တွင် AYA SOMPO (General Insurance) ကို ရွေးချယ်ပါ။
- Service တွင် Bill Payment ကို ထားပါ။
- လူကြီးမင်း မှတ်ပုံတင်ထားသော ဖုန်းနံပါတ်သို့ ပေးပို့ထားသော သက်တမ်းတိုး အသိပေးချက် စာတိုမှ ပြေစာအမှတ် (Invoice) ကို ကူးယူပြီး ပြေစာအမှတ် (Invoice Number) ကို ထည့်သွင်းပါ။
- ပြေစာအမှတ် (Invoice Number) ဖြည့်သွင်းပြီး Next နှိပ်လျှင် အာမခံကြေးနှင့် Policy Holder Name တို့သည် နောက်စာမျက်နှာများတွင် အလိုအလျောက်ပေါ်လာမည်။

Enhancing Convenience and Security in Premium Remittance

AYA SOMPO recognizes the importance of convenient premium remittance for our customers. Through our payment gateway, customers can securely and swiftly pay their premiums online. This process offers various payment methods, including mobile banking payments as well as payment with credit and debit cards. It eliminates the need for customers to physically visit a branch or send a cheque, enabling them to pay their premiums from any location and at their convenience.



- လူကြီးမင်း မှတ်ပုံတင်ထားသော ဖုန်းနံပါတ်သို့ ပေးပို့ထားသော သက်တမ်းတိုး အသိပေးချက် စာတိုမှ ပြေစာအမှတ် (Invoice) ကို ကူးယူ၍ ထည့်သွင်းပါ။
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Seamless API Integration for Hassle-Free Payments

Our payment gateway system is seamlessly integrated with our main system through advanced API integration. This integration ensures a seamless connection between the payment gateway and the main system, enabling efficient premium payment processing. As a result, customers no longer need to provide the precise amount of the premium payment. Once they log into the payment portal and input the invoice number, the system automatically displays the premium amount. This feature makes the payment process hassle-free, user-friendly, and error-free.

AYA SOMPO's payment gateway process is a win-win solution for both the company and its customers. By automating the payment process, we can significantly reduce manual checking procedures and errors associated with handling physical payments. This automation enhances operational efficiency, reduces costs, and ultimately enhances the overall service provided to our valued customers. The payment gateway process revolutionizes premium remittance for our customers and ensures convenience, efficiency, security, speed, transparency, and flexibility in premium payment processing.



Robotic Automation Process (RPA)

AYA SOMPO recognizes the transformative power of Robotic Process Automation (RPA) in automating and manual tasks. By leveraging RPA technology, we have successfully implemented it in two key operational processes: auto underwriting for travel insurance and agent commission payment process.

Automation in Auto Underwriting for Travel Insurance

RPA has revolutionized our auto underwriting process for travel insurance. Through RPA, we have automated tasks such as data entry, risk assessment, and policy issuance. The system can extract relevant data from multiple sources, including customer information and travel details, enabling the accurate calculation of policy risks and premiums. Once the data is processed, RPA automatically issues the policy without the need for human intervention. This streamlined process ensures faster underwriting and enhances the accuracy of policy issuance, ultimately improving the customer experience.

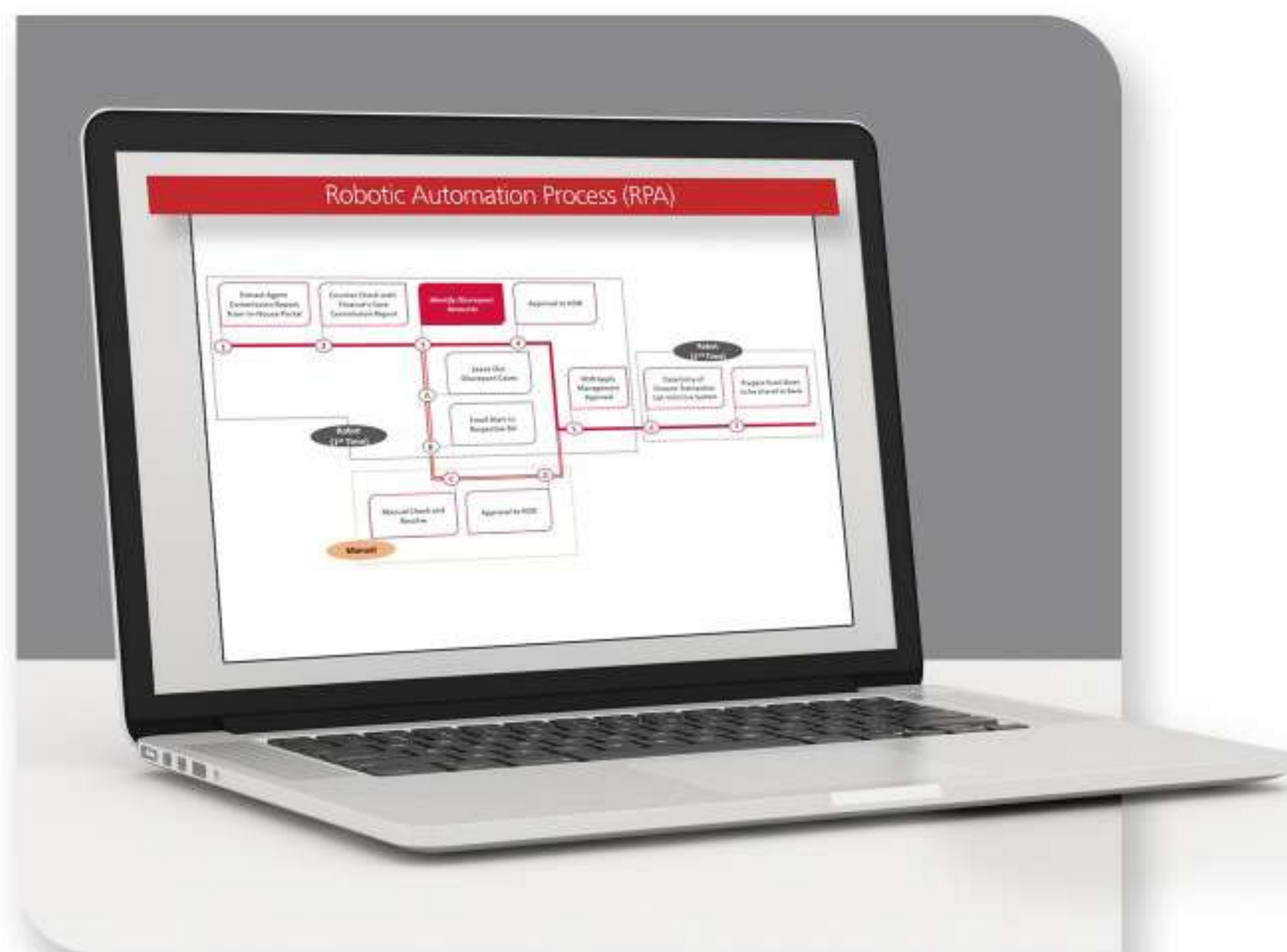
Streamlining Agent Commission Payment Process

Commission payments are vital in the insurance industry to incentivize and reward agents. However, the manual calculation and issuance of commission payments can be time-consuming and prone to errors. Through the use of RPA, we have successfully streamlined the agent commission payment process. RPA performs the necessary calculations and issues payments swiftly and accurately, which eliminates the need for manual intervention. This automation significantly reduces processing time and minimizes errors, resulting in improved agent satisfaction, higher retention rates, and enhanced business performance.

Augmenting the Workforce through RPA

RPA plays a pivotal role in augmenting our workforce by freeing employees from repetitive and manual tasks and empowering them to focus on value-added activities. Regular monitoring and maintenance of the RPA Bots ensure they perform as expected and contribute to overall operational efficiency. By aligning the implementation of RPA with the strategic goals of AYA SOMPO, we can seamlessly integrate RPA into our broader digital transformation strategy.

AYA SOMPO's adoption of Robotic Process Automation has revolutionized our operational processes, leading to enhanced efficiency, accuracy, and customer satisfaction. The automation of tasks in auto underwriting for travel insurance and agent commission payments has resulted in faster processing times, reduced errors, and improved agent satisfaction. Our commitment to aligning RPA implementation with our strategic goals ensures that we harness the full potential of this technology to drive our digital transformation journey.

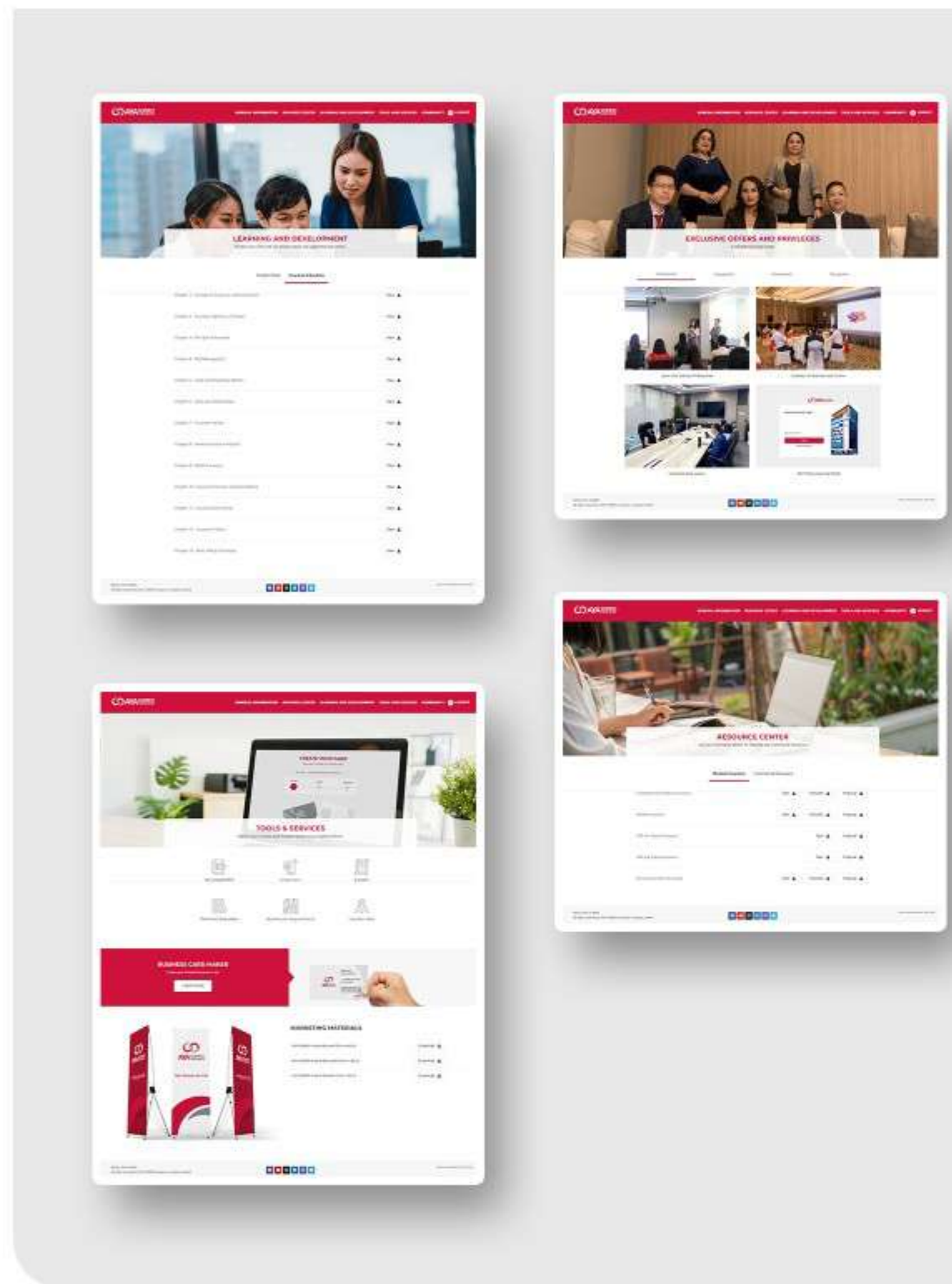


Launch of Advisor’s web portal

Our digital sales platform empowering our partners with seamless sales and servicing

The launch of the Advisor's web portal is an exclusive touchpoint designed to provide comprehensive digital services for our esteemed Insurance Solutions Advisors. Recognizing the crucial role played by our Insurance Solutions Advisors, we have developed a dedicated web portal to cater to their specific needs. The Advisor's web portal serves as a comprehensive resource center, providing advisors with valuable information and tools to support their development and maximize their potential. Key features of the portal include:

- ✔ **Agency development roadmap:** Advisors have access to a roadmap that outlines their growth and development opportunities within AYA SOMPO.
- ✔ **Complete product information:** The portal offers detailed information on our retail and commercial product lines, enabling advisors to gain in-depth knowledge and effectively communicate product offerings to clients.
- ✔ **Insurance education and product decks:** Advisors can access educational materials and product decks to enhance their understanding of insurance products and effectively present them to customers.
- ✔ **Tools and services:** The web portal provide a range of digital services, including My AYASOMPO, E-payment and E-claims, premium calculator, and location maps, to streamline administrative processes and improve customer service.
- ✔ **Business card maker:** Advisors can conveniently create and customize their business cards using the web portal's integrated tool, ensuring a professional and consistent brand image.
- ✔ **Marketing materials:** The portal offers a repository of marketing materials, enabling advisors to access and utilize a wide range of materials to support their sales and promotional activities.
- ✔ **Exclusive online community:** Advisors can connect with peers, learn about the latest news and updates, engage in discussions through a bulletin board and benefit from exclusive offers and privileges.
- ✔ **Learning spot for new candidates:** The web portal serves as a learning platform for individuals interested in joining AYA SOMPO as advisors, providing them with valuable insights and information to kickstart their careers.



The portal underscores AYA SOMPO's commitment to supporting and empowering our exclusive Insurance Solutions Advisors. This resource center provides a wealth of information, tools, and a vibrant online community to facilitate agency development and enhance productivity. We believe that by equipping our advisors with comprehensive digital services, we are enabling them to excel in their roles and deliver exceptional service to our valued customers.

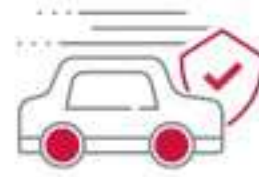


Our Values to Customers

AYA SOMPO is committed to provide peace of mind insurance solutions to individuals and families in Myanmar. We aim to deliver high quality service and innovative products through internal and external distribution channels to assist our customers to protect their assets from the uncertainties of tomorrow.

Personal Insurance, Protecting YOU

Our Insurance Solutions to you



Motor Insurance

Protect your vehicles against losses resulting from accidents.



Health Insurance

Provide coverages for medical, surgical and hospitalization expenses.



Personal Accident Insurance

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



AYA Go Domestic Travel Insurance

Provides you with covers against accidents and mishaps that may arise during your travels.



AYA Joy Overseas Travel Insurance

Provides you a range of cover including medical expenses due to accidents and flight/baggage delays.

Commercial Insurance, Protecting YOURS

Our Insurance Solutions to your businesses



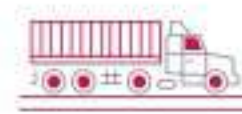
Fire Insurance

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



IAR/Property Insurance

Protect your properties, premises and machineries from sudden and unforeseen loss by any perils other than by exclusions.



Cargo/Inland Transit Insurance

Protect from unforeseen losses to cargo and goods during transportation by and Myanmar.



Contractor's & Erection All Risk Insurance

Provides you with protection from any damage that occurs during the construction or erection process.



Marine Cargo Insurance

Coverage for export and import shipments by ocean in case of any unexpected loss of goods during transportation overseas.

Our Value-Added **Services**



24/7 Services

24 hours one-stop claims/
survey services country-wide



Nationwide Network

We are available at more than
45 cities across Myanmar



Live Chats with our Customer Service

Answers and addresses
to queries anytime with
zero response delays



My AYASOMPO

Online feature to check and
service insurance policy,
anywhere, anytime



Premium Calculator

Calculate your Insurance
Premium at your fingertips



Workshops and Service Centers

A wide range of workshops at
different regions in Myanmar



Knowledge Hub

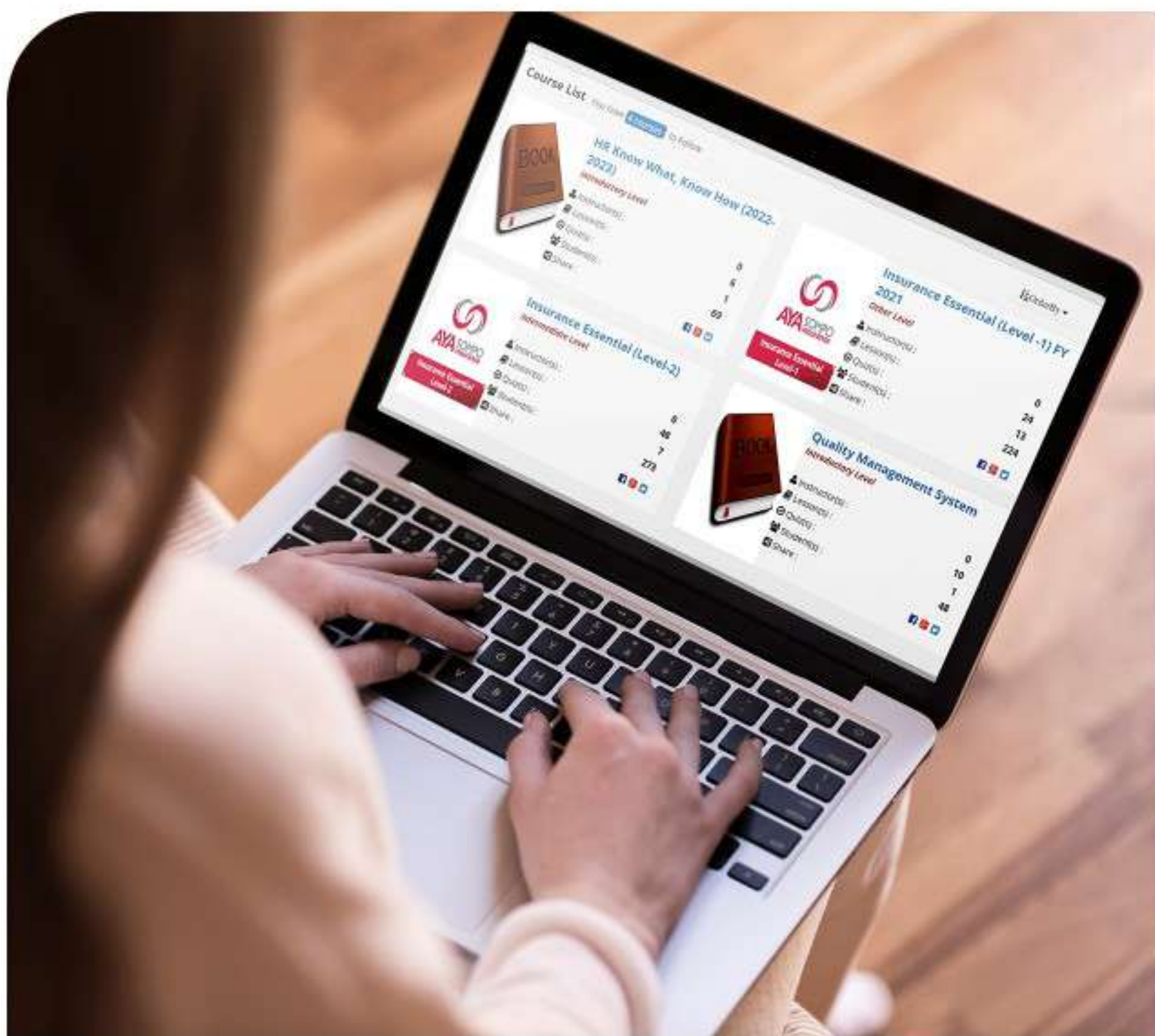
One-stop digital services
providing you with access
to all insurance-related
information

Developing our Talents

At AYA SOMPO Insurance, we understand that our success is directly linked to the quality of our talents. As such, we have made it a top priority to invest in the development and growth of our talents. We believe that by providing our talents with the necessary resources and opportunities to enhance their skills and knowledge, we can create a talented and motivated workforce that can deliver exceptional service to our valued customers.

We encourage a culture of continuous learning and development, where employees are given access to learning resources to enhance their skills and stay up to date with industry and regional standards. We also recognize the importance of career advancement and growth to ensure everyone at AYA SOMPO is provided with an equal opportunity to grow in line with individual aspirations. We believe that by providing our talents with a clear path for career progression, we can attract and retain top talent, while also fostering a sense of belonging and commitment to our organization.

We work closely with Sompoo regional office in Singapore to develop and provide a wide range of learning and development opportunities through our learning and development department. These programs are tailored to meet the needs of the evolving market around the region as well as to ready our talents to take up leadership roles in the country as well as in our regional countries.



Insurance Essentials for New Joiners

The Insurance Essentials Course is an introductory training program designed for non-experienced new joiners in the insurance industry. This course covers the fundamental principles and concepts of insurance, including types of insurance products, risk assessment, underwriting, claims management, and regulations.

Product & Services Learning

The learning program is designed to help relevant team members in getting comprehensive knowledge on AYA SOMPO's product and service offerings. The program ensure trainees are able to understand the benefits, values, policy terms and detailed risk management guidelines of each product.

Compliance & Risk Management

This is a comprehensive in-house training course designed to provide employees with the knowledge and skills necessary to comply with regulatory requirements, mitigate risk, and prevent fraudulent activities. This training course covers various aspects of compliance, including HR Know What - Know How, Quality Management System, AML-CFT, Enterprise Risk Management, and Anti-Fraud Detection Policy. The training aims to equip talents with the necessary tools and techniques to identify and mitigate potential compliance risks and promote a culture of compliance within the organization.

Career Development Programs

1. High-Po (High Potential) Program is an internal development program designed to identify and groom high-potential senior managers within an organization for future leadership roles as Heads of Departments. The program typically runs for one year and focuses on developing key competencies and skills required for leadership positions within the organization. The program typically begins with a rigorous selection process that identifies individuals who demonstrate the potential to excel in senior leadership roles. These individuals are then provided with a tailored development plan that includes a mix of formal training, mentoring, coaching, and project assignments.

2. Emerging Leaders Program aims to develop qualified and professional leaders among the managers potentially preparing to step into the senior managers' roles. The Emerging Leaders Program was initiated to provide fast track development program to qualified managers who had to go through a selection process with an opportunity to seek mentor advice from the senior management. The senior management will be the Mentors while the selected Division or Department Heads will act as Associate Mentors to guide young managers in developing their leadership careers. During this program, mentees could systematically learn tips and guidance and gain knowledge from experienced mentors by combining their skills, knowledge, and technologies that enable them to expand and develop new features. Mentees are required to complete proposed assignments within the development program timeline and are assessed based on their level of competency, commitment, and resilience in completing the program. Selected mentees will prepare for future leadership roles within the organization.

3. Leader Development Program (LDP) is a structured development initiative designed to identify, attract, and develop talented new managers with the potential to step up into management roles within the organization. The program typically runs for a period of two years



and combines classroom learning, mentorship, coaching, and practical experience to build job-related knowledge, and leadership skills and prepare participants for successor roles amongst the leaders of various units and departments.

4. Apprenticeship Program is a work-study scholarship program structured to provide corporate experience to university students while they complete their bachelor's degrees. The scholarship program is in partnership with established universities in Myanmar to groom talented students into future leaders in the industry. It is also part of our Corporate Social Responsibility (CSR) initiative to provide students with hands-on experience, and exposure to the corporate world, and help them enhance their employability. Meanwhile, the organization gets to develop a talent pipeline of skilled and motivated individuals who can potentially become future employees.



Our Moments



**Daw Hsu Htet
Hlaing**



A Look at AYA SOMPO's Strategic Dashboard: Driving Business Performance

In today's fast-paced business environment, companies need to be able to monitor and measure business performance to make decisions based on real-time data. This is where strategic dashboards come in to provide a snapshot of key performance metrics in an easy-to-understand format. A strategic dashboard is a tool that presents a visual representation of key performance indicators (KPIs) to assist AYA SOMPO in monitoring and tracking business performance and progress such as Gross Written Premium (GWP), Renewal Ratio, Channel Contribution by product, etc.

The dashboard provides real-time access to data and business performance metrics by allowing decision-makers to swiftly identify and analyze crucial insights. Additionally, this aids in performance tracking and monitoring, identifying areas for improvement, and implementing corrective measures. This ensures that everyone is working towards a common AYA SOMPO goal by harmonizing departmental and individual goals with the company's vision in sight.

One of the key challenges of the strategic dashboard is achieving data accuracy. Inaccurate or incomplete data can lead to incorrect decisions being made, which can have a negative impact on the company's performance. To address this challenge, we have implemented rigorous data quality controls, ensuring that the data used in the dashboard is accurate and up to date.

In this way, the strategic dashboard delivers an in-depth analysis of the organization's performance and assists in coordinating departmental and individual goals with the company's strategic objectives. We will continue to enhance the dashboard to boost operational efficiency. As businesses continue to evolve in the digital age, strategic dashboards will become increasingly important in driving business performance.



Auto Comm Intelligence

Among all the positive experiences of working at AYA SOMPO, getting a chance to participate in essential projects for the company's innovative movements is one of the privileges that has enhanced one's capacity. As a member of the Emerging Leaders Program, we have initiated a project related to Robotic Processes in the year 2022 which we term the "Auto Comm Intelligence" Payment Management Project.

Repetitive jobs have been boring, and demotivating, resulting in a lack of focus and killing the creativity of the young workforce which can potentially lead to burnout. Instead, challenging tasks can be taken over to bring out the best capability in the employees. Manual works of calculations can also be time-consuming, prone to human errors, difficult to track changes, and data inaccuracy. To solve these issues, our teams have come up with an idea of initiation for the best possible solution.

This initiative has removed repetitive administrative processes and enhanced operational efficiency, data accuracy and flawless turnaround time for commission payouts, hence improving overall productivity and quality of work. Despite all the constraints that team members faced during this project, everyone has supported to accomplish out of the tight daily schedules and all related departments have cooperated for the sake of the company's operational improvement.

All project members have learned the importance of cross-departmental collaboration, time & budget management, team building, the value of understanding the operational workflows, mitigating the risks, and thus, resulted in positive change for all concerned stakeholders. Great teamwork has led to great achievements!



**Daw San Wint
Phyo**



**Daw Saint Thiri
Thwin**



CIAE - Customer Insurance Awareness and Education

Being in an Emerging Leaders Program was a valuable experience for me. It provides an opportunity for personal and professional growth through knowledge sharing, guidance, and support. We have developed an initiative called Customer Insurance Awareness and Education or CIAE for short.

The primary objective of this initiative is to empower our website users to independently access and manage information, resources, and services without requiring direct assistance from support staff or customer service representatives. The enhancement of My AYASOMPO, a self-service digital feature aims to provide users with a seamless and user-friendly interface to access policy information and perform various tasks including browsing for policy details, renewal of policy, and submission of claims electronically. By offering a centralized platform, users can easily find what they need, access various e-services, and more importantly learn more about the key benefits and coverage of our insurance solutions.

Throughout this program, we have learned about setting realistic and achievable goals, both short-term and long-term as well as identifying our strengths, weaknesses, and areas of interest. Overall, this Emerging Leaders Program fosters a mutually beneficial relationship, where we grow and develop as a mentee and the company as well. It's a dynamic and enriching experience that can have a long-lasting impact on personal and professional growth.



Individual Operational Efficiency

Emerging Leaders Program is a program that helps cultivate young and potential employees from AYA SOMPO for future leadership roles under the guidance of the Management Team. This future leadership program is an immersive experience where all the nominees will have to utilize their full capacity to realize their creative ideas into meaningful projects. And the outcomes of these projects will greatly contribute to the improvement of workflow efficiency and outstanding business results for the company.

From my personal experience with this leadership program, the very first thing we did with all the team members was the brainstorming process to come up with creative project ideas which will benefit AYAS. Considering this, we had to zone in on a project which must be practical and cost-effective at the same time to draw Management's attention. With all these amazing ideas, we decided to initiate a project that will have zero cost but most importantly which will permanently change the dynamic of our workforce efficiently. Our objective was to effectively manage and relocate manpower where needed the most to improve the overall efficiency of the operational workflows of the company.

This has led us to successfully identify and establish the standard criteria for operational efficiency of all the AYA SOMPO branches across the region, which was previously absent. Furthermore, we were able to provide operational capacity to enhance the productivity of each individual. With this information, we were also able to measure economic growth for long-term sustainability. Ultimately improving the work-life balance of all the employees at AYA SOMPO.

This is the kind of program that will allow high-performing employees to emerge as capable leaders and will harness one's full potential and accelerate your professional career further.



**U Kevin Pyae
Phyo Kyaw**

Our Key Milestones

2021

- Launched 1st Multi-System Integrated 360 deg Customer Relationship Management Solution in Myanmar
- Awarded " Myanmar Customer Experience of the year 2021 " by Asian Experience Awards



SEP 2019

- Joint Venture between AYA and Sompso
- Joint Venture License approved by Ministry



2018

- 1st Insurer to introduce Bancassurance Distribution with AYA Bank
- Digital Insurance Initiative Award by Asian Banking & Finance



SEP 2015



Became a member of United Nations Global Compact

2022

- Launched Robotic Process Automation (RPA) for Agent Commission and AYA Go/Joy Data Entry
- Launched the CiRCLE by AYA SOMPO - a partners' privilege program
- Initiated Cash Management System Automation with AYA Bank
- Launch of Advisor's Web Portal

2020

- Introduced first-of-its-kind exclusive travel insurance in Myanmar
- Launched Agent Training Center approved by Ministry



JUN 2019

- Awarded Best Private Insurance Company Myanmar by Global Banking & Finance



JUN 2017

- 1st Insurer to embarked on Core Insurance System



JUL 2013

- Granted Private Insurer License by Ministry

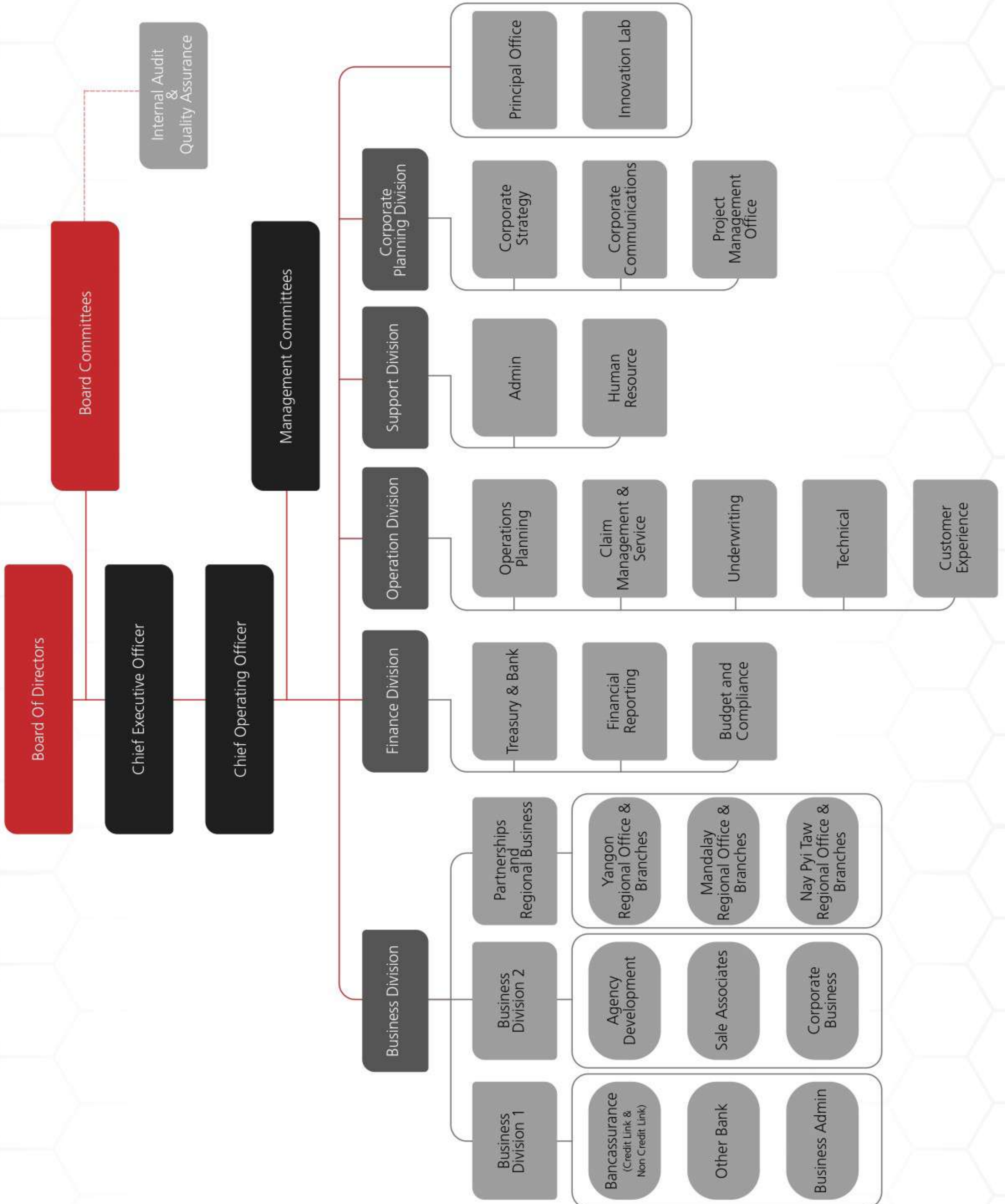




03 CORPORATE GOVERNANCE



Organisation Structure



Board of **Directors**



U Zaw Zaw Chairman

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

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

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

U Zaw Zaw is a believer in contributing to society and is a founder of the 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 to the development of football in Myanmar.



U Than Zaw Vice Chairman

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

U Than Zaw played a pivotal role in starting AYA Myanmar Insurance (AMI) as the Managing Director when the market liberalized for private insurers in 2013. U Than Zaw served as Managing Director of AYA Bank from 2011 to 2013 and he is the Vice Chairman and Board of Directors at AYA Bank.

During his tenure, he has led the fledgling Bank to grow its brand and network in Myanmar. U Than Zaw's vast experience includes eight-year tenure with the Olympics Committee as a Treasurer and another two years as the Chief Executive Officer of the Myanmar Football Federation.

Board of **Directors**



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 Sompo Japan Insurance Inc. and a member of AYA Financial Group.

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

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

U Myo Min Thu holds a bachelor's degree from the 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. Hirokazu Mori Chief Operating Officer

Mr. Hirokazu Mori is the Chief Operating Officer of AYA SOMPO Insurance. Mr. Mori has 29 years of insurance business experience throughout his career, including a diversified international experience in Japan, Malaysia and Indonesia, leading teams to provide professional insurance services to clients across different countries. Mr. Mori also led teams to develop new services and products that contributed significantly to the business of Sompo Japan Insurance Inc.

As a Chief Operating Officer, Mr. Mori leads the overall operations of AYA SOMPO Insurance which expands to Risk Management, Underwriting, Reinsurance, Customer Service, Claims Management and Innovation Lab. He brings with him valuable insights and experiences through his professional career with Sompo Japan Insurance Inc in Japan and overseas.

Mr. Mori holds a Bachelor of Law degree from Doshisya University, Kyoto, Japan.



Mr. Takashi Kurumisawa

Director

Mr. Takashi Kurumisawa is a Board of Director at AYA SOMPO Insurance. Mr. Kurumisawa has held various senior management positions, including as a Chief Executive Officer at Sampo International Insurance (Europe). He has been with the Sampo Group since 1995.

Mr. Kurumisawa is also currently holding on to the role of Regional Strategy Planning Director at Sampo Holdings (Asia) Pte. Ltd. (Sampo Holdings Asia) in April 2022. Prior to that, he was Executive Vice President of Transaction-Strategy at Sampo International for 5 years. As the Regional Strategy Planning Director, Mr. Kurumisawa led the daily operations, management, and administrative activities of the Asian business entities, to ensure sustainable growth across the region.

Mr. Kurumisawa holds a Bachelor of Arts in History from Keio 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 Sampo Japan Insurance Inc. and a member of AYA Financial Group.

She was a PwC Advisory Partner and local Lead Director/Partner for PwC Myanmar. She has over 16 years of professional experience 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, transformation of both private and investment operations. She led the local teams in PwC Myanmar for consulting in government and banking advisory projects.

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

Management Team

U Myo Min Thu

Chief Executive Officer



Mr. Hirokazu Mori

Chief Operating Officer



U Thant Sin Tun

Principal Officer



U Kyaw Myo Win

Business Division



Daw Myat Myat Htwe

Finance Division



Daw Wai Zin Maung

Support Division



U Thiha Win Ni

Operation Division



U Aung Htet Maung

Innovation Lab



Mr. Tetsuro Kaneko

Corporate and Distribution Development



U Htet Wai Min

Partnership and Regional Business Department



Daw Ei Ei Latt

Admin Department



U Soe Min

Technical Department



U Nyi Nyi

Internal Audit Department



U Sein Min Soe

Bancassurance Department



Daw San Wint Phyo

Agency Development Department



Daw Khin Hnin Thet Lwin

Corporate Strategy Department



Daw Hsu Htet Hlaing

Operations Planning Department



Daw May Thet Hnin Chit

Project Management Office



Daw Khine Wint Phyu

Yangon Regional Office



Daw Chaw Thinzar Khine

Mandalay Regional Office



Daw Soe Soe Maung

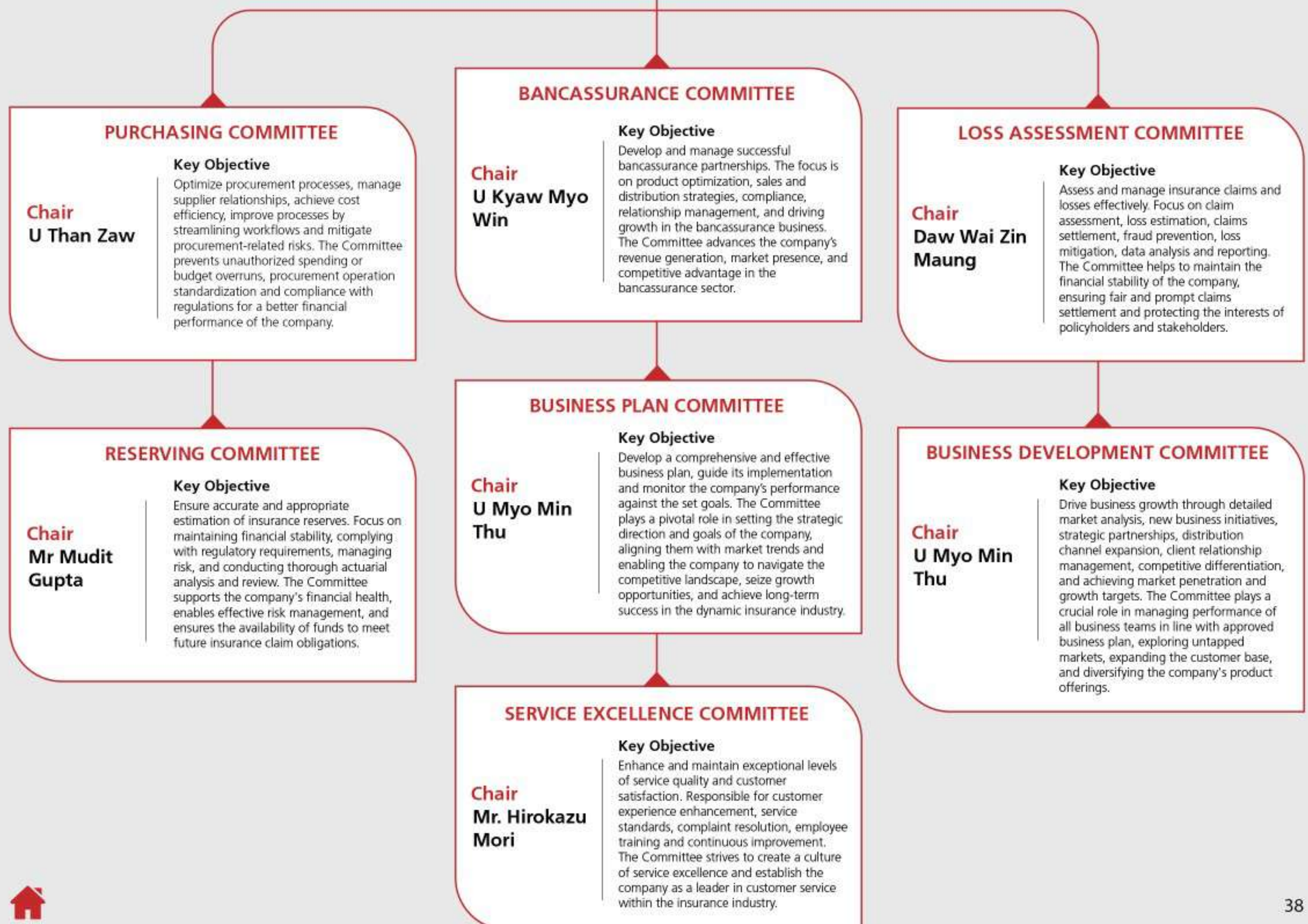
Nay Pyi Taw Regional Office



Board Committees



Management Committees





04 FINANCIAL STATEMENTS



Financial Statements

THE PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2022

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, BOTAHTAUNG 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	

Director's Report

THE PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2022

We are pleased to submit this report to the members of the Company together with the audited financial statements for the period from 1 October 2021 to 31 March 2022.

DIRECTORS

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

U Zaw Zaw	Chairman
U Than Zaw	Vice Chairman
U Myo Min Thu	Chief Executive Officer
Mr. Keiji Okada	Chief Operating Officer
Mr. Yasuhiro Sasanuma	Director
Daw Thazin Aung	Director

ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' CONTRACTUAL BENEFITS

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

SHARE OPTIONS

- (a) No option to take up unissued shares of the Company was granted during the financial period.
- (b) During the financial period, 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 period.

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

Management's responsibilities in respect of the financial statements

THE PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2022

Management of AYA SOMPO Insurance Company Limited (the "Company") is responsible for the preparation of the financial statements for the period from 1 October 2021 to 31 March 2022, in accordance with the Myanmar Financial Reporting Standards ("MFRS") and the provisions of Myanmar Companies Laws (the "Law"). In preparing the financial statements, management is required to:

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

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

DIRECTORS' STATEMENT

In our opinion,

- (a) the financial statements set out are drawn up, in all material aspects, so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and the financial performance, and cash flows of the Company for the six month financial period ended on that date 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

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 31 March 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month financial period 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 31 March 2022, and of its financial performance and its cash flows for the six-month financial period then ended.

BASIS FOR OPINION

We conducted our audit in accordance with Myanmar Standards on Auditing (MSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to Note 2 (e), which describes that the Company changed the end of its accounting period from 30 September to 31 March. Consequently, the financial statements for the period ended 31 March 2022 covers the period from 1 October 2021 to 31 March 2022 whereas the financial statements for the year ended 30 September 2021 covers the period from 1 October 2020 to 30 September 2021, which results in the periods presented not being comparable. Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with MSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Further to our opinion we report as follows:

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



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



30 June 2022

Statement of Financial Position

Assets	31 March 2022	30 September 2021
	(in MMK)	
Non-current assets		
Property and equipment	11,348,615,410	11,319,019,687
Investment property	3,876,250,000	3,928,750,000
Right-of-use asset	154,073,411	232,832,708
Intangible assets	200,743,095	265,558,032
Investments in securities	53,550,000,000	52,050,000,000
Total non-current assets	69,129,681,916	67,796,160,427
Current assets		
Cash and cash equivalents	9,540,859,244	11,308,555,919
Investments in securities	7,000,000,000	10,250,000,000
Premiums due and uncollected, net	1,682,288,534	1,728,746,136
Reinsurance assets	11,232,249,102	3,699,297,287
Other receivables	1,756,023,564	1,789,691,846
Other current assets	1,197,565,406	1,262,289,922
Total current assets	32,408,985,850	30,038,581,110
Total assets	101,538,667,766	97,834,741,537

Statement of Financial Position

Liabilities and shareholders' equity	31 March 2022	30 September 2021
Shareholders' equity		
Share capital		
Authorised share capital (475,342 ordinary shares, value at MMK 133,874.64 per share)	63,636,241,541	63,636,241,541
Issued and paid share capital (475,342 ordinary shares, value at MMK 133,874.64 per share)	63,636,241,541	63,636,241,541
Retained earnings		
Appropriated		
Reserve	8,384,477,198	8,327,905,110
Unappropriated	1,662,873,252	4,301,176,309
Total shareholders' equity	73,683,591,991	76,265,322,960
Liabilities		
Non-current liability		
Lease liabilities	37,170,360	89,644,959
Total non-current liability	37,170,360	89,644,959
Current liabilities		
Insurance contract liabilities	21,712,623,638	11,824,983,583
Reinsurance premium payable	2,492,614,488	3,574,669,626
Co-insurance premium	1,977,473,696	2,217,933,276
Commission payable	873,651,722	713,178,818
Current portion of lease liabilities	168,929,041	161,082,438
Other current liabilities	592,612,830	2,987,925,877
Total current liabilities	27,817,905,415	21,479,773,618
	27,855,075,775	21,569,418,577
Total liabilities	101,538,667,766	97,834,741,537
Total liabilities and shareholders' equity		

Statement of Profit or Loss and other Comprehensive Income

	For the period from 1 October 2021 to 31 March 2022	For the year ended 30 September 2021
Revenue		
Gross premium written	11,075,327,051	20,061,787,728
Less Premium ceded	(3,157,372,655)	(6,575,316,017)
Net premiums written	7,917,954,396	13,486,471,711
Less unearned premium reserve	(1,197,813,074)	2,917,376,730
Net premium earned	6,720,141,322	16,403,848,441
Commission income	698,857,350	1,327,969,271
Gain on disposal of fixed asset	6,918,050	53,175,000
Other income	3,039,038,558	6,300,394,501
Total revenues	10,464,955,280	24,085,387,213
Expenses		
Gross claim expenses	13,456,041,272	7,352,136,342
Reinsurance recovery	(8,005,060,667)	(445,839,170)
Net claim expenses	5,450,980,605	6,906,297,172
Acquisition costs and direct expenses	798,415,070	3,110,683,150
Operating expenses	4,397,108,131	6,862,563,214
Total expenses	10,646,503,806	16,879,543,536
(Loss) profit before income tax expense	(181,548,526)	7,205,843,677
Income tax expense	41,368,825	1,315,672,263
Net (loss) profit for the period / year	(222,917,351)	5,890,171,414

Statement of Changes in Equity

	Issued and Paid-up Share Capital	Retained earnings		Total Shareholders' Equity
		Reserve (in MMK)	Unappropriated	
Year ended 30 September 2021				
Balance at 1 October 2020	63,636,241,541	6,347,972,667	1,313,772,693	71,297,986,901
Dividend paid	-	-	(922,835,355)	(922,835,355)
Net profit for the year	-	1,979,932,443	3,910,238,971	5,890,171,414
Balance at 30 September 2021	63,636,241,541	8,327,905,110	4,301,176,309	76,265,322,960
Period ended 31 March 2022				
Balance at 1 October 2021	63,636,241,541	8,327,905,110	4,301,176,309	76,265,322,960
Dividend paid	-	-	(2,358,813,618)	(2,358,813,618)
Net loss for the year	-	56,572,088	(279,489,439)	(222,917,351)
Balance at 31 March 2022	63,636,241,541	8,384,477,198	1,662,873,252	73,683,591,991

Statement of Cash Flows

	For the period from 1 October 2021 to 31 March 2022	For the year ended 30 September 2021
	(in MMK)	
<i>Cash flows from operating activities</i>		
(Loss) / profit before income tax expense	(181,548,526)	7,205,843,677
<i>Adjustments for:</i>		
PPE write off expense	20,009,389	459,760
Gain on disposal of property and equipment	(6,918,050)	(53,175,000)
Interest expense on lease	9,612,004	10,649,532
Depreciation	401,706,761	897,125,218
Amortisation	82,427,294	150,017,112
	<u>325,288,872</u>	<u>8,210,920,299</u>
<i>Changes in operating assets and liabilities</i>		
Changes in insurance and other receivables	(7,632,175,957)	986,024,585
Changes in provision, claims and other payables	7,574,350,911	4,981,374,245
Income tax paid	(1,056,000,000)	(560,000,000)
Net cash (used in) from operating activities	<u>(788,536,174)</u>	<u>13,618,319,129</u>
<i>Cash flows from investing activities</i>		
Acquisition of intangible assets	(17,612,357)	(123,027,920)
Acquisition of property and equipment	(375,134,526)	(91,078,194)
Proceeds from disposal of property and equipment	62,000,000	116,000,000
Changes in investment	1,750,000,000	(10,250,000,000)
Net cash used in investing activities	<u>1,419,253,117</u>	<u>(10,348,106,114)</u>
<i>Cash flows from financing activities</i>		
Repayment of lease liability	(39,600,000)	(179,400,000)
Dividend paid	(2,358,813,618)	(922,835,355)
Net cash used in financing activities	<u>(2,398,413,618)</u>	<u>(1,102,235,355)</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,767,696,675)</u>	<u>2,167,977,660</u>
Cash and cash equivalents at beginning of the period / year	11,308,555,919	9,140,578,259
Cash and cash equivalents at end of the period / year	<u>9,540,859,244</u>	<u>11,308,555,919</u>

Notes to the Financial Statements

For the period from 1 October 2021 to 31 March 2022

These notes form an integral part of the interim financial statements

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are presented in Myanmar Kyats ("MMK") which is the Company's functional currency.

(d) Use of judgements and estimates

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

Key sources of estimation uncertainty

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

Insurance contract liabilities

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

Process involved in determining assumptions of loss reserve and outstanding claims

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Gross URR = (Gross UPR Gross of DAC × Cost of Future Claims Payment %) + CHE + PAC

Net URR = (Net UPR Gross of DAC × Cost of Future Claims Payment %) + CHE + PAC + Cost of Reinsurance

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

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

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

The cost of reinsurance assumptions are using the actual 2021/22 treaty premium rates. The Company's excess of loss treaty starts from 1 Oct 2021 and end on 31 Mar 2022. The three layers of the treaty cover all lines of business except for Health. No additional costs of reinstatement were considered.

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

Process involved in determining of premium reserves

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

Further information about the methods used in calculating the unearned premium reserves is disclosed in note 3 (f).

Measurement of fair value

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

(e) Comparison of financial statements

The Company has changed its accounting period from "1 October to 30 September" to "1 April to 31 March" with effective for the fiscal period ended 31 March 2022. The change in the accounting period is pursuant to Union Tax Laws, all taxpayers including state-owned enterprises shall perform their tax affairs in accordance with the State's new financial year which is 1 April to 31 March starting from mini budget year 2021-2022.

Accordingly, the financial statements for the period ended 31 March 2022 covers the period from 1 October 2021 to 31 March 2022. Comparative figures for the previous period are for the financial year ended 30 September 2021 (1 October 2020 to 30 September 2021).

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Property and equipment

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

b. Investment property

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

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

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

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

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

Building	40 years
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c. Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

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

d. Impairment

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

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

Reversal of impairment

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

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

e. Investment**Investments in debt security**

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

Disposal of investments

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

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

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

Reinstatement fee

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

Premiums due and uncollected

Premiums due and uncollected are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed on analysis primarily of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Claims and loss adjustment expenses

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

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

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

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



Loss reserve and outstanding claims

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

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

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

IBNR calculation is based on historical claims data, current trends, and actual payment patterns for all insurance business lines and anything else that could impact amount to be paid in accordance with actuarial technique. The assessment for IBNR as at 31 March 2022 has been carried out by actuarial specialist engaged by the Company using commonly accepted IBNR calculation methods such as Chain Ladder method, Bornhuetter-Ferguson method, and Expected Loss Ratio method on individual class of business.

Premium reserve

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

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

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

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

g. Commission and brokerage expenses

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

h. Reinsurance transactions

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

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

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

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

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



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

i. Cash and cash equivalents

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

j. Provisions

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

k. Other income

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

l. Share capital

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

m. Foreign currencies

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

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

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

n. Income tax

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

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

o. Leases

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

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

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

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

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



4. RISK MANAGEMENT

4.1 Financial risk management

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

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

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

Market risk

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

4.2 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.

5. AUTHORISATION OF FINANCIAL STATEMENTS

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

Financial Statements

THE PERIOD FROM 1 APRIL 2022 TO 31 MARCH 2023

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. TAKASHI KURUMISAWA	DIRECTOR (APPOINTED ON 1/10/2022)
	MR. HIROKAZU MORI	DIRECTOR (APPOINTED ON 1/10/2022)
	DAW THAZIN AUNG	DIRECTOR
	MR. KEIJI OKADA	CHIEF OPERATING OFFICER (RESIGNED ON 1/10/2022)
	MR. YASUHIRO SASANUMA	DIRECTOR (RESIGNED ON 1/10/2022)
	REGISTERED OFFICE	NO. 245, MAHA BANDULA ROAD, BOTAHTAUNG 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 9451-062-790	

Director's Report

THE PERIOD FROM 1 APRIL 2022 TO 31 MARCH 2023

We are pleased to submit this report to the members of the Company together with the audited financial statements for the year ended 31 March 2023.

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. Takashi Kurumisawa	Director
Mr. Hirokazu Mori	Director
Daw Thazin Aung	Director

ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' CONTRACTUAL BENEFITS

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

SHARE OPTIONS

- (a) No option to take up unissued shares of the Company was granted during the financial period.
- (b) During the financial period, 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 period.

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

29 June 2023

Management's responsibilities in respect of the financial statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Management of AYA SOMPO Insurance Company Limited (the "Company") is responsible for the preparation of the financial statements for the year ended 31 March 2023, in accordance with the Myanmar Financial Reporting Standards ("MFRS") and the provisions of Myanmar Companies Laws (the "Law"). In preparing the financial statements, management is required to:

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

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

DIRECTORS' STATEMENT

In our opinion,

- (a) the financial statements set out are drawn up, in all material aspects, so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the financial performance, and cash flows of the Company for the financial year ended on that date 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

29 June 2023

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 31 March 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial 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 31 March 2023, and of its financial performance and its cash flows for the financial year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with Myanmar Standards on Auditing (MSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to Note 2 (e), which describes that the Company changed the end of its accounting period from 30 September to 31 March. Consequently, the financial statements for the year ended 31 March 2023 covers the period from 1 April 2022 to 31 March 2023 whereas the financial statements for the period ended 31 March 2022 covers the period from 1 October 2021 to 31 March 2022, which results in the periods presented not being comparable. Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with MSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Further to our opinion we report as follows:

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



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



29 June 2023

Statement of Financial Position

Assets	31 March 2023	31 March 2022
	(in MMK)	
Non-current assets		
Property and equipment	11,077,902,038	11,348,615,410
Investment property	3,771,250,000	3,876,250,000
Right-of-use asset	317,038,791	154,073,411
Intangible assets	138,974,302	200,743,095
Investments in securities	54,350,000,000	53,550,000,000
Total non-current assets	69,655,165,131	69,129,681,916
Current assets		
Cash and cash equivalents	9,549,251,614	9,540,859,244
Investments in securities	8,400,000,000	7,000,000,000
Premiums due and uncollected, net	586,685,498	1,682,288,534
Reinsurance assets	6,099,091,389	11,232,249,102
Reinsurance receivables	670,500,035	-
Other receivables	2,267,617,617	1,756,023,564
Other current assets	1,770,044,081	1,197,565,406
Total current assets	29,343,190,234	32,408,985,850
Total assets	98,998,355,365	101,538,667,766

Statement of Financial Position

Liabilities and shareholders' equity	31 March 2023	31 March 2022
Shareholders' equity		
Share capital		
Authorised share capital (475,342 ordinary shares, value at MMK 133,874.64 per share)	63,636,241,541	63,636,241,541
Issued and paid share capital (475,342 ordinary shares, value at MMK 133,874.64 per share)	63,636,241,541	63,636,241,541
Retained earnings		
Appropriated		
Reserve	9,606,581,342	8,384,477,198
Unappropriated	3,696,164,467	1,662,873,252
Total shareholders' equity	76,938,987,350	73,683,591,991
Liabilities		
Non-current liability		
Lease liabilities	244,552,005	37,170,360
Total non-current liability	244,552,005	37,170,360
Current liabilities		
Insurance contract liabilities	13,961,672,275	21,712,623,638
Reinsurance premium payable	4,503,508,211	2,492,614,488
Co-insurance premium	990,836,080	1,977,473,696
Commission payable	272,585,585	873,651,722
Current portion of lease liabilities	91,724,659	168,929,041
Other current liabilities	1,994,489,200	592,612,830
Total current liabilities	21,814,816,010	27,817,905,415
Total liabilities	22,059,368,015	27,855,075,775
Total liabilities and shareholders' equity	98,998,355,365	101,538,667,766

Statement of Profit or Loss and other Comprehensive Income

	For the year ended 31 March 2023	For the period from 1 October 2021 to 31 March 2022
Revenue		
Gross premium written	26,702,928,522	11,075,327,051
Less Premium ceded	(10,508,427,918)	(3,157,372,655)
Net premiums written	16,194,500,604	7,917,954,396
Less unearned premium reserve	(771,610,061)	(1,197,813,074)
Net premium earned	15,422,890,543	6,720,141,322
Commission income	2,737,490,320	698,857,350
Gain on disposal of fixed asset	3,750,000	6,918,050
Other income	6,235,270,538	3,039,038,558
Total revenues	24,399,401,401	10,464,955,280
Expenses		
Gross claim expenses	8,000,098,350	13,456,041,272
Reinsurance recovery	1,116,036,414	(8,005,060,667)
Net claim expenses	9,116,134,764	5,450,980,605
Acquisition costs and direct expenses	1,732,141,602	798,415,070
Operating expenses	9,316,907,956	4,397,108,131
Total expenses	20,165,184,322	10,646,503,806
Profit (loss) before income tax expense	4,234,217,079	(181,548,526)
Income tax expense	930,658,997	41,368,825
Net (loss) profit for the period / year	3,303,558,082	(222,917,351)

Statement of Changes in Equity

	Issued and Paid-up Share Capital	Retained earnings		Total Shareholders' Equity
		Reserve (in MMK)	Unappropriated	
Period ended 31 March 2022				
Balance at 1 October 2021	63,636,241,541	8,327,905,110	4,301,176,309	76,265,322,960
Dividend paid	-	-	(2,358,813,618)	(2,358,813,618)
Transfer of reserve	-	56,572,088	(56,572,088)	-
Net (loss) for the period	-	-	(222,917,351)	(222,917,351)
Balance at 31 March 2022	63,636,241,541	8,384,477,198	1,662,873,252	73,683,591,991
Year ended 31 March 2023				
Balance at 1 April 2022	63,636,241,541	8,384,477,198	1,662,873,252	73,683,591,991
Dividend paid	-	-	(48,162,723)	(48,162,723)
Transfer of reserve	-	1,222,104,144	(1,222,104,144)	-
Net profit for the year	-	-	3,303,558,082	3,303,558,082
Balance at 31 March 2023	63,636,241,541	9,606,581,342	3,696,164,467	76,938,987,350

Statement of Cash Flows

	For the year ended 31 March 2023	For the period from 1 October 2021 to 31 March 2022
	(in MMK)	
<i>Cash flows from operating activities</i>		
Profit (Loss) before income tax expense	4,234,217,079	(181,548,526)
<i>Adjustments for:</i>		
PPE write off expense	10,452,475	20,009,389
Gain on disposal of property and equipment	(3,750,000)	(6,918,050)
Interest expense on lease	32,651,973	9,612,004
Depreciation	841,748,926	401,706,761
Amortisation	91,100,356	82,427,294
	<u>5,206,420,809</u>	<u>325,288,872</u>
<i>Changes in operating assets and liabilities</i>		
Changes in insurance and other receivables	4,716,819,159	(7,632,175,957)
Changes in provision, claims and other payables	(6,874,815,194)	7,574,350,911
Income tax paid	(284,000,000)	(1,056,000,000)
Net cash from (used in) operating activities	<u>2,764,424,774</u>	<u>(788,536,174)</u>
<i>Cash flows from investing activities</i>		
Acquisition of intangible assets	(29,331,563)	(17,612,357)
Acquisition of property and equipment	(337,538,118)	(375,134,526)
Proceeds from disposal of property and equipment	12,000,000	62,000,000
Changes in investment	(2,200,000,000)	1,750,000,000
Net cash used in investing activities	<u>(2,554,869,681)</u>	<u>1,419,253,117</u>
<i>Cash flows from financing activities</i>		
Repayment of lease liability	(153,000,000)	(39,600,000)
Dividend paid	(48,162,723)	(2,358,813,618)
Net cash used in financing activities	<u>(201,162,723)</u>	<u>(2,398,413,618)</u>
Net increase (decrease) in cash and cash equivalents	8,392,370	(1,767,696,675)
Cash and cash equivalents at beginning of the year/period	9,540,859,244	11,308,555,919
Cash and cash equivalents at end of the year/period	<u>9,549,251,614</u>	<u>9,540,859,244</u>

Notes to the Financial Statements

For the year ended 31 March 2023

These notes form an integral part of the interim financial statements

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are presented in Myanmar Kyats ("MMK") which is the Company's functional currency.

(d) Use of judgements and estimates

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

Key sources of estimation uncertainty

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

Insurance contract liabilities

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

Process involved in determining assumptions of loss reserve and outstanding claims

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Gross URR = (Gross UPR Gross of DAC × Cost of Future Claims Payment %) + CHE + PAC

Net URR = (Net UPR Gross of DAC × Cost of Future Claims Payment %) + CHE + PAC + Cost of Reinsurance

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

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

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

The cost of reinsurance assumptions are using the actual 2022/23 treaty premium rates. The Company's excess of loss treaty starts from 1 Oct 2022 and end on 30 Sep 2023. The three layers of the treaty cover all lines of business except for Health. No additional costs of reinstatement were considered.

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

Process involved in determining of premium reserves

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

Further information about the methods used in calculating the unearned premium reserves is disclosed in note 3 (f).

Measurement of fair value

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

(e) Comparison of financial statements

The Company has changed its accounting period from "1 October to 30 September" to "1 April to 31 March" with effective for the fiscal period ended 31 March 2022. The change in the accounting period is pursuant to Union Tax Laws, all taxpayers including state-owned enterprises shall perform their tax affairs in accordance with the State's new financial year which is 1 April to 31 March starting from mini budget year 2021-2022.

Accordingly, the financial statements for the year ended 31 March 2023 covers the period from 1 April 2022 to 31 March 2023. Comparative figures for the previous period are for the financial period from 1 October 2021 to 31 March 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Property and equipment

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

b. Investment property

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

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

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

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

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

Building	40 years
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c. Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

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



d. Impairment

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

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

Reversal of impairment

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

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

e. Investment**Investments in debt security**

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

Disposal of investments

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

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

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

Reinstatement fee

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

Premiums due and uncollected

Premiums due and uncollected are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed on analysis primarily of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Claims and loss adjustment expenses

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

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

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

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



Loss reserve and outstanding claims

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

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

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

IBNR calculation is based on historical claims data, current trends, and actual payment patterns for all insurance business lines and anything else that could impact amount to be paid in accordance with actuarial technique. The assessment for IBNR as at 31 March 2022 has been carried out by actuarial specialist engaged by the Company using commonly accepted IBNR calculation methods such as Chain Ladder method, Bornhuetter-Ferguson method, and Expected Loss Ratio method on individual class of business.

Premium reserve

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

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

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

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

g. Commission and brokerage expenses

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

h. Reinsurance transactions

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

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

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

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

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

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

i. Cash and cash equivalents

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

j. Provisions

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

k. Other income

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

l. Share capital

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

m. Foreign currencies

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

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

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

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

n. Income tax

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

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

o. Leases

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

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

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

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

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



4. RISK MANAGEMENT

4.1 Financial risk management

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

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

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

Market risk

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

4.2 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.

5. AUTHORISATION OF FINANCIAL STATEMENTS

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

Your Partner for Life

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