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August 13, 2021

Subject : Explanation in case the Company's revenue or profit differ from the same period of the prior year by more than 20%

To: President
The Stock Exchange of Thailand

Allianz Ayudhya Capital Public Company Limited would like to clarify the operating result of the consolidated financial statement for the six-month period ended June 30, 2021 which shows a net profit of Baht 980.03 million (Baht 2.52 per share) compared with Baht 320.55 million (Baht 0.83 per share) for the same period last year, an increase by Baht 659.48 million or 205.73%. The significant changes are summarized as follows:

Unit: Thousand baht

	Consolidated financial information for the six-month period ended		% change
	30-Jun-21	30-Jun-20	Y-O-Y
Revenues			
Gross premiums written	2,815,542	3,037,938	-7.32%
Net premiums written	1,966,354	2,209,640	-11.01%
Net premiums earned	1,952,866	2,112,695	-7.57%
Fee and commission income	173,274	199,603	-13.19%
Net investment income	72,973	56,393	29.40%
Loss on investment in securities	(9,138)	(118,336)	-92.28%
Gain on fair value	370	17,061	-97.83%
Share of profit on investment in an associate	941,056	622,229	51.24%
Other income	21,581	29,050	-25.71%
Total revenues	3,152,982	2,918,695	8.03%
Expenses			
Net claim paid	1,007,734	1,282,255	-21.41%
Commission and brokerage expenses	440,433	450,942	-2.33%
Other underwriting expenses	348,886	443,727	-21.37%
Operating expenses	344,423	402,044	-14.33%
Finance cost	3,528	0	-
Impairment	16,722	0	-
Expected credit loss	348	1,275	-72.71%
Total expenses	2,162,074	2,580,243	-16.21%
Profit (loss) before income tax	990,908	338,452	192.78%
Income tax expense	10,882	17,901	-39.21%
Net profit (loss)	980,026	320,551	205.73%
Basic earnings (loss) per share (Baht per share)	2.52	0.83	203.60%

- The gross premiums written (GPW) for this period decreased by 7.32% from the same period last year due largely to the COVID-19 impact. Net premiums written and net premiums earned decreased by 11.01% and 7.57% respectively, resulting from the shortfall of GPW especially for Motor business.
- Fee and commission income reduced by 13.19% due to lower reinsurance.
- Net investment income increased by 29.40% while loss on investment in securities reduced by 92.28% resulting from the asset portfolio restructuring last year which resulted in less volatile assets with more attractive yield.
- The share of profit on investment in an associate increased by 51.24% due to the significant increase in net profit of the associate company.
- Other income (mainly fee income from trade credit business) reduced by 25.71% resulting from the impact of COVID-19.
- From the above, the Company total revenues increased by 8.03% from the same period last year.
- In term of expenses, net claim paid, commission and brokerage and other underwriting expenses decreased by 21.41%, 2.33% and 21.37%, respectively, broadly in line with the decrease in net premiums written. The operating expense reduced by 14.33% due largely to expense control and the delay of some planned expenses and projects.
- The finance cost of Bath 3.5 million compared with Baht 2.4 million last year, presented in net investment income, increased by 46% due largely to the increase in lease liability in the second quarter last year in relation to TFRS 16.
- Due to the application of the same security impairment rule as per Allianz Group requirements for IFRS since the fourth quarter last year, there was no impairment yet for the six-month period last year.
- The expected credit loss reduced by 72.71% due to reversal.
- As a result of the aforementioned, the Company's performance for the six-month period ended 30 June 2021 was a net profit of Baht 980.03 million, 205.73% higher than the same period last year.

Please be informed accordingly.

Yours faithfully,

Thomas Wilson
President & CEO