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November 15, 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 nine-month period ended September 30, 2021 which shows a net profit of Baht 1,161.93 million (Baht 2.98 per share) compared with Baht 460.10 million (Baht 1.19 per share) for the same period last year, an increase by Baht 701.83 million or 152.54 %. The significant changes are summarized as follows:

Unit: Thousand baht

	Consolidated financial information for the nine-month period ended		% change
	30-Sep-21	30-Sep-20	Y-O-Y
Revenues			
Gross premiums written	4,159,624	4,319,514	-3.70%
Net premiums written	2,926,672	3,093,366	-5.39%
Net premiums earned	2,931,705	3,162,600	-7.30%
Fee and commission income	242,351	280,756	-13.68%
Net investment income	109,032	96,578	12.90%
Loss on financial assets measured at FVPL	(17,191)	(100,366)	-82.87%
Share of profit on investment in an associate	1,153,101	826,303	39.55%
Other income	28,119	49,343	-43.01%
Total revenues	4,447,117	4,315,214	3.06%
Expenses			
Net claim paid	1,490,676	1,929,547	-22.74%
Commission and brokerage expenses	658,171	644,327	2.15%
Other underwriting expenses	534,697	588,279	-9.11%
Operating expenses	583,441	635,500	-8.19%
Finance cost	5,241	3,353	56.31%
Impairment	11,649	9,138	27.48%
Expected credit loss	404	1,243	-67.50%
Total expenses	3,284,279	3,811,387	-13.83%
Profit before income tax	1,162,838	503,827	130.80%
Income tax expense	904	43,724	-97.93%
Net profit	1,161,934	460,103	152.54%
Basic earnings per share (Baht per share)	2.98	1.19	150.77%

- The gross premiums written (GPW) for this period decreased by 3.70% from the same period last year due largely to the severity of COVID-19 impact on insurance sales. Net premiums written and net premiums earned decreased by 5.39% and 7.30% respectively, resulting from the shortfall of GPW especially for Motor business.
- Fee and commission income reduced by 13.68% due to lower reinsurance.
- Net investment income increased by 12.90% while loss on financial assets measured at FVPL reduced by 82.87% resulting from the last year asset portfolio restructuring to less volatile assets with more attractive yield.
- The share of profit on investment in an associate increased by 39.55% due to the significant increase in net profit of the associate company.
- Other income (mainly fee income from trade credit business) reduced by 43.02% also resulting from the impact of COVID-19.
- From the above, the Company total revenues increased by 3.06% from the same period last year.
- In term of expenses, net claim paid and other underwriting expenses decreased by 22.74% and 9.11%, respectively, broadly in line with the decrease in sales. Commission and brokerage increased by 2.15% due to high competition in the market. The operating expense reduced by 8.19% due largely to expense control and the delay of some planned expenses and projects.
- The finance cost increased by 56.31% due largely to the increase in lease liability in relation to TFRS 16.
- Impairment increased by 27.48% due to a decline of equity values.
- The expected credit loss reduced by 67.50% due to reversal.
- As a result of the aforementioned, the Company's performance for the nine-month period ended 30 September 2021 was a net profit of Baht 1,161.93 million, 152.54 % higher than the same period last year.

Please be informed accordingly.

Yours faithfully,



Thomas Wilson
President & CEO