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No. LorBor./65/004

February 28, 2022

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 year ended December 31, 2021 which shows a net profit of Baht 1,230.03 million (Baht 3.16 per share) compared with Baht 631.11 million (Baht 1.63 per share) from last year, an increase by Baht 598.92 million or 94.90%. The significant changes are summarized as follows:

Unit: Thousand baht

	Consolidated financial information for the year ended		% change
	31-Dec-21	31-Dec-20	Y-O-Y
Revenues			
Gross premiums written	5,584,707	5,676,918	-1.62%
Net premiums written	3,976,418	4,112,915	-3.32%
Net premiums earned	3,892,399	4,170,296	-6.66%
Fee and commission income	325,926	292,826	11.30%
Net investment income	140,543	128,608	9.28%
Loss on investment	(8,151)	(112,273)	-92.74%
Share of profit on investment in an associate	1,287,852	1,049,595	22.70%
Other income	34,202	62,053	-44.88%
Total revenues	5,672,771	5,591,105	1.46%
Expenses			
Net claim paid	2,052,579	2,474,548	-17.05%
Commission and brokerage expenses	894,232	854,028	4.71%
Other underwriting expenses	694,004	766,695	-9.48%
Operating expenses	754,034	839,182	-10.15%
Finance cost	6,922	4,652	48.80%
Impairment	40,048	150,503	-73.39%
Expected credit loss	174	208	-16.35%
Total expenses	4,441,993	5,089,816	-12.73%
Profit before income tax	1,230,778	501,289	145.52%
Income tax expense (income)	749	(129,825)	-100.58%
Net profit	1,230,029	631,114	94.90%
Basic earnings per share (Baht per share)	3.16	1.63	93.87%

- The gross premiums written (GPW) for this year decreased by 1.62% from last year due largely to the continuation of COVID-19 pandemic. Net premiums written and net premiums earned decreased by 3.32% and 6.66% respectively, resulting from the decline of GPW especially for Motor business.
- Fee and commission income increased by 11.30% due to higher reinsurance.
- Net investment income increased by 9.28% while loss on financial assets measured at FVPL reduced by 92.74% 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 22.70% due to the significant increase in net profit of the associate company.
- Other income (mainly fee income from trade credit business) reduced by 44.88%, also resulting from the impact of COVID-19.
- From the above, the Company total revenues increased by 1.46% from the same period last year.
- In terms of expenses, net claims paid and other underwriting expenses decreased by 17.05% and 9.48%, respectively, due to the change in business mix, underwriting discipline and benefits from lockdowns. Commission and brokerage increased by 4.71% resulting from high competition in the market. The operating expense reduced by 10.15% due largely to new way of work, overall expense control and the delay of some planned expenses and projects.
- The finance cost increased by 48.80% due largely to the increase in lease liability in relation to TFRS 16.
- Impairments decreased by 73.39% due to the first time recognition in last year.
- As a result of the aforementioned, the Company's performance for the year ended 31 December 2021 was a net profit of Baht 1,230.03 million, 94.90% higher than last year.

Please be informed accordingly.

Yours faithfully,



Thomas Wilson
President & CEO