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No. LorBor./65/012

May 13, 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 three-month period ended March 31, 2022 which shows a net profit of Baht 379.07million (Baht 0.97 per share) compared with Baht 224.45 million (Baht 0.58 per share) from the same period last year, an increase by Baht 154.62 million or 68.89%. The significant changes are summarized as follows:

Unit: Thousand baht

	Consolidated financial information For the three-month period ended		% Change
	31 March 2022	31 March 2021	Y-O-Y
Revenues			
Gross premiums written	1,822,493	1,508,548	20.81%
Net premiums written	1,265,998	1,037,242	22.05%
Net premiums earned	1,042,012	980,634	6.26%
Fees and commission income	191,070	103,585	84.46%
Net investment income	29,204	36,718	-20.46%
Loss on investments	(3,990)	(516)	673.26%
Share of profit on investment of an associate	280,087	228,893	22.37%
Other income (expense)	(982)	13,225	-107.42%
Total revenues	1,537,401	1,362,539	12.83%
Expenses			
Gross claim paid	513,511	529,277	-2.98%
Commission and brokerage expenses	283,745	228,205	24.34%
Other underwriting expenses	242,234	180,343	34.32%
Operating expenses	169,409	154,170	9.88%
Finance cost	1,645	1,792	-8.20%
Impairment loss on equity instruments	(90,220)	42,795	-310.82%
Expected credit loss	(530)	1,129	-146.94%
Total expenses	1,119,794	1,137,711	-1.57%
Profit before income tax	417,607	224,828	85.75%
Income tax expense	38,538	376	10149.47%
Net profit	379,069	224,452	68.89%
Basic earnings per share (Baht per share)	0.97	0.58	68.89%

- The gross premiums written (GPW) for this quarter increased by 20.81% from the same period last year. This was due largely to the growth of Motor Insurance driven by additional leasing business.
- Fee and commission income increased by 84.46% due to higher reinsurance.
- Net investment income decreased by 20.46% due to the asset base reduction and interest expense from subordinate debenture issued in July last year. Loss on investment increased 673.26% due largely to the sales of investment assets to gradually raise funds for business acquisition in second quarter.
- The share of profit on investment in an associate increased by 22.37% due to the increase in net profit of the associate company.
- Other income significantly decreased due to the fee income from trade credit business was presented net of cost instead of gross as last year.
- From the above, the Company total revenues increased by 12.83% from the same period last year.
- In term of expenses, net claim paid decreased by 2.98% due to the reversal of the over accrued dispute claim case. Other underwriting expenses and Commission and brokerage increased by 34.32% and 24.34%, respectively, in line with the growth of GWP. The operating expense increased by 9.88% due to higher business sustaining cost per plan.
- The finance cost decreased by 8.20% relative to the decrease in lease liability.
- Impairments and expected credit loss decreased by 310.82% and 146.94%, respectively due to the sales of investment assets as mentioned above.
- As a result of the aforementioned, the Company's performance for the three-month period ended 31 March 2022 was a net profit of Baht 379.07 million, 68.89% higher than the same period last year.

Please be informed accordingly.

Yours faithfully,



Thomas Wilson
President & CEO