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No. LorBor./65/016

August 15, 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 six-month period ended June 30, 2022 which shows a net profit of Baht 752.15 million (Baht 1.93 per share) compared with Baht 926.03 million (Baht 2.38 per share) from same period last year, a decrease by Baht 173.88 million or 18.78%. The significant changes are summarized as follows:

Unit: Thousand baht

	Consolidated financial information For the six-month period ended		% Change
	30 June 2022	30 June 2021	Y-O-Y
Revenues			
Gross premiums written	3,649,305	2,815,542	29.61%
Net premiums written	2,689,248	1,966,354	36.76%
Net premiums earned	2,682,508	1,952,866	37.36%
Fees and commission income	274,389	173,274	58.36%
Net investment income	48,089	72,973	-34.10%
Loss on investments	(28,380)	(8,768)	223.68%
Share of profit on investment of an associate	557,810	887,063	-37.12%
Revenue from services	8,257	-	N/A
Other income	(388)	21,581	-101.80%
Total revenues	3,542,285	3,098,989	14.30%
Expenses			
Gross claim paid	1,465,738	1,007,734	45.45%
Commission and brokerage expenses	551,645	440,433	25.25%
Other underwriting expenses	453,046	348,886	29.86%
Cost of medical services	1,647	-	N/A
Operating expenses	420,482	344,423	22.08%
Finance cost	3,420	3,528	-3.05%
Impairment (Reversal)	(166,955)	16,722	-1098.41%
Expected credit loss (Reversal)	(881)	348	-353.05%
Total expenses	2,728,142	2,162,074	26.18%
Profit before income tax	814,143	936,915	-13.10%
Income tax expense	61,996	10,882	469.71%
Net profit	752,147	926,033	-18.78%
Basic earnings per share (Baht per share)	1.93	2.38	-18.78%

- The gross premiums written (GPW) increased by 29.61 % from the same period last year. This was due largely to the growth of Motor Insurance driven by additional leasing business and the premiums from the acquisition of health business and service in early May 2022.
- Fee and commission income increased by 58.36% due to higher reinsurance.
- Net investment income decreased by 34.10% due to the asset base reduction and interest expense from subordinate debenture issued in July last year. Loss on investment increased 223.68% due largely to the sales of investment assets to gradually raise funds for business acquisition as mentioned above.
- The share of profit on investment in an associate decreased by 37.12% due to the decrease in net profit of the associate company, driven predominantly by large one-off capital gain realization from the sale of private equity in 2021.
- Revenue from services of Baht 8.26 million came from the business acquisition.
- 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 14.30% from the same period last year.
- In terms of expenses, net claims paid, other underwriting expenses and commission and brokerage and operating expenses increased by 45.45%, 29.86%, 25.25% and 22.08%, respectively, due to the business expansion. Cost of medical services of Baht 1.65 million came from the business acquisition.
- The finance cost decreased by 3.05% relative to the decrease in lease liability.
- Impairments and expected credit loss reversal due to the sales of investment assets as mentioned above.
- As a result of the aforementioned, the Company's performance for the six-month period ended June 30, 2022 was a net profit of Baht 752.15 million or 18.78% lower than the same period last year.

Please be informed accordingly.

Yours faithfully,



Thomas Wilson
President & CEO