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No. LorBor./65/018

November 14, 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 nine-month period ended September 30, 2022 which shows a net profit of Baht 870.58 million (Baht 2.24 per share) compared with Baht 1,105.65 million (Baht 2.84 per share) from same period last year, a decrease by Baht 235.07 million or 21.26%. The significant changes are summarized as follows:

Unit: Thousand baht

	Consolidated financial information For the nine-month period ended		% Change
	30 September 2022	30 September 2021	Y-O-Y
Revenues			
Gross premiums written	5,814,417	4,159,624	39.78%
Net premiums written	4,360,880	2,926,672	49.00%
Net premiums earned	4,441,717	2,931,705	51.51%
Fees and commission income	371,285	242,351	53.20%
Net investment income	66,119	109,032	-39.36%
Loss on investments	(35,252)	(17,191)	105.06%
Share of profit on investment of an associate	662,902	1,096,812	-39.56%
Revenue from services	17,036	-	N/A
Other income	293	28,119	-98.96%
Total revenues	5,524,100	4,390,828	25.81%
Expenses			
Gross claim paid	2,547,957	1,490,676	70.93%
Commission and brokerage expenses	830,110	658,171	26.12%
Other underwriting expenses	700,988	534,697	31.10%
Cost of medical services	1,679	-	N/A
Operating expenses	682,031	583,441	16.90%
Finance cost	5,286	5,241	0.85%
Impairment (Reversal)	(168,721)	11,649	-1548.37%
Expected credit loss (Reversal)	(1,866)	404	-561.80%
Total expenses	4,597,464	3,284,279	39.98%
Profit before income tax	926,636	1,106,549	-16.26%
Income tax expense	56,058	904	6101.10%
Net profit	870,578	1,105,645	-21.26%
Basic earnings per share (Baht per share)	2.24	2.84	-21.26%

- The gross premiums written for this quarter increased by 39.78 % 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 53.20% due to higher reinsurance.
- Net investment income decreased by 39.36% due to the asset base. Loss on investment increased 105.06% 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 39.56% 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 Q2 2021.
- Revenue from services of Baht 17.04 million came from the business acquisition.
- Other income significantly decreased 98.96% 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 25.81% 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 70.93%, 31.10% 26.12% and 16.90%, respectively, due to the business expansion. Cost of medical services of Baht 1.68 million came from the business acquisition.
- The finance cost increased by 0.85% relative to the increase in lease liability.
- Impairments and expected credit loss significantly decreased due to the sales of investment assets as mentioned above.
- As a result of the aforementioned, the Company's performance for the nine-month period ended September 30, 2022 was a net profit of Baht 870.58 million or 21.26% lower than the same period last year.

Please be informed accordingly.

Yours faithfully,



Thomas Wilson
President & CEO