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No. LorBor. 63/017

June 5, 2020

Subject : Explanation in case the Company's revenue or profits differ from the same period last year by more than 20%

To: President  
The Stock Exchange of Thailand

Allianz Ayudhya Capital Public Company Limited would like to clarify the result of the consolidated financial statement for the three-month period ended March 31, 2020 which reported a net loss of Baht 68.69 million (Baht 0.18 per share) compared with a net profit of the same period last year Baht 171.97 million (Baht 0.58 per share), a decrease of Baht 240.66 million or 139.94%. The significant changes are summarized as follows:

Unit: Thousand Baht

	Consolidated financial information for the three-month period ended		% change Y-O-Y
	31 March 2020	31 March 2019	
<b>Revenues</b>			
Gross premiums written	1,674,856	910,600	83.93%
Net premiums written	1,252,663	559,367	123.94%
Net premiums earned	1,040,826	513,763	102.59%
Fee and commission income	117,507	113,791	3.27%
Net investment income	30,188	19,750	52.85%
Gain (loss) on investment in securities	(124,641)	10,157	-1,327.14%
Gain (loss) on fair value	0	7,691	-100.00%
Share of profit on investment in an associate	220,838	112,136	96.94%
Other income	21,844	112	19,403.57%
<b>Total revenues</b>	<b>1,306,562</b>	<b>777,400</b>	<b>68.07%</b>
<b>Expenses</b>			
Net claims paid	638,900	207,169	208.40%
Commissions and brokerages expenses	253,691	128,750	97.04%
Other underwriting expenses	257,267	155,511	65.43%
Operating expenses	199,891	99,520	100.86%
<b>Total expenses</b>	<b>1,349,749</b>	<b>590,950</b>	<b>128.40%</b>
Profit (loss) before income tax expense	(43,187)	186,450	-123.16%
Income tax expense (income)	25,499	14,478	76.12%
<b>Net profit (loss)</b>	<b>(68,686)</b>	<b>171,972</b>	<b>-139.94%</b>
<b>Earnings per share (Baht)</b>	<b>(0.18)</b>	<b>0.58</b>	<b>-130.75%</b>

- The gross premiums written of the three-month period ended 31 March 2020 increased by 83.93% from the same period last year due largely to the business expansion resulting from the entire business transfer (EBT) from Allianz General Insurance Public Company Limited on April 30, 2019. The premium growth was also driven additional sales in the Motor line of business. Net premiums written and net premiums earned grew by 123.94% and 120.59%, respectively.
- Net investment income increased by 52.85% resulting from the larger investment portfolio size after EBT. Related to the change of asset allocation to be in line with the long-term investment strategy, the Company realized losses of THB 124.64 million in this year.
- The share of profit on investment in an associate increased by 96.94% due to the increase of shareholding in the associate from 20.17% last year to 31.97% this year.
- Other income of THB 21.84 million was the service income of the subsidiary.
- From the above, the Company total revenues increased by 68.07% from the same period last year.
- In term of expenses, net claims paid increased by 208.40%, mainly from motor and miscellaneous insurance. The claims ratio increased from 40% to 61% due to shift in business mix following the EBT in 2019. Commission and brokerage as well as underwriting expenses increased relative to the business expansion. Operating expenses increased by 100.86%, mainly from additional personnel cost following the EBT and professional and management fee relating to continued business integration.
- Overall, total expenses increased by 128.40% and the combined ratio increased from 89% to 118% from the same period last year.
- As a result of the aforementioned, the Company's performance for the three-month period ended 31 March 2010 was a net loss of THB 68.69 million reduced by 139.94% from the profit of the same period last year.

Please be informed accordingly.

Yours faithfully,



Mr. Bryan James Smith  
President & CEO