



ANNUAL REPORT 2011
BANGKOK INSURANCE PUBLIC COMPANY LIMITED





THE GREAT FLOOD IN 2011



VISION

Bangkok Insurance aims to be the most preferred non-life insurer in Thailand

We will sustainably grow our business through:

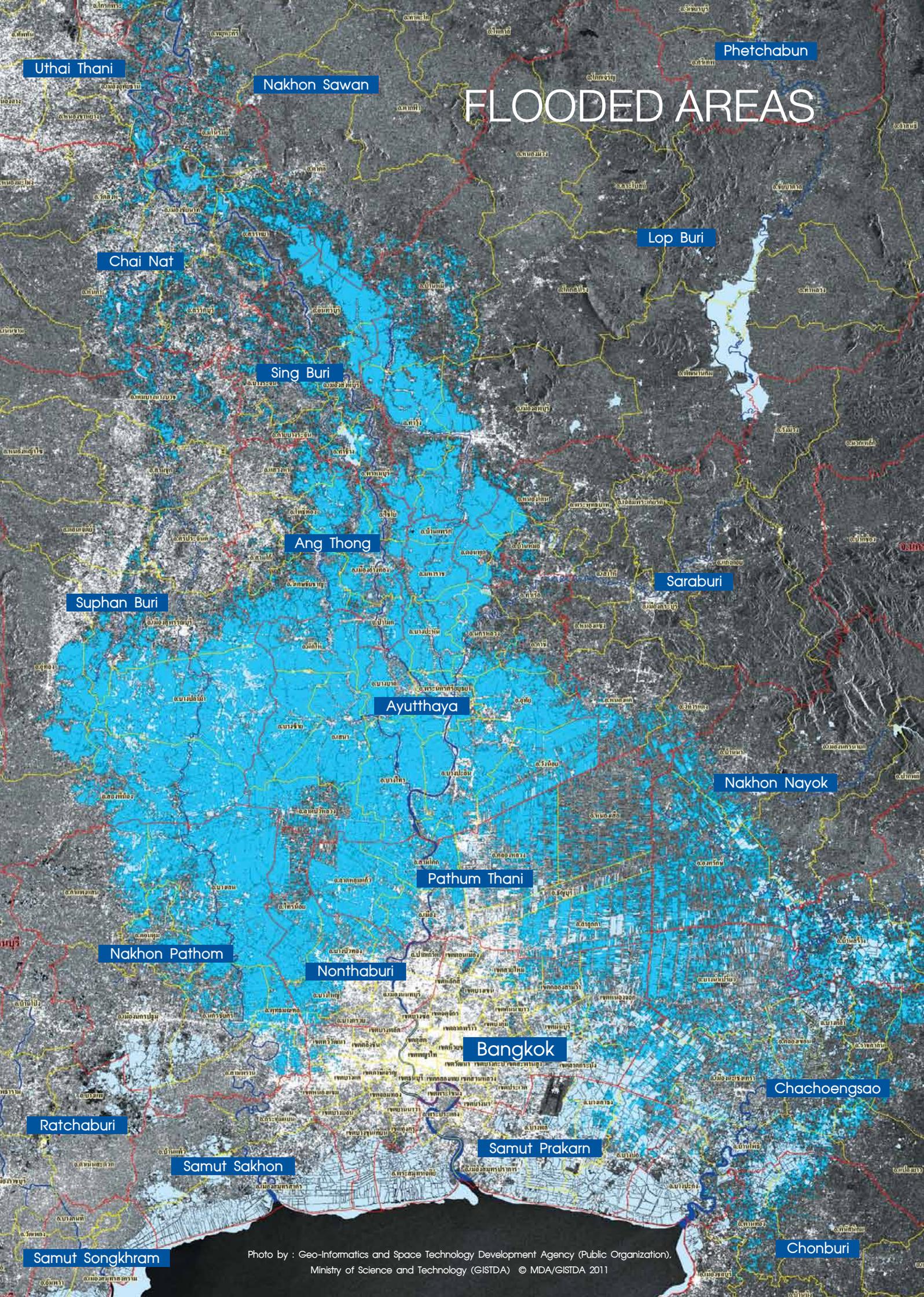
- Financial Soundness
- Diversified Product Ranges
- Customer Centricity

With due emphasis on:

- Enterprise-Wide Risk Management
- People and Technology Capabilities
- High Standard of Corporate Governance and Social Responsibility

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FLOODED AREAS

Uthai Thani

Nakhon Sawan

Phetchabun

Chai Nat

Lop Buri

Sing Buri

Ang Thong

Saraburi

Suphan Buri

Ayutthaya

Nakhon Nayok

Pathum Thani

Nakhon Pathom

Nonthaburi

Bangkok

Chachoengsao

Ratchaburi

Samut Sakhon

Samut Prakarn

Samut Songkhram

Chonburi

FINANCIAL HIGHLIGHTS

| | 2011 | 2010 | Change | 2011 |
|---------------------------------|---------------|---------------|---------|-----------|
| For The Year | (Baht'000) | (Baht'000) | % | (USD'000) |
| Premium Written | 11,104,916 | 10,555,676 | 5.2 | 350,410 |
| Profit (Loss) from Underwriting | (482,141) | 1,297,429 | (137.2) | (15,214) |
| Operating Expenses | 616,934 | 591,161 | 4.4 | 19,467 |
| Contribution and Finance Cost | 50,801 | 42,874 | 18.5 | 1,603 |
| Net Underwriting Profit (Loss) | (1,149,876) | 663,394 | (273.3) | (36,284) |
| Net Investment Income | 1,592,522 | 1,003,204 | 58.7 | 50,251 |
| Income before Income Tax | 442,646 | 1,666,598 | (73.4) | 13,967 |
| Income Tax | 390,621 | 434,241 | (10.1) | 12,326 |
| Net Income | 52,025 | 1,232,357 | (95.8) | 1,642 |
| At Year - end | | | | |
| Unearned Premium Reserve | 5,051,044 | 5,358,997 | (5.7) | 159,383 |
| Shareholders' Equity | 18,276,217 | 17,840,758 | 2.4 | 576,697 |
| Per Share | | | | |
| | | | (Baht) | |
| Basic Earnings Per Share | 0.68 | 16.20 | (95.8) | - |
| Ordinary Share (Shares) | 76.05 Million | 76.05 Million | - | - |
| Dividends | 12.00 | 12.00 | - | - |
| Book Value | 240.32 | 234.59 | 2.4 | - |
| Market Price (High-Low) | 266-195 | 312-197 | - | - |
| Market Price at Year-end | 220 | 249 | (11.6) | - |

USD 1 = Baht 31.6912

GBP 1 = Baht 48.8578

EUR 1 = Baht 41.0274

YEN 100 = Baht 40.8417

MESSAGE FROM THE CHAIRMAN OF THE ADVISORY BOARD



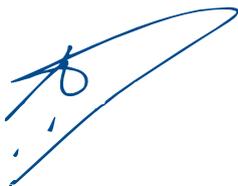
Looking back over 2011, it cannot be denied that the year presented the Thai people with a tremendous crisis. The great deluge breaking out at the end of the year caused immense damage to the Thai economy. A number of industrial estates in the country's central region, both in Ayutthaya and Pathum Thani provinces, were inundated by the flood waters, while many factories, which were significant manufacturing bases, had suddenly to stop production. This inevitably made supply vanish from the market, whether industrial motor and electronic commodities, or electric appliances, causing a turmoil among consumers both inside and outside the country. Furthermore, investment in various construction projects come to a standstill, while there was a loss of lives, income and property, with an immense financial cost. The damages were coupled with the sluggish global economy stemming from the European countries' chronic public debts and America's fragile economy, resulting in Thailand's negative economic growth rate of 2.8 percent in the latter half of 2011, a considerable contraction compared to 3.0 percent growth in the first half of the same year, which caused economic growth in 2011 to drop to only 0.1 percent.

Nevertheless, with the robust fundamentals of the Thai economy, it is believed that Thailand will recover in the latter half of 2012 through such driving factors as interest rates' low trend, increased spending due to investment in the manufacturing sector's machinery purchase, the return to construction of the real estate sector, the revival of infrastructures damaged by the flooding, and additional investment in water management projects to avoid possible future flood impacts. In addition, there has been a rise in household income owing to the government policy of public income restructuring, both in the patterns of a minimum wage increase and government officials' salary raise. Similarly, there have also been such government measures to stimulate the economy as a slowdown of the collection of the fuel fund, a tax reduction via the first-house project, as well as a tax return for those buying their first car.

Nonetheless, the overall Thai economy is still confronted with a number of risk factors, for instance, the sluggish global economy which may affect Thai exports to its important trading partners who are encountering economic problems; tension in the Middle East influencing possible future oil price rise in the world market, or the problem of domestic political fluctuation, including natural disasters having a trend of more violent and frequent occurrence. In conclusion, these risk factors are all significant issues to which both the government and the private sector should pay much attention in order to be used as a basis of their management consideration and business transaction decisions so as to survive under the current risky and uncertain circumstances.

As the country's leading insurance company, Bangkok Insurance Public Company Limited has realized all disasters and their impacts and thus been continuously prepared to take care of its customers with great attention. Besides, the Company is strongly determined to develop its insurance business for higher growth by giving considerable importance to the risk management system, the efficient reinsurance allocation, the development of products to counter customers' risks, personnel development, and the expansion of the Company's branches to counter ASEAN economic growth. Finally, the Company never forgets to repay the country by returning benefits back to society and adhering to the rules and regulations aimed at in its operating performance transparency through the principle of good corporate governance, which is what the Company's management and employees have constantly maintained as the basis for their duty performance throughout.

Ultimately, on behalf of the Chairman of the Advisory Board of Bangkok Insurance Public Company Limited, I would like to take this opportunity to express my utmost gratitude to our customers, business partners, business allies, and all parties concerned for their steady confidence in the Company and their endless support. Finally, I would also like to thank the Company's management and all our employees for their concerted efforts and cooperation, without being discouraged by any problem or impediment, enabling the Company to survive crises and securely carry on its business transactions into the future.



(Mr. Chatri Sophonpanich)

MESSAGE FROM THE CHAIRMAN



The great flood in late 2011, covering significant economic areas of Thailand, had incurred tremendous damage to the country's economy worth about Baht 1.4 trillion and resulted in a negative growth rate of 9.0 percent in the final quarter of 2011, and the entire economic expansion of 0.1 percent in the same year. Additionally, it had directly impacted Thailand's non-life insurance industry, as well as reinsurance companies both inside and outside the country amounting to Baht 5 hundred thousand million, apart from affecting the financial status of a number of companies without sufficient funds or a good risk management system. This, of course, has caused a significant change in the non-life insurance industry, by which the reinsurance companies have increased their flood insurance premiums many times higher and pressed for a stricter insurance condition, influencing the non-life insurance companies' underwriting and increasing their operating costs, which has forced the government to pass an act establishing a catastrophe fund to aid people and industry operations in the event of future catastrophes, with a limited amount of coverage, in order to generate confidence among the public. Furthermore, the government has defined low insurance premium rates to enable the public and business sectors to buy coverage from non-life insurance companies participating in the program, which was commenced from March 28, 2012. Similarly, non-life insurance companies can also sell the surplus of the coverage amount defined by the catastrophe fund. Meanwhile, the Office of the National Economic and Social Development Board (NESDB) has projected a growth rate of 5.5 - 6.5 percent for the Thai economy in 2012. Based on the positive factors both in the spending and investments of the government and the private sector, the non-life insurance premiums in 2012 will expand into a two-digit figure.

The Company's total written premium for 2011 was higher than targeted, standing at Baht 11,104.9 million, an increase of 5.2 percent. From the first to third quarter of 2011 the Company received increased earnings of Baht 743.3 million from underwriting, compared to Baht 597.2 million of the same period in 2010. Nevertheless, due to the damage incurred by the deluge in late 2011, the total loss from underwriting for the entire year amounted to Baht 1,149.9 million. When combined with earnings of Baht 1,592.5 million from investment, the Company's earnings before tax were Baht 442.6 million, while its net income was Baht 52.0 million, or earnings per share of Baht 0.68, compared to Baht 16.20 in the previous year.

Nonetheless, as a consequence of its preparation for the enforcement of the criteria of the Risk Based Capital (RBC), which the Office of Insurance Commission (OIC) has already enforced since September 1, 2011, the Company had the adequacy ratio of the fund, as at September 30, 2011, as high as 528.0 percent, which was higher than the minimum criteria defined at 125.0 percent, indicating the Company's high financial stability, by which its fund at year-end 2011 was at a high level of around Baht 23,000 million. Moreover, the consequence of the Company's financial reliability ranking carried out by the Standard and Poor's (S&P) Institution reveals that it received the score of A-/Watch Negative/-- (as at February 22, 2012), which was a level reflecting the Company's competitiveness and robust financial status. Through its ranking at the Watch Negative level, S&P will follow up its surveillance on the impacts of the flooding for the next three months so as to review its definite rating once again. Similarly, based on the outcome of evaluations of a survey of Thai listed companies' good corporate governance, conducted by the Thai Institute of Directors (IOD) in 2011, the Company was ranked in the excellent group for the third year running (2009 - 2011).

Regarding social activities, the Company has also realized the importance of its responsibility to society and the environment, as well as being strongly determined to conduct sustainable social development, including supporting various activities carried out by both government and private agencies, which has been done continuously in cooperation with the Bangkok Insurance Foundation. Besides, during the great flood in late 2011, the Company constantly donated money and materials and sent its BKI Care Club members to take part in activities aiding people in the flooded areas.

Finally, on behalf of the Chairman of the Board of Directors, I would like to extend my moral support to our customers and the public who suffered from the flooding in late 2011. I wish all of you strong will and to be ready to move forward. For the Company, it has accelerated a payment of claims to rapidly relieve the suffering. In fact, though its operating performance from late 2011 to early 2012 might not be as smooth as it was in previous years, the Company has not been complacent but tried to manage in a way that it is able to conduct consistent underwriting.

I would also like to thank all parties concerned including our customers, partners, shareholders and business allies for their steady support of the Company. I also extend my sincere thanks to the Company's management and employees for their financial donations and voluntary activities to willingly help relieve the suffering of flood victims, and to the Company's employees who suffered the flooding themselves but still performed their work to the best of their ability in order to provide continuous services to customers and partners. Apart from this, there were also staff of other departments who voluntarily helped with the work on flood claims, making it possible for the Company to quickly make a claim payment, with a consideration of other people's needs as a main theme.

The year 2011 was regarded as the period when everyone was more or less affected, besides impacting the Company's financial results. Nevertheless, in 2012, I am confident that the Company's management and employees will make concerted efforts and devote their time and energy to overcome myriad impediments so as to enable the Company to be the most preferred non-life insurer in Thailand.



(Mr. Chai Sophonpanich)



THE THAI NON-LIFE INSURANCE INDUSTRY IN 2011 AND OUTLOOK FOR 2012

Marketing and Competition in 2011

Regarding the state of competition in the non-life insurance industry in the first three quarters of 2011, the industry experienced constant growth in accordance with the country's economic growth rate. From the first to the third quarter of 2011, a total direct premium written for the entire industry attained a growth rate of 15.1 percent, though it was affected by Japan's tsunami, forcing Japanese factories producing motor spare parts that had suffered damage to halt production. This also brought to a standstill motor production in Thailand, causing total motor sales and red-license plate motor insurance premium to diminish.

The overall competition among insurance companies in 2011 concentrated on branch expansion, both full-scale branches and service centers in department stores, in order to gain access to as many personal customers as possible. There was also an increase in such new marketing channels as sales through a website, Facebook and mobile phones' sim card, including development of new technologies for claims service provision, for instance, a health security credit card that can be used in hospitals across the country without having to make an advance payment; a claims service via an application on an iPhone, etc.

Nonetheless, the Thai economy was severely impacted by the great flood in the final quarter of 2011, which led the Office of National Economic and Social Development Board (NESDB) to project the economic growth rate for entire 2011 to decline to only 0.1 percent, compared to the 4.0 percent previously estimated, which directly affected an extension of non-life insurance premium, including the financial standing of insurance and reinsurance companies both inside and outside the country. Furthermore, for the underwriting in late 2011, a renewal of the industrial all risks insurance policy covering flood risks had to be postponed since the reinsurance companies had requested for an adjustment of flood premium and asked for stricter underwriting conditions. The aforementioned phenomena, coupled with the motor insurance industry's inability to make new cars, led to a slowdown in motor insurance premium, which had a ratio of 60.0 percent of the total written premium. The total direct premium written in 2011 expanded by only 11.9 percent.

Bangkok Insurance Public Company Limited has still implemented a policy based on the conservative principle for the expansion of its work, reviewed its underwriting policy in compliance with changing situations, as well as given priority to systematic risks management by having an action plan for risks assessments and providing suggestions for an improvement of a risk prevention system so as to minimize those risks. Similarly, the Company has also developed more new products with a variety of coverage, emphasizing basic coverage appropriate for each group of customers, and steadily improved its services, particularly claims services via a new convenient and swift channel of the Contact Center. In 2011, the Company's total direct premium written achieved 5.1 percent growth, higher than the target growth defined at 4.0 percent, even though this was partially influenced by a delayed policy renewal because the Company had to wait for the clarity of the determination of its flood premium rates. In addition, a rise in the Company's total premium written was also due to an extension of its personal customer base, leading to a high and constant growth rate of motor insurance, personal accident insurance and health insurance.

The Company's Direct Premium Growth Rate Compared to the Market over the Past 3 Years

(Baht : Million)

| | 2011 (Preliminary) (Before Improvement) | 2010 | 2009 |
|---|---|-----------|-----------|
| Bangkok Insurance Public Company Limited | | | |
| Premium Written | 10,123.3 | 9,633.8 | 7,830.6 |
| Growth Rate (%) | 5.1 | 23.0 | 14.2 |
| Non-Life Insurance Market | | | |
| Premium Written | 139,834.8 | 125,086.6 | 110,004.5 |
| Growth Rate (%) | 11.8 | 13.7 | 3.5 |

The Company's Market Share over the Past 3 Years

(%)

| Types of Insurance | Order | 2011 (Preliminary) (Before Improvement) | Order | 2010 | Order | 2009 |
|--------------------|-------|---|-------|------|-------|------|
| Fire | 1 | 12.7 | 1 | 12.7 | 1 | 14.0 |
| Marine | 3 | 8.0 | 3 | 7.9 | 3 | 8.0 |
| Motor | 3 | 5.2 | 3 | 5.2 | 5 | 4.9 |
| Miscellaneous | 2 | 10.0 | 2 | 11.5 | 2 | 9.8 |
| Total | 3 | 7.2 | 3 | 7.7 | 3 | 7.1 |

Remark: Data in 2011 is OIC's preliminary data as at February 28, 2012

Industry Outlook and Competition in 2012

For the Thai economy in 2012, it has been projected to improve after having gone beyond the lowest point in the last quarter of 2011, owing to the impact of the great flood. The first-quarter economy has a slightly rising trend since it is still in the period of revival after the effects of the flood, especially in the agricultural and the industrial sectors. For the remaining three quarters, the country's economy has an outstanding growth trend through such supportive factors as an increase in people's income due to a raise of the minimum wage and the salary of university graduates, which helps augment people's purchasing power; the government and the private sector's investment in the construction of dams and other infrastructure in preparation for future floods, including credit-supporting measures for entrepreneurs, as well as measures on legal entities' income tax reduction from 30.0 percent to 23.0 percent, and the low interest rates.

Nevertheless, risk factors that may have an impact on the Thai economy in 2012 are, for example, natural disaster risks, particularly a flood problem that has a recurrent trend, an unsettled problem of public debts of countries in the Euro-zone, and a political conflict between Iran and the US and European countries, which may influence an oil price rise. However, the Office of National Economic and Social Development Board (NESDB) has estimated an overall Thai economic growth of between 5.5 and 6.5 percent for 2012.

For the non-life insurance industry, it has been projected to experience a high growth rate, compared to 2011, because the insurance companies have adjusted their property insurance premium rates, for both fire insurance and industrial all risks (IAR) insurance, in proportion with reinsurance costs which are increased as a consequence of a rise in reinsurance companies' premium rates for natural disaster risk coverage. Furthermore, flood incidents have also increasingly urged the public and people in the business sector to purchase an insurance policy with coverage for flood risks. Similarly, there are also such other supportive factors as total new motor sales, which are anticipated to rise significantly from 2011 since motor-manufacturing factories, affected by both Thailand's floods and Japan's tsunami, have resumed their production in full swing following temporary stagnation; an adjustment of first-class motor insurance premium, for average Baht 800 to 1,000 for each car, to compensate for damage and flood risks, as well as the government's projects for dam and infrastructure construction to counter floods.

Moreover, the government sector has pushed ahead with a royal enactment draft establishing a catastrophe fund, which generates confidence among non-life insurance companies and reinsurance companies in their flood underwriting, while non-life insurance companies can still sell more of their disaster surplus coverage, making it possible for the entire non-life insurance industry's premium written to achieve a two-digit growth rate. In this regard, the General Insurance Association has projected that a premium growth rate for 2012 will probably be not less than 15.0 percent.

Ability to Maintain Ratios Based on Business Type

In 2011, the Company had a total written premium of Baht 11,104.9 million, with premium growth in nearly all classes of insurance, except hull insurance and miscellaneous insurance, which experienced a slight negative growth. The motor premium had a ratio of 38.9 percent of the total written premium, a rise from the year before, while a total written premium for other classes of insurance except motor insurance accounted for 61.1 percent. Miscellaneous insurance witnessed a lower ratio due to a problem on the determination of the flood premium rate late in the year, causing some customers' inability to renew their property insurance policy. For personal accident insurance and health insurance, these could maintain a steady growth rate. Similarly, the fire premium also rose, coupled with an adjustment of a higher premium rate for customers who renewed their policy with coverage for flood risks.

Written Premium Classified by Types of Insurance

(Baht: Million)

| Types of Insurance | 2011 | Distribution % | 2010 | Distribution % | 2009 | Distribution % |
|--------------------|----------|----------------|----------|----------------|---------|----------------|
| Fire | 1,519.6 | 13.7 | 1,441.8 | 13.7 | 1,531.8 | 17.4 |
| Hull | 101.9 | 0.9 | 102.8 | 1.0 | 99.0 | 1.1 |
| Cargo | 406.4 | 3.7 | 354.1 | 3.3 | 322.0 | 3.7 |
| Motor | 4,325.0 | 38.9 | 3,893.5 | 36.9 | 3,210.3 | 36.5 |
| Miscellaneous | 4,752.0 | 42.8 | 4,763.5 | 45.1 | 3,633.6 | 41.3 |
| Total | 11,104.9 | 100.0 | 10,555.7 | 100.0 | 8,796.7 | 100.0 |

Concerning the Company's loss ratio in 2011, it was directly impacted by the great flood in late 2011, causing the insured properties to suffer a tremendous financial amount's worth of damage, whether to residences, factories, machines, equipment, establishments, commodities, cars, etc, causing the overall loss ratio to increase to 76.0 percent, compared to 49.3 percent in 2010.

Loss Ratio on Underwriting

(Baht: Million)

| Types of Insurance | 2011 | | | 2010 | | | 2009 |
|--------------------|----------------|---------|----------------|----------------|---------|----------------|----------------|
| | Earned Premium | Claims | Loss Ratio (%) | Earned Premium | Claims | Loss Ratio (%) | Loss Ratio (%) |
| Fire | 1,064.4 | 1,853.9 | 174.2 | 1,129.5 | 370.0 | 32.8 | 31.5 |
| Hull | 16.8 | 16.1 | 95.8 | 12.6 | 4.2 | 33.3 | 63.0 |
| Cargo | 249.8 | 81.9 | 32.8 | 234.5 | 77.0 | 32.8 | 24.2 |
| Motor | 3,946.6 | 2,367.4 | 60.0 | 3,444.4 | 1,766.5 | 51.3 | 53.7 |
| Miscellaneous | 2,067.0 | 1,259.2 | 60.9 | 1,663.9 | 977.8 | 58.8 | 42.4 |
| Total | 7,344.6 | 5,578.5 | 76.0 | 6,484.9 | 3,195.5 | 49.3 | 45.5 |

Remark: Claims expenses did not include claims management expenses.

RISK FACTORS

In 2011, there were numerous major problems affecting businesses, whether they were global economic crises both in the United States and European countries, which inevitably impacted the Asian economy, including the Thai economy, or violent natural disasters such as the great deluge in Thailand in late 2011, which caused comprehensive damage costing a tremendous amount of money. This, of course, resulted in the payments of claims, which presented a number of risks for the insurance industry, both in the Company's non-life insurance and investment sectors.

Nevertheless, the Company had arranged for its risk management, as well as made a close scrutiny of the risks so that they remain at an acceptable level. There are a number of risk factors which may have an impact on the Company's performance and operating consequences. Details of the Company's risks and guidelines to manage them are given below.

1. Insurance Industry Risks

1.1 Insurance Risks

Insurance risks are risks incurred by the Company's obligations to the insured, in which it bears the burden more than it should do or does not define its premium rates in accordance with the real damage occurred, from which the severity and number are higher than those assumed for underwriting consideration.

The risks may come from inadequate reinsurance or too concentrated underwriting in any group. However, this type of risk can stem from the damage caused being far more than expected. A significant case in point in 2011 was the great flood at year end, which brought about more extensive damage than anticipated, causing unprecedented immense damage to the Thai economy and the overall non-life insurance industry. This forced insurance companies to make claims payments to compensate for the damage incurred, in an unusual amount, affecting the companies' performance consequences that may have an impact on their financial status.

To minimize such risks, the Company has adopted prudent consideration procedures for underwriting, and defined appropriate conditions of underwriting, including updating the information to adjust its insurance conditions and premiums in line with the underwriting risks. Furthermore, since current risks have changed, compared to the past, for any disaster that frequently occurs, the Company will limit the maximum coverage amount for that disaster. Likewise, the Company has dispersed its risks from underwriting and transferred the risks to the reinsurance companies.

1.2 Counterparty Risks

- Reinsurance Risks

These refer to risks when disasters break out and the reinsurance companies cannot make claims payments for the Company as they are obliged to, which may be due to their insecure financial standing or the conditions of reinsurance that do not cover the damage. This causes the Company to bear the burden of making claims payments itself.

The Company has also considered the financial status and credit rating of all reinsurance companies and purchased reinsurance policies from many companies, which helps distribute the risks. In addition, it has cautiously scrutinized the reinsurance conditions through its department that is well versed in the reinsurance business in order to minimize such risks.

- Difficulties in Premium Collection

For the insurance industry, the agent and broker are given convenience through the credit term defined, during which they are allowed to be behind with their premium submission. Or sometimes the insured themselves do not pay their premium. In both cases the Company may risk being unable to collect outstanding premiums, which finally become bad debts.

To minimize these risks, the Company requires the agent and broker to submit collateral within the specified credit limit allowed by the Company, apart from having an efficient process of closely following up its outstanding premiums.

2. Investment Risks

2.1 Credit Risks

Credit risks are those risks in which the value of the Company's assets diminishes because the securities issuers or the Company's contractual partners cannot abide by an agreement or obligation defined in a contract, for instance, the securities-issuing companies do not pay the interest or delay the payment, or their financial reliability ranking is degraded.

To manage such risks, the Company has carried out the following:

- For risks associated with providing loans, there is an analysis of the Company's debtors' ability to pay debt and their financial status based on a sound credit analysis standard. Meanwhile, Loan to Value will be determined so that it is not beyond the legal limit.
- For debt instruments, the Company will choose to invest in debt instruments issued by those with sound and stable financial status. In the case of the issuer of financial instruments being a private company, the Company will choose to invest in financial instruments of which the credit rating is not lower than the investment grade, which is in line with the notification of the Registrar relating to the other business investments of non-life insurance companies.

2.2 Concentration Risks

Concentration risks are risks that the Company may suffer when it has invested too much in a company, a group of companies, or a class of assets without distributing the investment. Thus when there is a negative impact on such groups, it will create a high ratio of damage, compared to the Company's entire investment.

To manage these risks, the Company has reduced the concentrations of the capital risks by dispersing its investments across different industries and numerous types of assets. In this regard, the Company has constantly complied with the requirements relating to risks based on the criteria defined by the supervisory agencies.

2.3 Liquidity Risks

Liquidity risks are risks that may be incurred and result in the Company's inability to pay its debts or other obligations when they are due as the assets cannot be realized as cash, or adequate cash cannot be acquired, or sufficient cash can be acquired but at a high cost.

The Company manages its liquidity risks by emphasizing investment in stocks required by the market, with high liquidity and an ability to be changed into cash conveniently, as well as at the value approximate to the fair value.

Furthermore, the Company has procured capital reserve sources such as overdrawn amounts or short-term loans from commercial banks, including using the data on cash flow management, as well as financial reception and payment based on its obligations and commitments, enabling it to know the amount of cash to be used daily.

3. The Company's Other Risks

3.1 Market Risks

Market risks are risks stemming from the fluctuations of capital marketing factors such as revaluation of non-marketable equity securities, as well as a change in the interest rates, exchange rates and commodity prices, resulting in a revaluation of assets values, debts and other obligations. The assets directly associated with market risks include equity securities, debt securities and unit trusts. However, market risks may relate to the Company's debts incurred by loans.

- Equity risks are those risks in which the values of equity securities may decrease due to the economic situation and the domestic stock markets, global economy conditions and fund flows, including the financial standing of other countries that are linked with Thailand through such channels as trading, from which there are a number of securities-issuing companies that export to and import from foreign countries.

- Interest Rate Risks are risks stemming from a change in the interest rates, which may be caused by such factors as the financial policy formulation of Bank of Thailand, and debt securities markets, resulting in a change in securities prices.

- Exchange Rate Risks are incurred by the fluctuation of exchange rates, which also causes the Company's assets values to fluctuate, particularly its investments in foreign countries, and makes the investment values in Baht currency volatile. The volatility of exchange rates may come from such domestic factors as the inflation rates, including from the situations in foreign lands, which have an impact through such channels as a transfer of capital in the capital account, and the trade and service in the current account.

To minimize such risks, the Company has implemented the following risk management:

- For the revaluation on non-marketable equity securities, the Company will choose to invest in fundamentally sound equity securities of which the issuers possess sound financial status, with the capability of steady growth and competitiveness. Additionally, the Company will mostly occupy equity instruments for its long-term investments, which will be able to reduce price volatility of equity instruments.

- Concerning a change in interest rates, the Company has invested in securities which yield a return in the form of interest. The Company has closely followed up the direction of the interest and return rates in the market in order to define the investment duration in accordance with the fluctuation of interest rates. For example, the Company slows down its investment in long-term debt instruments when future interest rates are likely to rise. In addition, the Company also has a policy of occupying debt instruments until they are due so as to minimize the risks incurred by instrument price volatility, apart from managing its bank deposits so that they have due amounts every month and in an approximate amount, which helps reduce a reinvestment risk.

- In respect of the exchange rate, the Company may use financial instruments to prevent exchange rate risks, for instance, Cross Currency and Interest Rate Swap, Interest Rate Swap, or Foreign Exchange Forward, in order to minimize the risks in accordance with the market situation.

3.2 Strategic Risks

These refer to risks that arise from the formulation of strategic plans and their implementation which are not in accordance with the Company's internal factors such as its organizational structure and goals, including external factors like the economic condition and the competition, which may influence the Company's financial standing, investment fund and income.

Strategic risks are divided into 2 categories, namely, risks from economic fluctuations and business competition, and those from investment capital adequacy.

Strategic risks include total premium written not reaching the target planned, fierce competition from both domestic and foreign insurance companies, income ratio not living up to the plan, and too much dependence on premiums from one particular channel.

To minimize such a risk, the Company has mapped out and reviewed its strategic plans so that they are in compliance with external factors that continually change. With respect to this, the Company has a Corporate Strategy Department to take charge of this matter and summarize the Company's implementation of the strategic plan defined and, at an appropriate time, display the status of an achievement of the plans, as well as give a warning signal in order that the plans and strategic risk management can be timely adjusted. Similarly, the Company has overseen the status of its fund so that it remains at an appropriate level, with the ratio of the Company's fund to the fund to be maintained in compliance with the law being higher than the amount defined.

3.3 Operational Risks

They are risks that may stem from the unpreparedness, insufficiency or deficiency of the Company's work system, personnel, technology and internal operations, including legal risks and, sometimes, risks incurred by external factors.

To manage its operational risks, the Company has arranged for a sound internal control system, provided for a sufficient workforce qualified for each job description, procured experts for an efficient work system, as well as developed and improved its work system so as to keep pace with changes. Furthermore, the Company has assigned all levels of its sections to be in charge of their own operational risk management, besides injecting knowledge and understanding of operational risks among its employees.

For the impacts and risks arising from external factors, the Company has formulated a business continuity plan, which will enable it to reduce the risk impacts that may occur and allow it to carry on its business transactions in spite of being confronted with a crisis.

MAJOR PROGRESS IN 2011

Maintaining the Status of the Leading and First Outstanding Non-Life Insurance Company

Bangkok Insurance Public Company Limited received "The First Outstanding Non-Life Insurance Company Award for 2010". This resulted from the Company's efficient management in compliance with the principle of good corporate governance, including strong determination to continuously develop its services.

The Company was presented with such an award for the second consecutive year. Furthermore, the Company was also proud to receive the award for three consecutive years in 2002, 2003 and 2004, causing it to be awarded "The First Outstanding Non-Life Insurance Company with Distinction for 3 Years in a Row Award".

Superb Success with the SET AWARDS 2011

Bangkok Insurance Public Company Limited was awarded "The Top Corporate Governance Report Awards" in the SET AWARDS 2011. The award was presented to a listed company outstanding for its report on performance based on the principle of good corporate governance, which is the company in the order of one to ten with a maximum score.

The Company also received the excellent score in Corporate Governance Report of Thai Listed Companies for 3 consecutive years. The award is calculated based on the investors' and consumers' point of view of Corporate Governance standard of Thai Listed Companies.

Cooperation with Bridgestone A.C.T. in Granting Special Coverage to Customers

Bangkok Insurance Public Company Limited, in cooperation with Bridgestone Auto Care & Tire, has granted a special privilege to the Company's customers using a tire change service at A.C.T. Customers will immediately receive coverage from travel accident insurance (TA), with maximum coverage of Baht 100,000, including a medical treatment fee of Baht 10,000 per accident, and a 7-day maximum coverage period. Customers can register online through the Company's website at bangkokinsurance.com to obtain this coverage privilege.

Joining Hands with Citibank in Granting Special Privilege via 0%-Interest Premium Installment

Bangkok Insurance Public Company Limited, in collaboration with Citibank, has granted a special privilege to the former's customers holding the latter's credit card. When customers purchase a comprehensive motor insurance policy, or a "Comprehensive Value Package", through the Company's website at bangkokinsurance.com or at a BKI Care Station, which is the Company's insurance service point located in leading department stores in Bangkok and neighboring provinces, they are allowed to pay premium installments at 0% interest rate, via Citibank's credit card, within a maximum of 6 months.

Increase Capability in Online Policy Printing

Bangkok Insurance Public Company Limited emphasizes leadership in technology and lifestyle insurance. Most recently, the Company has provided convenience to its customers purchasing an online insurance policy through the website bangkokinsurance.com, from which the policy can be immediately printed out. Currently, the available insurance policies have been raised from 3 to 4, including Comprehensive travel accident, personal accident insurance, cancer insurance, and the "Value Packages" of "Salaried Man Package" (personal accident insurance, cancer insurance and daily hospital cash benefit during medical treatment in a hospital due to an accident or cancer).



Received "The First Outstanding Non-Life Insurance Company Award for 2010"



Superb Success with the SET AWARDS 2011



Cooperation with Bridgestone A.C.T. in Granting Special Coverage to Customers

BKI First in Selling Policies via iPhone

Bangkok Insurance Public Company Limited, a leading company in service innovations, has introduced an application 'BKI iCare' to customers using an iPhone smart phone. Such an application has been designed for easy use and to fulfill customers' lifestyles, all the time and no matter where they are so that they will feel completely comfortable. The Company is regarded as the first non-life insurance company to sell an insurance policy via an iPhone, which includes the following services:

- Comprehensive travel accident insurance (CTA), and will launch motor insurance, personal accident insurance, and fire insurance soon.
- Provision of information relating to comprehensive travel accident insurance in order to give convenience to the Company's customers when they have to make a lengthy journey, for instance, the data of Thai embassies in foreign countries, and Bangkok Insurance SOS.
- Provision of a phone number for reporting a claims service, consisting of services on motor claims, accident and health claims, and other insurance claims. Customers can quickly make a phone call to request for a claims service.
- Provision of information on locations of the Company's offices and branches across the country, including BKI Care Stations, which are the Company's insurance service points in leading department stores, as well as locations of garages and hospitals, bound by a contract with the Company, throughout the country. Customers may search for a name list of the closest garages and hospitals, or those from which they need a service. The above information is connected with a Google map which allows customers to immediately make a phone call to the Company's offices and branches, garages and hospitals.

The "Media Liability Insurance" Policy

Bangkok Insurance Public Company Limited has issued a media liability insurance policy to provide coverage for legal liability relating to the damage incurred by a violation through the dissemination of information to the public. The policy is intended for those agencies working with or doing business concerning the mass media, such as a TV station, cable TV, radio station, film producer, TV programme producer, advertising company, as well as publishers of books and printing materials. The policy provides coverage on an indictment for the following cases:

- A libel against a litigator
- Damage done to the reputation of a litigator
- Violation of a person's rights, and intellectual property
- Violation of copyright of both a person and an agency

The Company will compensate for the defense cost, lawyer cost, and the amount paid to a litigator as specified by the court's judgment or the arbitrator's settlement.

Personnel Development

The Company firmly believes that personnel are a valuable resource for the organization. Therefore, it has constantly developed its personnel in various ways to generate added value, and also develops itself to become a learning organization where staff can learn and enhance their experience from work so as to have comprehensive knowledge in compliance with the Company's business goals and strategies.

The year 2011 was another year in which the Company continuously developed its personnel based on the defined Training Roadmap and furthered what had been effectively implemented earlier in order to strengthen its management of "human cost", all for the Company's achievement and sustainable growth. Such development included insurance and claims payment training, and development of skills and knowledge necessary for job performance, such as skills on service provision, management, quality management and change management, including development of the efficiency of oneself and his/her working team, as well as foreign language skills.



In this connection, the Company concentrated on developing multi-skills among its staff through, for example, "On-the-Job Training", "Coaching", "Job Rotation", "Practice", "Consulting", "Scholarship Granting", "Job/Project Assignment", etc.

Additionally, the Company has also given importance to the arrangement for the readiness of its personnel to reduce risks or impacts stemming from discontinuity in the Company's administration, especially the critical position. Consequently, the Company has mapped out a concrete succession plan for this purpose and developed its young-generation staff to establish and maintain talented personnel that will be a significant force for the Company in the future. Similarly, the Company also has the "Our Work Buddy" activity, in which the superiors of all levels are assigned to formulate a development plan for each individual staff based on his/her competency so as to be in line with each person's different capabilities.

For management of its internal knowledge body, the Company has encouraged its senior and specialized staff to transfer their knowledge and working experience, through training and seminars, to other staff with an aim to open the latter's worldview and learn across their line of duty. Besides, the Company has stored its valuable knowledge body in its knowledge base system in order for the staff to learn all the time. Likewise, it has also focused on the development of staff to become professional trainers under the "New DNA Trainer" programme so as to be able to efficiently transfer their knowledge.

In 2011, the Company developed its staff's knowledge and skills for over 5 day/staff/year, with 26 scholarships granted to staff for training/seminar overseas, while the budget spent on the Company's staff training and development amounted to over Baht 6.0 million.

Moreover, the Company has also realized that the generation of a robust organizational culture is a significant foundation for the agency, and thus encouraged the culture "Your Caring Partner", which has been constantly carried out for over 7 years via a number of activities/programmes, both inside and outside the Company, for instance, the production of standard advice and an inspection form to decrease customers' risks, and the "Petch Nam Neung" programme, which awards the Company's staff who have provided such an outstanding service that they are praised by customers, business partners and colleagues. Other programmes include the "Solutions 2U @BKI" and "Me's IDEA", encouraging the Company's staff to give suggestions or guidelines for a problem solution to colleagues and superiors, while the "CARE Phone" activity focuses on a campaign for a correct, suitable and well-mannered use of the telephone, and with the same standard, in order to make customers and business partners feel comfortable when contacting the Company via phone. Similarly, the BKI Care Club is a group of the Company's staff who are public-minded and carry out activities benefiting society.

The Company has been fully aware that its relations with its staff are the driving force behind the staff's dedication to their work. As a consequence, the Company has paid much attention to its staff, emphasizing the promotion of a working atmosphere within the Company so that it becomes "An Organization of Happiness". In this regard, the principle of Happy 8 has been applied through the "Fun Fun Fun" activity in order for the staff to develop the quality of their lives, both personally and in their work performance, for example, Children's Day activities, and "BKI's GOT TALENT" activity, via the singer search episode and lean buddy episode. These activities, carried out through both the training programmes and knowledge communications via the Company's Intranet, have not only created fun but also provided something useful to the Company's staff. They include tips on eating, taking care of one's health, exercising and playing sports, as well as financial management with consciousness. In addition, the Company has also organized a merit-making rite and water-throwing ceremony to preserve the Thai culture, including the "Dhamma Unite, BKI Collaborate" event.

Apart from the above, during the great flood in late 2011, the Company immediately provided assistance to its staff and followed up its aid and recovery activity, through setting up rescue teams and preparing boats for flood victim evacuation, providing subsistence bags, arranging for temporary shelters, and rehabilitation after water recession, until the situation returned to normal.



BKI Care Station

Personnel Development

"Solutions 2U @BKI"



REPORT OF THE COMPANY'S OPERATIONS

(Baht : Million)

| | 2011 | 2010 | Change | 2011 |
|--|-----------|----------|---------|----------------|
| Premium Written | | | % | Distribution % |
| Types of Insurance | | | | |
| Fire | 1,519.6 | 1,441.8 | 5.4 | 13.68 |
| Marine | 508.3 | 456.9 | 11.2 | 4.58 |
| Motor | 4,325.0 | 3,893.5 | 11.1 | 38.95 |
| Miscellaneous | 4,752.0 | 4,763.5 | (0.2) | 42.79 |
| Total | 11,104.9 | 10,555.7 | 5.2 | 100.00 |
| Profit (Loss) from Underwriting | | | | |
| Types of Insurance | | | | |
| Fire | (1,213.1) | 367.1 | (430.5) | (251.58) |
| Marine | 105.3 | 121.7 | (13.5) | 21.84 |
| Motor | 394.0 | 610.1 | (35.4) | 81.71 |
| Miscellaneous | 231.6 | 198.5 | 16.7 | 48.03 |
| Total | (482.2) | 1,297.4 | (137.2) | (100.00) |
| Operating Expenses | 616.9 | 591.2 | 4.3 | 127.93 |
| Contribution and Finance Cost | 50.8 | 42.8 | 18.7 | 10.54 |
| Net Underwriting Profit (Loss) | (1,149.9) | 663.4 | (273.3) | (238.47) |

(Baht : Million)

| | 2011 | 2010 | Change |
|---|---------------|---------------|---------|
| Net Investment Income | | | % |
| Interest | 257.6 | 166.8 | 54.4 |
| Dividends | 642.7 | 579.5 | 10.9 |
| Gain (Loss) on Sale of Securities and Assets | 656.6 | 190.2 | 245.2 |
| Rental and Other Income | 119.9 | 119.1 | 0.7 |
| Share of Income from Associated | | | |
| Accounted for under the Equity Method | 6.1 | 6.5 | (6.2) |
| Gain (Loss) from Revesal Impairment of Investment | (8.3) | 24.8 | (133.5) |
| | 1,674.6 | 1,086.9 | 54.1 |
| Investment Expenses | 82.1 | 83.7 | (1.9) |
| Net Investment Income | 1,592.5 | 1,003.2 | 58.7 |
| Operating Results | | | |
| Net Underwriting Profit (Loss) | (1,149.9) | 663.4 | (273.3) |
| Net Investment Income | 1,592.5 | 1,003.2 | 58.7 |
| Income before Income Tax | 442.6 | 1,666.6 | (73.4) |
| Income Tax | 390.6 | 434.3 | (10.1) |
| Net Income | 52.0 | 1,232.3 | (95.8) |
| Basic Earnings Per Share (Baht) | 0.68 | 16.20 | (95.8) |
| Ordinary Share (Shares) | 76.05 Million | 76.05 Million | - |
| Par (Baht) | 10.00 | 10.00 | - |

REPORT OF THE COMPANY'S OPERATIONS

Type of Business

Bangkok Insurance Public Company Limited has been engaged in the non-life insurance business since 1947. The Company was listed on the Stock Exchange of Thailand (SET) in 1978, and was transformed into a public company under the Public Company Act on July 1, 1993, with a paid-up capital of Baht 200 million. Subsequently, the Company increased its paid-up capital four times in 2002, 2004, 2006 and 2010, to total Baht 760.5 million, consisting of stocks of 76.05 million shares valued at Baht 10 per share.

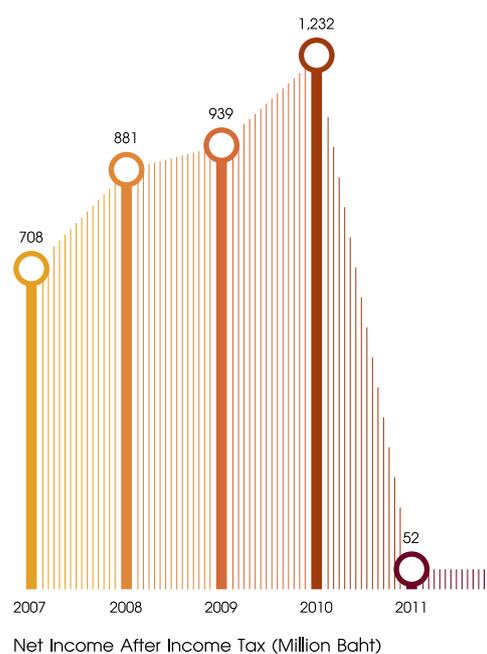
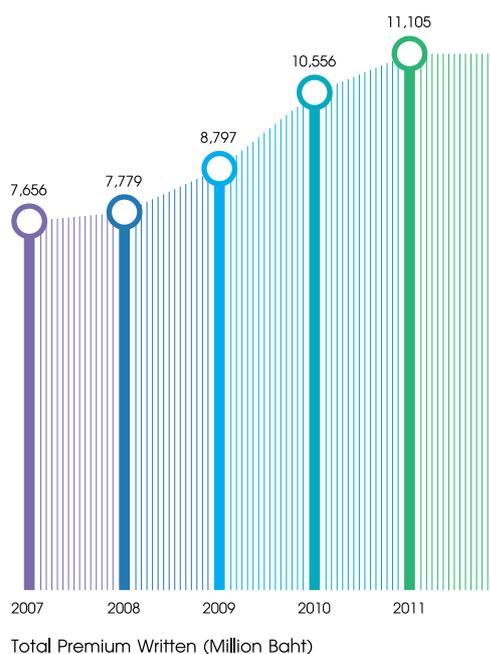
Summary of Operating Performance for the Year 2011

Operation and Financial Status of the Company

Based on the financial statements as at December 31, 2011, the total assets of the Company amounted to Baht 51,925.3 million, an increase of 65.4 percent from Baht 31,398.8 million in the previous year. This was accompanied by a significant rise in assets, particularly due from reinsurers, of Baht 17,728.8 million in reinsurance business. Similarly, investments in available-for-sale securities, especially government bonds and stocks that experienced a significant increase, as well as cash and cash equivalents rose by Baht 2,247.9 million and 632.4 million, respectively. In contrast, net loans witnessed a decline of Baht 205.0 million.

Liabilities at 2011 year-end totaled Baht 33,649.1 million, a rise of Baht 20,091.0 million, or 148.2 percent, over 2010. A significant increase was loss reserves and outstanding claims of Baht 20,008.5 million.

Owners' equity on December 31, 2011, equaled Baht 18,276.2 million, a rise from Baht 17,840.8 million, or 2.4 percent, in 2010. Significant components were a reduction of Baht 1,033.2 million in retained earnings, and an increase of Baht 1,468.7 million, or 13.6 percent, in owners' equity's other elements.



For 2011, the premium written income for all classes of insurance rose by 5.2 percent to Baht 11,104.9 million, compared to 2010. Marine cargo insurance and motor insurance achieved the highest growth rates of 14.8 percent and 11.1 percent, respectively, compared to 2010.

In 2011, the net underwriting suffered a loss of Baht 1,099.1 million, causing a decrease of Baht 1,805.3 million, or 255.6 percent, in returns, compared to 2010, owing to a rise in fire and motor claims as a consequence of a violent flood in Thailand in the fourth quarter.

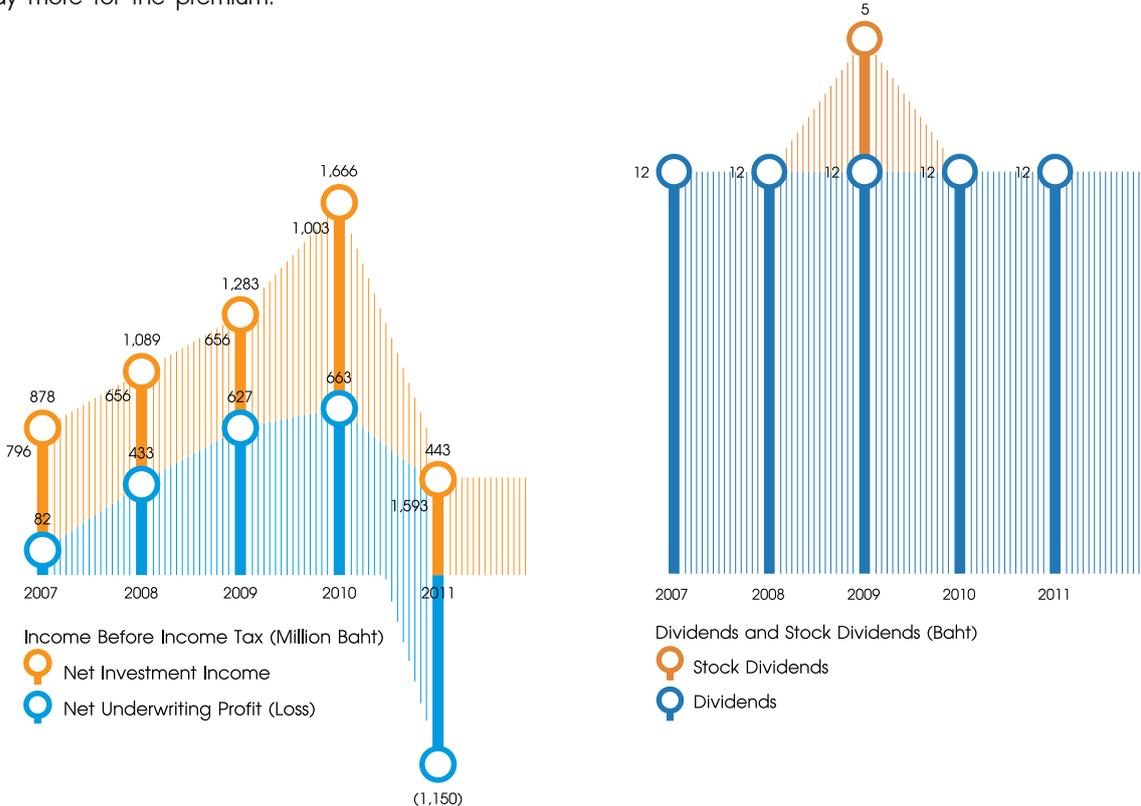
The net investment income and other income in 2011 was Baht 1,592.5 million, an increase of 58.7 percent over 2010. When combined with a loss from contribution fund subtraction underwriting (meaning contribution funds for the Office of Insurance Commission, Non-Life Insurance Fund, and Disaster Victim Compensation Fund), the Company's total income before income tax deduction was Baht 442.6 million, a decline of 73.4 percent. After income tax deduction, the net income totaled Baht 52.0 million, a decrease of 95.8 percent, compared to 2010, or Baht 0.68 per share, compared to Baht 16.20 per share in 2010.

The Company's Board of Directors has approved a final dividend payment of Baht 3.75 per share for the year 2011. Nevertheless, during the past three quarters, the Company has already made three interim dividend payments of Baht 2.75 per share. Therefore, in 2011, the total dividend payment was Baht 12 per share, equivalent to Baht 12 per share in 2010.

Operating Performance by Classes of Business for the Year 2011

Fire Insurance

In 2011, the Company registered Baht 1,519.6 million in written fire insurance premium, an increase of 5.4 percent over 2010. A rise in premium written was due mainly to an increasing flood premium rate in the market in the fourth quarter as a consequence of the great flood, forcing customers who renewed their insurance policy to pay more for the premium.



The net premium written amounted to Baht 1,093.3 million, an augmentation of 2.8 percent, with the Company taking a declining retention of 71.9 percent, compared to 73.8 percent in 2010. The loss ratio in 2011 was 174.8 percent, an increase from 2010, which was 33.2 percent. A rise in the loss came mainly from damage caused by the great flood in the fourth quarter. As a result, the Company's underwriting loss in 2011 dropped by 593.1 percent to Baht 1,302.5 million, compared to 2010, which witnessed an underwriting profit of Baht 264.1 million.

Marine Insurance

- **Hull** In 2011, the Company registered a total of Baht 101.9 million in written marine hull insurance premium, a diminution of 0.9 percent over 2010. This was partly due to an adjustment of conditions of underwriting without full-term coverage, causing a portion of customers not to renew their policy, leading to the declining business expansion.

The net premium written amounted to Baht 17.5 million, a rise of 22.3 percent from 2010. This was thanks to the Company's retention of 17.2 percent in 2011, compared to 13.9 percent in the previous year. The loss incurred in 2011 rose by Baht 11.9 million to Baht 16.1 million, compared to the year before. As a consequence of the Company's underwriting in 2011, the loss ratio was 95.5 percent, resulting in a loss of Baht 2.1 million and a decline in underwriting profit of Baht 16.8 million from the previous year.

- **Cargo** In 2011, the Company registered Baht 406.4 million in written marine cargo insurance premium, a rise of 14.8 percent over the year before. This was partly due to an increase in large quantity of new customers.

The net premium written totaled Baht 266.3 million, an increase of 13.6 percent, due to the Company's retention reduction from 66.2 percent in 2010 to 65.6 percent in 2011. The loss ratio in 2011 rose slightly to 35.2 percent, compared to 35.0 percent in 2010, resulting in the Company's underwriting profit of Baht 85.1 million in 2011, a rise of 0.7 percent from the year before.

Motor Insurance

In 2011, the Company registered Baht 4,325.0 million in written motor insurance premium, a rise of 11.1 percent over 2010. This was thanks to the Company's policy on the expansion of its personal line business through different channels and the Telemarketing channel.

The net premium written amounted to Baht 4,166.4 million, an increase of 10.6 percent over 2010. In 2011, the Company's retention was 96.3 percent, a slight reduction from 2010, which was 96.8 percent. The loss ratio rose from 57.2 percent in 2010 to 65.3 percent in 2011 as a consequence of the great flood in the fourth quarter, which had caused damage to a large number of cars, resulting in the Company's underwriting profit of Baht 62.5 million in 2011, a decrease of 78.9 percent from the previous year.

Miscellaneous Insurance

Miscellaneous insurance consists of five major categories: General Accident, Engineering, Personal Insurance, Aviation, and All Risks. In 2011, the Company registered Baht 4,752.0 million in written miscellaneous insurance premium, a decline from Baht 4,763.5 million, or 0.2 percent, in 2010. A rise in the direct premium written stemmed from the steady growth of personal accident insurance on account of the public's giving priority to an accident that may occur, including the existence of a quick and convenient channel for insurance purchase.

The net premium written for all categories totaled Baht 2,110.9 million, an increase of 18.7 percent over 2010. The Company's retention rose to 44.4 percent in 2011, compared to 37.3 percent in 2010. Due to the Company's reinsurance management, the overall loss ratio rose from 60.2 percent in 2010 to 62.2 percent in 2011. Most losses were incurred by the occurrence of the great flood, particularly the underwriting of all risks which suffered considerable damage. Consequently, the Company's underwriting profit in 2011 increased by only 23.9 percent to Baht 58.0 million, compared to 2010.

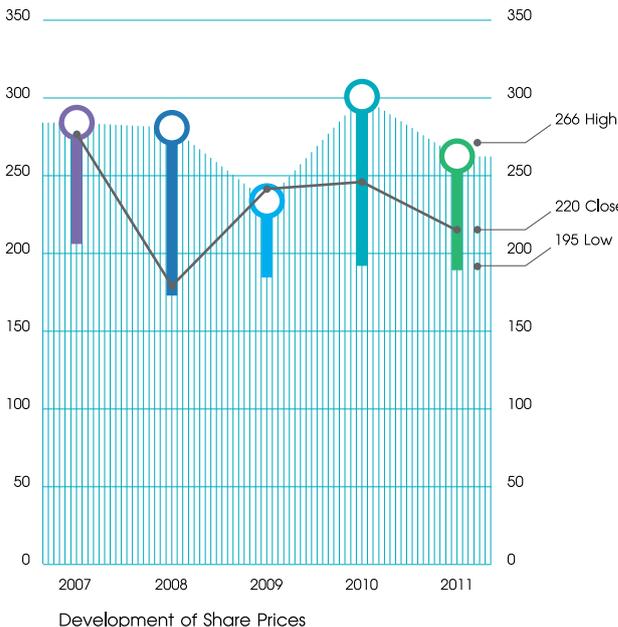
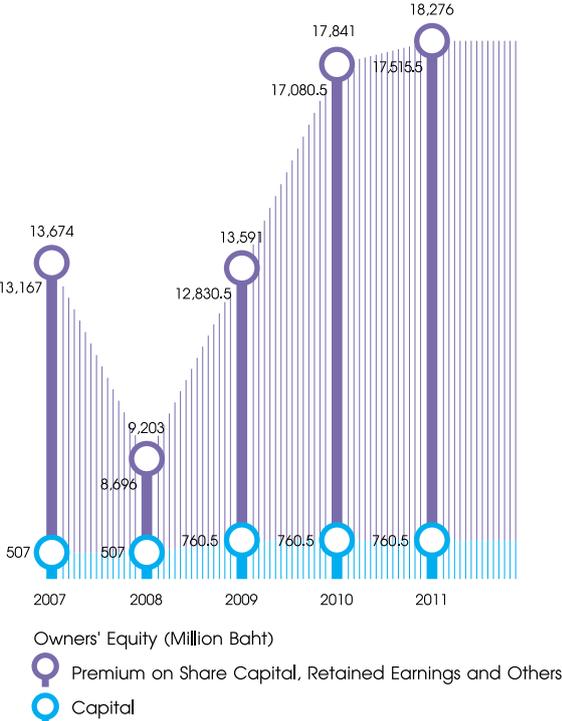
Underwriting Expenses The Company's underwriting expenses totaled Baht 9,103.8 million, representing a rise of 41.0 percent over 2010. The claims and expenses on claims management incurred during 2011 increased by 69.8 percent from the previous year, while other expenses and operating expenses rose by 9.3 percent and 4.4 percent, respectively, over the year before. Basically, the expenses on personnel had a higher proportion, for instance, expenses on the Company's employees' benefits after leaving service, compared to 2010. Meanwhile, other operating expenses, including those on premises and equipment, were slightly higher than those of the previous before.

In 2011, the Company's all classes of direct premium written amounted to Baht 10,123.3 million, a growth of 5.1 percent over 2010. The Company's market share dropped from 7.7 percent in 2010 to 7.2 percent in 2011, and could retain the third rank in market share as before. The ratio of 42.6 percent from the motor insurance premium had a growth rate of 11.0 percent, resulting in 5.2 percent motor premium market share in 2011, equivalent to that of 2010. The ratio of the fire insurance premium rose to 12.7 percent in 2011, a slight increase from 2010. Meanwhile, marine insurance and miscellaneous insurance had witnessed a decline in market share.

Future Projects

The Company has constantly developed its Information Technology and network system that will enhance the efficiency of its performance and develop the quality of its services. In 2011, the Company had conducted a study and introduced the Customer Relationship Management (CRM) system for the processing of its customers' and business partners' significant data in the form of Single View 360 degrees, enabling an analysis of both customers' and business partners' behavioral and need data so that the Company could provide services to them accurately and completely and to their satisfaction.

For 2012, the Company has a project to expand its applications through a mobile device, apart from an e-surveyor's service provision, to other work systems, whether the repair expenses assessment system, car repair approval system, or use of the CRM on mobile system, in which the Company's employees can study customer and business partner data while recording details of their visit to customers and sending the data online immediately. Furthermore, the Company has extended its services to customers on such mobile self-services as the system of car accident claim notification on iPhone Application - BKL iCare, a comprehensive service which will be expanded to the Android operating system in order to gain access to a group of customers using the application on a mobile device, and be able to emphasize and strengthen the Company's image as Lifestyle Insurance.



INVESTMENT INCOME

The Company's investment portfolio at 2011 year-end had risen by Baht 1,185.7 million, or 10.0 percent, to Baht 13,045.1 million. For the portfolio allocation, the Baht 7,397.9 million fixed income investment accounted for 56.7 percent of the total investment portfolio, while the remaining Baht 5,647.2 million, or 43.3 percent, was invested in both listed and unlisted common stocks.

Fixed income investments consisted of deposits at commercial banks, notes and government bonds. Deposits with commercial banks dropped by Baht 212.1 million, or 16.6 percent, from the previous year to Baht 1,062.6 million, or 8.1 percent of the total investment portfolio. Notes rose by Baht 675.3 million, or 128.7 percent, to Baht 1,200.0 million, representing 9.2 percent of the total investment portfolio. Government bonds increased by Baht 828.1 million, or 61.4 percent, from the year before to Baht 2,176.3 million, or 16.7 percent of the total investment portfolio. Debentures increased by Baht 250.0 million, or 192.2 percent, from the previous year to Baht 380.0 million.

Apart from fixed income investment, the Company also has loans, another type of its fixed income capital, which decreased by Baht 204.3 million, or 7.4 percent, to Baht 2,572.7 million, representing 19.7 percent of the total investment portfolio.

For the investment in equity securities in 2011, the Company's investments in listed securities dropped by Baht 156.9 million, or 4.0 percent, to Baht 3,734.0 million, or 28.6 percent of the total investment portfolio, compared to 2010. The Company focused on long-term investments, with an investment concept that in the long run the stocks' sound fundamentals will be the main factor contributing to the long-term growth of the Company's values, reflected through prices from the demand for those stocks. The concept of long-term investments will help make the fluctuation of stock prices and stock exchanges not significantly affect the Company's long-term incomes and investment goals.

Investments in non-listed securities rose by Baht 2.4 million, or 0.5 percent, from the previous year to Baht 507.7 million, representing 3.9 percent of the total investment portfolio. An increase was due to an additional investment in non-listed securities. In fact, most non-listed securities were regarded as strategic investments in order to generate business relationships with others and support the Company's business transactions.

The investment capital in associated companies rose by Baht 6.1 million, or 4.9 percent, to Baht 131.7 million, or 1.0 percent of the total investment portfolio, the increase stemming from the acknowledgement of income in those associated companies. It was shareholding that ranged from 20.0 percent and over, and comprised overseas investments such as investments in insurance companies in Cambodia, which enhanced the Company's opportunity to make business transactions with foreign companies. Those associated companies had growth potential in terms of business expansion and returns, as well as were able to pay a dividend to the Company.

Additionally, investments in funds investing in debt securities declined by Baht 2.2 million to Baht 584.7 million, representing 4.5 percent of the total investment portfolio. Similarly, investments in funds investing in non-marketable equity securities amounted to Baht 199.1 million, or 1.5 percent of the total investment portfolio, while investments in listed real estate funds totaled Baht 490.0 million, or 3.8 percent of the total investment portfolio. There was no change in the last two funds.

Net investment income in 2011 amounted to 1682.9 million. They comprised Baht 257.6 million from the interest, an increase of 54.4 percent; Baht 642.7 million from dividends, an increase of 10.9 percent; Baht 656.6 million profit from stocks and assets sale, a rise of 245.2 percent; Baht 119.9 million from rents and services, an increased of 0.7 percent; Baht 6.1 million of profit share from investments in associated companies, a decrease of 6.2 percent. In 2011, the Company investment expenses dropped by 1.9 percent to Baht 82.1 million and loss on impairment of investments of Baht 8.3 million while its net investment incomes amounted to Baht 1,592.5 million.

At 2011 year-end, the SET index closed at 1,025.32, a decrease of 7.44, or 0.7 percent, from 2010, which closed at 1,032.76. Nevertheless, the Company had a higher surplus on revaluation of share values in the SET, totaling Baht 12,203.5 million, an augmentation of 1,523.9 million, or 14.3 percent, over 2010.

INVESTMENT

(Baht : Million)

| | Year end 2011 | Year end 2010 | Change % | Distribution % |
|--|------------------|------------------|-------------|-------------------|
| Composition of Investment Portfolio (At Cost) | | | | |
| Fixed Interest Bearing Securities | | | | |
| Deposits at Banks | 1,062.6 | 1,274.7 | (16.6) | 8.1 |
| Notes which amounts maturing within 3 months | 935.0 | 120.0 | 679.2 | 7.2 |
| Notes which amounts maturing in over 3 months | 265.0 | 404.7 | (34.5) | 2.0 |
| Collateralised Loans | 2,572.7 | 2,777.0 | (7.4) | 19.7 |
| Bonds | 2,176.3 | 1,348.2 | 61.4 | 16.7 |
| Investment and Other Loans | 386.3 | 137.0 | 182.0 | 3.0 |
| Total Fixed Interest Bearing Securities | 7,397.9 | 6,061.6 | 22.0 | 56.7 |
| Shares Listed on the SET | 3,734.0 | 3,890.9 | (4.0) | 28.6 |
| Unlisted Shares | 507.7 | 505.3 | 0.5 | 3.9 |
| Investment in Associated | 131.7 | 125.6 | 4.9 | 1.0 |
| Unit of Closed-end Fund Listed on the SET | 320.3 | 320.3 | - | 2.5 |
| Unit of Closed-end Fund | 953.5 | 955.7 | (0.2) | 7.3 |
| Total Investment Portfolio | 13,045.1 | 11,859.4 | 10.0 | 100.0 |

(Baht : Million)

| Composition of Investment Portfolio At Cost and Market Value | Year end 2011 | | | |
|---|---------------|--------------|---|--|
| | At Cost | Market Value | Surplus on Changes in Values of Investments | Allowance for Impairment / Allowance for Doubtful Accounts |
| Fixed Interest Bearing Securities | | | | |
| Deposits at Banks | 1,062.6 | 1,062.6 | - | - |
| Notes which amounts maturing within 3 months | 935.0 | 935.0 | - | - |
| Notes which amounts maturing in over 3 months | 265.0 | 265.0 | - | - |
| Collateralised Loans | 2,572.7 | 2,572.5 | - | (0.2) |
| Bonds | 2,176.3 | 2,186.2 | 9.9 | - |
| Investment and Other Loans | 386.3 | 377.1 | 0.8 | (10.0) |
| Total Fixed Interest Bearing Securities | 7,397.9 | 7,398.4 | 10.7 | (10.2) |
| Shares Listed on the SET | 3,734.0 | 15,938.7 | 12,221.8 | (17.1) |
| Unlisted Shares | 507.7 | 432.9 | - | (74.8) |
| Investment in Associated | 131.7 | 131.7 | - | - |
| Unit of Closed-end Fund Listed on the SET | 320.3 | 351.4 | 31.1 | - |
| Unit of Closed-end Fund | 953.5 | 918.9 | (34.6) | - |
| Total Investment Portfolio | 13,045.1 | 25,172.0 | 12,229.0 | (102.1) |

INVESTMENTS IN SECURITIES

Investments in Listed Securities as at December 31, 2011, consist of following:

| Name of Company | Line of Business |
|---|--|
| Bangkok Bank | Banking |
| Bumrungrad Hospital | Health Care Services |
| Bangkok Life Assurance | Life Assurance |
| Charoong Thai Wire & Cable | Electrical Products |
| Furukawa Metal (Thailand) | Copper Tube |
| Thai Reinsurance | Reinsurance |
| Khonburi Sugar | Sugar |
| PTT | Energy |
| Indorama Ventures | Petrochemicals & Chemicals |
| Thai Union Forzen Products | Food and Beverage |
| Amata Corporation | Industrial Estate |
| A.J. Plast | Packaging |
| Bangkok Aviation Fuel Services | Energy |
| Minor International | Food and Beverage |
| Electricity Generating | Energy |
| Union Plastic | Plastics |
| Ramkhamhaeng Hospital | Health Care Services |
| S&J International Enterprises | Personal Products & Pharmaceuticals |
| Ticon Industrial Connection | Property Development |
| Thai Theparos Food Products | Sauce |
| Shin Corporation | Information and Communication Technology |
| The Siam Cement | Construction Materials |
| I.C.C. International | Fashion |
| Chumporn Palm Oil Industry | Palm Oil |
| Nonthavej Hospital | Health Care Services |
| Saha-Union | Fashion |
| Ratchaburi Electricity Generating Holding | Energy |
| Datamat | Computer Related Products |
| Union Pioneer | Fashion |
| Diamond Building Products | Construction Materials |
| Total 30 Listed Companies | |
| Other 33 Listed Companies | |
| Unit trust | |
| Warrant | |
| Total | |

| Percentage of Holding % | Book Value | | Market Value | |
|----------------------------|------------|----------------------------|--------------|----------------------------|
| | Per Share | Amount (Baht : Million) | Per Share | Amount (Baht : Million) |
| 1.86 | 40.09 | 1,419.76 | 152.50 | 5,400.33 |
| 14.61 | 6.93 | 739.43 | 46.50 | 4,960.64 |
| 5.29 | 3.44 | 218.67 | 46.00 | 2,922.15 |
| 6.44 | 6.51 | 166.73 | 7.35 | 188.22 |
| 8.84 | 23.38 | 99.18 | 16.50 | 70.00 |
| 4.02 | 1.90 | 90.49 | 3.42 | 163.22 |
| 1.76 | 9.10 | 80.08 | 10.90 | 95.92 |
| 0.01 | 195.17 | 60.50 | 317.00 | 98.27 |
| 0.12 | 10.24 | 58.86 | 29.00 | 166.61 |
| 0.10 | 53.00 | 47.70 | 58.25 | 52.43 |
| 1.10 | 3.78 | 44.28 | 12.60 | 147.50 |
| 1.20 | 7.99 | 38.38 | 14.10 | 67.75 |
| 1.23 | 5.67 | 35.49 | 11.20 | 70.06 |
| 0.36 | 2.67 | 31.76 | 11.20 | 133.35 |
| 0.11 | 51.09 | 30.20 | 96.25 | 56.89 |
| 8.37 | 13.31 | 27.86 | 19.00 | 39.77 |
| 0.53 | 394.52 | 25.21 | 780.00 | 49.84 |
| 2.34 | 6.92 | 24.26 | 24.70 | 86.66 |
| 0.59 | 5.14 | 23.60 | 10.80 | 49.55 |
| 1.35 | 4.61 | 22.39 | 22.00 | 106.83 |
| 0.03 | 24.43 | 21.59 | 42.75 | 37.77 |
| 0.01 | 244.01 | 20.74 | 312.00 | 26.52 |
| 0.63 | 10.95 | 20.20 | 43.00 | 79.31 |
| 5.25 | 1.33 | 19.59 | 4.44 | 65.31 |
| 4.12 | 27.90 | 18.41 | 128.00 | 84.45 |
| 0.46 | 13.01 | 17.92 | 29.75 | 40.98 |
| 0.03 | 39.30 | 17.69 | 43.75 | 19.69 |
| 0.74 | 2.12 | 17.11 | 0.00 | 0.00 |
| 8.09 | 27.25 | 16.54 | 59.25 | 35.97 |
| 0.77 | 2.15 | 16.46 | 5.75 | 44.07 |
| | | 3,471.08 | | 15,360.06 |
| | | 262.91 | | 577.43 |
| | | 1,273.75 | | 1,270.33 |
| | | 0.00 | | 1.21 |
| | | 5,007.74 | | 17,209.03 |

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(Baht'000)

| Quarterly Results of Operations | 2011 | | | | 2010 | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 |
| Premium Written | 2,902,601 | 2,494,928 | 2,741,883 | 2,965,504 | 2,623,694 | 2,345,542 | 2,331,754 | 3,254,686 |
| Profit (Loss) from Underwriting | 392,743 | 464,277 | 374,976 | (1,714,137) | 405,757 | 366,662 | 263,563 | 261,447 |
| Operating Expenses | 169,737 | 136,515 | 145,048 | 165,634 | 151,605 | 126,479 | 135,189 | 177,888 |
| Contribution and Finance Cost | 13,558 | 11,285 | 12,578 | 13,380 | 11,035 | 9,594 | 4,871 | 17,374 |
| Net Underwriting Profit (Loss) | 209,448 | 316,477 | 217,350 | (1,893,151) | 243,117 | 230,589 | 123,503 | 66,185 |
| Net Investment Income | 173,957 | 324,451 | 304,639 | 132,944 | 192,002 | 274,230 | 234,973 | 111,839 |
| Gain (Loss) on Sale of Securities and Assets | 118,249 | 77,684 | 160,229 | 300,369 | 59,627 | 92,816 | 11,907 | 25,810 |
| Income before Income Tax | 501,654 | 718,612 | 682,218 | (1,459,838) | 494,746 | 597,635 | 370,383 | 203,834 |
| Income Tax | 137,844 | 131,537 | 129,530 | (8,290) | 106,941 | 117,935 | 70,222 | 139,143 |
| Net Income | 363,810 | 587,075 | 552,688 | (1,451,548) | 387,805 | 479,700 | 300,161 | 64,691 |
| Per Share | (Baht) | | | | | | | |
| Basic Earnings Per Share | 4.78 | 7.72 | 7.27 | (19.09) | 5.10 | 6.31 | 3.94 | 0.85 |
| Ordinary Share (Shares) | 76.05 Million |
| Dividends | 2.75 | 2.75 | 2.75 | 3.75 | 2.75 | 2.75 | 2.75 | 3.75 |
| Market Price | | | | | | | | |
| High | 253 | 260 | 266 | 248 | 312 | 221 | 249 | 275 |
| Low | 242 | 246 | 244 | 195 | 199 | 197 | 210 | 238 |
| Par Value | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

FIVE YEARS REVIEW

(Baht'000)

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|---------------|---------------|---------------|---------------|---------------|
| For the Year | | | | | |
| Premium Written | 11,104,916 | 10,555,676 | 8,796,683 | 7,778,619 | 7,656,311 |
| Profit (Loss) from Underwriting | (482,141) | 1,297,429 | 1,247,749 | 1,064,937 | 647,883 |
| Operating Expenses | 616,934 | 591,161 | 587,446 | 612,886 | 564,172 |
| Contribution and Finance Cost | 50,801 | 42,874 | 33,740 | 18,601 | 1,726 |
| Net Underwriting Profit (Loss) | (1,149,876) | 663,394 | 626,563 | 433,450 | 81,985 |
| Net Investment Income | 935,991 | 813,044 | 584,000 | 677,705 | 609,275 |
| Gain (Loss) on Sale of Securities and Assets | 656,531 | 190,160 | 72,353 | (21,635) | 186,791 |
| Income before Income Tax | 442,646 | 1,666,598 | 1,282,916 | 1,089,520 | 878,051 |
| Income Tax | 390,621 | 434,241 | 343,622 | 208,196 | 170,302 |
| Net Income | 52,025 | 1,232,357 | 939,294 | 881,324 | 707,749 |
| At Year - end | | | | | |
| Unearned Premium Reserve | 5,051,044 | 5,358,997 | 2,990,748 | 2,508,589 | 2,453,829 |
| Shareholders' Equity | 18,276,217 | 17,840,758 | 13,591,389 | 9,202,580 | 13,673,817 |
| Per Share | | | | | (Baht) |
| Basic Earnings Per Share* | 0.68 | 16.20 | 12.35 | 11.59 | 9.31 |
| Ordinary Share (Shares) | 76.05 Million |
| Dividends | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Stock Dividends | - | - | 5.00 | - | - |
| Book Value | 240.32 | 234.59 | 178.72 | 121.01 | 179.80 |
| Market Price | | | | | |
| High | 266.00 | 312.00 | 244.00 | 286.00 | 292.00 |
| Low | 195.00 | 197.00 | 186.00 | 173.00 | 216.00 |
| Market Price at Year-end | 220.00 | 249.00 | 240.00 | 176.00 | 274.00 |
| Par Value | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Number of Employees | 1,211 | 1,148 | 1,066 | 1,098 | 1,079 |

* Remarks : Basic earnings per share is determined by dividing net earnings for the period by the number of ordinary shares after the issue of stock dividends in 2009. (76.05 million shares)



ADVISORY BOARD



BOARD OF DIRECTORS AND BOARD OF DIRECTORS PROFILE



Mr. Chai Sophonpanich

Chairman

Education

- B.Sc., University of Colorado, U.S.A.
- Advanced Management Program, the Wharton School, 1984
- The Joint State - Private Sectors Class 6, the National Defence College of Thailand
- Director Certification Program (DCP) Class 16/2002, Thai Institute of Directors Association
- Chairman 2000 Class 10/2004, Thai Institute of Directors Association

Work Experiences

- Chairman and Chief Executive Officer, Bangkok Insurance Public Co., Ltd. (2010 - present)
- Chairman and President, Bangkok Insurance Public Co., Ltd. (1978 - 2009)
- Chairman, Furakawa Metal (Thailand) Public Co., Ltd. (1988 - present)
- Chairman, Charoong Thai Wire & Cable Public Co., Ltd. (1986 - present)
- Chairman, Bumrungrad Hospital Public Co., Ltd. (1979 - present)
- Vice Chairman, Thai Reinsurance Public Co., Ltd. (1978 - present)
- Director, Bangkok Life Assurance Public Co., Ltd. (1968 - present)
- Director, International Insurance Society, Inc. New York, U.S.A. (2009 - 2012)
- Chairman, The Federation of Thai Insurance Organization (2006 - 2008)
- President, The General Insurance Association (1984-1986, 1989-1991, 1997-2001, 2005 - 2007)
- Chairman, Asean Reinsurance Corp., Ltd. Singapore (1988 - 1992)
- Chairman, Asean Insurance Council, Jakarta (1987 - 1989)
- President, The East Asian Insurance Congress (1984 - 1986, 2004 - 2006)



Mr. Plengsakdi Prakaspesat

Independent Director and Chairman of the Audit Committee

Education

- Graduate in Commerce from Ross College (Dublin), Ireland
- Ph.D. (Honoris Causa) on Mass Communication, Ramkhamhaeng University
- Ph.D. (Honoris Causa) on Arts, Rajabhat Institute Lampang
- Certificate of the Course for Top Executives, The Association for Overseas Technical Scholarship (AOTS), Japan
- The Joint State - Private Sector Class 1, The National Defence College of Thailand
- Director Accreditation Program (DAP) Class 27/2003, Thai Institute of Directors Association
- The Characteristics of Effective Directors Class 1/2006, Thai Institute of Directors Association
- Audit Committee Program (ACP) Class 17/2007, Thai Institute of Directors Association

Work Experiences

- Chairman of the Audit Committee, Bangkok Insurance Public Co., Ltd. (2005 - present)
- Independent Director, Bangkok Insurance Public Co., Ltd. (1999 - present)
- Director of Remuneration and Nomination Committee, Bangkok Insurance Public Co., Ltd. (2004 - 2005)
- Audit Committee, Bangkok Insurance Public Co., Ltd. (1999 - 2005)
- Gracious Royal appointment to the Rank of Volunteer Defense Cops Colonel, Voluntary Territorial Defense Contingent, Ministry of Interior (Sep 2009 - present)
- Member Experts of Fertilizer Committee, The Ministry of Agriculture and Cooperatives (May 2009 - present)
- Independent Director and Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Co., Ltd. (Jul 2010 - present)
- Member of the Compensation and Corporate Governance Committee, ACL Bank Public Co., Ltd. (2007 - Apr 2010)
- Independent Director and Member of the Audit Committee, ACL Bank Public Co., Ltd. (2005 - Jun 2010)
- Adviser, United Flour Mill Public Co., Ltd. (2001 - present)
- Vice Chairman, United Flour Mill Public Co., Ltd. (1980 - 2001)
- Senior Adviser, Thai Central Chemical Public Co., Ltd. (1997 - present)
- Corporate Chairman, MC. Industrial Chemical Co., Ltd. (1997 - 2005)
- Honorary Chairman, Asia Pacific Potash Corporation Ltd. (1984 - 2006)



Mr. Singh Tangtaswas

Independent Director and Chairman of the Remuneration and Nomination Committee

Education

- B.A. (Economics), Thammasat University
- M.B.A. (Finance), Wharton School of Finance and Commerce, University of Pennsylvania
- Certificate of Management Development Program, Wharton School
- Certificate of Executive Development Program, Harvard Business School
- Director Certification Program (DCP) Class 0/2000, Thai Institute of Directors Association

Work Experiences

- Independent Director and Chairman of Remuneration and Nomination Committee, Bangkok Insurance Public Co., Ltd. (2004 - present)
- Director, Thai Institute of Directors (2010 - present)
- Executive Director, Bangkok Bank Public Co., Ltd. (2005 - present)
- Chairman of Risk Management Committee, Bangkok Bank Public Co., Ltd. (2005 - present)
- Managing Director, Bangkok Bank Public Co., Ltd. (2006 - 2010)
- Independent Director, TWZ Corporation Public Co., Ltd. (2005 - present)
- Independent Director and Chairman of the Audit Committee, Thai Optical Group Public Co., Ltd. (2004 - present)
- Adviser, Corporate Governance Center, The Stock Exchange of Thailand (2002 - 2009)
- President and Chief Executive Director, Krung Thai Bank Public Co., Ltd. (1999 - 2001)



Miss Potjane Thanavaranit

Independent Director and Director of the Audit Committee

Education

- B.B.A. (Accounting), Chulalongkorn University
- M.B.A., Syracuse University, U.S.A.
- Certificate of Advanced Course in General Insurance, Swiss Insurance Training Center, Switzerland
- Certificate of Advanced Management Program, Australian Management College, Australia
- Certificate of Executive Development Program, Office of the Civil Service Commission
- National Defence College, Class 42
- Director Certification Program (DCP) Class 17/2002, Thai Institute of Directors Association
- Role of the Chairman Program (RCP) Class 13/2006, Thai Institute of Directors Association
- Role of the Compensation Committee Program (RCC) Class 4/2007, Thai Institute of Directors Association
- Audit Committee Program (ACP) Class 32/2010, Thai Institute of Directors Association
- Financial Institutions Governance Program Class 2/2011, Thai Institute of Directors Association
- Certificate of Top Executive Program Class 8, Capital Market Academy
- Certificate of Top Executive Program in Commerce and Trade Class 3, Commerce Academy
- Advance Security Management Program Class 2, The National Defence College of Thailand

Work Experiences

- Independent Director and Director of the Audit Committee, Bangkok Insurance Public Co., Ltd. (2007 - present)
- Chairman of the Public Sector Audit and Evaluation Committee for the Ministry of Commerce (present)
- Chairman of the Board (Independent Director), Audit Committee and Chairman of the Compensation & Nominating Committee, Univentures Public Co., Ltd. (present)
- Member of the Council of State (Group 3 - Monetary Laws) (present)
- Qualified Member of the Committee, The Federation of Thai Insurance Organization (present)
- Independent Director, Thai Reinsurance Public Co., Ltd. (present)
- Independent Director and Audit Committee, OISHI Group Public Co., Ltd. (present)
- Independent Director, Breli Jucker Public Co., Ltd. (present)
- Independent Director and Audit Committee, Bank of Ayudhaya Public Co., Ltd. (present)
- Director, BJC International Co., Ltd (present)
- Sub - Commissioner, the Sub - Commission on the Development and Promotion of Public Organization and other Organizations under Governmental Supervision, the Public Sector Development Commission (2004 - May 2011)
- Second Vice - President of the National Legislative Assembly (Oct 2006 - Mar 2008)
- Adviser to the Commerce Ministry (Oct 2006 - Jan 2008)
- Economic Adviser, the Council for National Security (Sep 2006 - Jan 2008)
- Chairman, Thailand Insurance Institute (2002 - 2007)
- Member of the Financial Institution Policy Committee, the Bank of Thailand (2001 - Aug 2008)
- Director - General, Department of Insurance, Ministry of Commerce (2001 - 2006)
- Inspector - General, Ministry of Commerce (1999 - 2001)
- Deputy Director General, Department of Insurance, Ministry of Commerce (1994 - 1999)

Mr. Chor.nun Petpaisit

Independent Director and Director of the Audit Committee

Education

- B.B.A. (Accounting), Thammasat University
- Director Accreditation Program (DAP) Class 28/2004, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 76/2006, Thai Institute of Directors Association
- Audit Committee Program (ACP) Class 28/2009, Thai Institute of Directors Association
- Successful Formulation & Execution of Strategy (SFE) Class 8/2010, Thai Institute of Directors Association

Work Experiences

- Director of the Audit Committee, Bangkok Insurance Public Co., Ltd. (Feb 2009 - present)
- Independent Director, Bangkok Insurance Public Co., Ltd. (2006 - present, 2002 - 2004)
- Inspector General, Ministry of Finance (Oct 2011 - present)
- Director, Government Savings Bank (Oct 2011 - present)
- Director, The Government Pharmaceutical Organization (Mar 2009 - present)
- Director, Tourism Authority of Thailand (Nov 2010 - 2011, 2005 - 2006)
- Director, Government Housing Bank (Jan 2010 - 2011, 2006 - 2008)
- Principal Adviser on Performance Improvement, The Revenue Department, Ministry of Finance (2008 - 2011)
- Policy and Plan Expert, The Revenue Department, Ministry of Finance (2001 - 2008)
- Director, Bureau of Tax Audit Operation, The Revenue Department, Ministry of Finance (2000 - 2001)
- Director, National Science Museum (2005 - 2007)

Mr. Thira Wongjirachai

Independent Director and Director of the Remuneration and Nomination Committee

Education

- B.Eng., Linnan University
- Directors Accreditation Program (DAP) Class 51/2006, Thai Institute of Directors Association

Work Experiences

- Director of the Remuneration and Nomination Committee, Bangkok Insurance Public Co., Ltd. (2004 - present)
- Independent Director, Bangkok Insurance Public Co., Ltd. (1993 - present)
- Director, Micro Fiber Industry Co., Ltd. (present)



Mr. Suvarn Thansathit

Independent Director and Director of the Remuneration and Nomination Committee

Education

- M.Sc. in Commerce, University of Santo Tomas, Philippines
- Director Certification Program (DCP) Class 63/2005, Thai Institute of Directors Association
- The Joint State - Private Sector Class 355, The National Defence College of Thailand

Work Experiences

- Independent Director and Director of the Remuneration and Nomination Committee, Bangkok Insurance Public Co., Ltd. (2005 - present)
- Director & Senior Executive Vice President, Bangkok Bank Public Co., Ltd. (2006 - present)
- Senior Executive Vice President, Bangkok Bank Public Co., Ltd. (1996 - 2006)
- Executive, Bangkok Bank Public Co., Ltd. (1973 - 1996)
- Chairperson, Sinhsuptawee Asset Management Co., Ltd. (2006 - present)
- Independent Director and Chairman of the Audit Committee, Lalin Property Public Co., Ltd. (2002 - present)

Mr. Virasak Sutanthavibul

Independent Director and Chairman of the Corporate Governance Committee (Appointed on February 25, 2011)

Education

- B.Eng., Chulalongkorn University
- M.Eng. (Industrial Management), Texas A&M University, Texas, U.S.A.
- The Joint State - Private Sectors Class 18, The National Defence College of Thailand
- Director Accreditation Program (DAP) Class 21/2003, Thai Institute of Directors Association
- Certificate, Capital Market Academy (CMA), Class 10
- Certificate, Harvard University, Advanced Management Program, U.S.A.
- Certificate, Harvard University, Financial Institution for Private Enterprise Development, U.S.A.

Work Experiences

- Chairman of the Corporate Governance Committee, Bangkok Insurance Public Co., Ltd. (Feb 2011 - present)
- Independent Director, Bangkok Insurance Public Co., Ltd. (2005 - present)
- Director, The Grand - UB Co., Ltd. (2008 - present)
- Independent Director and Audit Committee, T.Krungthai Industries Public Co., Ltd. (2004 - present)
- Executive Vice President, Head of Metropolitan Commercial Banking, Bangkok Bank Public Co., Ltd. (2002 - present)
- Director, Toyota Leasing (Thailand) Co., Ltd. (2001 - present)
- Director, Thai Indo Cordsa Co., Ltd. (2001 - present)
- Director, Asia Lamp Industry Co., Ltd. (2001 - present)

Mrs. Nintira Sophonpanich

Independent Director and Director of the Corporate Governance Committee (Appointed on February 25, 2011)

Education

- B.Sc. (Economics) (Hon.) London School of Economics and Political Sciences
- M.B.A., Cass Business School, City University London
- Financial Executive Development Program (FINEX V)
- Director Accreditation Program (DAP) Class 40/2005, Thai Institute of Directors Association

Work Experience

- Director of the Corporate Governance Committee, Bangkok Insurance Public Co., Ltd. (Feb 2011 - present)
- Independent Director, Bangkok Insurance Public Co., Ltd. (Apr 2010 - present)
- Director, Bangkok BTMU Limited (2000 - present)
- Director, Asia Plus Securities Public Co., Ltd. (1994 - present)
- Executive Director, Asia Plus Securities Public Co., Ltd. (1994 - 2008)
- Director and Treasurer, The Queen's Gallery Foundation (2003 - present)
- Director, Foundation for the Welfare of the Crippled (2002 - present)
- Director and Treasurer, The PAN Pacific and Southeast Asia Women's Association of Thailand (1999 - present)
- Investment Director, Citi Capital Co., Ltd. (1991 - 1994)
- Manager, Citicorp (Thailand) Ltd. (1987 - 1990)



Mr. Makoto Suzuki

Independent Director
(Appointed on August 15, 2011)

Education

- Tokyo Gakugei University, Department of Education

Work Experiences

- Independent Director, Bangkok Insurance Public Co., Ltd. (Aug 2011 - present)
- General Manager, Oversea Sales & Marketing Department, Aioi Nissay Dowa Insurance Co., Ltd. (Japan) (2011 - present)
- Chairman & Director, DTRIC Insurance Company Limited (2011 - present)
- Director, Aioi Nissay Dowa Insurance Company of America (2011 - present)
- General Manager, Toyota Production Department, Aioi Nissay Dowa Insurance Co., Ltd. (Japan) (2007 - 2011)
- Deputy General Manager, Toyota Production Department, Aioi Nissay Dowa Insurance Co., Ltd. (Japan) (2003 - 2007)
- Chief Representative Los Angeles Liaison Office, Aioi Nissay Dowa Insurance Company of America (1999 - 2003)
- Chief Representative San Francisco Liaison Office, Aioi Nissay Dowa Insurance Company of America (1997 - 1999)



Mr. Panus Thiravanitkul

Director of the Corporate Governance Committee
(Appointed on February 25, 2011)

Director

(Appointed on April 22, 2011)

Education

- B.Sc. (Economics), Thammasat University
- M.B.A., Chulalongkorn University
- Director Certification Program (DCP) Class 129/2010, Thai Institute of Directors Association
- Advanced Course in General (Non-Life) Insurance, Swiss Insurance Training Centre, Switzerland
- Marine Consequential Loss Insurance, Germany
- Insurance School of Japan

Work Experiences

- Director, Bangkok Insurance Public Co., Ltd. (Apr 2011 - present)
- Director of the Corporate Governance Committee, Bangkok Insurance Public Co., Ltd. (Feb 2011 - present)
- President, Bangkok Insurance Public Co., Ltd. (2010 - present)
- Executive Vice President, Bangkok Insurance Public Co., Ltd. (2007 - 2009)
- Senior Vice President, Operations Department, Bangkok Insurance Public Co., Ltd. (2001 - 2007)
- General Manager, Marine Insurance Department, Bangkok Insurance Public Co., Ltd. (2000 - 2001)
- Assistant General Manager, Marine Insurance Department, Bangkok Insurance Public Co., Ltd. (1993 - 2000)
- Vice Chairman, Marine and Transport Insurance Sub - committee, the General Insurance Association (1994 - 1996, 1999 - 2000)



Mr. Voravit Rojrapitada

Director and Company Secretary and Adviser

Education

- Certificate, Assumption Commercial College
- Mini M.B.A., Thammasat University
- Director Certification Program (DCP) Class 27/2003, Thai Institute of Directors Association
- Advanced Course in General (Non-Life) Insurance, Swiss Insurance Training Centre, Switzerland
- Skandia Insurance Management, Philippines

Work Experiences

- Director and Adviser, Bangkok Insurance Public Co., Ltd. (2008 - present)
- Company Secretary, Bangkok Insurance Public Co., Ltd. (2008 - present)
- Director, Bangkok Insurance Public Co., Ltd. (1981 - present)
- Senior Executive Vice President, Bangkok Insurance Public Co., Ltd. (2000 - 2009)
- Secretary to the Board of Directors, Bangkok Insurance Public Co., Ltd. (1992 - 2008)
- Assistant Managing Director, Bangkok Insurance Public Co., Ltd. (1982 - 1999)
- Director, Chumporn Palm Oil Industry Public Co., Ltd. (1999 - present)
- Chairman of the Audit Committee, Chumporn Palm Oil Industry Public Co., Ltd. (2003 - 2005)
- Audit Committee, Chumporn Palm Oil Industry Public Co., Ltd. (1999 - 2002, 2006 - 2008)

Mr. Witcha Damrongsinsak

Director
(Due on April 22, 2011)

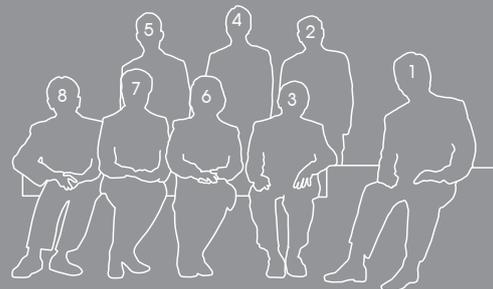
Mr. Yoshihiko Fukasawa

Independent Director
(Resigned on May 13, 2011)

MANAGEMENT COMMITTEE AND MANAGEMENT COMMITTEE PROFILE

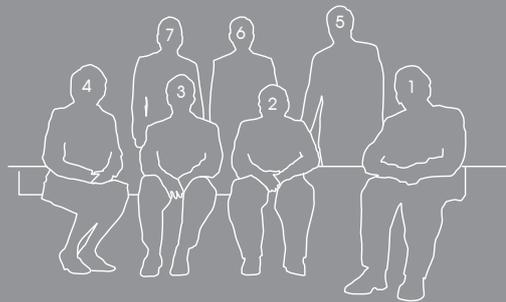


1. Mr. Chai Sophonpanich
2. Mr. Voravit Rojrapitada
3. Mr. Panus Thiravanitkul
4. Mr. Anon Vangvasu
5. Dr. Apisit Anantanatarat
6. Mrs. Srichitra Pramojaney
7. Miss Pagamas Charusathien
8. Mr. Aree Vanairlor





1. Mr. Satit Liptasiri
2. Mr. Sontaya Chaichomlert
3. Mr. Sumnao Thienpramuk
4. Miss Pimjai Luemrung
5. Mr. Suphat Yookongbandhu
6. Mr. Jakkrit Chewanuntapornchai
7. Mr. Suchart Chirayuwat



Mr. Chai Sophonpanich

Chairman and Chief Executive Officer

Mr. Panus Thiravanitkul

President

Miss Pagamas Charusathien

Senior Vice President

Commence

February 1968

Education

- B.Sc., University of Colorado, U.S.A.
- Advanced Management Program, the Wharton School, 1984
- The Joint State - Private Sectors Class 6, the National Defence College of Thailand
- Director Certification Program (DCP) Class 16/2002, Thai Institute of Directors Association
- Chairman 2000 Class 10/2004, Thai Institute of Directors Association

Work Experiences

- Chairman and Chief Executive Officer, Bangkok Insurance Public Co., Ltd. (2010 - present)
- Chairman and President, Bangkok Insurance Public Co., Ltd. (1978 - 2009)
- Chairman, Furakawa Metal (Thailand) Public Co., Ltd. (1988 - present)
- Chairman, Charoong Thai Wire & Cable Public Co., Ltd. (1986 - present)
- Chairman, Bumrungrad Hospital Public Co., Ltd. (1979 - present)
- Vice Chairman, Thai Reinsurance Public Co., Ltd. (1978 - present)
- Director, Bangkok Life Assurance Public Co., Ltd. (1968 - present)
- Director, International Insurance Society, Inc. New York, U.S.A. (2009 - 2012)
- Chairman, The Federation of Thai Insurance Organization (2006 - 2008)
- President, The General Insurance Association (1984 - 1986, 1989 - 1991, 1997 - 2001, 2005 - 2007)
- Chairman, Asean Reinsurance Corp., Ltd., Singapore (1988 - 1992)
- Chairman, Asean Insurance Council, Jakarta (1987 - 1989)
- President, The East Asian Insurance Congress (1984 - 1986, 2004 - 2006)

Commence

May 1973

Education

- B.Sc. (Economics), Thammasat University
- M.B.A., Chulalongkorn University
- Director Certification Program (DCP) Class 129/2010, Thai Institute of Directors Association

Training

- Advanced Course in General (Non-Life) Insurance, Swiss Insurance Training Centre, Switzerland
- Marine Consequential Loss Insurance, Germany
- Insurance School of Japan

Work Experiences

- Director, Bangkok Insurance Public Co., Ltd. (Apr 2011 - present)
- Director of the Corporate Governance Committee, Bangkok Insurance Public Co., Ltd. (Feb 2011 - present)
- President, Bangkok Insurance Public Co., Ltd. (2010 - present)
- Executive Vice President, Bangkok Insurance Public Co., Ltd. (2007 - 2009)
- Senior Vice President, Operations Department, Bangkok Insurance Public Co., Ltd. (2001 - 2007)
- General Manager, Marine Insurance Department, Bangkok Insurance Public Co., Ltd. (2000 - 2001)
- Assistant General Manager, Marine Insurance Department, Bangkok Insurance Public Co., Ltd. (1993 - 2000)
- Vice Chairman, Marine and Transport Insurance Sub - committee, the General Insurance Association (1994 - 1996, 1999 - 2000)

Commence

December 1967

Education

- Certificate of Vocational Education in Business Administration (Secretary), Saint John's Vocational College, Bangkok
- Mini M.B.A., Chulalongkorn University

Training

- Advanced Course in General (Non-Life) Insurance, Swiss Insurance Training Centre, Switzerland
- Air Carriage - Law & Claims Handling, England
- Agricultural Insurance, France

Work Experiences

- Senior Vice President, Special Risks Business Unit, Bangkok Insurance Public Co., Ltd. (2007 - present)
- Senior Vice President, Production Department, Bangkok Insurance Public Co., Ltd. (2001 - 2007)
- General Manager, Personal Insurance and Aviation Department, Bangkok Insurance Public Co., Ltd. (2000 - 2001)
- Assistant General Manager, Personal Insurance and Aviation Department, Bangkok Insurance Public Co., Ltd. (1999 - 2000)
- Assistant General Manager, Miscellaneous Insurance Department, Bangkok Insurance Public Co., Ltd. (1994 - 1999)

Mrs. Srichitra Pramojaney

Senior Vice President

Mr. Satit Liptasiri

Senior Vice President

Mr. Anon Vangvasu

Senior Vice President

Commence

January 2006

Education

- B.B.A. (Accounting), Thammasat University
- M.B.A., University of North Texas, U.S.A.

Work Experiences

- Senior Vice President, Accounting Department and Treasury Department, Bangkok Insurance Public Co., Ltd. (2006 - present)
- Chief Financial Officer, Henkel Thai (1999) Ltd. (2004 - 2005)
- Corporate Financial and Accounting Controller, Motorola (Thailand) Ltd. (2002 - 2004)
- Corporate General Manager, Office of Financial Management, Mitsubishi Motors (Thailand) Ltd. (1997 - 2002)

Commence

October 1977

Education

- Diploma (Accounting), Perth Technical College, Australia

Training

- Advanced Course in General (Non-Life) Insurance, Swiss Insurance Training Centre, Switzerland
- Risk Assessment Workshop for Asian Fire Underwriters, Switzerland
- Insurance Management Development Program (IMDP)

Work Experiences

- Senior Vice President, Agent Business Unit, Bangkok Insurance Public Co., Ltd. (2009 - present)
- Senior Vice President, Non-Motor Claims Department, Bangkok Insurance Public Co., Ltd. (2006 - Jan 2010)
- Senior Vice President, Branch Operations Department, Bangkok Insurance Public Co., Ltd. (2001 - 2005)
- General Manager, Fire Insurance Department, Bangkok Insurance Public Co., Ltd. (2000 - 2001)
- Assistant General Manager, Fire Insurance Department, Bangkok Insurance Public Co., Ltd. (1995 - 2000)
- Vice Chairman, the Property Insurance Sub - committee, The General Insurance Association (1998 - 2002)

Commence

December 1976

Education

- LL.B., Ramkhamhaeng University

Training

- Advanced Course in General (Non-Life) Insurance, Swiss Insurance Training Centre, Switzerland
- Insurance Management Development Program (IMDP)

Work Experiences

- Senior Vice President, Non-Motor Claims Department, Bangkok Insurance Public Co., Ltd. (2003 - 2005, Sep 2010 - present)
- Senior Vice President, Motor Claims Department, Bangkok Insurance Public Co., Ltd. (2006 - present)
- Senior Vice President, Legal Department, Bangkok Insurance Public Co., Ltd. (2000 - present)
- Secretary General, The General Insurance Association (2009 - present)
- Vice Chairman, Motor Insurance Sub - committee, The General Insurance Association (2001 - present)
- Vice Chairman of The Board, Road Accident Victims Protection Co., Ltd. (1998 - present)

Mr. Jakkrit Chewanuntapornchai Miss Pimjai Luemrung

Senior Vice President

Senior Vice President

Mr. Sontaya Chaichomlert

Senior Vice President

Commence

August 1982

Education

- B.Sc. (Statistics), Chulalongkorn University
- M.B.A., Chulalongkorn University

Training

- General Insurance & Insurance Management, IIAP, Philippines
- Alois - Alzheimer Scholarship, Munich Re, Germany
- MARSH Overseas Clients' Course 2001, England

Work Experiences

- Senior Vice President, Commercial Lines Business Unit, Bangkok Insurance Public Co., Ltd. (2007 - present)
- Vice President, Direct Customer Division, Bangkok Insurance Public Co., Ltd. (2001 - 2007)
- Manager, Non-Motor Claims Department, Bangkok Insurance Public Co., Ltd. (1998 - 2001)

Commence

January 1979

Education

- B.Ed. (Secondary Education), Srinakarinwirot University
- B.B.A. (General Management), Sukhothai Thammathirat University
- M.P.A., Chulalongkorn University

Training

- Chiyoda Insurance Seminar, Japan
- Human Resources Conference, Hongkong
- Role of Compensation Committee (RCC), Thai Institute of Directors Association
- Grid Instructor Preparation
- Leadership & Corporate Coaching, Certification Programme, Marcus Evans
- Strategic HR Measurement & Metrics
- Leadership Development with the Enneagram
- Engage Employees, Hewitt

Work Experiences

- Senior Vice President, Human Resources Department, Bangkok Insurance Public Co., Ltd. (Aug 2010 - present)
- First Vice President, Human Resources Department, Bangkok Insurance Public Co., Ltd. (2007 - July 2010)
- Vice President, Human Resources Department, Bangkok Insurance Public Co., Ltd. (1995 - 2007)

Commence

February 1996

Education

- B.B.A. (Accounting), Thammasat University
- Mini M.B.A., Chulalongkorn University

Training

- Chiyoda Insurance Seminar, Japan
- Insurance Management Development Program (IMDP)
- Modern Management Program (MMP)
- Developing CG Policy Statement, Thai Institute of Directors Association
- Board and Director Performance Evaluation, Thai Institute of Directors Association

Work Experiences

- Senior Vice President, Internal Audit Department, Bangkok Insurance Public Co., Ltd. (2007- present)
- First Vice President, Internal Audit Office, Bangkok Insurance Public Co., Ltd. (2005 - 2006)
- Vice President, Internal Audit Office, Bangkok Insurance Public Co., Ltd. (2004 - 2005)
- Vice President, Internal Audit Division, Bangkok Insurance Public Co., Ltd. (1996 - 2004)

Mr. Suchart Chirayuwat

Senior Vice President

Mr. Suphat Yookongbandhu

Senior Vice President

Dr. Apisit Anantanatarat

Senior Vice President

Commence

August 2010

Education

- B.A. (Communication Arts Statistics), Chulalongkorn University
- Mini M.B.A., Kasetsart University

Work Experiences

- Senior Vice President, Branch Operations Department, Bangkok Insurance Public Co., Ltd. (2010 - present)
- Regional Manager, Bangkok Bank Public Co., Ltd. (2006 - 2010)

Commence

August 1980

Education

- B.B.A. (Marketing), Assumption University
- Associate of the Insurance Institute of New Zealand (NZII), New Zealand

Training

- Miscellaneous Casualty Insurance, ISJ, Japan
- Advanced Course in General (Non-Life) Insurance, Swiss Insurance Training Centre, Switzerland
- Insurance Management Development Program (IMDP)

Work Experiences

- Senior Vice President, Broker Business Unit, Bangkok Insurance Public Co., Ltd. (2007 - present)
- Deputy Senior Vice President, Non - Motor Claims Department, Bangkok Insurance Public Co., Ltd. (Feb - Aug 2010)
- First Vice President, Broker Division, Bangkok Insurance Public Co., Ltd. (2005 - 2007)
- Vice President, Broker Division, Bangkok Insurance Public Co., Ltd. (2001 - 2005)
- Manager, Miscellaneous Insurance Department, Bangkok Insurance Public Co., Ltd. (1994 - 2001)

Commence

April 1985

Education

- Doctor of Organization Development and Transformation, Cebu Doctors' University, Philippines
- M.A. (Industrial and Organization Psychology), Thammasat University
- M.S. (Insurance), University of Hartford, U.S.A.
- Diploma of Financial Service (General Insurance), ANZIF (Senior Associate), Australia

Training

- Asian Insurance Congress 2011, Singapore
- Simplified Strategic Planning, Malaysia
- 7th Insurance Executives' Summit for Strategy, Operation & Technology 2011
- Asian Insurance Congress 2010, Singapore
- Health and Medical Insurance Conference 2009, Malaysia
- Genesys G-Force Event 2008 and Contact Center Site Visit, Australia
- New Forms of Risk Sharing and Risk Engineer, SCOR, France
- Management Development Program - Fit for Expert Underwriting, Swiss Insurance Training Centre, Switzerland
- Management Development Program - Fit for Management, Swiss Insurance Training Centre, Switzerland

Work Experiences

- Senior Vice President, Marketing and Communications Department, Bangkok Insurance Public Co., Ltd. (2011 - present)
- Senior Vice President, Information Technology Department, Bangkok Insurance Public Co., Ltd. (2009 - present)
- Senior Vice President, Personal Lines Business Unit, Bangkok Insurance Public Co., Ltd. (2007 - present)
- First Vice President, Personal Lines Division, Bangkok Insurance Public Co., Ltd. (2006 - 2007)
- First Vice President, Information Technology Department, Bangkok Insurance Public Co., Ltd. (2005 - 2009)
- Vice President, Human Resources Development Division, Bangkok Insurance Public Co., Ltd. (2002 - 2006)
- Assistant Vice President, Human Resources Development Division, Bangkok Insurance Public Co., Ltd. (2000 - 2002)

Mr. Aree Vanairlor

Senior Vice President

Mr. Sumnao Thienpramuk

First Vice President

Miss Poonsuk Tevidhaya

Senior Vice President
(Retired on July 1, 2011)

Commence

August 1989

Education

- B.A. (Political Science),
Ramkhamheng University
- Associate of the Insurance Institute
of New Zealand (NZII), New Zealand

Training

- Advanced Engineering Insurance Seminar,
Cologne Re, Germany
- Advanced Non-Life Insurance Course,
Swiss Insurance Training Centre,
Switzerland

Work Experiences

- Senior Vice President, Financial Institution
Business Unit, Bangkok Insurance Public
Co., Ltd. (2007 - present)
- First Vice President, Agent Division
Bangkok Insurance Public Co., Ltd.
(2006 - 2007)
- First Vice President,
Financial Institution Division
Bangkok Insurance Public Co., Ltd.
(2005 - 2006)
- Vice President, Financial Institution Division
Bangkok Insurance Public Co., Ltd.
(2001 - 2005)
- Manager, Marketing Department,
Bangkok Insurance Public Co., Ltd.
(1995 - 2001)

Commence

June 1989

Education

- M.Sc. (Applied Statistics), National Institute
of Development Administration

Training

- Chiyoda Insurance Seminar, Japan
- Sumitomo Systems Seminar, Japan

Work Experiences

- First Vice President,
Information Technology Department,
Bangkok Insurance Public Co., Ltd.
(1996 - present)

ดินแดง
Din Daeng



สะพานควาย -
Saphan Khwai -



ลาดพร้าว
Lat Phrao

บางกะปิ
Bang Ka-Pi



FIRST VICE PRESIDENT AND VICE PRESIDENT

1. Mr. Alonggorn Gradtip
2. Mr. Anant Pongpoo
3. Mr. Athapol Anansajakul
4. Mr. Charun Jongudomporn
5. Mr. Ekamol Aungkavattana
6. Mrs. Jariya Pattamachaiyant
7. Mr. Jeravat Payakarasamit
8. Mr. Jeravong Thantachote
9. Mr. Lert Vongchai
10. Mr. Natdanai Pornchaisiriarun
11. Mr. Pairin Chaibenjapol
12. Mr. Paitoon Chanpanorak
13. Miss Paveena Juchuan
14. Mr. Perasak Nakasriarun
15. Miss Pisamai Wiphatkrit
16. Mr. Pisit Kidcharoensuk
17. Miss Pranee Komonkawin
18. Mr. Prasit Wanichodom
19. Mr. Prayudh Jatarupamaya
20. Mr. Preecha Sommanee
21. Mrs. Ratiporn Wasskul
22. Miss Saranya Luenglertvorakul
23. Mr. Somchai Chiaranaiphaisan
24. Mr. Sorat Vonganankit
25. Mr. Stephen Crabb
26. Mr. Suchai Limpodom
27. Miss Sujinda Teplertboon
28. Mrs. Sumana Trongtranon
29. Mr. Suthi Chathanakul
30. Miss Sutida Malila
31. Mr. Tawee Kvanthong
32. Mr. Trirak Krutvecho
33. Miss Umaporn Hualbuttar
34. Mrs. Vanthana Yoovithaya
35. Mr. Vichien Moleewon
36. Mr. Virat Akaraboonlertytot
37. Mrs. Waraporn Dhanisornkul
38. Mr. Werawut Ratananate
39. Mr. Wichai Pongsetpibal
40. Miss Yupin Thongsaengbunya

Remark : Mrs. Vachana Boonritthipong (Retired on January 1, 2012)



ASSISTANT VICE PRESIDENT

1. Mr. Anawaj Saibang
2. Mr. Anek Keereesathien
3. Mrs. Anutra Chanprasartsuk
4. Mr. Attapol Rangsiwongs
5. Mr. Chainarong Sarapaivitit
6. Mrs. Chanpimol Suthisopaarphon
7. Mrs. Charasporn Vipakornvit
8. Mr. Chatchai Chitpaiboolrak
9. Mr. Danai Rojjintaves
10. Mrs. Duangta Sanpha-asa
11. Mrs. Jurairuch Pipatpongsopon
12. Mr. Kannasotr Homjan
13. Mr. Kiettisak Sirilikitchai
14. Mr. Kittipong Arunrungsawadi
15. Mr. Kitisak Suriyaratapanimol
16. Mr. Komdech Triamchaipisut
17. Mr. Kriengsak Wongsantimeth
18. Mr. Mannarong Thittanakul
19. Mr. Mongkol Tongto
20. Mr. Narongrit Udomlapsakul
21. Miss Natsaran Woraratpanya
22. Mr. Natthajak Santatilokkul
23. Miss Nawawan Hoiyiphu
24. Mrs. Netnapit Poolsup
25. Mr. Paisan Vohakiat
26. Mrs. Pannee Vongchai
27. Miss Pantita Panyamee
28. Mrs. Pattraporn Therdchanakul
29. Mr. Peerapat Thawornniti
30. Mr. Pitiphong Chaochaikhong
31. Miss Rangsimarath Thongdeekam
32. Mrs. Rataya Singh
33. Mrs. Rujirath Panyakiattikun
34. Mr. Sarayuth Apaipim
35. Mrs. Semsuk Kidcharoensuk
36. Miss Sirirath Ojarutip
37. Mrs. Sirithorn Pongsiripat
38. Mr. Sithikul Arayavechakit
39. Mr. Somkiat Veeratanaporn
40. Mr. Songkiat Nualon
41. Mr. Songyos Intaladchoom
42. Mr. Suchai Srirongraungjit
43. Mr. Suchart Thitirattanapinant
44. Miss Sunee Luangpongtrat
45. Mr. Surasak Xuto
46. Mrs. Suwannee Sithisukh
47. Mrs. Suwannee Kuptitumkul
48. Mr. Taweechai Wootianusorn
49. Mr. Teerawat Jaturavit
50. Mr. Thitipong Kittiprapas
51. Miss Thitiporn Boonyusthian
52. Miss Tusaneeya Uppalawanna
53. Mrs. Vallapa Somsuk
54. Mr. Varit Unprasertporn
55. Mr. Wera Virojsirasak
56. Mr. Werachat Tulapong
57. Mr. Werapol Banchongchoy
58. Miss Wilai Lertritpuwadol
59. Mr. Winai Kunpraserd
60. Mr. Wiwat Panyakiattikun
61. Mr. Yongyudh Tangtrongpiros
62. Miss Yupadee Seemachokcharoen



CORPORATE SOCIAL RESPONSIBILITY



Contributions to Foundations under Royal Patronage

Bangkok Insurance Public Company Limited has for many years continuously carried out its activities for society and the environment, both directly and through its Bangkok Insurance Foundation, since the Company fully realizes that responsibilities to society and the environment are a significant duty to be carried out in parallel with its business transactions in order to live in harmony, with a good quality of life, and achieve simultaneous balanced and sustainable growth. The Company has, to the best of its ability, implemented numerous projects appropriate to community needs in different areas through its budgets and manpower, as well as encouraging its staff to constantly take part in those activities, establishing a public-minded culture, with the awareness of "Our care is your care", helping other people without expecting any benefits in return, so that the culture may expand extensively to the Company's customers, business partners and a network of business alliances. In this regard, all levels of the Company's employees have performed in compliance with its policy on corporate social responsibility, which is clearly defined and propagated to all employees.

The Company's Policy on Corporate Social Responsibility (CSR)

- Create awareness among the Company's management and employees at all levels so that everyone is fully aware of the significance of activities that benefit society and realizes it is one's duty to take part in these activities of the Company.
- Support social activities to assist the underprivileged and those suffering from natural disasters. Also to preserve Thai historical artifacts and artworks that are integral to the nation's heritage.
- Allocate budgets to ensure constant support for social activities.
- Promote education for the underprivileged through giving priority to fields of study in which Thailand is lacking so as to develop a pool of talent that can serve as a significant driving force for the country's development.
- Campaign for networking to encourage cooperation from many other agencies in helping to fulfill the Company's different projects, as well as to be able to extensively expand assistance in carrying out activities, thus giving the scope to cover all remote areas of the country.

In 2011, the Company participated in the following social activities.

Education

Contributions to Foundations under Royal Patronage

- A contribution of Baht 2.0 million to the Ananda Mahidol Foundation as scholarships for students having academic capabilities to further their studies at the highest level so as to apply the knowledge learned to the development of the country after graduation.
- A contribution of Baht 2.0 million to the Chai Pattana Foundation to implement royal projects and help people in, for instance, education, environmental conservation, social development, etc.
- A contribution of Baht 1.0 million to the "Graduates Go Home" project, as scholarships for students under royal patronage.

Bangkok Insurance Scholarship Project (University Level)

The Company has granted scholarships to outstanding but poor students for their university education. In 2011, over 102 scholarships were granted to students totaling Baht 5,779,010. The grants included tuition fees, as well as expenses for food, accommodation and others.

Promote Students' Reading Habit Project

The Company has supported primary and secondary schools in remote and poverty-stricken areas in terms of textbooks, school books and learning equipment, including developing school libraries, besides offering teacher training to establish standard for holding the "Promote Students' Reading Habit" activity. There are 30 schools participating in the project, while currently a budget of Baht 2.8 million is spent on it annually.

Public Health

Mobile Medical Unit Service

The Company, in collaboration with Bumrungrad Hospital, has continuously provided a mobile medical service for the treatment of sick people in Sakon Nakhon and Mukdahan for 24 years, including distributing basic necessities to those coming for the service. These activities are carried out free of charge, with over 7,000 people coming for treatment and donated items, and using a budget of over Baht 2.0 million in 2011.

Relief of Public Disasters

Helping Disaster Victims

- The Company presented donations amounting to Baht 1,265,775 through the Red Cross Society to help the tsunami victims in Japan. A portion of the donations came from the Company's management and employees and also from the public.
- The Company contributed Baht 1,319,400 to the Rajprachanukroeh under Royal Patronage Foundation to aid flood victims in the southern region.
- The Company swiftly and continuously provided assistance, via various agencies, to help relieve the suffering of victims of a great flood in late 2011, including
 - The Company made a contribution of Baht 5.0 million to the Chai Pattana Foundation.
 - The Company, in cooperation with Bangkok Bank, Bualuang Securities and Bumrungrad Hospital, distributed basic necessities to flood victims in Ayutthaya and Lopburi provinces.



scholarships for students



Mobile Medical Unit Service



Donations through the Red Cross Society

- The Company, in collaboration with Bumrungrad Hospital and Bangkok Life Assurance, organized the “Bhappyy3 Unifying Spirit to Help Flood Victims” project, with medical and nursing teams as well as the management and employees of the three organizations providing a mobile medical service, and also presenting survival bags and basic necessities for daily living, and preparing lunch and holding entertainment activities for flood victims at temporary shelters of Vichakorn school, Samsen Nok school and Vichutis school (Din Daeng district).

- The Company contributed Baht 1.0 million to King Mongkut’s University of Technology Thonburi for making cleaning solution, killing germs and mold (Raaway), so as to give to the Company’s customers, business partners, employees, and flood victims in order for them to use it for cleaning or eliminating mold following the flood. Such assistance was passed on through the Krobkruckao of Thai TV Channel 3. The Raaway solution of 10,000 bottles was distributed to aid general flood victims.

Bangkok Insurance’s Voluntary Service-Minded Cooperates in Surmounting a Violent Flood Crisis

- The Company’s voluntary serviced-minded staff collectively packed subsistence bags of 4,000 sets and made a site visit to distribute the bags to flood victims in the provinces of Sukhothai, Phitsanulok, Nakhon Sawan, Chai Nat, Uthai Thani, Saraburi, Ayutthaya, Pathum Thani and Nonthaburi.

- They donated blood to the Red Cross Society to help sick people in flood-stricken areas.

- They collectively packed sandbags to raise the water barrier line higher at the Metropolitan Waterworks Authority (Siphon Rangsit), Pathum Thani province.

- They collectively packed clean drinking water at the Metropolitan Waterworks Authority, near Khlong Prapa on Chaengwattana Road, to present to flood victims.

- They united to mould micro-organic balls of 50,000 lumps to distribute to the Company’s employees, customers, business partners and other general flood victims in order to use for wastewater treatment.

Help Employees Suffering Floods

- The Company set up its voluntary rescue teams to assist in the evacuation of its employees as well as their families and pets to a safe area, including the arrangement of temporary shelters.

- In the wake of floods, the Company mobilizes its voluntary serviced-minded staff to help clean and revive the staff’s residences affected by the flood so that they could return to a normal life as soon as possible.

- The Company provided financial support and loans with a low-interest rate for repairs to residences.



Contributed for making cleaning solution, killing germs and mold (Raaway)



Collectively packed subsistence bags



Donated blood to the Red Cross Society

Development of Communities and the Environment

Promote Handicraft Occupation for Villagers in Mukdahan Project

The Company has initiated the "Promotion of Handicraft Occupation for Villagers in Mukdahan" project, begun in 1995 and continuing till now, in which villagers are trained to weave baskets from plastic fiber, weave kok mats and hand-weave natural-color bathing cloth. In addition, there is the provision of experts in teaching, development of a production method, and a search for raw materials and production outlets. This is aimed at encouraging people in areas with supplementary occupations to augment their incomes, leading to better and sustainable living. In 2011, a budget of over Baht 1.0 million was spent to promote the project.

Voluntary Development Camp of Students Getting BKI Scholarship Project

The Company has provided support to various voluntary development camps of students receiving its scholarships, beginning in 1996 and continuing till now, in order to encourage those students to make a grouping for carrying out activities benefiting society. In 2011, the Company made a contribution totaling Baht 247,438 in support of the "Clean Toilets for Our Brothers and Sisters" activity by constructing toilets for schools in rural areas, such as Ban Kuasoong School and Mooban Pamai School in Mukdahan, and Ban Umphai in Sakon Nakhon.

Support the Rajchapreuk Institute Foundation

The Company has made a contribution in support of three preservation and reforestation activities since 1986. In 2011, the Company contributed Baht 100,000 to the Rajchapreuk Institute Foundation to support the latter's activities.

Support Grow Forests for the Land Project

The Company has made a contribution in terms of budget and manpower since 2009 by collectively growing trees on degraded forest areas in Sakon Nakhon and Mukdahan which cannot by themselves revive naturally. This was carried out under the "Grow Forest for the Land" project initiated by Ajarn Ban Thanakaro, the abbot of Wat Doi Dhammajedi. Currently, the Company still steadily gives its support to overseeing and nourishing those trees, preventing forest burning and forest fire, as well as preserving and reviving community forests, apart from supporting students receiving Bangkok Insurance scholarships in their activities on taking care of and nourishing the trees, and eradicating weeds in such forest areas.

Services Friendly to the Environment

The Company is still determined to develop the pattern of its services and work processes with awareness on the value and economical use of resources, emphasizing a paperless concept and maximum application of the information technology such as the online insurance service, online claim service, Live Chat service, including arranging for



Collectively packed sandbags to raise the water barrier line higher



They united to mould micro-organic balls



Voluntary rescue teams to assist in the evacuation of its employees

an insurance service point or BKI Care Station in department stores as well as a service center at large agencies, all with an aim to increase convenience for customers and reduce use of paper and energy. Additionally, the Company, in collaboration with Du Pont (Thailand) and garages, has initiated the “Water-Based Color Use” project, which is friendly to the environment and helps reduce the impact of pollution for both manufacturers and end users.

Conservation of Energy and the Environment in the Company

Disposal of Waste and Unwanted Materials

The Company has implemented its 5s programme for over 20 years, encouraging all of the Company’s employees to participate in arranging for a congenial surrounding, as well as putting materials and documents in order based on the principle of “Clearing, Convenience, Cleanness, Hygiene and Habit Forming”. In this connection, the Company offers training on the principle of carrying out 5s and urges its employees to practice it constantly.

In 2011, the Company gave training to its employees in the entire organization so that they had a good understanding of global warming reduction through a campaign on classifying each type of garbage in the work place and at home. Each month, the Company arranged for a recycle market for purchasing garbage of some value that can be recycled. The activity is another way that can help reduce the accumulation of garbage. It is obvious that the classification of garbage is easy for everyone to do, while benefiting society and the entire world. Above all, these activities receive very good cooperation from the Company’s employees and those of other offices located in the same building as the Company.

“BKI Recycle for the Kids” Project

The Company, in cooperation with Magic Eyes, has initiated the “BKI Recycle for the Kids” project, an extension of its “BKI Clean Up Green Up with Magic Eyes” project, in order to campaign for and promote the Company’s employees’ participation in and awareness of their responsibilities to society and the environment. The activity has been carried out by making students’ bags out of waste plastic canvass or vinyl signs which are garbage that does not easily decompose. A total of 10,000 bags have subsequently been distributed to needy students in border patrol police schools throughout the country. The project activities include the following.

- Give training on CSR and the generation of project participation to the Company’s staff.
- Campaign for a donation of waste advertising vinyl signs from the companies of the Company’s customers, business partners and business alliances, for instance, Major Cineplex Co., Ltd, SCG Paper. Plc., Art Gallery of Queen Sirikit under Royal Patronage, Excon Co., Ltd., Green Globe Institute, and the Housing Estate Authority, with an aim to have housewives in the communities make students’ bags out of vinyl.
- Give training to a group of housewives for knowledge of the benefit of garbage classification, the worthiest garbage recycling, and a method of making bags from vinyl advertising signs. Simultaneously, the Company’s



Promote Handicraft Occupation



Support Grow Forests for the Land Project



The Company has implemented its 5s programme

voluntary service-minded staff made a site visit to wash, draw, cut and sew the vinyl material and make it into bags at a health promotion hospital in a sub-district of Bang Lane district, Nakhon Pathom.

- Give a press conference for the opening of the “BKI Recycle for the Kids” project to a group of 60 student representatives, with the commander of the general affairs division, Bureau of Border Patrol Police Command, joining the conference to receive students’ bags made from vinyl advertising signs.

Worthy Use of Energy

The Company has consistently given priority to the worthy use of natural resources, with maximum benefits, and has organized activities raising awareness of, disseminating knowledge to, and campaigning for its employees’ appropriate, economical and worthy utilization of the resources, for example, the selective use of light bulbs giving adequate illumination via equipment helping disperse light, switching on/off the light in the daytime and after work, closing computer screens when not in use, the suitable adjustment of temperature in the office, worthy use of elevators, proper use of water, use of both sides of paper, use of environment-friendly paper, etc., all of which have been steadily practiced by the Company’s employees.

Develop Quality of Life and Mind

The Company has carried out the “Dhamma Unite, BKI Cooperate” activity so as to promote and support its employees in having an opportunity to study dhamma, practice meditation and take part in supporting Buddhism. The activities include the following.

- Organizing a group ordination for 35 of the Company’s employees at Wat Dhebsirindharavas, while the newly ordained went to practice meditation at Wat Doi Dhammajedi, Sakon Nakhon, with the merit derived from the ordination dedicated to His Majesty the King on the occasion of his 84th birthday anniversary.
- Organizing, every 3 months, a project on the development of the quality of life for happiness in working for the Company’s employees interested to make a trip for meditation at a meditation practice school at Samnak Patibut Sangdhammasongchivit, Pakchong branch, Nakhon Ratchasima.

The Company strongly believes that its business transaction with responsibility to all groups of stakeholders, such as the Company’s customers, employees, business partners, shareholders, competitors, and society at large, is a significant foundation leading to the Company’s stable and sustainable growth. As a consequence, the Company has encouraged, from the very beginning and has continued up to now, its employees’ work performance through their taking “Our care is your care” into consideration, including the strict, transparent and verifiable practices in compliance with laws, regulations and business standards in order to maintain the Company’s sound corporate citizenship of society throughout.



“BKI Recycle for the Kids” Project



Training of garbage classification



Organizing a group ordination for 35 of the Company’s employees

REPORT OF THE AUDIT COMMITTEE

At the meeting of the Board of Directors (No. 4/2011) held on November 11, 2011, the Board of Directors, excluding the directors nominated, had a unanimous resolution appointing the former Audit Committee, who were independent directors and non-executive directors, to resume their office on the Company's Audit Committee for another three-year term. Their appointment was effective from November 16, 2011, and their term will be due on November 15, 2014. The Audit Committee is comprised of Mr. Plengsakdi Prakaspesat, committee chairman, as well as Miss Potjanee Thanavaraniit and Mr. Chor.nun Petpaisit, committee members.

In 2011, the Audit Committee convened 4 meetings, attended by the Director and Company Secretary, the President, Senior Vice President of Accounting Department and Senior Vice President of Internal Audit Department. It further convened another 2 meetings without the attendance of the Company's management to implement duties assigned by the Board of Directors as summarized below:

1. Checking of the Financial Statements. The Audit Committee, along with the Company's management and independent auditors, had examined the Company's quarterly and annual financial statements to ensure that they are accurately and properly established in accordance with generally accepted accounting standards. Simultaneously, data is sufficiently and reliably disclosed. In addition, the Committee has made suggestions for an improvement and conducted follow-up checks for the Company's benefit.

2. Supervising the Company's Internal Control System and Performance Corresponding to the Provisions of Law. The Audit Committee has examined and approved the audit plan of the audit department for 2011, examined the report on audit consequences based on the plan, as well as made suggestions for the efficiency and effectiveness of the audit department's performance, in addition to exchanging opinions and providing advice to the Company's management in order to follow up with improvement on significant issues according to an audit report. This is to ensure that the Company has a good internal control system and practices that comply with the relevant laws and regulations.

3. Checking to Prevent a Conflict of Interest. The Audit Committee has examined interrelated parties transactions of companies and persons concerned that may generate a conflict of interest with the Company. This is to ensure business transparency and actual transactions for normal business practices, which does not significantly affect the Company.

4. Selecting and Proposing an Appointment of Auditor. The Audit Committee has considered and proposed to the Company's Board of Directors for approval from the shareholders' meeting for the appointment of Mrs. Nonglak Pumnoi and/or Mr. Sophon Permsiriwallop and/or Miss Rungnapha Lertsuwannakul of Ernst & Young Office Limited as auditors for the year 2011, with the remuneration of Baht 1,970,000.

5. Performing Other Duties. The Audit Committee has supervised and provided recommendations to the Company's management in terms of managerial issues to engender an appropriate inspection and a checks-and-balance mechanism. It also adheres to the principles of good corporate governance policy so as to create confidence among shareholders, investors and all parties concerned.

The Audit Committee has considered and found that the Company implemented a good corporate governance policy and established a proper and effective internal control system. Similarly, the Company has efficient risk management and interrelated items that are commercially true ones, as well as normal and reasonable businesses. In addition, the Company has performed its operations in compliance with the relevant laws and regulations, and established accurate and proper financial statements while disclosing complete and correct information on par with accounting measures, and having a reliable system of good corporate governance.



(Mr. Plengsakdi Prakaspesat)
Chairman of the Audit Committee

REPORT ON THE BOARD OF DIRECTOR'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Bangkok Insurance Public Company Limited Board of Directors is responsible for the Company's financial statements, as well as financial information technology appearing in the annual financial statements. Such statements have been prepared in accordance with accounting principles and practices generally accepted in Thailand. In this regard, the Board of Directors has selected an appropriate accounting policy and constantly implemented it with cautious discretion. Furthermore, significant data is sufficiently disclosed in notes of the financial statements.

The Board of Directors also provides and maintains an efficient internal control system to ensure that the recording of accounting data is accurate, complete and adequate for the protection of the Company's assets and the prevention of fraud and malpractices, while disclosing interrelated items to avoid any conflict of interests, as well as complying with the laws and regulations concerned. In this connection, the Audit Committee is assigned by the Board of Directors to oversee, take responsibility for and continuously report the consequences to the Board. The Audit Committee's opinions on these issues have already appeared in its report, which is displayed in the Company's annual report.

The Company's Board of Directors is of the opinion that the overall internal control system of the Company is satisfactory and generates justified confidence in the reliability of the Company's financial statements as at December 31, 2011. The Company's independent auditor has also audited in accordance with generally accepted auditing standards and is of the opinion that the Company's financial statements referred to above present fairly, in all material respects, its financial position and operational consequences in accordance with generally accepted accounting principles.



(Mr. Chai Sophonpanich)

Chairman and Chief Executive Officer

REPORT OF INDEPENDENT AUDITOR

To the Shareholders of Bangkok Insurance Public Company Limited

I have audited the accompanying statements of financial position, in which the equity method is applied, of Bangkok Insurance Public Company Limited as at December 31, 2011 and 2010, and the statements of comprehensive income, changes in equity and cash flows for the years then ended and the separate financial statements, in which the cost method is applied, of Bangkok Insurance Public Company Limited for the same years. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Insurance Public Company Limited as at December 31, 2011 and 2010, and the result of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to the following:

(1) Note 3 and Note 5 to the financial statements, regarding the Company's adoption of revised and new accounting standards issued by the Federation of Accounting Professions during the current year and Note 2 to the financial statements regarding the Company's preparation and presentation of the financial statements in compliance with the Declaration of the Insurance Commission.

(2) Note 1.2 to the financial statements, regarding the severe flood situation. Although the Company set aside loss reserves based on best estimates, there are inherent uncertainties in the assumptions used by management in preparing the loss reserves, which could affect the amount of claim reserve refundable from reinsurers. Actual results could significantly differ from the estimates.



(Mrs. Nonglak Pumnoi)

Certified Public Accountant (Thailand)

No. 4172

Ernst & Young Office Limited

Bangkok

February 23, 2012

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2011 and 2010

(Baht'000)

| Assets | Financial Statements in which the equity method is applied | | Separate Financial Statements in which the cost method is applied | |
|--|---|-------------------|--|-------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Cash and Cash Equivalent (Note 8, 29) | 1,135,597 | 503,202 | 1,135,597 | 503,202 |
| Accrued Investment Income, Net | 32,777 | 16,182 | 32,777 | 16,182 |
| Premium Receivables, Net (Note 9, 29) | 1,710,224 | 1,913,468 | 1,710,224 | 1,913,468 |
| Reinsurance Assets, Net (Note 10, 29) | 23,113,649 | 5,373,927 | 23,113,649 | 5,373,927 |
| Investment Assets (Note 29, 30, 31) | | | | |
| Investments in Securities | | | | |
| Available-for-sale Investments (Note 11.1) | 20,031,028 | 17,783,174 | 20,031,028 | 17,783,174 |
| Held-to-Maturity Investments (Note 11.2) | 1,061,994 | 914,202 | 1,061,994 | 914,202 |
| Other Investments (Note 11.3) | 432,941 | 438,925 | 432,941 | 438,925 |
| Loans, Net (Note 12) | 2,578,770 | 2,783,762 | 2,578,770 | 2,783,762 |
| Investments in Associates (Note 13) | 131,702 | 125,564 | 102,256 | 102,256 |
| Investment Properties, Net (Note 14) | 286,909 | 309,300 | 286,909 | 309,300 |
| Property and Equipment, Net (Note 15) | 799,483 | 749,576 | 799,483 | 749,576 |
| Intangible Assets, Net (Note 16) | 81,061 | 88,504 | 81,061 | 88,504 |
| Other Assets | | | | |
| Leasehold Right - Land, net | 76,347 | 82,289 | 76,347 | 82,289 |
| Deposit on Lended Securities | 133,836 | - | 133,836 | - |
| Others (Note 29) | 318,953 | 316,765 | 318,953 | 316,765 |
| Total Assets | 51,925,271 | 31,398,840 | 51,895,825 | 31,375,532 |

The accompanying notes are an integral part of the financial statements.

(Baht'000)

| Liabilities and Equity | Financial Statements in which the equity method is applied | | Separate Financial Statements in which the cost method is applied | |
|--|---|-------------------|--|-------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Liabilities | | | | |
| Income Tax Payable | 96,634 | 183,685 | 96,634 | 183,685 |
| Due to Reinsurers (Note 17, 29) | 1,199,502 | 1,402,060 | 1,199,502 | 1,402,060 |
| Insurance Contract Liabilities | | | | |
| Loss Reserves and Outstanding Claims (Note 18) | 24,747,208 | 4,738,711 | 24,747,208 | 4,738,711 |
| Premium Reserve (Note 19) | 5,051,044 | 5,358,997 | 5,051,044 | 5,358,997 |
| Employee Benefit Obligations (Note 20) | 300,277 | 144,874 | 300,277 | 144,874 |
| Commission Payables | 277,642 | 246,554 | 277,642 | 246,554 |
| Other Liabilities | | | | |
| Premium Received in Advance | 968,814 | 890,091 | 968,814 | 890,091 |
| Liabilities Under Finance Lease Agreements (Note 21, 29) | 56,959 | 34,817 | 56,959 | 34,817 |
| Collateral on Lended Securities | 133,836 | - | 133,836 | - |
| Accrued Expenses | 507,789 | 311,230 | 507,789 | 311,230 |
| Others | 309,349 | 247,063 | 309,349 | 247,063 |
| Total Liabilities | 33,649,054 | 13,558,082 | 33,649,054 | 13,558,082 |
| Equity | | | | |
| Share Capital | | | | |
| Registered | | | | |
| 76,050,000 Ordinary Shares of Baht 10 each | 760,500 | 760,500 | 760,500 | 760,500 |
| Issued and Fully Paid up | | | | |
| 76,050,000 Ordinary Shares of Baht 10 each | 760,500 | 760,500 | 760,500 | 760,500 |
| Premium on Share Capital | 1,442,500 | 1,442,500 | 1,442,500 | 1,442,500 |
| Retained Earnings | | | | |
| Appropriated | | | | |
| Legal Reserve | 76,050 | 76,050 | 76,050 | 76,050 |
| General Reserve | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 |
| Unappropriated | 668,074 | 1,701,289 | 638,628 | 1,677,981 |
| Other Components of Equity (Note 11.1) | 12,229,093 | 10,760,419 | 12,229,093 | 10,760,419 |
| Total Equity | 18,276,217 | 17,840,758 | 18,246,771 | 17,817,450 |
| Total Liabilities and Equity | 51,925,271 | 31,398,840 | 51,895,825 | 31,375,532 |

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2011 and 2010

(Baht'000)

| | Financial Statements in which the equity method is applied | | Separate Financial Statements in which the cost method is applied | |
|---|---|------------------|--|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Income | | | | |
| Net Earned Premium (Note 25, 29) | 7,344,657 | 6,484,948 | 7,344,657 | 6,484,948 |
| Fee and Commissions Income (Note 25) | 660,026 | 676,654 | 660,026 | 676,654 |
| Total Income | 8,004,683 | 7,161,602 | 8,004,683 | 7,161,602 |
| Expenses | | | | |
| Underwriting | | | | |
| Claim Expenses | | | | |
| Claim and Loss Adjustment Expenses (Note 25) | 5,826,325 | 3,431,975 | 5,826,325 | 3,431,975 |
| Commissions and Brokerages (Note 25) | 1,678,689 | 1,533,388 | 1,678,689 | 1,533,388 |
| Other Underwriting Expenses (Note 25) | 957,095 | 875,820 | 957,095 | 875,820 |
| Contribution to Road Accident Victims Protection Company Limited (Note 25) | 24,715 | 22,990 | 24,715 | 22,990 |
| Operating Expenses (Note 25, 26) | 616,934 | 591,161 | 616,934 | 591,161 |
| Total Underwriting Expenses | 9,103,758 | 6,455,334 | 9,103,758 | 6,455,334 |
| Profit (Loss) from Underwriting | (1,099,075) | 706,268 | (1,099,075) | 706,268 |
| Net Investment Income (Note 29) | 818,243 | 662,603 | 818,243 | 662,603 |
| Gains on Investments | 641,945 | 205,090 | 641,945 | 205,090 |
| Share of Income from Associates (Note 13) | 6,138 | 6,531 | - | - |
| Other Income | 126,196 | 128,980 | 126,196 | 128,980 |
| Profit from Operations | 493,447 | 1,709,472 | 487,309 | 1,702,941 |
| Contribution to the Office of Insurance Commission | 23,247 | 22,268 | 23,247 | 22,268 |
| Contribution to Non-life Guarantee Fund (Note 32) | 22,841 | 17,032 | 22,841 | 17,032 |
| Contribution to Road Victims Protection Fund | 2,017 | 1,877 | 2,017 | 1,877 |
| Finance Cost | 2,696 | 1,697 | 2,696 | 1,697 |
| Profit Before Corporate Income Tax | 442,646 | 1,666,598 | 436,508 | 1,660,067 |
| Less Corporate Income Tax | 390,621 | 434,241 | 390,621 | 434,241 |
| Profit for the Year | 52,025 | 1,232,357 | 45,887 | 1,225,826 |
| Other Comprehensive Income | | | | |
| Gains on Changes in Values of Available-for-sale Investments | 1,468,674 | 3,834,549 | 1,468,674 | 3,834,549 |
| Other Comprehensive Income for the Year | 1,468,674 | 3,834,549 | 1,468,674 | 3,834,549 |
| Total Comprehensive Income for the Year | 1,520,699 | 5,066,906 | 1,514,561 | 5,060,375 |
| Earnings Per Share (Note 28) | | | | |
| Basic Earnings Per Share | | | | |
| Profit for the Year | 0.68 | 16.20 | 0.60 | 16.12 |

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2011 and 2010

(Baht'000)

| | Financial Statements in which the equity method is applied | | Separate Financial Statements which the cost method is applied | |
|--|---|-------------|---|-------------|
| | 2011 | 2010 | 2011 | 2010 |
| Cash Flows from Operating Activities | | | | |
| Direct Premium Written | 10,373,020 | 9,270,727 | 10,373,020 | 9,270,727 |
| Cash Paid for Reinsurance | (3,495,235) | (2,713,409) | (3,495,235) | (2,713,409) |
| Losses Incurred on Direct Insurance | (2,747,772) | (2,198,611) | (2,747,772) | (2,198,611) |
| Commissions and Brokerages on Direct Insurance | (1,313,567) | (1,193,911) | (1,313,567) | (1,193,911) |
| Other Underwriting Expenses | (1,228,205) | (1,130,791) | (1,228,205) | (1,130,791) |
| Net Investment Income | 831,122 | 700,958 | 831,122 | 700,958 |
| Other Income | 119,945 | 119,122 | 119,945 | 119,122 |
| Operating Expenses | (335,395) | (441,852) | (335,395) | (441,852) |
| Corporate Income Tax | (477,671) | (408,037) | (477,671) | (408,037) |
| Net Cash from Operating Activities | 1,726,242 | 2,004,196 | 1,726,242 | 2,004,196 |
| Cash Flows from Investing Activities | | | | |
| Cash Flows from | | | | |
| Investments in Securities | 8,685,964 | 1,958,971 | 8,685,964 | 1,958,971 |
| Loans | 768,753 | 872,090 | 768,753 | 872,090 |
| Deposits at Financial Institutions | 158,653 | 388,239 | 158,653 | 388,239 |
| Property and Equipment | 6,788 | 10,405 | 6,788 | 10,405 |
| Net Cash from Investing Activities | 9,620,158 | 3,229,705 | 9,620,158 | 3,229,705 |
| Cash Flows used in | | | | |
| Investments in Securities | (8,817,212) | (2,678,516) | (8,817,212) | (2,678,516) |
| Loans | (563,675) | (1,217,688) | (563,675) | (1,217,688) |
| Deposits at Financial Institutions | (306,446) | (490,713) | (306,446) | (490,713) |
| Property and Equipment | (114,136) | (57,045) | (114,136) | (57,045) |
| Net Cash used in Investing Activities | (9,801,469) | (4,443,962) | (9,801,469) | (4,443,962) |
| Net Cash used in Investing Activities | (181,311) | (1,214,257) | (181,311) | (1,214,257) |
| Cash Flows from Financing Activities | | | | |
| Dividend Paid to Shareholders | (912,536) | (817,537) | (912,536) | (817,537) |
| Net Cash used in Financing Activities | (912,536) | (817,537) | (912,536) | (817,537) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 632,395 | (27,598) | 632,395 | (27,598) |
| Cash and Cash Equivalents at Beginning of Year | 503,202 | 530,800 | 503,202 | 530,800 |
| Cash and Cash Equivalents at End of Year (Note 8) | 1,135,597 | 503,202 | 1,135,597 | 503,202 |
| Supplemental Cash Flows Information | | | | |
| Non-Cash Item Gains on Changes in Values of | | | | |
| Available-for-sale Investments | 1,468,674 | 3,834,549 | 1,468,674 | 3,834,549 |

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial Statements in which the equity method is applied

For the years ended December 31, 2011 and 2010

| | Issued and Fully Paid-up Share Capital | Premium on Share Capital |
|--|--|--------------------------|
| Balance as at December 31, 2009 | 507,000 | 1,442,500 |
| Dividend Paid (Note 22) | - | - |
| Share Subscription Increased from Stock Dividend (Note 23, 24) | 253,500 | - |
| Total Comprehensive Income for the Year | - | - |
| Balance as at December 31, 2010 | 760,500 | 1,442,500 |
| Balance as at December 31, 2010 | 760,500 | 1,442,500 |
| Cumulative Effect of Change in Accounting Policy Regarding Employee Benefit (Note 5) | - | - |
| Dividend Paid (Note 22) | - | - |
| Total Comprehensive Income for the Year | - | - |
| Balance as at December 31, 2011 | 760,500 | 1,442,500 |

The accompanying notes are an integral part of the financial statements.

(Baht'000)

| Retained Earnings | | | Other Components of Equity | | Total |
|-------------------|-----------------|----------------|---|----------------------------------|------------|
| Appropriated | | Unappropriated | Other Comprehensive Income | Total Other Components of Equity | |
| Legal Reserve | General Reserve | | Surplus on Changes in Value of Available-for-Sale Investments | | |
| 50,700 | 3,100,000 | 1,565,319 | 6,925,870 | 6,925,870 | 13,591,389 |
| - | - | (817,537) | - | - | (817,537) |
| 25,350 | - | (278,850) | - | - | - |
| - | - | 1,232,357 | 3,834,549 | 3,834,549 | 5,066,906 |
| 76,050 | 3,100,000 | 1,701,289 | 10,760,419 | 10,760,419 | 17,840,758 |
| 76,050 | 3,100,000 | 1,701,289 | 10,760,419 | 10,760,419 | 17,840,758 |
| - | - | (172,704) | - | - | (172,704) |
| - | - | (912,536) | - | - | (912,536) |
| - | - | 52,025 | 1,468,674 | 1,468,674 | 1,520,699 |
| 76,050 | 3,100,000 | 668,074 | 12,229,093 | 12,229,093 | 18,276,217 |

STATEMENTS OF CHANGES IN EQUITY

Financial Statements in which the cost method is applied

For the years ended December 31, 2011 and 2010

| | Issued and Fully Paid-up Share Capital | Premium on Share Capital |
|--|--|--------------------------|
| Balance as at December 31, 2009 | 507,000 | 1,442,500 |
| Dividend Paid (Note 22) | - | - |
| Share Subscription Increased from Stock Dividend (Note 23, 24) | 253,500 | - |
| Total Comprehensive Income for the Year | - | - |
| Balance as at December 31, 2010 | 760,500 | 1,442,500 |
| Balance as at December 31, 2010 | 760,500 | 1,442,500 |
| Cumulative Effect of Change in Accounting Policy Regarding Employee Benefit (Note 5) | - | - |
| Dividend Paid (Note 22) | - | - |
| Total Comprehensive Income for the Year | - | - |
| Balance as at December 31, 2011 | 760,500 | 1,442,500 |

The accompanying notes are an integral part of the financial statements.

(Baht'000)

| Retained Earnings | | | Other Components of Equity | | Total |
|-------------------|-----------------|----------------|---|----------------------------------|------------|
| Appropriated | | Unappropriated | Other Comprehensive Income | Total Other Components of Equity | |
| Legal Reserve | General Reserve | | Surplus on Changes in Value of Available-for-Sale Investments | | |
| 50,700 | 3,100,000 | 1,548,542 | 6,925,870 | 6,925,870 | 13,574,612 |
| - | - | (817,537) | - | - | (817,537) |
| 25,350 | - | (278,850) | - | - | - |
| - | - | 1,225,826 | 3,834,549 | 3,834,549 | 5,060,375 |
| 76,050 | 3,100,000 | 1,677,981 | 10,760,419 | 10,760,419 | 17,817,450 |
| 76,050 | 3,100,000 | 1,677,981 | 10,760,419 | 10,760,419 | 17,817,450 |
| - | - | (172,704) | - | - | (172,704) |
| - | - | (912,536) | - | - | (912,536) |
| - | - | 45,887 | 1,468,674 | 1,468,674 | 1,514,561 |
| 76,050 | 3,100,000 | 638,628 | 12,229,093 | 12,229,093 | 18,246,771 |

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

1. General Information

1.1 Corporate Information

Bangkok Insurance Public Company Limited (the Company) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of non-life insurance. The Company's registered office is at 25 Bangkok Insurance Building, Sathon Tai Road, Bangkok.

1.2 Severe Flood Situation

In the fourth quarter of 2011, there was severe flooding in Thailand, with many economic areas and industrial zones inundated. The floods materially affected the financial statements of the Company, with the financial impact of the floods reflected in the financial statements as follows:

(Baht : Million)

| | Gross Claims | Claims Reserve Refundable from Reinsurers | Net Claims |
|---|--------------|---|------------|
| Outstanding Claims | 21,283.41 | (16,438.01) | 4,845.40 |
| Claims Paid | 2,184.06 | (2,052.68) | 131.38 |
| Total | 23,467.47 | (18,490.69) | 4,976.78 |
| Claims Reserve Refundable under Excess of Loss Contracts | | | (2,681.93) |
| Net Claims Expense - the Statements of Comprehensive Income | | | 2,294.85 |

The Company set up loss reserve based on a best estimate, taking into account the current situation and the latest surveyor reports, as well as various appropriate assumptions and, for claims refundable from reinsurers, with reference to the related reinsurance contracts. However, there are inherent uncertainties in the assumptions used by the management in preparing the loss reserves, which could affect the amount of claim reserve refundable from reinsurers. Actual results could significantly differ from the estimates.

2. Basis of Preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and in accordance with Thai accounting practices related to insurance, and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (OIC). The presentation of the financial statements has been made in compliance with the declaration of Insurance Commission dated 27 May 2010, the Company has presented the statements of financial position, comprehensive income, changes in equity and cash flows for the current year and reclassified the 2010 financial statements in accordance with the declaration without the effect to the Company's equity.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. Adoption of New Accounting Standards during the Year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting Standards:

| | |
|-----------------------|---|
| TAS 1 (revised 2009) | Presentation of Financial Statements |
| TAS 2 (revised 2009) | Inventories |
| TAS 7 (revised 2009) | Statement of Cash Flows |
| TAS 8 (revised 2009) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2009) | Events after the Reporting Period |
| TAS 11 (revised 2009) | Construction Contracts |
| TAS 16 (revised 2009) | Property, Plant and Equipment |
| TAS 17 (revised 2009) | Leases |
| TAS 18 (revised 2009) | Revenue |
| TAS 19 | Employee Benefits |
| TAS 23 (revised 2009) | Borrowing Costs |
| TAS 24 (revised 2009) | Related Party Disclosures |
| TAS 26 | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (revised 2009) | Consolidated and Separate Financial Statements |
| TAS 28 (revised 2009) | Investments in Associates |
| TAS 29 | Financial Reporting in Hyperinflationary Economies |
| TAS 31 (revised 2009) | Interests in Joint Ventures |
| TAS 33 (revised 2009) | Earnings per Share |
| TAS 34 (revised 2009) | Interim Financial Reporting |
| TAS 36 (revised 2009) | Impairment of Assets |
| TAS 37 (revised 2009) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2009) | Intangible Assets |
| TAS 40 (revised 2009) | Investment Property |

Financial Reporting Standards:

| | |
|-----------------------|--|
| TFRS 2 | Share-Based Payment |
| TFRS 3 (revised 2009) | Business Combinations |
| TFRS 5 (revised 2009) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 6 | Exploration for and Evaluation of Mineral Resources |

Financial Reporting Standard Interpretations:

| | |
|----------|--|
| TFRIC 15 | Agreements for the Construction of Real Estate |
|----------|--|

Accounting Standard Interpretations:

| | |
|--------|--|
| SIC 31 | Revenue-Barter Transactions Involving Advertising Services |
|--------|--|

These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company previously accounted for such employee benefits when they were incurred.

The Company has changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company for the year 2011 by Baht 22.46 million, (0.30 Baht per share). The cumulative effect of the change in the accounting policy has been presented in Note 5 to the financial statements.

TAS 40 (revised 2009) Investment Property

This accounting standard requires entities can choose to recognise investment property under the cost model (with disclosure of fair value in the notes to financial statements). Investment property was previously recognised under the caption of Property and Equipment, which is measured using the cost model. In adopting the new accounting policy, the Company separately presents investment property and measures it using the cost model. The change has no impact to the statement of comprehensive income.

4. New Accounting Standards Issued during the Years not yet Effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after January 1, 2013.

Accounting Standards:

| | |
|-----------------------|---|
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |

Accounting Standard Interpretations:

| | |
|--------|---|
| SIC 10 | Government Assistance - No Specific Relation to Operating Activities |
| SIC 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets |
| SIC 25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Cumulative Effect of Changes in Accounting Policies due to the Adoption of New Accounting Standards

During the current year, the Company made the changes to its significant accounting policies described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in equity.

The amounts of adjustments affecting the statement of financial position as at December 31, 2011 and 2010 are summarised below.

(Baht : Million)

| | 2011 | 2010 |
|--|--------|--------|
| Increase in Employee Benefits Obligations | 195.16 | - |
| Decrease in Unappropriated Retained Earnings | 172.70 | - |
| Increase in Investment Properties | 286.91 | 309.30 |
| Decrease in Property and Equipment | 286.91 | 309.30 |

The amounts of adjustments affecting the statement of comprehensive income for the year ended December 31, 2011, are summarised below.

(Baht : Million)

| | |
|---|-------|
| Increase in Personal Expenses | 22.46 |
| Decrease in Basic Earnings per share (Baht per share) | 0.30 |

6. Significant Accounting Policies

6.1 Revenue Recognition

(a) Premium income

Premium income consists of direct premium and reinsurance premium less premium of the cancelled policy and premium refunded to the policy holders and adjust with unearned premium reserve. Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies which coverage periods of longer than 1 year, related revenues are recorded as premium received in advance, and recognised as income over the coverage period.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts with the Company.

(b) Commission and brokerage fee income

Commission and brokerage fees from ceded premium are recognised as income over the period in which the related services are performed.

(c) Interest and dividend income

Interest income is recognised on an accrual basis based on the effective interest rate. Dividends are recognised when the right to receive the dividends is established.

- (d) Gains (loss) on investments
Gains (loss) on investments is recognised as income or expenses on the transaction date.
- (e) Interest on loans
Interest on loans is recognised on an accrual basis, based on the amount of principal outstanding.

6.2 Expenses Recognition

- (a) Ceded premium
Ceded premium is recognised as expenses when the insurance risk is transferred to another reinsurer.
- (b) Commission and brokerage fees expenses
Commissions and brokerages are expended when incurred
- (c) Claims and claims handling cost
Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance, and include the amounts of claims, related expenses, and loss adjustments of current and prior period incurred during the year, less residual value and others recoveries (if any) and claims refundable from reinsurers.
Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.
Claims and losses adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company.

6.3 Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash in hand and at banks, and all highly liquid investment with an original maturity of three months or less and not subject to withdrawal restrictions.

6.4 Premium Receivables and Allowance of Doubtful Accounts

Premium receivable from both direct and reinsurance is stated at its net realisable value. The Company set up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivable, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium receivable as at the end of reporting period.

6.5 Reinsurance Assets and due to Reinsurers

- (a) Reinsurance assets are stated at the outstanding balance of amount due from reinsurers, amounts deposit on reinsurance and insurance reserve refundable from reinsurers.
Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, excluding reinsurance premium receivable, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.
Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

- (b) Amounts due to reinsurers are stated at the outstanding balance payable from reinsurance and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance assets or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The entity has a legal right to offset amounts presented in the statements of financial position, and
- (2) The entity intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

6.6 Investments in Securities

- (a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in equity, and will be recorded in profit or loss when the securities are sold.
- (b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).
- (c) Investments in associates are accounted for in the financial statements in which the equity method is applied using the equity method (investments in associates are accounted for in the separate financial statements in which the cost method is applied using the cost method).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as surplus (deficit) from changes in the value of investments in equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

6.7 Loans and Allowance for Doubtful Accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of loans based on an evaluation of the current status of the debtors taking into consideration the recovery risk and the value of collateral.

6.8 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 30 years (over the period of lease). Depreciation of the investment properties is included in determining income.

6.9 Property, Buildings and Equipment and Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

- | | |
|---|---|
| - Buildings | - 20 years, 30 years (over the period of lease) |
| - Condominium | - 20 years |
| - Office furniture, fixture and equipment | - 3 years and 5 years |
| - Motor vehicles | - 5 years |

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

6.10 Intangible Assets and Amortisation

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of intangible assets with finite useful lives which are computer software are expected to generate economic benefit within 5 years and 10 years.

6.11 Related Party Transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

6.12 Loss Reserve and Outstanding Claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is not however, to exceed the sum-insured under the relevant policy.

The Company has allocated IBNR, which is calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the reporting date. The IBNR is calculated for both reported and not reported losses, and net of recorded claims. (2010: according to the actuarial method, but it is not to be less than 2.5 percent of the net premiums written for the previous 12 months).

6.13 Premium Reserve

Premium reserve consists of unearned premium reserve and unexpired risks reserve.

(a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

- | | |
|---|--|
| - Fire, marine and transportation (Hull) Motor and Miscellaneous | - Monthly average basis (the one-twenty fourth basis) |
| - Marine and transportation (Cargo) | - Net premium written for the last ninety days |
| - Traveling accident | - Net premium written for the last thirty days |

(b) Unexpired risks reserve

Unexpired risks reserve is the reserve for the claims that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

As at the end of reporting period, the Company compares the amounts of unexpired risks reserve with unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the different is recognised it as unexpired risks reserve in the financial statements.

6.14 Long-term Leases

Leases of vehicles which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

6.15 Foreign Currencies

Transactions in foreign currency are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

6.16 Impairment of Assets

At the end of each reporting period, the Company performs impairment reviews in respect of property, buildings and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

6.17 Employee Benefits

(a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

(b) Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, through an adjustment to the beginning balance of retained earnings in the current year.

6.18 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6.19 Income Tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

7. Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for Doubtful Accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of Equity Investments

The Company treats available-for-sale equity investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires the management judgment.

Property, Buildings and Equipment/Depreciation

In calculating depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible Assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Loss Reserve and Outstanding Claims

At the end of each reporting period, the Company has to estimate loss reserve and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). The ultimate cost of outstanding claims is established using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornheutter-Ferguson methods.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products.

Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

In this regard, the OIC has allowed reserves for loss that has been incurred but not reported (IBNR) to be calculated and certified by the management of companies that have received permission from the OIC.

Unexpired Risk Reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

Post-employment Benefits under Defined Benefit Plans

The obligation under the defined benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess the results of the litigation and believes that losses incurred will not exceed the recorded amounts as at the end of reporting period.

8. Cash and Cash Equivalents

(Baht'000)

| | 2011 | 2010 |
|---|-------------|-----------|
| Cash on hand | 1,572 | 1,652 |
| Deposits at banks with no fixed maturity date | 199,025 | 21,550 |
| Deposits at banks with fixed maturity date | 1,061,995 | 1,274,202 |
| Total | 1,262,592 | 1,297,404 |
| Short-term investment which amounts maturing within 3 months | 935,000 | 120,000 |
| Less: Deposits at banks which amounts maturing in over 3 months | (1,021,995) | (884,202) |
| Deposits at banks which subject to restrictions | (40,000) | (30,000) |
| Cash and cash equivalents | 1,135,597 | 503,202 |

As at December 31, 2011, fixed deposits of Baht 40 million (2010: Baht 30 million) have been pledged with a bank to secure bank overdraft facilities.

As at December 31, 2011, bank deposits in saving accounts, fixed deposits and short-term investments carried interests between 0.25 and 3.75 percent per annum (2010: between 0.25 and 2.25 percent per annum).

9. Premium Receivables

The balances as at December 31, 2011 and 2010 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Baht'000)

| | 2011 | | | |
|--------------------------------------|------------------|-----------------------------|---------------------|-----------|
| | Due from Insured | Due from Agents and Brokers | Due from Reinsurers | Total |
| Not yet due | 444,869 | 672,373 | 40,994 | 1,158,236 |
| Not over 30 days | 87,399 | 76,284 | 19,412 | 183,095 |
| Over 30 days to 60 days | 34,351 | 72,856 | 8,867 | 116,074 |
| Over 60 days to 90 days | 21,894 | 16,445 | 3,530 | 41,869 |
| Over 90 days to 1 year | 134,589 | 58,506 | 13,605 | 206,700 |
| Over 1 year | 16,610 | 19,982 | 1,005 | 37,597 |
| Total premium receivables | 739,712 | 916,446 | 87,413 | 1,743,571 |
| Less Allowance for doubtful accounts | (10,526) | (20,769) | (2,052) | (33,347) |
| Total premium receivables, net | 729,186 | 895,677 | 85,361 | 1,710,224 |

(Baht'000)

| | 2010 | | | |
|--------------------------------------|------------------|-----------------------------|---------------------|-----------|
| | Due from Insured | Due from Agents and Brokers | Due from Reinsurers | Total |
| Not yet due | 719,572 | 697,126 | 49,768 | 1,466,466 |
| Not over 30 days | 107,682 | 112,385 | 6,816 | 226,883 |
| Over 30 days to 60 days | 33,325 | 42,964 | 22,357 | 98,646 |
| Over 60 days to 90 days | 5,851 | 15,718 | 1,417 | 22,986 |
| Over 90 days to 1 year | 38,978 | 56,385 | 5,136 | 100,499 |
| Over 1 year | 6,613 | 22,448 | 922 | 29,983 |
| Total premium receivables | 912,021 | 947,026 | 86,416 | 1,945,463 |
| Less Allowance for doubtful accounts | (7,804) | (23,325) | (866) | (31,995) |
| Total premium receivables, net | 904,217 | 923,701 | 85,550 | 1,913,468 |

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

10. Reinsurance Assets

(Baht'000)

| | 2011 | 2010 |
|--|------------|-----------|
| Amounts deposit on reinsurance | 203,631 | 192,710 |
| Amounts due from reinsurers, net | 1,052,782 | 441,746 |
| Insurance reserve refundable from reinsurers | 21,857,236 | 4,739,471 |
| Reinsurance assets, net | 23,113,649 | 5,373,927 |

Insurance reserve refundable from reinsurers as at December 31, 2011 includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 19,119.94 million as described in Note 1.2 to the financial statements.

The balances as at December 31, 2011 and 2010 of amounts due from reinsurers are classified by aging as follows:

(Baht'000)

| | 2011 | 2010 |
|--|-----------|---------|
| Not over 12 months | 1,022,791 | 436,412 |
| Over 1 year to 2 years | 27,503 | 2,183 |
| Over 2 years | 3,985 | 4,648 |
| Total amounts due from reinsurers | 1,054,279 | 443,243 |
| Less Allowance for doubtful accounts | (1,497) | (1,497) |
| Total amounts due from reinsurers, net | 1,052,782 | 441,746 |

11. Investments in securities

11.1 Available-for-sale Investments

(Baht'000)

| | 2011 | | | | | 2010 | | | | |
|--|-----------|------------------|-------------------|------------|---|-----------|------------------|-------------------|------------|---|
| | Cost | Unrealised Gains | Unrealised Losses | Fair Value | Percentage of Investments to Total Assets | Cost | Unrealised Gains | Unrealised Losses | Fair Value | Percentage of Investments to Total Assets |
| Government and state enterprise securities | | | | | | | | | | |
| Thai government bonds | 2,105,886 | 10,240 | (1,037) | 2,115,089 | 4.07 | 1,277,227 | 4,800 | (2,208) | 1,279,819 | 4.07 |
| State enterprise bonds | 70,410 | 803 | (124) | 71,089 | 0.14 | 70,970 | 927 | (166) | 71,731 | 0.23 |
| Total | 2,176,296 | 11,043 | (1,161) | 2,186,178 | 4.21 | 1,348,197 | 5,727 | (2,374) | 1,351,550 | 4.30 |

(Baht'000)

| | 2011 | | | | | 2010 | | | | |
|--|-----------|---------------------|----------------------|---------------|---|-----------|---------------------|----------------------|---------------|---|
| | Cost | Unrealised Gains | Unrealised Losses | Fair Value | Percentage of Investments to Total Assets | Cost | Unrealised Gains | Unrealised Losses | Fair Value | Percentage of Investments to Total Assets |
| Private enterprises debt securities | | | | | | | | | | |
| Notes - bill of exchange | 265,000 | - | - | 265,000 | 0.51 | 404,705 | - | - | 404,705 | 1.29 |
| Debentures - convertible debentures | 380,005 | 1,028 | (214) | 380,819 | 0.73 | 130,035 | 663 | (181) | 130,517 | 0.42 |
| Equity securities | 3,733,996 | 12,268,148 | (47,539) | 15,954,605 | 30.73 | 3,890,931 | 10,763,402 | (66,705) | 14,587,628 | 46.45 |
| Unit trusts | 1,273,750 | 61,302 | (64,719) | 1,270,333 | 2.45 | 1,275,999 | 73,983 | (18,950) | 1,331,032 | 4.24 |
| Warrants | - | 1,206 | - | 1,206 | - | - | 4,855 | - | 4,855 | 0.02 |
| Total | 5,652,751 | 12,331,684 | (112,472) | 17,871,963 | 34.42 | 5,701,670 | 10,842,903 | (85,836) | 16,458,737 | 52.42 |
| Less Allowance for impairment | (27,113) | - | - | (27,113) | (0.05) | (27,113) | - | - | (27,113) | (0.09) |
| Total | 5,625,638 | 12,331,684 | (112,472) | 17,844,850 | 34.37 | 5,674,557 | 10,842,903 | (85,836) | 16,431,624 | 52.33 |
| Total available- for-sale investments | 7,801,934 | 12,342,727 | (113,633) | 20,031,028 | 38.58 | 7,022,754 | 10,848,630 | (88,210) | 17,783,174 | 56.63 |

11.2 Held-to-Maturity Investments

(Baht'000)

| | 2011 | | 2010 | |
|---|-------------------------|--|-------------------------|--|
| | Cost/ Amortised Cost | Percentage of Investments to Total Asset | Cost/ Amortised Cost | Percentage of Investments to Total Asset |
| Deposit at financial institutions which amounts maturing in due 3 months | | | | |
| Cash at banks | 1,061,994 | 2.05 | 914,202 | 2.91 |
| Total held-to-maturity investment | 1,061,994 | 2.05 | 914,202 | 2.91 |

11.3 Other Investments

(Baht'000)

| | 2011 | | 2010 | |
|--|----------|--|----------|--|
| | Cost | Percentage of Investments to Total Asset | Cost | Percentage of Investments to Total Asset |
| Investment in non-listed companies in Thailand | 398,420 | 0.76 | 397,653 | 1.27 |
| Investment in non-listed foreign company | 109,269 | 0.21 | 107,685 | 0.34 |
| Total | 507,689 | 0.97 | 505,338 | 1.61 |
| Less Allowance for Impairment | (74,748) | (0.14) | (66,413) | (0.21) |
| Other investment, net | 432,941 | 0.83 | 438,925 | 1.40 |

11.4 Maturity of Debt Securities

(Baht'000)

| | 2011 | | | | 2010 | | | |
|---|--------------------|------------------|----------------|------------------|--------------------|----------------|---------------|------------------|
| | Period to Maturity | | | Total | Period to Maturity | | | Total |
| | Within 1 year | 1 - 5 years | Over 5 years | | Within 1 year | 1 - 5 years | Over 5 years | |
| Available-for-sale investment | | | | | | | | |
| Government and state enterprise securities | | | | | | | | |
| Thai government bonds | 1,264,267 | 718,899 | 122,720 | 2,105,886 | 762,052 | 441,865 | 73,311 | 1,277,228 |
| State enterprise bonds | 20,410 | 50,000 | - | 70,410 | - | 70,970 | - | 70,970 |
| Total | 1,284,677 | 768,899 | 122,720 | 2,176,296 | 762,052 | 512,835 | 73,311 | 1,348,198 |
| Add (less) unrealised gain (loss) | 1,219 | 5,081 | 3,582 | 9,882 | (410) | 1,825 | 1,937 | 3,352 |
| Total | 1,285,896 | 773,980 | 126,302 | 2,186,178 | 761,642 | 514,660 | 75,248 | 1,351,550 |
| Private enterprises debt securities | | | | | | | | |
| Notes | 265,000 | - | - | 265,000 | 404,705 | - | - | 404,705 |
| Debentures - convertible debentures | 30,005 | 250,000 | 100,000 | 380,005 | 10,000 | 120,035 | - | 130,035 |
| Total | 295,005 | 250,000 | 100,000 | 645,005 | 414,705 | 120,035 | - | 534,740 |
| Add (less) unrealised gain (loss) | 12 | 1,015 | (214) | 813 | - | 482 | - | 482 |
| Less Allowance for impairment | (10,000) | - | - | (10,000) | (10,000) | - | - | (10,000) |
| Total | 285,017 | 251,015 | 99,786 | 635,818 | 404,705 | 120,517 | - | 525,222 |
| Total available-for-sale investments | 1,570,913 | 1,024,995 | 226,088 | 2,821,996 | 1,166,347 | 635,177 | 75,248 | 1,876,772 |
| Held-to-maturity investments | | | | | | | | |
| Deposit at banks | 1,061,994 | - | - | 1,061,994 | 914,202 | - | - | 914,202 |
| Total held-to-maturity investments | 1,061,994 | - | - | 1,061,994 | 914,202 | - | - | 914,202 |

As at December 31, 2011, government bond and state enterprise bond totaling Baht 56.0 million (2010: Baht 38.3 million) have been placed as a security in the normal course of business.

The Company pledged its securities with the Registrar as discussed in Notes 30 and 31 to the financial statements.

12. Loans and Accrued Interest

As at December 31, 2011, the balances of loans and accrued interest are aged by principal and accrued interest as follows:

(Baht'000)

| Outstanding Period | Collaterised Loans | | Other Loans | | Total | | |
|--------------------------------------|--------------------|------------------|-------------|------------------|-----------|------------------|-----------|
| | Principal | Accrued Interest | Principal | Accrued Interest | Principal | Accrued Interest | Total |
| Not yet due | 2,571,024 | 4,223 | 6,284 | - | 2,577,308 | 4,223 | 2,581,531 |
| Overdue | | | | | | | |
| Less than 3 months | 550 | 3 | - | - | 550 | 3 | 553 |
| Over 12 months | 1,084 | - | - | - | 1,084 | - | 1,084 |
| Total | 2,572,658 | 4,226 | 6,284 | - | 2,578,942 | 4,226 | 2,583,168 |
| Less Allowance for doubtful accounts | (172) | - | - | - | (172) | - | (172) |
| Loans and accrued interest - net | 2,572,486 | 4,226 | 6,284 | - | 2,578,770 | 4,226 | 2,582,996 |

As at December 31, 2010 the balances of loans and accrued interest are aged by principal and accrued interest as follows:

(Baht'000)

| Outstanding Period | Collaterised Loans | | Other Loans | | Total | | |
|--------------------------------------|--------------------|------------------|-------------|------------------|-----------|------------------|-----------|
| | Principal | Accrued Interest | Principal | Accrued Interest | Principal | Accrued Interest | Total |
| Not yet due | 2,774,033 | 1,378 | 7,012 | - | 2,781,045 | 1,378 | 2,782,423 |
| Overdue | | | | | | | |
| Less than 3 months | 32 | - | - | - | 32 | - | 32 |
| 3 - 6 months | 363 | 8 | - | - | 363 | 8 | 371 |
| Over 12 months | 2,580 | - | - | - | 2,580 | - | 2,580 |
| Total | 2,777,008 | 1,386 | 7,012 | - | 2,784,020 | 1,386 | 2,785,406 |
| Less Allowance for doubtful accounts | (258) | - | - | - | (258) | - | (258) |
| Loans and accrued interest - net | 2,776,750 | 1,386 | 7,012 | - | 2,783,762 | 1,386 | 2,785,148 |

Loans provided to employees are in accordance with employee's benefits plan under a credit line of Baht 300,000 or less for personal guarantee loans. In case of secured loans, the credit line is not to exceed 40 times the employee's salary. The interest rates for the loans charge at the rates of 4.00 percent per annum. As at December 31, 2011, loans to the Company's employees amounted to Baht 53.08 million (2010: Baht 48.95 million).

13. Investments in Associates

13.1 These represent investments in ordinary shares in the following associates.

| Company's Name | Nature of Business | Country of Incorporation | Shareholding Percentage Applied | | Financial Statements in which the Equity Method is Applied | | Financial Statements in which the Cost Method is Applied | |
|---|--------------------|--------------------------|---------------------------------|----------|--|-----------------|--|-----------------|
| | | | | | Carrying Amounts Based on Equity Method | | Cost | |
| | | | 2011 (%) | 2010 (%) | 2011 (Baht'000) | 2010 (Baht'000) | 2011 (Baht'000) | 2010 (Baht'000) |
| Asia Insurance (Cambodia) | Non-life insurance | Cambodia | 22.92 | 22.92 | 38,803 | 36,736 | 30,202 | 30,202 |
| Asian Insurance International (Holding) Limited | Holding Company | Bermuda | 41.70 | 41.70 | 92,899 | 88,828 | 72,054 | 72,054 |
| | | | | | 131,702 | 125,564 | 102,256 | 102,256 |

13.2 Share of income/loss and dividend received

(Baht'000)

| Company's Name | Financial Statements in which the Equity Method is Applied | | Financial Statements in which the Cost Method is Applied | |
|---|---|-------|--|------|
| | Share of Income/Loss from Investments in Associates during the Year | | Dividend Received during the Year | |
| | 2011 | 2010 | 2011 | 2010 |
| Asia Insurance (Cambodia) Plc. | 2,067 | 2,195 | - | - |
| Asian Insurance International (Holding) Limited | 4,071 | 4,336 | - | - |
| Total | 6,138 | 6,531 | - | - |

13.3 Summarised financial information of associates

(Baht : Million)

| Company's Name | Total Assets as at | | Total Liabilities as at | | Total Revenues for the | | Profit (Loss) for the | |
|--|--------------------|--------|-------------------------|-------|------------------------|-------|-----------------------|-------|
| | December 31 | | December 31 | | years ended | | years ended | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Asia Insurance (Cambodia) Plc. | 260.93 | 254.31 | 73.97 | 85.22 | 41.10 | 36.68 | 9.28 | 9.35 |
| Asian Insurance International (Holding) Limited | 226.83 | 206.46 | - | - | 2.06 | 0.06 | 9.81 | 10.44 |

As at December 31, 2011 and 2010, the values of the Company's investments in associates were determined under the equity method (in the financial statements in which the equity method is applied), based on the financial information provided by the associates' management. The information had not been audited/reviewed by external auditors.

The Company received 2010 financial statements of Asia Insurance (Cambodia) Plc. and Asian Insurance International (Holding) Limited which was audited by that associated company's auditor per his report dated March 31, 2011 and May 9, 2011, respectively. There was no significant difference from the financial information provided by the associates' management.

14. Investment Properties

The net book value of investment properties as at December 31, 2011 and 2010 is presented below.

(Baht'000)

| | |
|-------------------------------|-----------|
| As at December 31, 2011 | |
| Cost | 533,653 |
| Less Accumulated depreciation | (246,744) |
| Net book value | 286,909 |
| As at December 31, 2010 | |
| Cost | 533,653 |
| Less Accumulated depreciation | (224,353) |
| Net book value | 309,300 |

A reconciliation of the net book value of investment properties - office space for rent for the years 2011 and 2010 is presented below.

(Baht'000)

| | 2011 | 2010 |
|---|----------|----------|
| Net book value at the beginning of the year | 309,300 | 331,690 |
| Depreciation charged | (22,391) | (22,390) |
| Net book value at the end of the year | 286,909 | 309,300 |

The fair values of the above investment properties - office building for rent as at December 31, 2011 amounting to Baht 470.19 million have been determined based on valuations performed by an accredited independent valuer. The fair value of the office building for rent has been determined using the income approach. The main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

15. Property and Equipment

(Baht'000)

| | Land | Buildings | Condominium | Office Furniture, Fixture and Equipment | Motor Vehicles | Construction in Progress | Land and Building - Discontinued | Total |
|--------------------|---------|-----------|-------------|---|-------------------|-----------------------------|--|-----------|
| Cost | | | | | | | | |
| December 31, 2009 | 135,554 | 760,522 | 8,751 | 516,291 | 85,485 | 10,463 | 27,091 | 1,544,157 |
| Additions | 1,350 | - | - | 28,521 | 21,460 | 22,655 | - | 73,986 |
| Disposals | - | - | - | (4,037) | (23,923) | - | - | (27,960) |
| Adjustment | - | 5,435 | - | (5,435) | 17 | - | - | 17 |
| Transfers in/(out) | - | - | - | 5,323 | - | (5,323) | - | - |
| December 31, 2010 | 136,904 | 765,957 | 8,751 | 540,663 | 83,039 | 27,795 | 27,091 | 1,590,200 |
| Additions | 4,227 | 3,036 | - | 65,173 | 33,296 | 40,345 | - | 146,077 |
| Disposals | - | - | - | (5,385) | (17,858) | - | - | (23,243) |
| Transfers in/(out) | - | - | - | 26,079 | - | (26,079) | - | - |
| December 31, 2011 | 141,131 | 768,993 | 8,751 | 626,530 | 98,477 | 42,061 | 27,091 | 1,713,034 |

(Baht'000)

| | Land | Buildings | Condominium | Office Furniture, Fixture and Equipment | Motor Vehicles | Construction in Progress | Land and Building - Discontinued | Total |
|--------------------------------------|---------|-----------|-------------|---|-------------------|-----------------------------|--|----------|
| Accumulated Depreciation | | | | | | | | |
| December 31, 2009 | - | 307,083 | 6,978 | 400,247 | 51,159 | - | 5,540 | 771,007 |
| Depreciation for the disposals | - | - | - | (3,935) | (23,398) | - | - | (27,333) |
| Adjustment | - | 1,698 | - | (1,698) | - | - | - | - |
| Depreciation for the year | - | 33,734 | 436 | 50,521 | 11,925 | - | 334 | 96,950 |
| December 31, 2010 | - | 342,515 | 7,414 | 445,135 | 39,686 | - | 5,874 | 840,624 |
| Depreciation on disposals | - | - | - | (5,305) | (17,400) | - | - | (22,705) |
| Depreciation for the year | - | 34,358 | 299 | 45,835 | 14,805 | - | 335 | 95,632 |
| December 31, 2011 | - | 376,873 | 7,713 | 485,665 | 37,091 | - | 6,209 | 913,551 |
| Net Book Value | | | | | | | | |
| December 31, 2010 | 136,904 | 423,442 | 1,337 | 95,528 | 43,353 | 27,795 | 21,217 | 749,576 |
| December 31, 2011 | 141,131 | 392,120 | 1,038 | 140,865 | 61,386 | 42,061 | 20,882 | 799,483 |
| Depreciation for the Year | | | | | | | | |
| 2010 | | | | | | | | 96,950 |
| 2011 | | | | | | | | 95,632 |

As at December 31, 2011, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 404.01 million (2010: Baht 374.07 million).

As at December 31, 2011, the Company had vehicles under finance lease agreements with net book values amounting to Baht 72.3 million (2010: Baht 35 million).

16. Intangible Assets

(Baht'000)

| | Computer Software | Computer Software under Development | Total |
|--------------------------------------|-------------------|-------------------------------------|---------|
| Cost | | | |
| December 31, 2009 | 177,736 | 12,400 | 190,136 |
| Addition | 7,175 | 1,580 | 8,755 |
| Adjust | - | (2,098) | (2,098) |
| Transfer in (out) | 9,402 | (9,402) | - |
| December 31, 2010 | 194,313 | 2,480 | 196,793 |
| Addition | 8,410 | 624 | 9,034 |
| Transfer in (out) | 1,080 | (1,080) | - |
| December 31, 2011 | 203,803 | 2,024 | 205,827 |
| Accumulated Amortisation | | | |
| December 31, 2009 | 68,172 | - | 68,172 |
| Amortisation | 15,135 | - | 15,135 |
| December 31, 2010 | 83,307 | - | 83,307 |
| Amortisation | 16,477 | - | 16,477 |
| December 31, 2011 | 99,784 | - | 99,784 |
| Allowance for Impairment Loss | | | |
| December 31, 2009 | 24,982 | - | 24,982 |
| Increase during the year | - | - | - |
| December 31, 2010 | 24,982 | - | 24,982 |
| Increase during the year | - | - | - |
| December 31, 2011 | 24,982 | - | 24,982 |
| Net Book Value | | | |
| December 31, 2010 | 86,024 | 2,480 | 88,504 |
| December 31, 2011 | 79,037 | 2,024 | 81,061 |
| Amortisation for the Year | | | |
| 2010 | | | 15,135 |
| 2011 | | | 16,477 |

17. Due to Reinsurers

(Baht'000)

| | 2011 | 2010 |
|---------------------------------|-----------|-----------|
| Outward premium payables | 602,626 | 825,016 |
| Amounts withheld on reinsurance | 537,550 | 476,763 |
| Others reinsurance payables | 59,326 | 100,281 |
| Total due to reinsurers | 1,199,502 | 1,402,060 |

18. Loss Reserves and Outstanding Claims

(Baht'000)

| | 2011 | 2010 |
|--|-------------|-------------|
| Beginning balance | 4,738,711 | 2,306,811 |
| Claims and loss adjustment expenses for the year | 27,198,098 | 5,907,542 |
| Claims and loss adjustment expenses paid during the year | (7,189,601) | (3,475,642) |
| Ending balance | 24,747,208 | 4,738,711 |

As at December 31, 2011 and 2010, the Company, which is a reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 1,670.36 million and Baht 184.11 million, respectively.

Loss reserves and outstanding claims as at December 31, 2011 includes loss reserves and outstanding claims from flooding claim amounting to Baht 21,283.41 million as discussed in Note 1.2 to the financial statements.

19. Premium Reserve

19.1 Unearned premium reserve

(Baht'000)

| | 2011 | 2010 |
|-------------------------------------|--------------|-------------|
| Beginning balance | 5,358,997 | 4,401,680 |
| Premium written for the year | 11,104,916 | 10,555,676 |
| Premium earned for the current year | (11,412,869) | (9,598,359) |
| Ending balance | 5,051,044 | 5,358,997 |

As at December 31, 2011, the retained earnings of the Company excluded Baht 265.02 million (2010: Baht 574.79 million) of additional unearned premium reserves which the Company should set aside for the premium ceded to a foreign reinsurer, in compliance with the regulations of the Office of Insurance Commission. With reference to the opinion expressed by the Federation of Accounting Professions (FAP) in a letter dated August 7, 2006, the FAP opined that since non-life insurance companies have transferred their risks from insurance to the reinsurers and no longer have commitments in respect of debt settlement, therefore no unearned premium reserve is recorded as liability in the financial statements.

19.2 Unexpired risk reserve

(Baht'000)

| | 2011 | 2010 |
|---------------------------------|-------------|-------------|
| Beginning balance | 3,363,594 | 2,724,208 |
| Estimated claims for the period | 1,288,678 | 1,874,831 |
| Risk expired during the period | (1,751,268) | (1,235,444) |
| Ending balance | 2,901,004 | 3,363,595 |

20. Employee Benefit Obligations

(Baht'000)

| | 2011 | 2010 |
|------------------------------|---------|---------|
| Short-term employee benefit | 105,114 | 144,874 |
| Long-term employee benefit | 195,163 | - |
| Employee benefit obligations | 300,277 | 144,874 |

Provision for long-term employee benefits as at December 31, 2011, which is compensations on employee retirement, was as follow:

(Baht'000)

| | 2011 |
|--|---------|
| The cumulative effect of the changes in the accounting policy of employee benefit through an adjustment to the beginning balance of retained earnings (Note 5) | 172,704 |
| Current service cost | 17,966 |
| Interest cost | 6,908 |
| Benefits paid during the year | (1,928) |
| Actuarial losses | (487) |
| Balance at end of year | 195,163 |

Long-term benefit expense included in the profit or loss the years ended 31 December 2011 consist of:

(Baht'000)

| | 2011 |
|--------------------------------|--------|
| Current service cost | 17,966 |
| Interest cost | 6,908 |
| Actuarial losses | (487) |
| Long-term benefit expense, net | 24,387 |

The main assumption which used for calculation the defined benefit plan was summarised below:

| | |
|-----------------------------------|---------|
| Discount rate | 4.0% |
| Average of salary increasing rate | 5.5% |
| Employee turnover rate | 1 - 17% |

21. Liabilities Under Finance Lease Agreements

(Baht'000)

| | 2011 | 2010 |
|--|----------|---------|
| Liabilities under finance lease agreements | 64,092 | 39,279 |
| Less Deferred interest expenses | (7,133) | (4,462) |
| Total | 56,959 | 34,817 |
| Less Portion due within 1 year | (12,832) | (7,512) |
| Liabilities under finance lease agreements, net of current portion | 44,127 | 27,305 |

As at December 31, 2011, the Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 5 years.

As at December 31, 2011, Future minimum lease payments required under the finance lease agreements were as follows:

(Baht: Million)

| | within 1 year | 1-5 years | Total |
|--|---------------|-----------|--------|
| Future minimum lease payments | 15.71 | 48.38 | 64.09 |
| Deferred interest expenses | (2.88) | (4.25) | (7.13) |
| Present value of future minimum lease payments | 12.83 | 44.13 | 56.96 |

22. Dividend Paid

Dividend declared during the years 2011 and 2010 consist of the following:

| | Approved by | Total Dividend (Million Baht) | Dividend per Share (Baht) |
|---|---|-------------------------------|---------------------------|
| The third interim dividend for 2011 | Meeting of Board of Directors 4/11 on November 11, 2011 | 209.07 | 2.75 |
| The second interim dividend for 2011 | Meeting of Board of Directors 3/11 on August 15, 2011 | 209.13 | 2.75 |
| The first interim dividend for 2011 | Meeting of Board of Directors 2/11 on May 13, 2011 | 209.13 | 2.75 |
| Final dividend for 2010 | Annual General Meeting of the Shareholders No. 18 on April 22, 2011 | 285.20 | 3.75 |
| Total dividend for the year 2011 | | 912.53 | 12.00 |

| | | Approved by | Total Dividend (Million Baht) | Dividend per Share (Baht) |
|---|---|-------------|----------------------------------|------------------------------|
| The third interim dividend for 2010 | Meeting of Board of Directors 4/10 on November 12, 2010 | | 209.14 | 2.75 |
| The second interim dividend for 2010 | Meeting of Board of Directors 3/10 on August 11, 2010 | | 209.13 | 2.75 |
| The first interim dividend for 2010 | Meeting of Board of Directors 2/10 on May 14, 2010 | | 209.13 | 2.75 |
| Final dividend for 2009 | Annual General Meeting of the Shareholders No. 17 on April 23, 2010 | | 190.13 | 3.75 |
| Total dividend for the year 2010 | | | 817.53 | 12.00 |

23. Stock Dividend

On April 23, 2010, the Annual General Meeting No. 17 of the Company's shareholders resolved to allocate Baht 253.5 million of the retained earnings as the Company's registered capital by issuing 25.35 million ordinary shares for payment of stock dividend once the increase in share capital has been registered at the ratio of 2 existing shares per 1 stock dividends, at a price of Baht 10 per share (par value Baht 10 per share). Shareholders with fraction of shares remaining from the calculation of stock dividend will receive a cash dividend of Baht 5 per share. The total unallocated stock dividend shall be offered to sell to "The registered provident fund of Bangkok Insurance and Life" at Baht 10 per share.

24. Statutory Reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2010, the Company allocated its net income totaling Baht 25.35 million as statutory reserve due to the stock dividend as discuss in Note 23. Baht 76.05 million or 10% of its share capital.

25. Underwriting Information Reported by Insurance Categories

Underwriting information classified by insurance categories for the year ended December 31, 2011 is as follows:

(Baht'000)

| | Fire | Marine | Motor | Personal Accident | Miscellaneous | Total |
|---------------------------------------|------------------|----------------|------------------|----------------------|------------------|------------------|
| Underwriting Income | | | | | | |
| Premium Written | 1,519,647 | 508,289 | 4,325,011 | 1,078,058 | 3,673,911 | 11,104,916 |
| Less Premium Ceded | 426,342 | 224,474 | 158,604 | 53,626 | 2,587,466 | 3,450,512 |
| Net Premium Written | 1,093,305 | 283,815 | 4,166,407 | 1,024,432 | 1,086,445 | 7,654,404 |
| Unearned Premium Reserve | (28,918) | (17,177) | (219,763) | 9,099 | (52,988) | (309,747) |
| Earned Premium | 1,064,387 | 266,638 | 3,946,644 | 1,033,531 | 1,033,457 | 7,344,657 |
| Fee and Commission Income | 143,458 | 68,508 | 42,631 | 12,163 | 393,266 | 660,026 |
| Total Underwriting Income | 1,207,845 | 335,146 | 3,989,275 | 1,045,694 | 1,426,723 | 8,004,683 |
| Underwriting Expenses | | | | | | |
| Losses and | | | | | | |
| Losses Adjustment Expenses | 1,860,203 | 103,986 | 2,575,929 | 531,926 | 754,281 | 5,826,325 |
| Commission and Brokerage Expenses | 430,457 | 92,320 | 639,674 | 161,384 | 354,854 | 1,678,689 |
| Other Underwriting Expenses | 130,295 | 33,428 | 354,990 | 198,159 | 240,223 | 957,095 |
| Contribution to Road | | | | | | |
| Accident Victims Protection Co., Ltd. | - | - | 24,715 | - | - | 24,715 |
| Operating Expenses | 89,406 | 22,397 | 331,509 | 86,814 | 86,808 | 616,934 |
| Total Underwriting Expenses | 2,510,361 | 252,131 | 3,926,817 | 978,283 | 1,436,166 | 9,103,758 |

Underwriting information classified by insurance categories for the year ended December 31, 2010 is as follows:

(Baht'000)

| | Fire | Marine | Motor | Personal Accident | Miscellaneous | Total |
|---------------------------------------|------------------|----------------|------------------|----------------------|------------------|------------------|
| Underwriting Income | | | | | | |
| Premium Written | 1,441,798 | 456,884 | 3,893,458 | 914,772 | 3,848,764 | 10,555,676 |
| Less Premium Ceded | 377,957 | 208,142 | 124,777 | 54,627 | 2,930,645 | 3,696,148 |
| Net Premium Written | 1,063,841 | 248,742 | 3,768,681 | 860,145 | 918,119 | 6,859,528 |
| Unearned Premium Reserve | 65,610 | (1,549) | (324,277) | (57,052) | (57,312) | (374,580) |
| Earned Premium | 1,129,451 | 247,193 | 3,444,404 | 803,093 | 860,807 | 6,484,948 |
| Fee and Commission Income | 178,435 | 71,943 | 42,043 | 12,563 | 371,670 | 676,654 |
| Total Underwriting Income | 1,307,886 | 319,136 | 3,486,447 | 815,656 | 1,232,477 | 7,161,602 |
| Underwriting Expenses | | | | | | |
| Losses and | | | | | | |
| Losses Adjustment Expenses | 375,428 | 86,384 | 1,969,053 | 377,609 | 623,501 | 3,431,975 |
| Commission and Brokerage Expenses | 430,149 | 81,075 | 574,250 | 143,396 | 304,518 | 1,533,388 |
| Other Underwriting Expenses | 135,211 | 29,945 | 310,038 | 258,698 | 141,928 | 875,820 |
| Contribution to Road | | | | | | |
| Accident Victims Protection Co., Ltd. | - | - | 22,990 | - | - | 22,990 |
| Operating Expenses | 102,960 | 22,534 | 313,989 | 73,209 | 78,469 | 591,161 |
| Total Underwriting Expenses | 1,043,748 | 219,938 | 3,190,320 | 852,912 | 1,148,416 | 6,455,334 |

26. Operating Expenses

(Baht'000)

| | 2011 | 2010 |
|---|----------------|----------------|
| Personal Expenses which are not Expenses for Underwriting and Claims | 290,143 | 270,095 |
| Premises and Equipment Expenses which is not Expense for Underwriting | 140,450 | 137,723 |
| Taxes and Duties | 646 | 651 |
| Bad Debts and Doubtful Accounts | 1,237 | 3,132 |
| Other Operating Expenses | 184,458 | 179,560 |
| Total Operating Expenses | 616,934 | 591,161 |

27. Employee Expenses

(Baht'000)

| | 2011 | 2010 |
|--------------------------------|---------|---------|
| Salary and Wages | 684,858 | 658,516 |
| Social Security Fund | 10,506 | 9,803 |
| Contribution to Provident Fund | 37,608 | 34,975 |
| Defined Benefit Plans | 24,387 | - |
| Total Employee Expenses | 757,359 | 703,294 |

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Company on a monthly basis, at rates ranging from 5% to 10% of the employees' basic salaries, based on the length of employment. The fund is managed by a fund manager which has been approved by the Ministry of Finance. During the year 2011, the Company contributed approximately Baht 38 million (2010: Baht 35 million) to the Fund.

28. Basic Earnings Per Share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

29. Related Party Transactions

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationship between the Company and its related parties are summarised below:

| Name of Related Parties | Type of Business | Relationship with the Company |
|-----------------------------------|----------------------------|---|
| Bangkok Bank Pcl. | Banking | Related by way of common directors and shareholding |
| Charoong Thai Wire and Cable Pcl. | Electrical Products | Related by way of common directors and shareholding |
| Furukawa Metal (Thailand) Pcl. | Electrical Products | Related by way of common directors and shareholding |
| Thai Reinsurance Pcl. | Reinsurance | Related by way of common directors and shareholding |
| Bumrungrad Hospital Pcl. | Health Care Services | Related by way of common directors and shareholding |
| Bangkok Life Assurance Pcl. | Life Insurance | Related by way of common directors and shareholding |
| Bangkok Glass Co., Ltd. | Packaging | Related by way of common directors and shareholding |
| Sorachai Vivatn Co., Ltd. | Property Development | Related by way of common directors and shareholding |
| EMCS Thai Co., Ltd. | Professional Services | Related by way of common directors and shareholding |
| Bang Pa - In Goff Co., Ltd. | Entertainment & Recreation | Related by way of common directors and shareholding |
| Thai Insurers Datanet Co., Ltd. | Professional Services | Related by way of common directors and shareholding |
| Thai Metal Processing Co., Ltd. | Electronic Parts | Related by way of common directors and shareholding |

| Name of Related Parties | Type of Business | Relationship with the Company |
|---|--------------------|---|
| Thai Orix Leasing Co., Ltd. | Finance | Related by way of common directors and shareholding |
| AIOI Bangkok Insurance Co., Ltd. | Non-life Insurance | Related by way of shareholding |
| Asia Insurance (Investments) Limited | Holding Company | Related by way of shareholding |
| Asia Insurance (Cambodia) Plc. | Non-life Insurance | Associate |
| Asian Insurance International (Holding) Limited | Holding Company | Associate |
| Bualuang Securities Pcl. | Securities | Subsidiary of the major shareholder of the Company |

During the years, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties are as follows:

(Baht'000)

| | 2011 | 2010 | Pricing Policy |
|--|---------|---------|---|
| Transactions with Related Companies | | | |
| Premium Written | 227,631 | 170,036 | Normal commercial terms for underwriting |
| Interest Income | 30,314 | 15,247 | Same as financial institutions and related companies offer to other customers |
| Dividend Income | 391,189 | 331,908 | The declared amount |
| Premium Ceded | 271,763 | 255,938 | Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract |
| Rental Income | 837 | 837 | Same offer to other customers |
| Lended Securities Income | 675 | 36 | Same as financial institutions and related companies offer to other customers |

The Company had the following significant balances of assets and liabilities with its related companies.

(Baht'000)

| | 2011 | | 2010 | |
|--|-----------|------------|-----------|------------|
| | Cost | Fair Value | Cost | Fair Value |
| Transactions with Related Companies | | | | |
| Investments in Listed Stocks (Note 11) | 2,734,264 | 13,704,567 | 2,372,445 | 10,888,423 |

(Baht'000)

| | 2011 | 2010 |
|--|-----------|---------|
| Transactions with Related Companies | | |
| Investments in non-listed stocks (Note 11) | 222,099 | 248,359 |
| Investments in notes (Note 11) | 320,000 | 150,000 |
| Deposits at financial institution (Note 8) | 1,086,388 | 888,865 |
| Premium due and uncollected (Note 9) | 42,695 | 22,433 |
| Amount deposit from reinsurance (Note 10) | 13,110 | 10,425 |
| Amount due from reinsurance (Note 10) | 171,114 | 244,774 |
| Outward premium payables (Note 18) | 102,243 | 119,934 |
| Amounts withheld on reinsurance treaties (Note 18) | 86,726 | 78,183 |
| Others reinsurance payables (Note 18) | 31,244 | 233,622 |
| Loss reserves and outstanding claims (Note 19) | 3,534 | 502 |
| Liabilities under finance lease agreements (Note 21) | 8,927 | - |
| Deposit and golf club membership (including in other assets) | 94,087 | 94,441 |

Directors and Management's Benefits

During the year ended December 31, 2011 and 2010, the Company had employee benefit expenses payable to their directors and management as below.

(Baht : Million)

| | 2011 | 2010 |
|------------------------------|-------|-------|
| Short-term employee benefits | 72.11 | 65.38 |
| Long-term employee benefits | 6.23 | 3.50 |
| Total | 78.34 | 68.88 |

30. Assets Pledged with Registrar

As at December 31, 2011 and 2010, the following assets have been pledged with the Registrar in accordance with the Non-Life Insurance Act.

(Baht : Million)

| | 2011 | | 2010 | |
|-----------------------------|------|------------|------|------------|
| | Cost | Fair value | Cost | Fair value |
| State enterprise securities | 14.0 | 14.0 | 14.0 | 14.0 |

31. Assets Reserve with Registrar

As at December 31, 2011 and 2010, the following assets have been pledged as policy reserve with the Registrar in accordance with the Non-Life Insurance Act.

(Baht : Million)

| | 2011 | | 2010 | |
|-------------------|-------|------------|-------|------------|
| | Cost | Fair value | Cost | Fair value |
| Equity securities | 32.6 | 135.7 | 34.6 | 138.9 |
| Government bond | 855.0 | 861.4 | 578.9 | 581.3 |
| Debenture | 40.0 | 40.3 | 40.0 | 40.7 |
| Total | 927.6 | 1,037.4 | 653.5 | 760.9 |

32. Contribution to Non-Life Guarantee Fund

(Baht'000)

| | 2011 | 2010 |
|--|--------|--------|
| Non-Life guarantee fund at the beginning of the year | 30,346 | 13,314 |
| Contribution during the year | 22,841 | 17,032 |
| Non-Life guarantee fund at the end of the year | 53,187 | 30,346 |

33. Operating Lease Commitment

The Company has entered into several lease agreements in respect of the lease of land and office building space. The terms of the agreements are 30 years and 1 year for land and office building space, respectively.

As at December 31, 2011 and 2010, future minimum lease payments required under those non-cancellable operating lease contracts were as follows.

(Baht : Million)

| | 2011 | 2010 |
|----------------------------------|------|------|
| Within 1 year | 19 | 19 |
| Over 1 year and not over 5 years | 84 | 81 |
| Over 5 years | 175 | 197 |

34. Bank Guarantee

As at December 31, 2011, there were outstanding bank guarantees of Baht 16.3 million (2010: Baht 6.6 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

35. Lawsuit

As at December 31, 2011, the Company has been sued for damaged totaling approximately Baht 2,242.5 million (2010: Baht 2,298.8 million) as insurer. The total maximum sum insured per the relevant policies is Baht 510.0 million (2010: Baht 886.3 million). The outcomes of these causes have not yet been finalised but the Company has set aside reserves for its contingent losses amounting to approximately Baht 134.7 million (2010: Baht 250.4 million).

36. Financial Information by Segment

The Company's operations involve a single industry segment in non-life insurance and are carried on in the single geographic area in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

37. Financial Instruments

37.1 Financial Risk Management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, premiums receivable, reinsurance assets, due to reinsurers, investments and loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit Risk

Concentrations of the credit risk with respect to premium receivables and reinsurance assets are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand.

Concentrations of the credit risk with respect to secured loans are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand. In addition the values of the securities placed as collateral are adequate for the Company to receive complete payment of debt and the ratio of loans to collateral values is in accordance with the notification of the OIC.

The maximum exposure to credit risk is limited to the book value of assets after deduction of allowance for doubtful debts as stated in the statements of financial position.

Interest Rate Risk

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions and investments in securities.

The Company's exposure to interest rate risk relates to loans is low because most of loans bear floating interest rate. Whenever market rate is significantly higher than the rate in loans' agreement, the Company can adjust the interest without deniable by borrower according to the defined criteria in loan agreement between the Company and borrower for loans which bear fixed interest rate.

As at December 31, 2011 financial assets classified by type of interest rate are summarised in the table below:

(Baht'000)

| | Balance as at December 31, 2011 | |
|---|---------------------------------|---------------------|
| | Floating Interest Rate | Fixed Interest Rate |
| Cash equivalent | 65,189 | 1,068,836 |
| Investments in securities | | |
| Government and state enterprise securities, net | - | 2,186,178 |
| Private enterprise debt securities | - | 635,819 |
| Deposits at banks | - | 1,061,994 |
| Loans, net | 2,578,770 | - |
| Total | 2,643,959 | 4,952,827 |

As at December 31, 2011, the financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date as follow:

(Baht'000)

| | Within 1 year | 1 - 5 years | Over 5 years | Total | Average Interest Rates (% per annum) |
|---|---------------|-------------|--------------|-----------|--------------------------------------|
| Cash equivalent | 1,068,836 | - | - | 1,068,836 | 2.75 - 3.35 |
| Government and state enterprise securities, net | 1,285,896 | 773,979 | 126,303 | 2,186,178 | 2.10 - 5.30 |
| Private enterprise debt securities | 285,018 | 251,015 | 99,786 | 635,819 | 3.13 - 4.60 |
| Deposits at banks | 1,061,994 | - | - | 1,061,994 | 1.38 - 3.75 |
| Total | 3,701,744 | 1,024,994 | 226,089 | 4,952,827 | |

Foreign Currency Risk

The Company's exposure to foreign currency risk arises mainly from foreign currency denominated underwriting, reinsurance with foreign reinsurers and investments in foreign associates that are denominated in foreign currencies. The Company does not utilise forward foreign currency contracts to mitigate its exposure to foreign currency risk.

As at December 31, 2011, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

| Foreign Currency | Financial Assets (Million) | Financial Liabilities (Million) | Average Exchange Rate As at December 31, 2011 (Baht per 1 foreign currency unit) |
|-------------------|----------------------------|---------------------------------|--|
| US dollar | 14.7 | 10.9 | 31.642 |
| Philippines pesos | 1.0 | - | 0.716 |
| Japanese yen | 2.5 | - | 0.407 |
| HK dollar | 1.4 | - | 4.071 |
| Indonesia rupiahs | 1,009.4 | - | 0.003 |

37.2 Fair Value

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by depending on the nature of the instrument.

The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique if the appropriate market price cannot be determined, depending on the nature of the instrument.

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments.

- Investments in securities

The fair values of equity securities and debt securities are based on their quoted market prices. The fair value of other securities and investments in associates cannot be properly calculated, and therefore no disclosure is made.

The fair value of deposits at financial institutions, and notes with maturity periods of less than 90 days is based on their carrying value. For those with maturity periods longer than 90 days, fair value is estimated using a discounted cash flow analysis based on the current interest rate and the remaining period to maturity.

- Secured loans

For floating interest rate loans with no significant credit risk, fair value is based on carrying value. The fair value of fixed interest rate loans is estimated using a discounted cash flow analysis based on the current interest rate.

38. Capital Management

The primary objectives of the Company's capital management are to ensure that it has an appropriate financial structure, preserves the ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the Office of Insurance Commission.

Nevertheless, the OIC have announced a measure to relax the risk-based capital requirements for losses arising from the floods, for a period of 15 months from 31 December 2011 to March 31, 2013.

39. Reclassification

To comply with the Notification of the Office of Insurance Commission as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3 and 5 certain amounts in the financial statements for the year ended December 31, 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported equity.

40. Approval of Financial Statements

These financial statements were authorised for issue by the Company's Executive Director on February 23, 2012.

THE COMPANY'S FINANCIAL STATUS

Assets

As at December 31, 2011, the Company's total assets amounted to Baht 51,925.3 million, a rise of Baht 20,526.4 million, or 65.4 percent, over 2010. Significant components of the assets are described below.

- Net assets from reinsurance totaled Baht 23,113.7 million, a rise of Baht 17,739.7 million, or 330.1 percent, over 2010.
- Investments in securities rose by Baht 2,241.9 million, or 12.3 percent, to Baht 20,464.0 million, compared to 2010.
- Deposits at financial institutions (overdue for 3 months and over) increased by Baht 147.8 million, or 16.2 percent, to Baht 1,062.0 million, over 2010.
- Loans dropped by Baht 205.0 million, or 7.4 percent, to Baht 2,578.8 million, compared to 2010.
- Cash and cash equivalents amounted to Baht 1,135.6 million, representing an increase of Baht 632.4 million, or 125.7 percent, over 2010.
- Premium due and uncollected declined by Baht 203.3 million, or 10.6 percent, to Baht 1,710.2 million, compared to 2010.
- Property, premises and equipment, including real estate for net investments, rose by Baht 27.5 million, or 2.6 percent, to Baht 1,086.4 million, over 2010.

Liabilities

The Company's total liabilities at 2011 year-end rose by Baht 20,091.0 million, or 148.2 percent, to Baht 33,649.1 million, compared to 2010. Significant elements of liabilities include the following:

- Loss reserve and outstanding claims increased by Baht 20,008.5 million, or 422.2 percent, to Baht 24,747.2 million, over 2010.
- Premium reserve dropped by Baht 308.0 million, or 5.8 percent, to Baht 5,051.1 million, compared to 2010.
- Reinsurance company creditors declined by Baht 202.6 million, or 14.5 percent, to Baht 1,199.5 million, over 2010.
- Premium received in advance rose by Baht 78.7 million, or 8.8 percent, to Baht 968.8 million, compared to 2010.

Owners' Equity

The Company's owners' equity at 2011 year-end increased by Baht 435.5 million, or 2.4 percent, to Baht 18,276.2 million, over 2010. Important components of the owners' equity are listed below.

- Retained earning not allocated amounted to Baht 668.1 million, a decline of Baht 1,033.2 million, or 60.7 percent, compared to 2010.
- Net income for 2011 dropped by Baht 1,180.3 million, or 95.8 percent, to Baht 52.0 million, over 2010.
- Dividend paid for 2011 totaled Baht 912.5 million (Baht 12 per share).
- Other components of owners' equity (a surplus on valuation of investments in securities for sale) rose by Baht 1,468.7 million, or 13.6 percent, to Baht 12,229.1 million, compared to 2010.

Assets Quality

Debtors (Premium due and uncollected)

As at December 31, 2011, premium due and uncollected had declined by Baht 203.3 million, or 10.6 percent, to Baht 1,710.2 million, over 2010. They can be classified by aging as follows:

(Baht : million)

| Overdue | 2011 | | | | 2010 | | | |
|--------------------------------------|------------------|---------------------|------------------|---------|------------------|---------------------|------------------|---------|
| | From the Insured | From Agent & Broker | From Reinsurance | Total | From the Insured | From Agent & Broker | From Reinsurance | Total |
| Not Due | 444.8 | 672.4 | 41.0 | 1,158.2 | 719.5 | 697.1 | 49.8 | 1,466.4 |
| Under 30 days | 87.4 | 76.3 | 19.4 | 183.1 | 107.7 | 112.4 | 6.8 | 226.9 |
| 30 days - 60 days | 34.4 | 72.8 | 8.9 | 116.1 | 33.3 | 43.0 | 22.3 | 98.6 |
| 60 days - 90 days | 21.9 | 16.4 | 3.5 | 41.8 | 5.9 | 15.7 | 1.4 | 23.0 |
| 90 days - 1 year | 134.6 | 58.5 | 13.6 | 206.7 | 39.0 | 56.4 | 5.1 | 100.5 |
| Over 1 year | 16.6 | 20.0 | 1.0 | 37.6 | 6.6 | 22.4 | 1.0 | 30.0 |
| Total Overdue | 739.7 | 916.4 | 87.4 | 1,743.5 | 912.0 | 947.0 | 86.4 | 1,945.4 |
| Less Allowance for Doubtful Accounts | (10.5) | (20.8) | (2.0) | (33.3) | (7.8) | (23.3) | (0.9) | (32.0) |
| Premium Due and Uncollected - Net | 729.2 | 895.6 | 85.4 | 1,710.2 | 904.2 | 923.7 | 85.5 | 1,913.4 |

Debtors, within a grace period and overdue less than 30 days, for premium due and uncollected amounted to Baht 1,341.3 million, representing 76.9 percent of the uncollected total premium of Baht 1,743.5 million. Most of them were within a grace period offered by the Company. Nonetheless, the Company has constantly developed an efficient debt management procedure, premium collections and debt follow-up.

For the premiums expected to be bad debts, the Company has provided an allowance for doubtful accounts, in accordance with the Company's announcement of its policy on allowance allotment for doubtful accounts, which is deemed adequate for the risk of being unable to collect these debts.

Loans

As at December 31, 2011, the Company's total loans diminished by Baht 205.0 million, or 7.4 percent, to Baht 2,578.8 million. They were mortgage loans or those having a person as collateral security. Out of the Company's total loan amount, Baht 303.2 million, or 11.8 percent, was housing loans, while the remaining Baht 2,275.6 million, or 88.2 percent, was loans extended to real estate developers and other industrial entrepreneurs.

With respect to these mortgage loans, the collateral security evaluation, loan amount limit, contract period, conditions for interest payment on an installment basis, and the principal return were in compliance with the requirements of the laws and regulations concerned. In addition, the value of collateral security for mortgaged loans must be absolutely sufficient for debt payment.

Debtors of mortgage loans can be classified by aging as follows:

(Baht : million)

| Outstanding Period | 2011 | | 2010 | |
|---|-----------|----------|-----------|----------|
| | Principal | Interest | Principal | Interest |
| Current | 2,571.0 | 4.2 | 2,774.0 | 1.4 |
| Overdue | | | | |
| Less than 3 months | 0.6 | - | - | - |
| 3 - 6 months | - | - | 0.4 | - |
| Over 12 months | 1.1 | - | 2.6 | - |
| Total | 2,572.7 | 4.2 | 2,777.0 | 1.4 |
| Less Allowance for Doubtful Accounts | (0.2) | - | (0.2) | - |
| Loans & Interest Due & Uncollected, net | 2,572.5 | 4.2 | 2,776.8 | 1.4 |

Investments in Securities

The Thai economy in 2011 experienced an economic recession incurred by a global economic crisis both in Europe, which was confronted with an enormous budget imbalance or public debt, and America, which had just recovered at a slow pace. This was exacerbated by violent floods in Thailand in the final quarter of 2011. Nevertheless, the Company's investment income in 2011 increased, compared to the previous year. The interest and dividends rose by Baht 154.0 million, or 20.6 percent, to Baht 900.3 million. A return from stocks sale increased by Baht 470.0 million, or 260.7 percent, to Baht 650.3 million. Thus the total investment income in 2011 went up by 624.0 million, or 67.3 percent, to Baht 1,550.6 million. When combined with a loss from the underwriting, the Company's net return in 2011 totaled Baht 52.0 million.

Furthermore, the Company's fair value of the overall securities investment was higher than its costs, which was indicated by other components of owners' equity in the 2011 balance sheet, which was displayed as a surplus on revaluation of investments amounting to Baht 12,229.1 million, a rise of Baht 1,468.7 million, or 13.6 percent, compared to 2010.

When classified in detail, as at December 31, 2011, the Company's investment capital for significant securities includes the following. Bonds amounted to Baht 2,176.3 million, with a fair value of Baht 2,186.2 million, while listed securities totaled Baht 3,734.0 million, with a fair value of Baht 15,938.7 million, and unlisted securities equaled Baht 507.7 million, with a fair value of Baht 432.9 million. In 2011, the Company recorded the allowance for impairment of unlisted securities at Baht 74.8 million. Similarly, the investment capital in associated companies totaled Baht 131.7 million.

The investment capital in investments in funds amounted to Baht 1,273.8 million, with a fair value of Baht 1,270.3 million, which were classified into investments in funds in debt securities funds, equity securities funds and real estate funds that had values at their costs totaling Baht 584.7, 199.1 and 490.0 million, respectively, or with fair values of Baht 581.3, 151.9 and 537.1 million, respectively.

Liquidity

Cash Flows

As at December 31, 2011, the Company's cash and cash equivalents rose by Baht 632.4 million, or 125.7 percent, to Baht 1,135.6 million. The Company's cash flows on its activities were as follows:

(Baht : Million)

| | 2011 | 2010 |
|--|---------|-----------|
| Cash Flows from (used in) Operating Activities | 1,726.2 | 2,004.2 |
| Cash Flows from (used in) Investing Activities | (181.3) | (1,214.3) |
| Cash Flows from (used in) Financing Activities | (912.5) | (817.5) |
| Decrease (Increase) in Net Cash and Cash Equivalents | 632.4 | (27.6) |

- Cash Flows from Operating Activities totaled Baht 1,726.2 million, which came mainly from net direct premium written and net investment incomes.

- Cash Flows used in Investing Activities totaled Baht 181.3 million, which was mainly used in investment in securities.

- Cash Flows used in Financing Activities totaled Baht 912.5 million, which was entirely used in dividend payment.

Other Liquidity Assets

Apart from cash and cash equivalents, based on the data identified in the securities investment capital, it can be seen that most capital was assets of high liquidity, for instance, government bonds, listed securities and investment in funds. These assets could be swiftly converted into cash since they were in demand in the market.

Investment Expenses

In 2011, the Company's major investment expenses were on an information technology system, building rehabilitation, and office equipment and decoration which was aimed at improving the Company's modern outlook and enhanced efficiency of customer services.

In 2011, the Company's investment expenses on property, premises and equipment amounted to Baht 114.1 million.

Sources of Funds

As at December 31, 2011, the Company's liabilities were Baht 33,649.1 million, while owners' equity was Baht 18,276.2 million. Thus, the debt to equity ratio was 1.84 times. In 2011, the Company's total liabilities had increased by Baht 20,091.0 million, or 148.2 percent, compared to 2010. Nonetheless, a rise of such liabilities came from loss reserve and outstanding claims incurred by the great flood, which was an extraordinary event. If shareholders' equity is considered, it had increased by Baht 435.4 million, or 2.4 percent, over 2010. A significant factor was the owners' equity's other components, which experienced a rise of Baht 1,468.7 million, or 13.6 percent, in a surplus on revaluation of investments, compared to 2010.

FINANCIAL RATIO

| Financial Ratio | | 2011 | 2010 | 2009 |
|---|---------|----------|--------|--------|
| Liquidity Ratio | | | | |
| Current Ratio | (Times) | 0.83 | 0.71 | 0.65 |
| Receivable Turnover | (Days) | 58.74 | 58.04 | 62.70 |
| Profitability Ratio | | | | |
| Retention Rate | (%) | 104.22 | 105.78 | 108.80 |
| Loss Ratio | (%) | 75.95 | 49.28 | 45.52 |
| Profit Margin | (%) | (6.30) | 18.91 | 20.92 |
| Underwriting and Operation Expenses Ratio | (%) | 40.36 | 41.13 | 43.66 |
| Return on Investment | (%) | 6.67 | 4.74 | 4.34 |
| Net Premium Ratio | (Times) | 0.42 | 0.44 | 0.52 |
| Net Profit Margin | (%) | 0.58 | 16.46 | 15.30 |
| Return on Equity | (%) | 0.29 | 7.84 | 8.24 |
| Efficiency Ratio | | | | |
| Return on Assets | (%) | 1.06 | 6.12 | 5.89 |
| Fixed Assets Turnover | (Times) | 8.33 | 6.92 | 5.56 |
| Total Assets Turnover | (Times) | 0.21 | 0.27 | 0.28 |
| Financial Ratio | | | | |
| Debt to Equity Ratio | (Times) | 1.84 | 0.76 | 0.70 |
| Policy Liability to Capital Fund | (Times) | 1.63 | 0.57 | 0.50 |
| Equity/Net Premium Income | (Times) | 2.39 | 2.60 | 2.28 |
| Equity/Net Outstanding Claims | (Times) | 0.74 | 3.76 | 5.78 |
| Equity/Assets | (Times) | 0.35 | 0.57 | 0.59 |
| Unearned Premium Reserve to Equity | (Times) | 0.28 | 0.30 | 0.32 |
| Unearned Premium Reserve/Total Assets | (%) | 9.73 | 17.07 | 19.06 |
| Payout Ratio* | (%) | 1,764.71 | 74.07 | 137.65 |
| Per Share | | | | |
| Par Value | (Baht) | 10.00 | 10.00 | 10.00 |
| Book Value* | (Baht) | 240.32 | 234.59 | 178.72 |
| Basic Earnings* | (Baht) | 0.68 | 16.20 | 12.35 |
| Dividends | (Baht) | 12.00 | 12.00 | 12.00 |
| Stock Dividends | (Baht) | - | - | 5.00 |
| Growth Rate | | | | |
| Premium Written | (%) | 5.20 | 20.00 | 13.09 |
| Income on Underwriting | (%) | (137.16) | 3.98 | 19.25 |
| Net Investment Income | (%) | 58.74 | 52.85 | 0.04 |
| Income Before Income Tax | (%) | (73.44) | 29.91 | 17.75 |
| Income Tax | (%) | (10.05) | 26.37 | 65.05 |
| Net Income | (%) | (95.78) | 31.20 | 6.58 |
| Total Assets | (%) | 65.37 | 35.94 | 29.05 |

* Remarks : Basic earnings per share is determined by dividing net earnings for the period by the number of ordinary shares after the issue of stock dividends in 2009. (76.05 million shares)

RELATED PARTIES TRANSACTIONS

Types of Related Parties Transactions

A portion of the Company's business deals with related parties, where the relationship may be by shareholding or by companies having the same group of shareholders or directors. In considering the relationship between individuals or enterprises, attention is directed to the substance of the relationship and not merely to the legal form or the basis of commitments. Transactions are determined on the basis of conditions in the normal course of business and according to market value. In addition to the related-transaction disclosure in Note 13 and 29 of the financial statements for the year 2011, the Company would like to reveal additional information for cross-over transaction as follows:

(Baht : million)

| Transaction with Related Party | Related Party | Relationship | 2011 | 2010 |
|--------------------------------------|-----------------------|--------------------|----------|----------|
| Investment in Associated Companies | Disclosure in Note 13 | - | 131.7 | 125.6 |
| Investments in Listed Securities | Disclosure in Note 29 | - | 13,704.6 | 10,888.4 |
| Investments in Non-Listed Securities | Disclosure in Note 29 | - | 222.1 | 248.4 |
| Premium Written | Bangkok Bank PCL. | Major Shareholders | 178.4 | 25.9 |
| Interest Income* | Bangkok Bank PCL. | Major Shareholders | 21.1 | 6.9 |
| Dividend Income | Bangkok Bank PCL. | Major Shareholders | 194.8 | 159.4 |
| Bank Deposits | Bangkok Bank PCL. | Major Shareholders | 1,086.5 | 888.9 |
| Notes | Bangkok Bank PCL. | Major Shareholders | 320.0 | 150.0 |
| Premium Due and Uncollected | Bangkok Bank PCL. | Major Shareholders | 36.6 | 16.7 |

* Interest is charged at the same rates as those that financial institutions and related parties offer to other customers, based on market value.

Necessity and Justification of the Items

The Company has the above interrelated items, together with those disclosed in the remarks supplementary to the financial statements, in order to support its operation, expand its customer base and develop its business. They are generated according to the general regular business in which the Company has complied with the rules and regulations of the Office of Insurance Commission and standard trading conditions, with fair value based on market value. Nevertheless, the Company expects to generate maximum benefit.

Procedures for Approval of Interrelated Items

The Company has internal control systems at various levels based on the type of interrelated items, which are implemented in accordance with the law, regulations and policy of the Company that comply with other courses of business. In order to avoid any conflict of interest in making interrelated items, the Company complies with the regulations of the SET. However, when the transaction of an interrelated item occurs, it will comply with the regular trade in the market, and the audit committee shall review the item's suitability and justification.

Policy of Making Interrelated Items in the Future

The Company has in force a policy of making interrelated items in the future, which will be in accordance with those principles explained above. The Company will comply with the rules and notices of the SET.

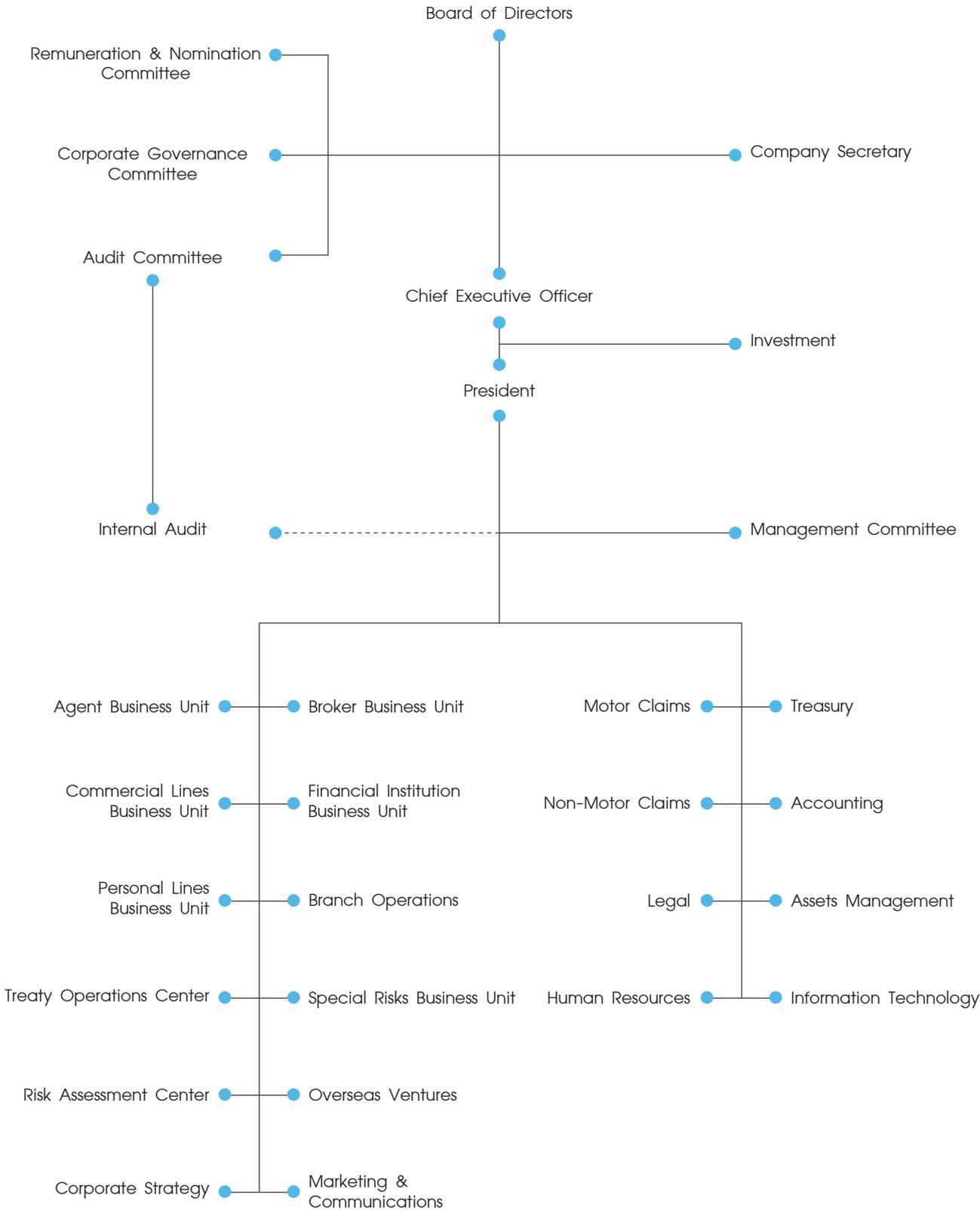
It is the intention of the Company, however, to continue its business in a clear and transparent manner, which is fair to its business partners, customers and shareholders, and is in keeping with the highest standards of benefit to the Company.

SHAREHOLDING IN OTHER COMPANIES

Investment in Companies at 10 percent or more of Paid-up capital as at December 31, 2011

| No. | Company / Address | Line of Business | Type of Shares | No. of Shares Held | % of Company's Paid-up Capital |
|-----|---|-------------------------|----------------|--------------------|--------------------------------|
| 1 | Asian Insurance International (Holding) Ltd. Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda | Insurance | Ordinary | 23,936 | 41.70 |
| 2 | Asia Insurance (Cambodia) Plc. No. 5, Street 13, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia | Insurance | Ordinary | 962,683 | 22.92 |
| 3 | Asia Insurance (Investments) Ltd. 16/F, Worldwide House, 19 Des Voeux Road Central, HongKong | Insurance | Ordinary | 10,335,000 | 19.50 |
| 4 | EMCS Thai Co., Ltd. Regent House 10 th Fl, 183 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330 | Professional Service | Ordinary | 1,159,950 | 19.33 |
| 5 | PT. Asian International Investindo Ltd. Wisma Asia Lt. 12A, Jl. Letjen S. Parman Kav. 79, Slipi - Jakarta Barat | Insurance | Ordinary | 6,080,000 | 19.00 |
| 6 | P C T Asia Insurance Co., Ltd. 43-47 Lanexang Ave. Chanthabuly Dt., Vientiane, Laos | Insurance | Ordinary | 237,500 | 19.00 |
| 7 | Bangkok Chayorath Co., Ltd. 25 Bangkok Insurance/Y.W.C.A. Building, 10 th Fl. Sathon Tai Road, Tungmahamek, Sathon, Bangkok 10120 | Insurance Broker | Ordinary | 3,000 | 15.00 |
| 8 | Sorachai Vivatn Co., Ltd. 23 Soi Sukhumvit 63, Sukhumvit Road, North Klongtan, Wattana, Bangkok 10110 | Property Development | Ordinary | 405,000 | 15.00 |
| 9 | Union Sime Darby (Thailand) Co., Ltd. Vanissa Building, 20 th Fl, 29 Soi Chidlom, Lumpini, Pathumwan, Bangkok 10330 | Insurance Broker | Ordinary | 6,000 | 15.00 |
| 10 | Bangkok Mitsubishi UFJ Lease Co., Ltd. Sethiwan Tower, 8 th Fl, 139 Pan Road, Silom, Bangrak, Bangkok 10500 | Leasing | Ordinary | 60,000 | 10.00 |

ORGANIZATION STRUCTURE



Corporate Governance Committee appointed on February 25, 2011

THE MANAGEMENT

Management Structure

The Company's management structure consists of 2 major groups as the following:

1. The Board of Directors and 3 Specific Purpose committees, which directly report to the Board and comprise the Audit Committee, the Remuneration and Nomination Committee and the Corporate Governance Committee*, and

2. The Company's Management, together with 8 Specific Purpose committees, which directly report to the Management and consist of the Risk Management Committee, the Investment Committee, the Underwriting Committee, the Claims Management Committee, the Information Technology Committee, the Organization Development and CSR Committee, the Hygienic Safety and Working Environment Committee and the Welfare in the Establishment Committee.**

Remarks : * The Corporate Governance Committee was appointed by the resolution of the Board of Directors' meeting on February 25, 2011, as an additional Specific Purpose committee from the two existing committees, namely, the Audit Committee and the Remuneration and Nomination Committee.

** The 8 Specific Purpose committees were appointed by the resolution of the Board of Directors' meeting on February 25, 2011, which was additionally improved by the resolution of the Company's management's meeting and made into the Company's declaration (2011/011) dated on June 27, 2011, entitled "the Appointment of Specific Purpose Committees", which became effective from July 1, 2011 onward.

1. Board of Directors and Specific Purpose Committees

1.1 Board of Directors

The structure of the Company's Board of Directors is determined by the Company's shareholders' meeting resolutions, but the Board shall comprise at least five directors and no less than three-fourths of the total number of directors must be of Thai nationality. Similarly, no less than half of the Company's Board shall be non-executive directors, and at least one-third of the Board, but no fewer than 3 directors, shall be independent so that the Board's authority is counterbalanced by non-executive directors, and hence the Board itself can efficiently oversee the Company's performance in accordance with the Company's policy on good corporate governance.

The Scope of Duties and Authority of the Company's Board of Directors

The Company's Board of Directors plays a role in overseeing the Company's administration to ensure that its management has implemented all the Company's policies and fulfilled its performance goals as proposed to the Board, including having a strong determination to achieve an excellent work performance for the benefit of the Company's shareholders and all groups of stakeholders. The Company's Board's scope of duties and authority also includes the following:

1. To consider and define the policy on good corporate governance for the management's implementation. This includes a review and evaluation of such implementation consequences so that the management can make improvements and make a report in the Company's annual report.

2. To consider the appropriateness of, as well as make suggestions on and approve the vision of, strategies and performance goals of the Company, as proposed by the management, including following up and assessing performance achievement.

3. To oversee the Company's performance so that it has appropriate systems of risk management, internal control and audit.

4. To generate effective selection procedures and succession plans for the Company's Board of Directors and executive management. The Board will appoint the Chief Executive Officer and the President as head of the executive management team to take responsibility for the Company's business performance under the Board's supervision.

5. To ensure that the Company has a practical guideline concerning the morality of its business performance, as well as the Board's and employees' good practices, including an effective communication mechanism for the acknowledgement of the parties concerned.

6. To consider the appropriateness of an appointment and define the scope of duties and responsibilities of sub-committees.

7. To consider an appropriate authorization to the Chief Executive Officer and the President for a swift performance of normal business.

8. To make a report explaining the Company's Board's responsibility for financial statements preparation, which shall be disclosed in the Company's annual report.

9. To consider a performance evaluation of the Company's Board of Directors, the Chief Executive Officer and the President, including overseeing an arrangement of an effective procedure for an assessment of the Company's executives' duty performance.

10. To consider the appropriateness of an appointment of the Company secretary and define the scope of his/her duties and responsibilities.

11. To provide a channel for the Company's stakeholders to communicate with the Company's Board in order to inform on useful information or advice to the Company for consideration and implementation in accordance with the defined procedures.

12. To conduct any duties so that they are in accordance with laws, orders and the Company's shareholders' resolutions.

The Board of Directors' Meeting

The Company's Board of Directors has determined in advance its meeting a minimum of 4 times a year so that each Board member will be informed of and set aside time for the Board's meeting. Nevertheless, there may be an additional extraordinary meeting as the Board thinks necessary. The meeting invitation letters, including an agenda and other relevant documents, will be delivered, no less than 7 days prior to the date of the meeting, to all the Board members. Each Board member is allowed to propose an issue to be inserted on the agenda through the Company secretary. For each meeting, the Chairman of the meeting is in charge of providing time for presentations of related information, discussions and interrogations, as well as for each Board member to make a comprehensive comment. In consideration of agenda, directors who are stakeholders in any item on the agenda have no right to vote and are not allowed to be at the meeting for that agenda. In addition, the Board may ask the Chairman or the Company secretary for additional explanations and examination of relevant documents.

The Board encourages its non-executive directors to convene a meeting among themselves, and assigns the Company secretary to facilitate such a meeting upon request from non-executive directors.

Directors Authorized to Bind the Company to Any Decision

The Company's Board of Directors has defined groups of directors authorized to bind the Company to any decision, consisting of executive directors, an adviser and independent directors who are not directors of the Audit Committee, and/or directors coming from financial institutions. This is aimed at independence, transparency and verifiability. The names of directors authorized to bind the Company to any decision appear in a certificate registered with the Department of Business Development, Ministry of Commerce (data as at December 31, 2011) and include the following directors:

Mr. Chai Sophonpanich, Mr. Voravit Rojrapitada, Mr. Thira Wongjirachai and Mr. Panus Thiravanitkul. Two out of these four directors must sign together and affix the Company's seal.

Furthermore, in any transaction considered normal for the Company's business transaction, the Board directors who sign for or on behalf of the Company will be comprised of three directors, namely,

1. Mr. Chai Sophonpanich, who is an executive director (the Chairman and Chief Executive Officer).
2. Mr. Voravit Rojrapitada, who is a director and adviser.
3. Mr. Panus Thiravanitkul, who is an executive director (the President).

The Company has also defined Mr. Thira Wongjirachai as a director authorized to bind the Company to any decision, which aims to provide flexibility in and convenience of the Company's business transactions. This would only be the case when the executive directors cannot carry out their missions, and only be the case of signing to bind the Company to any decision in accordance with the item of which the Company's Board has had a resolution to approve, as well as be the signing together with other directors only.

1.2 Specific Purpose Committees

The Company's Board of Directors has appointed Board directors and executives, excluding the Chairman, as members of 3 Specific Purpose committees in order to help consider significant work cautiously and in compliance with the Company's policy on good corporate governance and the government agencies' supervisory laws and regulations. Each committee has a three-year term and includes the following components and scope of duties and authority.

1.2.1 The Audit Committee

The Audit Committee comprises 3 independent directors who have the scope of duties and authority as follows:

1. To verify the Company's financial statements to ensure their accuracy and sufficiency.
2. To verify the Company's systems of internal control and internal audit to ensure their appropriateness and effectiveness, including a consideration of the Audit Department's independence, and an approval for the appointment, reshuffle and employment termination of the most senior superior of the Audit Department.
3. To verify the Company's practices to ensure that they are in compliance with the Security Act and Security Exchange Act, the SET requirements, and other laws related to the Company's business.
4. To consider a selection and proposal for an appointment of an auditor and fix his/her remuneration, including attending a meeting, at least once a year, with the auditor but without the Management in attendance.
5. To oversee crossover transactions and those with conflicts of interest so that they are in compliance with laws and the SET requirements, and bring about maximum benefits to the Company.
6. To prepare an audit committee report, which shall be included in the Company's annual report. The report must be signed by the Chairman of the Audit Committee and consist of a minimum of the following data:
 - a. An opinion on the Company's financial statements' accuracy, completeness and reliability.
 - b. To ensure that the Company has adequate and effective internal control systems.
 - c. An opinion on the practices in accordance with the Security Act, the SET requirements or other laws related to the Company's business.
 - d. An opinion on the Company's auditor's appropriateness.
 - e. An opinion on transactions with conflicts of interest.
 - f. The number of the Audit Committee's meetings and each committee member's meeting attendance.
 - g. An overall opinion or note that the Audit Committee has received due to its duty performance based on the Charter.
 - h. Other items which the Audit Committee thinks that the Company's shareholders and general investors should know, within the scope of duties and responsibilities assigned to it by the Board of Directors.
7. Any other implementations assigned to the Audit Committee by the Board of Directors, with an approval of the former.

The Audit Committee's Meeting

A minimum of four meetings a year is defined.

1.2.2 The Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises 3 members, with the Committee chairman and at least one of its members being independent directors. Every time there is an appointment of a new Board director, the Remuneration and Nomination Committee is responsible for a review of the Board of Directors' qualifications in order to define appropriate qualifications of a new Board director, who will strengthen the Board of Directors. The scope of duties and authority of the Remuneration and Nomination Committee includes the following:

The Scope of Duties and Authority of the Remuneration and Nomination Committee

The scope of duties and authority of the Remuneration and Nomination Committee is described below:

1. To ensure that the number and proportion, as well as the components of the Board of Directors are appropriate to the organization.
2. To select a suitable and qualified person to replace a Board member in case of his completing his term, resignation or other reasons, apart from nominating a new Board member to shareholders or the Board for consideration and appointment, based on the case and in accordance with the Company's regulations.
3. To select a suitable and qualified person to supersede the Chief Executive Officer and the President in case of an expiry of their term, resignation or other reasons, besides nominating a new person for the Board's scrutiny and appointment.
4. To oversee and define policies on remuneration and other benefits of the Chief Executive Officer and the President that are appropriate to their duties and responsibilities.
5. To ensure that there is a plan for a succession to the position of the Chief Executive Officer and the President.

The Remuneration and Nomination Committee's Meeting

It is an ad hoc meeting which is convened when necessary but shall be no less than once a year.

1.2.3 The Corporate Governance Committee

The Corporate Governance Committee comprises 3 members, who are directors and/or executives, with the Committee chairman being an independent director, and has the following scope of duties and authority.

The Scope of Duties and Authority of the Corporate Governance Committee

The scope of duties and authority of the Corporate Governance Committee includes the following:

1. To consider, define and review in order to improve the Company's policy on good corporate governance so that it appropriately goes in accordance with the principles of good corporate governance.
2. To consider, define and review in order to improve the requirements concerning the morality of business performance and good practices of the Company's Board directors, executives and employees.
3. To follow up the consequence of a continuous and appropriate implementation of the Company's policy on good corporate governance and code of corporate conduct.
4. To make a report on the performance consequence to the Company's Board of Directors concerning the Company's good corporate governance policy, including giving an opinion on the practical guidelines, and making suggestions in order to modify or improve the policy based on appropriateness.

The Corporate Governance Committee's Meeting

It is an ad hoc meeting which is convened when necessary but shall be no less than once a year.

1.3 The Company Secretary

The Company's Board of Directors has appointed and assigned the Company secretary to oversee, coordinate and facilitate the Board's meeting and shareholders' meeting so that they are in compliance with the laws, rules and regulations concerned. The Company has defined its secretary qualifications and scope of duties and authority as the following:

The Qualification of Company Secretary

1. Have comprehensive knowledge and understanding of the Company's business, including roles and duties related to the work of the Company secretary, for instance, duties of the Board and the Company, as well as possess sound knowledge of related laws and regulations, including the continuous pursuit of knowledge and follow-up of data and information for the development of work implementation.

2. Perform duties in accordance with laws, rules and the Company's regulations, with responsibility, caution, integrity and determination, including lending support for the Company's operation, based on the Company's principles of good corporate governance and code of ethics, so that the Company may fulfill its goals.

3. Strictly adhere to virtue and morality, as well as take into account all groups of stakeholders, while not acting in a way that will cause damage to the Company's reputation and good image.

4. Not aim at self-interest out of the Company's business opportunities, and well maintain the Company's secrecy.

5. Have good human relations and an ability to coordinate with other departments and sections both inside and outside the Company.

The Scope of Duties and Authority of the Company Secretary

The Company secretary duties are to oversee, coordinate and facilitate the Board's meeting and shareholders' meeting. Other duties and authority include the following:

1. Provide preliminary suggestions on the Company's laws and orders to the Board of Directors and follow up to ensure that they are implemented accurately and steadily, including making a report to the Board on a significant change in those laws and orders.

2. Hold a meeting of the Company's shareholders or Board in accordance with the laws and the Company's regulations and requirements.

3. Record shareholders' and the Board's meeting reports, including following up to ensure that their meetings' resolutions are implemented accordingly.

4. Prepare and maintain the Board's registration, the Company's annual report, as well as shareholders' and the Board's meeting invitation letters and meeting reports.

5. Keep a report on stakeholding as reported by the Company's Board or management, including making a copy and submitting it, within 7 working days starting from the day the report is received, to the chairman of the Board and the chairman of the Audit Committee for acknowledgement.

6. To ensure that there is disclosure of related data and an information report to agencies supervising the Company, based on the government's orders and requirements.

7. Get in touch and communicate with general shareholders so that they are informed of their rights and the Company's information.

8. Oversee the Company's Board of Directors' activities.

9. Carry out other activities defined by the Capital Market Commission.

The Appointment of the Company Secretary

The Company's Board of Directors will select a qualified person and appoint him/her as the Company secretary. The Board's meeting (No.3/2008) held on August 14, 2008, passed a resolution appointing Mr. Voravit Rojrapitada as the Company secretary, effective from August 14, 2008, until now.

1.4 Names of the Board of Directors and Specific Purpose Committees

The Board of Directors (as at December 31, 2011) comprises 12 members as the following:

1. Executive directors consist of 2 members, while other directors include 1 member of the Company's adviser.

2. Non-executive directors consist of 9 members, all of whom are independent directors, amounting to more than one-third of all Board members.

The names of the Board of Directors and members of Specific Purpose committees, including meeting attendance and their remuneration in 2011 are given below.

| Name | Position | No. of Attendance/ Invitation | | | | Annual Remuneration (Baht) **** |
|---|---|----------------------------------|----------|----------|--------|---------------------------------------|
| | | 1 | 2 | 3 | 4 | |
| 1.) Executive Directors and Adviser | | | | | | |
| 1. Mr. Chai Sophonpanich | Chairman and Chief Executive Officer | 4/4 | - | - | - | 575,000 - |
| 2. Mr. Voravit Rojrapitada | Director and Company Secretary and Adviser | 4/4 | - | - | - | 575,000 - |
| 3. Mr. Panus Thiravanitkul (Appointed on April 22, 2011) | President and Director of the Corporate Governance Committee | 3/3 - | - 1/1 | - - | - - | 450,000 72,000 |
| 2.) Non-Executive Directors | | | | | | |
| 4. Mr. Makoto Suzuki (Appointed on August 15, 2011) | Independent Director | 1/1 | - | - | - | 150,000 |
| 2.1) Corporate Governance Committee* | | | | | | |
| 5. Mr. Virasak Sutanthavibul | Independent Director and Chairman of the Corporate Governance Committee | 3/4 - | - 1/1 | - - | - - | 575,000 72,000 |
| 6. Mrs. Ninthira Sophonpanich | Independent Director and Director of the Corporate Governance Committee | 4/4 - | - 1/1 | - - | - - | 575,000 72,000 |
| 2.2) The Audit Committee** | | | | | | |
| 7. Mr. Plengsakdi Prakaspesat | Independent Director and Chairman of the Audit Committee | 4/4 - | - - | - 6/6 | - - | 575,000 287,500 |
| 8. Miss Potjaneer Thanavaranit | Independent Director and Director of the Audit Committee | 4/4 - | - - | - 6/6 | - - | 575,000 287,500 |

| Name | Position | No. of Attendance/ Invitation | | | | Annual Remuneration (Baht) **** |
|--|----------------------|----------------------------------|--------|---------|--------|---------------------------------------|
| | | 1 | 2 | 3 | 4 | |
| 9. Mr. Chor.nun Petpaisit and Director of the Audit Committee | Independent Director | 4/4 | - | - | - | 575,000 |
| | | - | - | 6/6 | - | 287,500 |
| 2.3) The Remuneration and Nomination Committee*** | | | | | | |
| 10. Mr. Singh Tangtaswas and Chairman of the Remuneration and Nomination Committee | Independent Director | 4/4 | - | - | - | 575,000 |
| | | - | - | - | 1/1 | 60,000 |
| 11. Mr. Thira Wongjirachai and Director of the Remuneration and Nomination Committee | Independent Director | 1/4 | - | - | - | 575,000 |
| | | - | - | - | 1/1 | 60,000 |
| 12. Mr. Suvarn Thansathit and Director of the Remuneration and Nomination Committee | Independent Director | 4/4 | - | - | - | 575,000 |
| | | - | - | - | 1/1 | 60,000 |
| Mr. Witcha Damrongsinsak (Due on April 22, 2011) | Director | 1/1 | - | - | - | 125,000 |
| Mr. Yoshihiko Fukasawa (Resigned on May 13, 2011) | Independent Director | 2/2 | - | - | - | 275,000 |
| Total number of meetings in 2011 | | 4 Times | 1 Time | 6 Times | 1 Time | 8,008,500 |

Remarks : Meeting Attendance/Number of Meeting Invitations

1. The Board of Directors' meeting
2. The Corporate Governance Committee's meeting
3. The Audit Committee's meeting
4. The Remuneration and Nomination Committee's meeting

* The Corporate Governance Committee was appointed by the Board of Directors' resolution on February 25, 2011, and effective from February 25, 2011, for a three-year term. The Committee's term will be due on February 24, 2014.

** The Audit Committee, consisting of the three aforementioned independent members who are non-executive directors, was appointed by the Board's resolution on November 11, 2011, and effective from November 16, 2011, for a three-year term. The Committee's term will be due on November 15, 2014. Each of the three Audit Committee members possesses comprehensive knowledge and vast experience in the verification of the Company's financial statements. Details of their educational background and work experience, particularly in the verification of financial statements, are revealed in the history of the Board directors.

*** The Remuneration and Nomination Committee was appointed by the Board's resolution on August 11, 2010, and effective from August 18, 2010, for a three-year term. The Committee's term will be due on August 17, 2013.

**** The Board Directors' Remuneration for 2011 was approved by shareholders' 18th general meeting on April 22, 2011, in the amount not exceeding Baht 9.0 million.

1.5 Data on Transaction Related to Business Relations or Provision of Occupational Services between Independent Directors and Companies, Affiliated Companies, Associated Companies or Any Party That May Have Conflicts

Through the effective procedure of the Board directors' nomination, the Company's independent directors are appropriately qualified and truly independent. Furthermore, they do not occupy the position of independent directors or members of corporations, affiliated companies or affiliated companies in the same order.

In addition, the Company has no commercial agreements or transactions related to business relations or provision of occupational services between the Company and its Board directors, independent directors, management, including corporations, affiliated companies, associated companies or any party that may have conflicts, which has a value exceeding that defined by the Securities and Exchange Commission (SEC).

Nonetheless, the Board of Directors' meeting (No.3/2008) held on August 14, 2008, had approved in principle, the permission for companies, associated companies and affiliated companies to do business which may have a related transaction with the Company's Board of Directors, management or any party concerned, both the transaction that was made earlier and/or one that will be made in the future. This is based on the condition that such a business transaction has commercial agreements in the same way as a reasonable man will treat a general party to a contract in the same situation, through the commercial bargaining power without the influence of his/her status as the Company's Board director, management or any party concerned. Please see more details in the section "Related Parties Transactions".

2. Management Committee and Specific Purpose Committees

2.1 Management Committee

The Management Committee consists of such executive directors as Mr. Chai Sophonpanich, as the Company's Chief Executive Officer, and those appointed by the Chief Executive Officer. The Management is authorized by the Board's resolution to act on behalf of the Company in its daily missions and other general missions related to the Company's business transactions, which is aimed at alleviating the Board's missions, apart from the flexibility of the performance of any of the Company's work, to achieve the targets and goals defined, prior to reporting to the Board for acknowledgement. Nevertheless, an exercise of such authority of the Management Committee is infeasible if it is a stakeholder or has conflicts of interest, in any form, with the Company.

For any performance related to the Company's internal affairs, for instance, an issuance of circular letters, the determination of rules, regulations, orders and any other proclamations, the Company's Chief Executive Officer or President will be authorized to sign them, using the same practice procedure as those of other private companies of similar business, while also considering the Company's benefit as principal.

The Scope of Duties and Authority of Management Committee

1. To verify, before presenting to the Board of Directors for consideration, the Company's vision, strategies, business goals, and annual budget, as well as policy on risk management.
2. To verify, before presenting to the Board of Directors for consideration, the procurement or disposal of the Company's major assets.
3. To ensure that the Company has an implementation based on its policy on corporate governance, as well as an evaluation of its consequences, including suggestions for the Corporate Governance Committee's consideration.
4. To conduct any duties assigned to them by the Board of Directors.
5. To periodically follow up and report on the Company's performance to the Board of Directors.

2.2 Specific Purpose Committees

The Management Committee has appointed 8 specific purpose committees, consisting of executives, as committees helping to verify significant issues in order to mitigate the Management Committee's missions and decentralize the authority on the verification of important matters, in conformity with the Company's policy on good corporate governance and the government agencies' supervisory laws and regulations. Each committee has the following components and scope of duties and authority.

2.2.1 Risk Management Committee consists of at least 5 directors and/or executives, having a three-year term and at least one meeting every two months, with the following scope of duties and authority:

1. To define the policy on overall risk management, covering different categories of the Company's significant risks, in order to present to the Board for consideration.
2. To define strategies in accordance with a policy on risk management, including following up and overseeing the Company's risks so that they are at an appropriate level.
3. To review the adequacy of the policy on and the procedure of risk management, including the effectiveness of such a policy and policy implementation.
4. To make a report on the performance consequence to the Board every six months.

2.2.2 Investment Committee is composed of at least 3 executives, having a two-year term and at least three meeting every month, having knowledge, expertise and understanding of investment, money market and capital market, with the following scope of duties and authority:

1. To define an investment policy appropriate and flexible to changing situations, with a consideration of risks and related laws, before presenting it to the Management Committee for approval.
2. To consider and give approval for rules and orders and practice procedures of the Company's investment.
3. To consider for approval of investment based on the level of approval authority.
4. To oversee the status of the Company's investment capital.
5. To verify and adjust the Company's investment policy to ensure its appropriateness to changing circumstances.

2.2.3 Underwriting Committee consists of at least 5 executives, having a two-year term and at least one meeting every two months, having knowledge, expertise and understanding of underwriting and a consideration of each category of risks, including reinsurance, with the following scope of duties and authority.

1. To define the underwriting and reinsurance policy appropriate and flexible to changing conditions, with a consideration of risks and related laws, before presenting it to the Management Committee for approval.
2. To act to ensure that the Company has implemented its underwriting work in accordance with the policy approved by the Management Committee.
3. To consider for approval of premium rates.
4. To consider for approval of an authorized list of reinsurers.
5. To consider for approval of rules and orders and practice procedures of the Company's underwriting and reinsurance.
6. To consider for approval of underwriting based on the level of approval authority.
7. To verify and adjust the policy on underwriting and reinsurance so that it is appropriate for changing circumstances.
8. To oversee the business units' business planning and consider the appropriateness of key performance index (KPI), goals and budget to be spent on the plan, including following up progress, and resolving problems and impediments to ensure that the goals on the business units' strategies and work plans are accomplished.
9. To make a report on the performance consequence to the Board every six months.

2.2.4 Claims Management Committee comprises at least 5 executives, each having a two-year term and at least one meeting every two months, having knowledge, expertise and understanding of claims management, with the following scope of duties and authority:

1. To define a policy on claim management.
2. To oversee the status of a claim demand, and act to ensure that the Company has arranged for an adequate and complete amount of claim reserve or insurance reserve.
3. To settle a dispute incurred by a claim demand, including managing and correcting in case of a claim fraud.
4. To oversee, follow up and resolve the problems and obstacles to ensure that the quality of claims services is satisfactory to customers and business partners.

2.2.5 Information Technology Committee is composed of at least 5 executives, each having a two-year term and at least one meeting every three months, having knowledge, expertise and understanding of the information technology and work system, with the following scope of duties and authority:

1. To define the policy and main work plans on information technology and work systems concerned.
2. To define appropriate key performance indices (KPIs) and technological strategies.
3. To follow up, oversee and resolve the problems and obstacles to ensure that the goals on technological strategies and work plans are achieved.
4. To diagnose and decide on new projects, work systems, procurement and expansion of a computer network and equipment.
5. To follow up and study an upcoming trend of the information technology change, and notify it to the sections concerned to realize such change which may have an impact on the Company's business transactions.
6. To support all sections to utilize information technology to their utmost capability so as to enhance the Company's employees' duty performance efficiency.
7. To give advice and coordinate for the development of a computer system and administrative data.

2.2.6 Organization Development and CSR Committee comprises at least 7 executives from various sections, each having a two-year term and at least one meeting every three months, with the following scope of duties and authority:

1. To initiate and verify strategies to develop the organization so as to keep pace with changes.
2. To develop the pattern of or create supporting activities in order for the organization to achieve its goals in a concrete and united manner.
3. To oversee the organization's annual plan to enhance the efficiency and development of personnel, including considering the appropriateness of key performance index (KPI), goals and budget to be spent on the plan.
4. To initiate and verify CSR strategies and carry out activities, to ensure concrete consequences, which go in the same direction throughout the organization and agencies (alliances) concerned.
5. To oversee and campaign for the promotion of the Company's sustainable culture "Your Caring Partner" among the Company's employees.
6. To make a report on the performance consequence to the Board at least once a year.

2.2.7 Hygienic Safety and Working Environment Committee consists of 9 members, including 1 representative of the employer, 4 representatives of the superior level, and 4 representatives of operational employees, each having a two-year term and at least one meeting every month, with the following scope of duties and authority:

1. To make a survey, at least once a month, on safety, hygiene and working environment.
2. To make a report and suggestion to the employer on the measure or guideline for improvement so that it is in compliance with the law on working safety and/or working security standards, aimed at the safety for work performance of employees, contractors and outsiders who come in to work for or use the service of a manufacturing establishment.

3. To encourage and support activities on safety, hygiene and working environment of a manufacturing establishment.

4. To define safety regulations and working safety standards of a manufacturing establishment, and present them to the employer.

5. Formulate policies and annual work plans on projects or activities on safety, hygiene and working environment, including safety outside work, in order to prevent and reduce accidents, hazards or illness stemming from work, or working insecurity, and present them to the employer.

6. To carry out a project or plan on training related to safety, hygiene and working environment, apart from the training on roles, duties and responsibilities for a safety issue of employees, work chiefs, executives, employers and all levels of staff in order to present it to the employer.

7. To follow up the progress of the issue presented to the employer.

8. To report to the employer on the annual performance consequence, including problems, impediments and suggestions for the Committee's performance when the one-year duty performance period is due.

9. Perform other duties related to safety, hygiene and working environment, as assigned by the employer.

2.2.8 Welfare in the Establishment Committee is composed of at least 7 executives from various sections, each having a two-year term and at least one meeting every three months, with the following scope of duties and authority:

1. To consult the employer to arrange for the welfare of employees.

2. To give consultancy and provide opinions to the employer concerning establishing the welfare of employees.

3. To inspect, control and oversee the welfare provided to employees by the employer.

4. To give the Labor Welfare Committee opinions and guidelines for the welfare arrangement useful to employees

Name of the Management Committee

The term "The Company's Management Committee", as defined in the Office of Securities and Exchange Commission (SEC)'s notices, includes the first four executive members following the manager. In compliance with the Company's organizational structure, the Company's Management Committee is made up of the first four executive members following the Chairman and Chief Executive Officer. The Management Committee is comprised of 13 executive members whose names are listed below.

| Name of the Management Committee | Position |
|---|--------------------------------------|
| 1. Mr. Chai Sophonpanich | Chairman and Chief Executive Officer |
| 2. Mr. Panus Thiravanitkul | President |
| 3. Miss Pagamas Charusathien | Senior Vice President |
| 4. Mrs. Srichitra Pramojaney | Senior Vice President |
| 5. Mr. Satit Liptasiri | Senior Vice President |
| 6. Mr. Anon Vangvasu | Senior Vice President |
| 7. Mr. Jakkrit Chewanuntapornchai | Senior Vice President |
| 8. Miss Pimjai Luemrung | Senior Vice President |
| 9. Mr. Sontaya Chaichomlert | Senior Vice President |
| 10. Mr. Suchart Chirayuwat | Senior Vice Presiden |
| 11. Mr. Suphat Yookongbandhu | Senior Vice President |
| 12. Dr. Apisit Anantanatarat | Senior Vice President |
| 13. Mr. Aree Vanairlor | Senior Vice President |
| Miss Poonsuk Tevidhaya (Retired on July 1, 2011) | Senior Vice President |

Qualifications and Procedure for Nominations of the Board Directors and Management

1. Qualifications and Procedure for Nomination of the Board Directors

1.1 Qualifications of Directors

The Company's Board directors possess comprehensive knowledge to perform their duties. Besides, they have a good understanding of their responsibilities and the characteristic of the Company's business transactions, including having readiness to independently express their opinions on decision-making on any issue, with a consideration of the Company's utmost benefit and a fair treatment to each group of stakeholders. Similarly, the Board directors, in their capacity as director, can fully devote their time and effort to the Company.

1.1.1 Qualifications of Independent Directors

Apart from having sound qualifications of the Company's Board directors, independent directors must possess the following additional qualifications.

1. Have no more than 0.5 percent of all the eligible votes in the Company, corporations, affiliated companies, associated companies or juristic persons that are the Company's major shareholders or have authority to control. This includes shares held by any party concerned.

2. Have nothing to do with the Company's administration, nor are they its employees or advisers with a regular salary, nor do they have authority to control, all for no less than two years prior to an appointment. Nonetheless, such prohibited attributes do not include the case of having been government officials or the government sector's advisers who have authority to control.

3. Have no blood line relationship or through a registration in the manner of father, mother, spouse, brother, sister and offspring, including spouse of offspring's, executives, major shareholders, any party having authority to control, or person who will be nominated the management or party having authority to control the Company or affiliated companies.

4. Have no or did not use to have business relationship, through which the value ranges from 3 percent of all net assets or from Baht 20 million and over, depending on which is the less amount, with the Company, corporations, affiliated companies, associated companies, major shareholders or any party having authority to control. Neither are they nor used to be major shareholders or the party, who has authority to control, of those having business relation with the Company, corporations, affiliated companies, associated companies, juristic persons that are major shareholders or the party having authority to control of those having a business relationship with the Company's corporations, affiliated companies, associated companies, juristic persons that are major shareholders or the party having authority to control of the Company's except that they have extricated themselves from those responsibilities for no less than two years prior to an appointment.

5. Are not or did not use to be the auditor of the Company, corporations, affiliated companies, associated companies, juristic persons that are major shareholders or the party having authority to control. Nor are they major shareholders, the party having authority to control or partner of the auditing office to which the auditors of the Company, corporations, affiliated companies, associated companies, juristic persons that are major shareholders, or the party having authority to control are attached, except that they have extricated themselves from those responsibilities for no less than two years prior to an appointment.

6. Are not or did not use to be providers of any professional services, for example, legal advisers, financial advisers, asset evaluators, etc who derived a service fee of over Baht 2 million per year from the Company, corporations, affiliated companies, associated companies, juristic persons that are major shareholders, or the party having authority to control. Nor are they major shareholders, the party having authority to control, or partner of those professional service providers, except that they have extricated themselves from those responsibilities for no less than two years prior to an appointment.

7. Are not directors appointed to become representatives of the boards of major shareholding companies or shareholders related to the Company's major shareholders.

8. Do not have the same business transaction as, and a significant competition with the Company's or affiliated companies' business. Neither are they other companies' partner owning significant partnership, nor directors taking part in their administration, nor their employees, staff and advisers with a regular salary, nor have 1 percent of all the eligible votes in other companies having the same business transaction as, and a significant competition with the Company or affiliated companies.

9. Possess no other property that prevents them from independently expressing their opinions.

1.1.2 Qualifications of the Audit Committee Members

The Audit Committee members shall have the following qualifications:

1. Have all the qualifications of independent directors.
2. Are not directors assigned by the Company's Board of Directors to make decisions on the operation of the Company, corporations, affiliated companies, associated companies, affiliated companies in the same order, or juristic persons that are the Company's major shareholders or party having authority to control.
3. Are not directors of corporations, affiliated companies, or affiliated companies in the same order, particularly those listed in the SET.
4. A minimum of one Audit Committee member has knowledge and experience sufficient to verify the Company's financial statements' reliability.

1.2 Procedure for Directors Nomination

The Company's Board of Directors has assigned the Remuneration and Nomination Committee to take care of the issue of the proportion, number and components of the Board of Directors, as well as to nominate a qualified person, with sound knowledge and proficiency, to supersede a director, Chief Executive Officer or President in case of the expiry of his term, resignation or other reasons, apart from nominating a new Board member to shareholders or the Board for consideration and appointment, based on the case and in accordance with the Remuneration and Nomination Committee's duties and authority specified in "The Remuneration and Nomination Committee" section.

To appoint a new director of the Board superseding a director whose term is due, the Remuneration and Nomination Committee will nominate the qualified person to the Company's Board for consideration before proposing to the shareholders' meeting for appointment approval. However, this has to be endorsed by the majority of shareholders at the meeting. The following are the criteria for the appointment of directors, as defined in the Company's rules and regulations:

1. The Board of Directors shall comprise at least five directors, and no less than half shall reside within the Kingdom.
2. No less than three-fourths of the directors must be of Thai nationality.
3. The directors shall be elected at the shareholders' meeting. Each shareholder shall a number of votes equal to the number of shares held. Decisions shall be made by a majority vote. In the event of a tied vote, the chairman of the meeting shall have the casting vote.
4. At every annual general meeting, one-third of the directors shall retire. Directors who vacate office may be re-elected.

5. The shareholders' meeting may pass a resolution removing any director from office, prior to retirement, by reason of the expiration of the director's term of office, by a vote of not less than three-fourths of the number of shareholders attending the meeting, who have the right to vote and who holds shares totaling not less than half the number of shares held by shareholders attending the meeting and having the right to vote.

For an appointment of a new director of the Board superseding a director who quits the job for a reason other than his/her term is due, it has to be approved by the Board's meeting, with the votes of no less than three-fourths of the remaining Board directors. A new Board director appointed has a term equal to the remaining term of the director leaving his/her position.

Minor Shareholders' Rights to Appoint Directors

To protect minor shareholders' rights, with an aim to have all shareholders treated equally, the Company has provided an opportunity for all of them to nominate a new Board director who is of high proficiency and appropriate for an appointment as a Board member. This is carried out in advance from October 1 to December 31 of each year. In this regard, the Company has notified its shareholders through the SET's information report channel and the Company's website at bangkokinsurance.com. Similarly, the criteria for nomination of a new Board director are defined in advance, along with the nomination form, and also displayed on the website.

2. Qualifications and Procedure for the Management Nomination

The Chief Executive Officer is authorized by the Board to make a consideration and appointment of a person of high proficiency, knowledge and experience in the non-life insurance industry as the Company's management in order to perform his/her duties and operate the Company's business to fulfill the goals and objectives defined. The nomination procedure is based on the Company's regulations on its human resources management, and subsequently reported to the Board for acknowledgement.

Remuneration for the Auditor

| | |
|---|------------------|
| In 2011, the Company paid remuneration to its auditor as follows: | (Baht) |
| 1. Remuneration for audit of annual financial statements and review of quarterly financial statements | 1,315,000 |
| 2. Cost for an evaluation of the internal control as well as regulations and procedures of non-life insurance companies' other business investments | 155,000 |
| 3. Remuneration for review of a RBC report for 2011 and audit in accordance with a jointly agreed method of the third-quarterly RBC report for 2011 | <u>500,000</u> |
| Total | <u>1,970,000</u> |

Control over the Use of Insider Information

In order to have control over the use of insider information, access to the Company's information is limited to executives and employees, and all computerized data is available only to those entitled to be entrusted with a password. The Board of Directors and the Management will not, as fundamental to their management principles, disclose the Company's performance data to outsiders, or exploit their authority or opportunities at work to seek any advantage for themselves, before the data is revealed to the general public. In the case of violations of disciplinary rules and regulations, the Company will rule on their penalties in accordance with its policy.

In 2007, the Company had formulated in writing regulations on security arrangements and security transference in accordance with those of the Security Act and Security Exchange Act of 1992, Section 59. In this regard, the scope of report, reporters, reporting methodology, and reporting time, including the report to the Company's Board, were defined so that the Board, management and the people concerned would strictly comply with them. This was intended not only to create a correct understanding for those taking charge of reporting, but also to be a measure for effectively overseeing the use of insider information.

For 2011, the Company had strictly abided by the regulations defined.

Internal Control

The meeting of the Board of Directors (No.4/2011) held on November 11, 2011, with all three members of the Audit Committee in attendance, reviewed the efficiency of the internal control system using the SET's assessment questionnaire as a guideline, which covered the following issues:

1. Controlling environment: such as determination of business goals, formulation of organizational structure, defining of ethics and prohibitions including penalties forbidding the management and employees to engage in any activities that may lead to a possible conflict of interest, mapping out policies and work procedures in writing, as well as encouragement of all employees to value the importance of customers.

2. Risk assessment: includes an assessment of both internal and external risk factors influencing the Company's business transactions, an analysis and determination of risk management measures, a communication with concerned staff for their acknowledgement, as well as following up the consequences of implementation based on the defined measures.

3. Control activities: such as division of duties and responsibilities, determination of authority and duties of each level of executives, including the amount of money they can approve, as well as a supervision of the Company's operational performance in accordance with related laws. The Audit Committee had raised significant issues found during an audit, and both the internal and external Audit Committee members brought the issues for discussion with the Company's management, as well as giving recommendations for improvement, including following up closely the consequences of correction. This aimed for higher operational efficiency.

4. Information technology and communications: includes a convention of the Board of Directors' meeting, documentation work for the meeting, writing the minutes of the meeting, and formulation of a policy on the management's accounting, including storage of documents for account recording on a par with the standards specified.

5. Following up and evaluation: such as following up and evaluating an implementation consequence compared to its target. The Company has stipulated that all sections (departments) must make a report on their operational consequences based on the work plan every month, while the executives of a section concerned have to make a correction in case of deriving an unsatisfactory outcome, of which the result will be reported to the Company's management, who will subsequently make a conclusion and report to the Board of Directors for consideration. Similarly, the Audit Committee's performance consequences are reported to the Board for acknowledgement every quarter.

The Company's Board of Directors has already made a consideration and unanimously agreed that the Company's internal control system is sufficient and appropriate.

SHAREHOLDINGS STRUCTURE

Breakdown of Shareholdings

As at November 25, 2011 (The Record Date)

Issued and Fully Paid-up Share Capital: Baht 760.5 Million

Class of Share: Ordinary Shares at Baht 10 per Share

| Size of Shareholdings | Number of Shareholders | % | Number of Shares | % |
|-----------------------|------------------------|--------|------------------|--------|
| 1 - 10,000 | 1,583 | 75.85 | 3,110,562 | 4.09 |
| 10,001 - 50,000 | 315 | 15.09 | 7,122,770 | 9.37 |
| 50,001 - 150,000 | 123 | 5.90 | 11,224,052 | 14.76 |
| 150,001 Up | 66 | 3.16 | 54,592,616 | 71.78 |
| | 2,087 | 100.00 | 76,050,000 | 100.00 |

Thai Shareholders 79.01% Non - Thai Shareholders 20.99%

Major Shareholders and Numbers of Shareholdings as at November 25, 2011 (The Record Date) for the right to attend the meeting and to receive the dividend payment.

| Name | Number of Shares As at Nov. 25, 2011 | % |
|---|---|------|
| 1. Bangkok Bank Public Co., Ltd. | 7,580,853 | 9.97 |
| 2. HWIC ASIA FUND* | 4,822,939 | 6.34 |
| 3. Mrs. Boonsri Sophonpanich | 2,745,007 | 3.61 |
| 4. Chin Sophonpanich Foundation | 2,407,810 | 3.17 |
| 5. C.R. Holding Co., Ltd. | 2,407,810 | 3.17 |
| 6. Mr. Chai Sophonpanich** | 2,377,462 | 3.13 |
| 7. AIOI INSURANCE CO., LTD. | 2,135,428 | 2.81 |
| 8. Mr. Chatri Sophonpanich | 1,795,738 | 2.36 |
| 9. Mr. Niti Osathanugrah | 1,588,830 | 2.09 |
| 10. Mr. Choedchu Sophonpanich | 1,272,476 | 1.67 |
| 11. HWIC ASIA FUND A/C CLASS C2 SHARES* | 1,211,565 | 1.59 |
| 12. GLORY HOPE LIMITED* | 1,184,655 | 1.56 |
| 13. MERRILL LYNCH, PIERCE, FENNER & SMITH INC.* | 1,160,851 | 1.53 |
| 14. VAYUPAK FUND 1 Krung Thai Asset Management Public Co., Ltd. | 1,135,147 | 1.49 |
| 15. VAYUPAK FUND 1 MFC Asset Management Public Co., Ltd. | 1,135,143 | 1.49 |
| 16. Thai Reinsurance Public Co., Ltd. | 1,011,201 | 1.33 |
| 17. Rabil Holding Co., Ltd. | 1,004,337 | 1.32 |
| 18. Bangkok Rinvest Co., Ltd. | 915,786 | 1.20 |
| 19. RANGEFORD INVESTMENT LIMITED* | 827,347 | 1.09 |
| 20. BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH* | 765,524 | 1.01 |

Remarks : * Shareholder in the 2, 11, 12, 13, 19 and 20 order is Nominee Account or Custodian (The Company has audited with Thailand Securities Depository Company Limited) so the Company cannot disclose the Ultimate Shareholders.

** Inclusive of Relatives' stock under Section 258 of the S.E.C. Act. B.E. 2535, as follows:

Spouse - Mrs. Nuchanart Sophonpanich 179,676 Shares

Shareholding of the Board of Directors as at November 25, 2011 (The Record Date) for the right to attend the meeting and to receive the dividend payment.

| Name | Number of Shares As at Nov. 25, 2011 | Number of Shares As at Nov. 26, 2010 | Change |
|--|---|---|--------|
| 1. Mr. Chai Sophonpanich * ¹ | 2,377,462 | 2,377,462 | - |
| 2. Mr. Plengsakdi Prakaspesat | - | - | - |
| 3. Mr. Singh Tangtaswas | - | - | - |
| 4. Miss Potjaneer Thanavararit | - | - | - |
| 5. Mr. Chor.nun Petpaisit | - | - | - |
| 6. Mr. Thira Wongjirachai | 377,913 | 377,913 | - |
| 7. Mr. Suvarn Thansathit | - | - | - |
| 8. Mr. Virasak Sutanthavibul | - | - | - |
| 9. Mrs. Ninthira Sophonpanich * ² | 2,107 | 2,107 | - |
| 10. Mr. Makoto Suzuki | - | - | - |
| 11. Mr. Panus Thiravanitkul * ³ | 13,591 | 11,591 | 2,000 |
| 12. Mr. Voravit Rojrapitada | 48,672 | 48,672 | - |

Remarks * Inclusive of Relatives' stock under Section 258 of the S.E.C. Act. B.E. 2535, as follows:

1. Spouse - Mrs. Nuchanart Sophonpanich 179,676 Shares
2. Spouse - Mr. Chartsiri Sophonpanich 2,107 Shares
3. Spouse - Mrs. Suporn Thiravanitkul 3,000 Shares

Shareholding of Management Committee as at November 25, 2011 (The Record Date) for the right to attend the meeting and to receive the dividend payment.

| Name | Number of Shares As at Nov. 25, 2011 | Number of Shares As at Nov. 26, 2010 | Change |
|---|---|---|--------|
| 1. Mr. Chai Sophonpanich * ¹ | 2,377,462 | 2,377,462 | - |
| 2. Mr. Panus Thiravanitkul * ² | 13,591 | 11,591 | 2,000 |
| 3. Miss Pagamas Charusathien | 29,239 | 29,239 | - |
| 4. Mrs. Srichittra Pramojaney | - | - | - |
| 5. Mr. Satit Liptasiri | 8,022 | 8,022 | - |
| 6. Mr. Anon Vangvasu * ³ | 34,754 | 34,754 | - |
| 7. Mr. Jakkrit Chewanuntapornchai | - | - | - |
| 8. Miss Pimjai Luemrung | 10,368 | 10,368 | - |
| 9. Mr. Sontaya Chaichomlert | - | - | - |
| 10. Mr. Suchart Chirayuwat | - | - | - |
| 11. Mr. Suphat Yookongbandhu * ⁴ | 40,936 | 37,336 | 3,600 |
| 12. Dr. Apisit Anantanatarat | 3,295 | 3,295 | - |
| 13. Mr. Aree Vanairlor | 2,425 | 2,425 | - |

Remarks : * Inclusive of Relatives' stock under Section 258 of the S.E.C. Act. B.E. 2535, as follows:

1. Spouse - Mrs. Nuchanart Sophonpanich 179,676 Shares
2. Spouse - Mrs. Suporn Thiravanitkul 3,000 Shares
3. Spouse - Mrs. Thunyaporn Vangvasu 10,725 Shares
4. Spouse - Mrs. Warunee Yookongbandhu 31,000 Shares

Dividend Payment Policy

Since it is anticipated that business will expand consistently, the Company will try to maintain the level of dividend to be paid to shareholders at about 50.0 percent of its net income after income tax deduction, and pay the dividend four times a year. In this regard, the Company will consider paying the dividend based on its performance consequence and in accordance with the country's economic situation.

The Company's data on dividend payment over the past five years

| Shareholders' Meeting Time/Year | Year of Payment | Dividend and Stock Dividend | | | | | Total |
|------------------------------------|-----------------|-----------------------------|-----------|-----------|-----------|-------------------|-------|
| | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Stock Dividend | |
| 15/2008 | 2007 | 2.75 | 2.75 | 2.75 | 3.75 | - | 12 |
| 16/2009 | 2008 | 2.75 | 2.75 | 2.75 | 3.75 | - | 12 |
| 17/2010 | 2009 | 2.75 | 2.75 | 2.75 | 3.75 | 5* | 17 |
| 18/2011 | 2010 | 2.75 | 2.75 | 2.75 | 3.75 | - | 12 |
| 19/2012 | 2011 | 2.75 | 2.75 | 2.75 | 3.75 | - | 12 |

Remarks : * For the shareholders' 17th general meeting on April 23, 2010, the Company was approved by the meeting to increase its paid-up capital from Baht 507.0 million to Baht 760.5 million, by issuing shares to be paid as stock dividends to shareholders at the rate of 2 existing shares per 1 share of stock dividend. In the case of a share fraction, a dividend payment is made, in the portion of this share fraction to shareholders at Baht 5 per share.

PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Good Corporate Governance

The Bangkok Insurance Public Company Limited Board of Directors fully realizes the significance of good corporate governance and views it as a preliminary factor in enhancing the Company's performance efficiency and sustainable business growth, while gaining greater acceptance both inside and outside the country. This will, of course, lead to the significant goal of generating the greatest benefit for all parties concerned, shareholders, investors, staff and other stakeholders, including society at large.

The Company's Board is strongly determined to perform in accordance with the principles of good corporate governance and has, therefore, formulated the Company's policy on good corporate governance based on the guidelines defined by the SET and the Office of Insurance Commission. In addition, the Board has assigned the Company's management team to oversee and strictly comply with good corporate governance principles, and report on the recommendations in order to improve the Company's policy on good corporate governance, and to ensure the ethics manual is in accordance with the guidelines of the SET and the Office of Insurance Commission, while allowing for future modification. The aim is to be up-to-date and appropriate to the current situation, and with higher international standard practices.

In 2011, the Company's Board has approved, for the fifth time, an improvement of the Company's policy on good corporate governance in order to notify its policy on good corporate governance, which the Company has effectively implemented, to all stakeholders for complete acknowledgement. In sum, the Company has performed according to the principle of good corporate governance as in the following:

The Section on Shareholders' Rights The Company has performed completely in accordance with the principle of good corporate governance, for instance, a proposal for a Board director's remuneration at the shareholders' annual meeting for their approval; a proposal for shareholders' acknowledgement of clear policies and principles concerning the determination of a Board director's remuneration, including giving an opportunity to shareholders to vote for a Board director individually, propose the meeting agenda in advance, as well as submit questions in advance to the Company prior to the meeting day.

Additionally, the Company also presents to the shareholders a meeting invitation letter and the history and details of a person nominated for a Board member, the details of the Company's auditor appointment in the invitation letter, including facts and the Board's recommendations and arguments on each agenda of shareholders' meeting. Similarly, the Company informs shareholders before a meeting of the law to vote and the method of vote counting; gives them an opportunity to ask questions during the meeting and has the questions and answers recorded in the meeting's minutes; records voting results for each agenda of shareholders' meeting, whether agreed, or disagreed or abstention, as well as has the names of Board directors attending shareholders' meeting recorded. Likewise, any agenda that is not defined in the shareholders' meeting invitation letter will not be considered.

The Section on Equal Treatment of Shareholders The Company's practices of equal treatment of shareholders based on the principle of good corporate governance are, for instance, provision of the minority of shareholders' rights to propose the meeting agenda and nominate the Board's director, through the criteria and procedures propagated on the Company's website; presentation of shareholders' meeting invitation letter; explanation of details of documents to be used for mandate-giving, as well as promoting an equal exercise of every shareholder's right based on the number of shares he or she holds, including formulation of a policy of strict control over the use of inside information, and notification of the issue to the Company's Board and management for acknowledgement.

For 2011, the Company has added the definition of the minority of shareholders in its policy on good corporate governance for more clarity to "The minority of shareholders means the Company's shareholders, whether individual or many, who hold a total share of at least 10,000 shares". Such a definition is a criterion that the Company has practiced throughout, and is more lenient than the criterion defined by the SET since the number of shares defined is less than 1 percent of the Company's total shares.

The Section on Consideration of Stakeholders' Role The Company's policy for each group of stakeholders has been defined. Furthermore, the Company has provided a channel for each group of stakeholders to give suggestions and comments or file a complaint to the Company's Board of Directors through the Company's secretary and Quality Control Center on the Company's website at bangkokinsurance.com.

The Section on Data Disclosure and Transparency The Company discloses such significant data as its policy on good corporate governance and its implementation consequences, shareholders structure and structure of each committee as well as its history and roles, along with the Company's business transactions and returns. The disclosure has been made accurately and steadily through the channels of the SET, as well as the Company's annual report and website, and also a press conference, given each quarter, concerning the Company's financial statements. Additionally, the Company has established an Investment Relations Officer in order to provide the Company's information and data to investors, in particular via the phone numbers and e-mail address displayed on the Company's website at bangkokinsurance.com.

For 2011, the Company's Board of Directors has established the Corporate Governance Committee to take charge of the development of the Company's good corporate governance so that it proceeds continuously and in accordance with changing circumstances both currently and in the future.

The Section on the Board of Directors' Responsibilities The Company has strictly complied with its Board of Directors' principles of good corporate governance covering the Board's roles and duties, qualifications, meetings, self-evaluation, and remuneration, including the development of the Company's Board and management.

In 2011, the Company's Board made a self-evaluation on its work performance for the second time. The evaluation was divided into 6 sections, including those on the Board's policy, duty performance, structure, performance guideline, meeting and arrangement, and qualifications. With regard to the methodology of the Board's self-evaluation, each Board director gave a score to himself or herself independently in each section. Then all directors' scores in each section were added up and divided by the number of directors. It was found that the average score, derived from the sum in all sections, was 4.72, representing 94.4 percent of the total 5 scores, approximate to an evaluation consequence in the previous year. In this connection, the Company's Board had assigned the Corporate Governance Committee to contemplate the evaluation result in order to appropriately improve its performance subsequently. In addition, the Board had approved the new criteria of a work performance evaluation for the position of the Chief Executive Officer and President, as proposed by the Remuneration and Nomination Committee.

Details of the Company's policy on good corporate governance may be viewed on its website at bangkokinsurance.com.

Practices Based on the Principles of Good Corporate Governance

1. The Section on Shareholders' Rights

1.1 Awareness of Significance of Shareholders' Rights

The Company has given priority to and respected the rights of all shareholders, who are regarded as the business's owners. Thus, all shareholders, either major or minor, are encouraged to exercise their rights equally based on the criteria defined by law, which is identified in the Company's rules and regulations, and policy on good corporate governance, for instance, the right to purchase, sell or transfer shares; right to receive the Company's profit share; right to attend shareholders' meeting; right to give a mandate to any person to attend the meeting instead and vote on his behalf; right to nominate a Board director; right to vote for a Board director and determine his remuneration; right to propose the meeting agenda; right to appoint an auditor and determine audit remuneration, and right to obtain sufficient data and information. In addition, shareholders will be equally and transparently provided with accurate, complete and updated information at every meeting. Details of shareholders' rights are given in the Company's policy on good corporate governance, and rules and regulations.

1.2 Promotion of Shareholders' Rights

The shareholders' meeting is regarded as a good opportunity for shareholders to exercise their rights in making a decision regarding the Company's performance on various issues. The Company will, 14 days in advance of every meeting, which is normally held once a year at an appropriate date, time and place, send out invitation letters to all shareholders, informing them of the meeting agenda and the Board's recommendations, together with the necessary documents and information to guide their decisions on voting on significant issues. Generally, the meeting is held within 4 months of the Company's accounting year-end, or when there is an urgent need on special issues affecting or involving shareholders' interests, or relating to conditions or regulations and laws that have to be approved by shareholders. Based on the above cases, the extraordinary shareholders' meeting will be convened. In this regard, the Company will disseminate the news in an invitation letter for the meeting through the SET and the Company's website. Nevertheless, if a shareholder cannot attend the meeting, he/she can still exercise his/her rights by giving a mandate to any person or the Board's independent director, who also sits on the Audit Committee and whose name is identified in the mandate, to attend the meeting and vote on his/her behalf. The Company has also notified the independent director of its nomination of him to receive a shareholder's mandate so that the latter (director) can attend the meeting.

For every shareholder's meeting, the Company's Board has a policy of having all of its members, particularly the chairman of a sub-committee and the Company's senior management, attend the meeting in order to answer shareholders' questions. The Company also facilitates registration in advance. Before a meeting the chairman will inform the shareholders of all rules and regulations, including the method of vote counting. An item that is not informed in advance will not be added to the agenda, especially a significant one for which shareholders need time to study before making a decision. Similarly, during the meeting, all shareholders can fully exercise their rights through a debate, interrogation and expression of opinion for all items on the agenda. Details of the meeting will be recorded and open to shareholders' examination.

In 2011, the Company held a general meeting of shareholders on April 22, 2011, at 14.00 p.m. in room 1105 on the eleventh floor of the Bangkok Insurance Building, at 25 Sathon Tai Road, Sathon, Bangkok. The Board directors, 9 out of 12 members, and 14 management members attended the meeting while the meeting proceeded absolutely in accordance with the policy defined. For the Board directors who did not attend the meeting, they were afraid to create non-transparency since they were stakeholders or directors whose terms were due but were selected by the Remuneration and Nomination Committee for being qualified, as approved by the Company's Board of Directors, to resume their office for another term. Consequently, they did not attend this meeting. Through the procedure of holding shareholders' meeting in a manner that promotes an equal exercise of every shareholder's rights, the Securities and Exchange Commission (SEC) and the SET gave a score of 98.75 out of a total 100 in a quality evaluation of the Company's shareholders' general meeting for 2011.

2. The Section on Equality of Shareholders

2.1 Equal Treatment of Shareholders

The Company realizes the significance of every shareholder's rights and expects all of them to be treated equally. Details are explained in the section on shareholders' rights under the item "Promotion of Shareholders' rights".

2.2 Rights of Minor Shareholders

The Company has allowed all shareholders to propose any important issues that should be put on the agenda of the Company's shareholders' annual meeting, including nominating a new director who is of high proficiency and appropriate for appointment as a Board member. This is done prior to the meeting so that the Company's Board can later verify and is well prepared to define the issues proposed by shareholders as the items on the agenda of the Company's shareholders' annual meeting. The criteria and practice on this matter are clearly defined on the Company's website, and became effective from the shareholders' 2007 annual general meeting onwards.

As for the consequence of an implementation on this issue over the past five years (2007 - 2011), though the Company has campaigned to have shareholders know their rights in the matter, it appears that no shareholders have ever nominated a new director for appointment as a Board member or proposed any significant issues that should be put on the agenda of the Company's shareholders' annual meeting.

2.3 The Use of Insider Information

This has been reported in the section on "Control over the Use of Insider Information" in "The Management".

3. The Section on Stakeholders' Rights

The Company is fully cognizant of its stakeholders' rights and believes that the stakeholders' support benefits the Company's good reputation and ability to compete in the market, as well as helps build up the Company's profit in the long term. Hence the Company realizes its responsibilities for each stakeholder group that has a different perspective, and has therefore adopted the following practices with the principles of morality and integrity to insure that their rights are always respected:

Shareholders

The Company is determined to be a good representative of shareholders by taking good care of their benefits and providing them with the greatest satisfaction through high and continuous remuneration. Likewise, all reliable insurance-related business information will be disseminated to them accurately, completely and transparently in conformity with generally accepted standard.

Employees

The Company will treat its employees at all levels equally on the basis of moral and fairness principles in order to encourage them to work efficiently, without regard to sex, race, religion, or institutional differences as limitations to their career advancement. All employees are also consistently urged and trained to develop their skills and knowledge necessary to the successful implementation of their work, as well as the generation of the utmost satisfaction for customers. In this respect, various training programmes are offered in conformity with the Company's business transaction strategies in order to upgrade the employees' ability to carry out their jobs professionally. The programmes organized are, for instance, insurance training, development of quality management system, human resources management, development of working efficiency, etc. Besides, all levels of employees are encouraged to study or seek new branches of knowledge via the Company's scholarships and support on conferences with leading domestic and foreign institutions. Similarly, different patterns of learning are created to enable all employees to learn by themselves, which will finally lead to the Company's knowledge-based culture. The policy on development of the Company's employees, including a budget spent in 2011, is revealed in the annual report presentation form (Form 56-1) under the item "Policy on Employees' Development". Apart from fair remuneration, all other welfare schemes are, of course, higher than the requirements of the Ministry of Labour, i.e. provident fund scheme, life and health insurance coverage, 5s and relaxation programmes, as well as the maintenance of a good working atmosphere and the protection of employees' health and safety.

Furthermore, during the flood in Thailand in late 2011, the Company defined numerous measures to help its employees, for example, producing a manual for coping with the flood and telling employees how to prepare themselves if they encounter a flood, setting up a rescue team to aid employees confronted with a flood, arranging for a parking lot for cars and motorbikes and a temporary shelter for employees, including providing a special fund to employees whose houses were flooded. In addition, after the flood had receded, the Company also provided for equipment and personnel to clean the residence of its employees suffering flooding, as requested.

Customers

The Company offers various quality insurance products according to international standards, providing suitable coverage at a reasonable price, and indemnification made on a fair basis. In addition, customers will be fully advised about the nature of these products, while the Company has specifically established a work unit to receive their complaints and comments.

Business partners

The Company treats its business partners fairly in evaluating their performance. These business partners will be given opportunities to comment and propose suggestions concerning any and all joint business issues. To ensure that the rights of business partners are protected, the Company will treat business partners' secrets as strictly confidential.

Competitors

While maintaining its accepted professional business standards based on the benefit, the Company intends to maintain its position in the market and compete effectively, while refraining from damaging the reputation of any business competitor for its own benefit. The Company emphasizes the quality and efficiency of its services, stressing the greatest benefit to our customers and the standing of the insurance industry as a whole.

Creditors

The Company is strongly committed to a fair and equal treatment of all its creditors on an honest and fair basis for both sides, and will therefore follow all agreed conditions with its creditors, or find suitable and quick solutions to their mutual benefit.

Society and Environment

The Company realizes its responsibilities to society and to the preservation of the environment. As a consequence, it has supported many activities that benefit the community, such as the development of society through employing disabled labour. It also provides support and assistance to communities jointly with other agencies both in the government and the private sector. For instance, the Company's management has offered a mobile medical service to treat people in poverty-stricken areas, granted scholarships to poor students, as well as established a fund for the rehabilitation of historical sites, and the preservation of natural resources and development of the environment under the "BKI Clean Up Green Up with Magic Eyes" project. Furthermore, the Company has also offered various training programmes and activities to its management and staff so that they can participate, as well as realize the significance of conducting themselves in a way that would benefit society. All activities and projects, which are unending, have been continuously implemented and effectively carried out.

Details of activities performed in 2011 can be viewed in the section on "Corporate Social Responsibility" or on the Company's website at bangkokinsurance.com.

The Government Sector

The Company has carried out its business transactions under the requirements defined by laws, maintained a good relation with the agencies overseeing it, through an open coordination, and has been prepared to cooperate in providing data and information requested by the agencies overseeing it in order to display its transparency, as well as generating mutual confidence and trust.

Practices according to Human Rights Principles

The Company is determined to abide by universal human rights principles by promoting knowledge and understanding of the issue among its employees so that they can appropriately apply the human rights principles to the performance of their work and duties.

Intellectual Property or Copyright

The Company constantly encourages its employees to initiate and develop new products, whether development of a work manual, product design or computer programmes. This is aimed not only at benefiting business, but also at developing employees' potential. Nevertheless, any work which the Company's employees have created during the time they worked with it, whether assigned by the Company, or by use of the Company's data, or the work learned from the Company, is regarded as the Company's sole ownership, while such data, including the Company's confidential business data and other confidential data, must not be disclosed to outsiders without the Company's permission. In addition, the Company has also defined policies and practice regulations to prevent violations of copyright laws and an act on the computer offense commission, as well as notified them to the Company's employees. Besides, the Company has an efficient control process for its employees' practices in compliance with rules and regulations.

Convention Against Corruption

The Company has a policy on forbidding its employees to exploit their authority, whether directly or indirectly, so as to seek illegally any advantage for themselves or others, including banning employees from offering unlawful interests to any other person as an incentive in order to derive the Company's business interests.

Communications with Stakeholders

The Company has also arranged for channels to provide convenience to each group of stakeholders to communicate, make suggestions and comments or file a complaint, on matters that may cause damage to the Company, or to its Board of Directors, through the Company Secretary, Quality Control Center, Facebook and the Company's website.

4. Data Disclosure and Transparency

The Company's Board has a policy for the Company to disclose both its financial and non-financial data, as defined by the SEC and SET. Data disclosure focuses on transparency, accuracy, completeness and timelessness, through the channels of the SET, as well as the Company's annual report and the annual report presentation form (Form 56-1). Additionally, the data is disclosed both in Thai and English via the Company's website, and continually updated for reliability and easy and equal access by shareholders and other related persons. The following is a summary of the significant disclosed data.

4.1 Policy on Good Corporate Governance and Its Implementation Consequences

Throughout 2011, the Company performed in accordance with its policy on good corporate governance, except for the following issues.

(1) The Company's Chairman is also its Chief Executive Officer, who is not an independent director since the non-life insurance industry strongly needs a knowledgeable and capable person with long business experience to lead the Company to its established goals. Nonetheless, the Company and its Board of Directors is based on the principles of good corporate governance and in line with those of the SET. Therefore, though the Chairman and Chief Executive Officer is the same person, in practice, the Chairman of the Board will not exercise his authority on behalf of the Board of Directors, all under the Company's rules and regulations. Similarly, the Chief Executive Officer's performance must be approved by the Company's Board of Directors, comprising independent members, who make up more than half of the Board, giving rise to a concise and transparent checks-and-balance mechanism of the performance. Furthermore, any authorization given to the Chief Executive Officer will not allow him to approve any transaction in which he is involved as a stakeholder, or which may engender a conflict of interest with the Company, subsidiary companies or associated companies. Likewise, the Company has appointed Mr. Panus Thiravanitkul as its President, effective from January 1, 2010, which represents the beginning of separating the position of the Company's Chairman of the Board of Directors from its President so that it increasingly proceeds in accordance with the principle of sound practice.

(2) The Company does not limit the number of companies in which its Board and senior management may hold office because it is afraid that it will lose an opportunity of getting quality people to sit on the Board. However, it constantly reviews the number of companies in which each Board member holds office.

4.2 Remuneration for Directors and Management

4.2.1 Remuneration in the form of money

In 2011, the Company paid the Board's meeting allowance to the Board directors, amounting to Baht 8,008,500. Details of remuneration criteria are given below.

| The Board of Directors | Annual Remuneration (Baht/Person) | Payment made each Quarter (Baht/Person) |
|---|--------------------------------------|--|
| The Board of Directors | 600,000 | 150,000 |
| The Audit Committee Members | 300,000 | 75,000 |
| The Remuneration and Nomination Committee Members | 72,000 | - |
| The Corporate Governance Committee Members | 72,000 | - |

As at December 31, 2011, the Company's executive directors and the first four executive members comprised 14 members, who were paid a total remuneration of Baht 64,107,700 consisting of salary, bonus, motor and telephone expenses, as well as the employer's contributions to the social security fund.

4.2.2 Other Remuneration

In 2011, other remuneration, such as providence fund, totaling Baht 3,707,900, was paid to 14 of the Company's executive directors and the first four executive members.

The Company has a policy, criteria and stages of consideration on its Board directors' and executives' remuneration as the following:

- Remuneration for Directors

The Company paid the Board's meeting allowance to its Board directors, taking into consideration the appropriateness, and directors' obligations and responsibilities, in comparison with the amount paid to directors of other listed companies and similar business, as well as sufficient to attract and maintain quality directors as required by the Company. The payment procedure has to go through a consideration of the Remuneration and Nomination Committee, while the annual remuneration amount, which does not exceed Baht 9 million, has been approved by shareholders. In 2011, the Company paid remuneration totaling Baht 8,008,500.

- Remuneration for Management

To determine the amount of remuneration for its management based on the principles defined by its Remuneration and Nomination Committee, the Company takes into account their annual performance evaluation, along with such other factors as the principle on systematic assessment of work, the Company's annual operation consequence and potential of payment, the trend of insurance industry growth, including an outcome of a survey of wage and other remuneration of leading domestic companies and the same business group. This aims to generate fairness and competitiveness with the market so as to maintain and attract quality directors as required by the Company. In 2011, remuneration both in the form of money and other remuneration, amounting to Baht 67,815,600 was paid to the Company's management.

4.3 The Board of Directors' Responsibilities for Financial Statements

The Company's Board of Directors is responsible for the accuracy of the Company's financial statements preparation, which should display details of its financial data sufficiently, transparently and correctly, while significant data is adequately and steadily disclosed in notes of the financial statements in accordance with appropriate accounting standards. The Company's financial statements are audited by a public accountant, certified by the Securities and Exchange Commission (SEC) and/or related agencies, as well as verified by the Audit Committee. The Company's Board has also prepared the report on its responsibilities for financial statements in the Company's annual report and the annual report presentation form (Form 56-1).

4.4 Role and Duty Performance of the Board of Directors

The Company reveals the names and history of each Board director, including the roles and duties of the Board of Directors, the Audit Committee and the Remuneration and Nomination Committee, along with details of their duty performance of the previous year in the section "Management Structure", so that the shareholders and the people concerned may know about the knowledge, capabilities, experience and other significant data of the directors, who contribute to the Company's success in its business transactions.

4.5 Investment Relations

Apart from communicating its information through various channels, the Company has established an investment relations agency in charge of communicating the Company's information and data with investors and outsiders, besides treating them equally and fairly, as well as in a well-arranged manner.

In this regard, investors can ask for more investment data at the phone number and e-mail address displayed on the Company's website.

4.6 Policy on Responsibilities to Society and the Environment and Implementation Consequence

This has been reported in the section on Corporate Social Responsibility.

5. The Section on the Board of Directors' Responsibilities

The Company's Board fully realizes its roles and responsibilities as the shareholders' representative, principally responsible for making decisions on the Company's significant policies and strategies. In addition, the Board will see to it that the Company's management has implemented the policies and strategies defined for the Company's utmost benefit. To fulfill this goal, the Board has implemented the principles of good corporate governance as the following:

5.1 The Board of Directors' Structure

(1) Components of the Board

It has been reported in the section "Management Structure".

(2) The Board of Directors' Term of Office

The Company has clearly defined the Board of Directors' term of office in its rules and regulations no.23, which is proclaimed on the Company's website at www.bangkokinsurance.com.

(3) Qualifications of Independent Directors

It has been reported in the section "Qualifications and Procedure for Nomination of the Board Directors".

5.2 The Sub-Committee

It has been reported in the section "Sub-Committees".

5.3 The Board of Directors' Roles, Duties and Responsibilities

(1) Leadership and Vision of the Board of Directors

The Company's Board of Directors consists of knowledgeable and experienced persons from various fields who are supportive of the Company's administration. In 2011, all directors took part in cautiously defining and giving approval to all important vision and policy statements, missions, strategies and business goals of the Company. They also ensured that the Company's management's performance will, as a matter of principle, be presented to the Board of Directors every three months. In addition, the Board also occasionally plays a role in giving approval to the performance guidelines of the various sub-committees, such as the Audit Committee, and the Remuneration and Nomination Committee.

Exercise of authority in the performance of the Company's Board will strictly and honestly comply with laws, regulations and shareholders' meeting resolutions based on sound morality and rule of conduct. This is to ensure that the Management's performance will ultimately fulfill the Company's goals and generate the utmost benefits for shareholders.

(2) Approval of Policy on Corporate Governance

In 2005, the Board of Directors approved for the first time, in writing, the formulation of the Company's policy on corporate governance, as well as approved the policy modification four times in 2006, 2008, 2009 and 2011, so that it was in accordance with the laws and principles of good corporate governance that had altered. In this regard, the Board has assigned the Company's management to take charge of a follow-up of the policy implementation in order to report recommendations to the Corporate Governance Committee for an improvement of the policy in order that it is updated and appropriate for the changing situations, and increasingly has a practice guideline of international standard.

Details of the Company's policy on corporate governance may be viewed on the Company's website at bangkokinsurance.com.

(3) Business Code of Ethics

The Company's Board of Directors has approved the publication of the Company's code of ethics (rules of conduct) to be presented to the Board and staff, including propagating the code of ethics on the Company's Intranet. This aims at communicating good practices to the Company's Board and staff so that they will use them as a principle for their work performance. In this connection, it is the duty of all levels of management to make sure that their subordinates know, understand and actually perform according to the Company's code of ethics. In addition, the Company has steadily offered a training course on its code of ethics to all new staff and continuously made an evaluation to investigate the effectiveness of the Company's communication of its code of ethics and practices of staff based on the code defined. From a consequence of the latest evaluation, it has been found that over 96.0 percent of the Company's staff is well informed of its code of ethics, while all staff have strictly complied and abided by the code of ethics defined, which is fairly satisfactory, indicating that the communication and promotion of the staff's behavior on the practice of the Company's code of ethics throughout the organization are effective.

Details of the Company's code of ethics can be viewed on the Company's website at bangkokinsurance.com.

(4) Conflict of Interest

The Company's Board of Directors has taken measures to impede conflicts of interest and the seeking of one's self-interest by defining this as a principle in the rule of conduct for both directors and staff. Additionally, the Board has assigned the Audit Committee to oversee and report to it on crossover transactions and those with conflicts of interest. These have been cautiously considered for appropriateness, with honesty, justification and independence based on the defined code of ethics, in the best interests of the Company, all of which is performed in the same manner as transactions made with outsiders. Furthermore, the Audit Committee has also performed in accordance with the SET's criteria in reporting on and disclosing such information each quarter in the Company's annual report and the annual report presentation form (Form 56-1).

- Control over the Use of Insider Information

In order to have control over the use of insider information, access to the Company's information is limited to executives and employees, and all computerized data is available only to those entitled to be entrusted with a password. The Company's Board of Directors and management will not, as fundamental to their management principles, disclose the Company's performance data to outsiders, or exploit their authority or opportunities at work to seek any advantage for themselves, before the data is revealed to the general public.

Moreover, the Company has stipulated that its Board directors and management must strictly follow the regulations of the Security Act and Security Exchange Act 1992, Section 59; reporting all their security arrangements and security transference in accordance with the set-up form and duration. Similarly, a copy of their report must be delivered to the Company on the same day.

(5) Controlling System, Internal Audit and Risk Management

Observing the important internal controls at both the managerial and operational levels, the Company's Board of Directors has set out the responsibilities of executives and employees in writing, and also requires that the executives assess the adequacy of internal controls at least once a year. The Audit Department is encouraged to work independently, void of any intervention, which will effectively promote internal control systems, leading to transparent administration, which will in turn benefit each group of the Company's stakeholders.

For risk management, the Company's Board of Directors has assigned the Risk Management Committee to be responsible for assessing both internal and external risk factors, analyzing and determining risk management measures, communicating with concerned staff for their acknowledgement, as well as following up the consequence of implementation based on the defined measures. The report on risk management consequence to the Board of Directors has to be made at least once a year.

5.4 The Board of Directors' Meeting

(1) The Meeting Schedule. The Company's Board of Directors will meet a minimum of once every three months. Nonetheless, there may be an additional extraordinary meeting as the Board thinks appropriate. Each Board member will be informed of the Board's meeting agenda in advance so that he/she may set aside time for the meeting. In 2011, the Board of Directors' meeting proceeded according to the schedule planned, resulting in the Board members' average meeting attendance of over 80 percent of all the Board's plenary meetings.

(2) The Consideration of Meeting Agenda Determination. To define the meeting agenda, the Company's secretary will compile significant issues to be put on the agenda and propose to the Company's President for approval, and then arrange them as the meeting agenda, including other relevant documents to be scrutinized for each agenda. Each Board member is allowed to propose an issue to be inserted on the agenda through the Company's secretary.

(3) The Delivery of Meeting Documents. For the delivery of the Board's meeting documents, the Company's secretary will send out meeting invitation letters, including an agenda and other relevant documents, no less than 7 days prior to the date of the meeting, to all the Board members to ensure that they have sufficient time to scrutinize the data before the meeting. In 2011, meeting invitation letters and other relevant documents were submitted to each Board member in time for all meetings.

(4) The Meeting Procedure. For each meeting, the Chairman of the Board of Directors allows each director to comment and ask questions about business performance, risk management, internal control systems, and all other matters without prescribed time limit. In consideration of agenda, directors who are stakeholders in any item on the agenda have no right to vote and are not allowed to be at the meeting for that agenda. The Company's secretary will report on the minutes of the meeting and the meeting's resolution for the Board's approval at the next meeting. In addition, for each meeting, a meeting report will also be systematically kept by the secretary as a convenient reference or for examination by the Board and other related people.

(5) The Invitation of Executives for Meeting Attendance. In 2011, for each of the Board of Directors' meetings, at least the Company's 4 senior executives, namely, the Chief Executive Officer, President, Director and Adviser, and Senior Vice President of Accounting Department and Treasury Department, would attend the meeting in order to answer the Board directors' questions and doubts.

(6) Information Access. For access to information, since the Board of Directors' meeting is not convened every month, the report on the Company's performance is presented to each Board director each month, starting from April 2007 onwards. This is aimed at allowing the Board to continuously oversee and control the Company's management's performance. Besides, the Board may ask the Company's President or secretary for additional explanations and examination of relevant documents.

(7) The Meeting of Non-Executive Directors. For the meeting of non-executive directors, in 2006, the Board approved a policy encouraging its non-executive directors to convene a meeting among themselves, and assigned the Company's secretary to facilitate such a meeting. Nonetheless, through 2011, apart from the meetings of the Audit Committee, the Remuneration and Nomination Committee, and the Corporate Governance Committee for an implementation of the missions assigned to them, the non-executive directors had never convened a meeting among themselves.

A summary of each Board director's meeting attendance in 2011 is given in the section "The Management" with respect to the Board of Directors.

5.5 Procedure on the Determination and Appropriateness of Remuneration

The Company's Board of Directors has a policy to determine the Board directors' remuneration to the amount paid to other listed companies' directors of similar businesses or companies with approximate returns. The Board thus assigns the Remuneration and Nomination Committee to determine the Board directors' remuneration based on the scope of their roles and responsibilities, including the benefits to be derived from them, before proposing it to the shareholders' meeting for approval.

5.6 Development of the Board of Directors and Executives

The Company's Board of Directors has a policy of promoting and supporting directors, executives and other staff, related to the Company's corporate governance system, to receive regular training with an aim to constantly improve their performance every time there is a change in the Board. In addition, the Company has assigned its secretary to arrange for a new Board director orientation and submitted documents and data beneficial to a new director's duty performance.

In 2011, the Company's Board directors and executives attended the following seminars and training courses.

| Name | Position | Course |
|-------------------------------|---------------------------------|--|
| 1. Miss Potjaneer Thanavarant | Director of the Audit Committee | - Management of High Security, National Defense College |
| | | - Financial Institutions Governance Programme |

GENERAL INFORMATION

| | |
|------------------------------------|--|
| Name of Company | Bangkok Insurance Public Co., Ltd. |
| Registration No. | 0107536000625 |
| Established | 1947 |
| Principal Lines of Business | Non - Life Insurance |
| Accounting Period Ended | December 31, 2011 |
| Location : Head Office | Bangkok Insurance Building 25 Sathon Tai Road, Bangkok 10120 Tel. 0 2285 8888 Fax: 0 2610 2100 Accident Notification Tel. 1620 bangkokinsurance.com |

Branches

Kanchanaphisek

9/30 Moo 8, Kanchanaphisek Road, Bangpai, Bangkhae, Bangkok 10160
Tel. 0 2865 3300, 0 2865 3445 Fax: 0 2865 3311

Khon Kaen

345 Moo 4, Prachasamosorn Road, Naimuang, Muang, Khon Kaen 40000
Tel. 0 4333 8900-4 Fax: 0 4333 8905

Chiang Mai

102 Chiang Mai - Lampang Road, Changpuak, Muang, Chiang Mai 50300
Tel. 0 5341 0334-8 Fax: 0 5322 3644

Nakhon Ratchasima

22/6 Mittraphab Road, Naimuang, Muang, Nakhon Ratchasima 30000
Tel. 0 4426 9224-8 Fax: 0 4426 9223

Nakhon Sawan

282/12 Moo 10, Phaholyotin Road, Nakhon Sawan Tok, Muang, Nakhon Sawan 60000
Tel. 0 5637 1761, 0 5622 8459 Fax: 0 5622 8460

Pattaya

131/27-28 Moo 9, Sukhumvit Road, Nongprue, Banglamung, Chonburi 20150
Tel. 0 3837 6303, 0 3837 6168-9 Fax: 0 3837 6462

Phitsanulok

362/19 Moo 3, Mittraphab Road, Arunyeek, Muang, Phitsanulok 65000
Tel. 0 5522 1760 Fax: 0 5522 1764

Phuket

101/9 Moo 1, Kathu, Phuket 83120
Tel. 0 7630 4055-8 Fax: 0 7630 4059

Rangsit

52/18 Moo 2, Rangsit - Pathum Thani Road, Bangpoorn, Muang, Pathum Thani 12000
Tel. 0 2567 1121, 0 2567 2146 Fax: 0 2567 2180

Ratchaburi

159/27-28 Phetkasem Road, Namuang, Muang, Ratchaburi 70000
Tel. 0 3232 8016-7 Fax: 0 3232 8017

Surat Thani

84/25 Moo 2, Surat - Punpin Road, Makhamtia, Muang, Surat Thani 84000
Tel. 0 7726 4337 Fax: 0 7726 4336

Hat Yai

830 Phetkasem Road, Hat Yai, Songkhla 90110
Tel. 0 7422 0961-2 Fax: 0 7423 2576

Udon Thani

572/4 Moo 4, Udon - Khon Kaen Road, Banjun, Muang, Udon Thani 41000
Tel. 0 4234 1040-1 Fax: 0 4234 1042

Micro Branches

Kanchanaburi

591 Saengchuto Tai Road, Pakpraek, Muang, Kanchanaburi 71000
Tel. 0 3462 3390 Fax: 0 3462 3391

Kaset - Nawamin

111/19 Moo 4, Kaset - Nawamin, Chorakhe Bua, Lad Phrao, Bangkok 10230
Tel. 0 2553 3171-3 Fax: 0 2553 3170

Chachoengsao

665/7 Sukprayoon Road, Namuang, Muang, Chachoengsao 24000
Tel. 0 3898 1389-91 Fax: 0 3898 1397

Chonburi

80/51 Moo 3, Phraya Sajja Road, Bansuan, Muang, Chonburi 20000
Tel. 0 3828 8929 Fax: 0 3827 4609

Chiang Rai

53/16 Moo 13, Phaholyothin Road, Robvieng, Muang, Chiang Rai 57000
Tel. 0 5375 6952, 0 5375 6954 Fax: 0 5375 6953

Nakhon Si Thammarat

8/17 Pattanakarn Khukhwang Road, Naimuang, Muang, Nakhon Si Thammarat 80000
Tel. 0 7532 4898-9 Fax: 0 7532 4897

Pattanakarn

148 Soi Pattanakarn 20, Pattanakarn Road, Suanluang, Bangkok 10250
Tel. 0 2717 8600-3 Fax: 0 2717 8660

Rayong

4/18 Moo 3, Tubma Road, Noenphra, Muang, Rayong 21000
Tel. 0 3880 8699, 0 3861 4487 Fax: 0 3861 8811

La Salle

1043 La Salle Road, Bangna, Bangkok 10260
Tel. 0 2745 8805-6 Fax: 0 2745 8817

Saraburi

625/5 Pichaironarongsongkham Road, Pakprew, Muang, Saraburi 18000
Tel. 0 3631 3339, 0 3631 9097 Fax: 0 3631 9098

Sam Sen

45/11 Setsiri Road, Sam Sen Nai, Phaya Thai, Bangkok 10400
Tel. 0 2279 5075-7, 0 2279 6615 Fax: 0 2279 6616

Ubon Ratchathani

451 Chayangkoon Road, Naimuang, Muang, Ubon Ratchathani 34000
Tel. 0 4531 5470, 0 4531 5476 Fax: 0 4531 5492

Motor Claims Service Center

Krabi

522 Uttarakit Road, Krabi Yai, Muang, Krabi 81000
Accident Notification: 1620

Ko Samui

78/13C New Lapaz Villa, Maenam, Ko Samui, Surat Thani 84330
Accident Notification: 1620

Chanthaburi

Taptimchan Tower 24/1116 Yanwirote Road, Chantanimit, Muang, Chanthaburi 22000
Accident Notification: 1620

Chumphon

22/141 Charoensuk Apartment, Ta Tapao, Muang, Chumphon 86000
Accident Notification: 1620

Buriram

Rungnatee Place Building, 296 Robmuang Road, Isan, Muang, Buriram 31000
Accident Notification: 1620

Pranburi

Bangkok Insurance Public Co., Ltd., Agent Office, 267 Moo 12, Phetkasem Road, Nongtatam, Pranburi, Prachuabkirikhan 77120
Accident Notification: 1620

Pattani

Bangkok Insurance Public Co., Ltd., Agent Office, 7/39 Nong Chik Road, Sabarang, Muang, Pattani 94000
Accident Notification: 1620

Lampang

64 Baandongpattana Road, Borheaw, Muang, Lampang 52100
Accident Notification: 1620

Suphan Buri

Panalert Mansion Building, 285/3 Moo 5, Tharahad, Muang, Suphan Buri 72000
Accident Notification: 1620

Uttaradit

Bangkok Insurance Public Co., Ltd., Agent Office, 2/85 Padwaree Road, Tha - it, Muang, Uttaradit 53000
Accident Notification: 1620

BKI Care Station

Central Khon Kaen 2nd Floor
Tel. 0 4328 8136, 08 5485 7593

Central Chaengwattana 4th Floor
Tel. 0 2835 3261, 08 1833 6402

Central Chiang Rai 2nd Floor
Tel. 0 5317 9841, 08 1702 0610

Central Pinklao 4th Floor
Tel. 0 2884 8282, 08 4751 7179

Central Rama II 2nd Floor
Tel. 0 2872 4060, 08 1373 8400

Central Rama III GF
Tel. 0 2673 5512, 08 9967 7455

Central Rama IX 5th Floor
Tel. 0 2160 3808, 09 0197 3925

Central Phitsanulok 3rd Floor
Tel. 0 5533 8485, 09 0197 3924

Central Pattaya 2nd Floor
Tel. 0 3836 1650, 08 1935 2513

Central Phuket 2nd Floor
Tel. 0 7624 8084, 08 1737 0053

Central Ramindra GF
Tel. 0 2970 5726, 08 4360 7400

Central Rattanathibet 2nd Floor
Tel. 0 2525 4566, 08 1875 0203

Central World 4th Floor
Tel. 0 2646 1850, 08 1833 6254

Central Udonthani 3rd Floor
Tel. 0 4292 1473, 08 4388 3129

The Mall Ngamwongwan 2nd Floor
Tel. 0 2550 1327, 08 9967 7451

The Mall Thapra 1st Floor
Tel. 0 2477 7013, 08 4360 7380

The Mall Bangkapi 1st Floor
Tel. 0 2363 3157, 08 4874 3926

The Mall Bangkhae 2nd Floor
Tel. 0 2454 5348, 08 4360 7375

Paradise Park 2nd Floor
Tel. 0 2746 0315, 08 5485 7592

Fortune Town 1st Floor
Tel. 0 2641 1130, 08 1838 1005

Future Park Rangsit BF
Tel. 0 2958 0787, 08 1832 7767

Fashion Island 1st Floor
Tel. 0 2947 5670, 08 1373 7951

Robinson Ratchaburi BF
Tel. 0 3232 2668, 08 1373 3454

Silom Complex 3rd Floor
Tel. 0 2632 0194, 08 9204 9798

LINES OF BUSINESS

Personal Line

- Voluntary Motor Insurance
- Compulsory Motor Insurance
- Fire Insurance for Residence
- Leasehold Insurance
- All Risks Insurance
- Burglary Insurance
- Home Multi-cover Insurance
- Golfer's Indemnity Insurance
- Personal Accident Insurance (Individual)
- Travel Accident Insurance for Individual of Tourist
- Comprehensive Travel Accident Insurance
- Cancer Insurance
- Accident and Health Insurance (Individual)
- Hospital Cash Benefit Insurance
- Personal Accident Insurance for motorcycle taxi driver
- Critical Illness Insurance
- Avian Influenza Insurance
- Hospital Cash Benefit Insurance for taxi driver
- Unemployment Insurance
- Bail Bond Insurance
- Medical Malpractice Insurance
- Professional Indemnity Insurance for Architect and engineer
- Building Inspector Insurance

Commercial and Industrial Line

- Fire Insurance
- Business Interruption Fire Insurance
- Personal Accident Insurance (Group)
- Personal Accident Insurance (Student Group)
- Accident and Health Insurance (Group)
- Industrial All Risks Insurance
- All Risks Insurance
- Shop Multi-cover Insurance
- Gold Shop Insurance
- Neon-Sign Insurance
- Plate Glass Insurance
- Money Insurance
- Fidelity Guarantee Insurance
- Event Cancellation Insurance
- Crop Insurance
- Surety Bond Insurance
- Jewelry Block Insurance
- Terrorism Insurance
- Political Violence for Property Insurance
- Extended Warranty Insurance
- Trade Credit Insurance
- Contractors' All Risks Insurance
- Erection All Risks Insurance
- Boiler & Pressure Vessel Insurance
- Electronic Equipment Insurance
- Contractors' Plant and Equipment Insurance
- Machinery Breakdown Insurance
- Marine Cargo Insurance
- Marine Hull Insurance
- Carriers' Liability Insurance
- General Public Liability Insurance
- Employer's Liability Insurance
- Medical Malpractice Insurance (institution)
- Workmen's Compensation Insurance
- Directors and Officers Liability Insurance
- Oil Service Station Insurance
- Legal Liability Insurance from Unsafe Product
- Transportation of Hazard Material Liability Insurance
- Aircraft Hull, Spares & Liability Insurance
- Aviation Personal Accident Insurance(Group)

OTHER REFERENCE PERSONS

Securities Registra

Thailand Securities Depository Co., Ltd.
4th, 7th Fl. The Stock Exchange of Thailand Building,
62 Rajadapisek Road, Klongtoey, Bangkok 10110
Tel. 0 2229 2800, 0 2654 5599
Fax: 0 2359 1259
email: contact.tsd@set.or.th
www.tsd.co.th

Trustee

-None-

Auditor

Mrs. Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172
Ernst & Young Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
Tel. 0 2264 0777, 0 2661 9190
Fax: 0 2264 0789-90, 0 2661 9192
email: ernstyoung.thailand@th.ey.com
www.ey.com

Legal Adviser

Manukit Law Office
59/6 Suapa Road, Bangkok 10100
Tel. 0 2221 6226
Fax: 0 2221 3191

Financial Adviser

-None-

Principal Financial Institution

Bangkok Bank Public Co., Ltd.





Bangkok Insurance Public Company Limited

Bangkok Insurance Building 25 Sathon Tai Road Bangkok 10120

Tel. 0 2285 8888 Fax: 0 2610 2100

bangkokinsurance.com



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