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12 April 2011

Subject: Submission of the Company's Recommendation Statement with respect to the Tender Offer (Form 250-2) to Purchase Securities of Siam Commercial New York Life Insurance Public Company Limited

To: Shareholders of Siam Commercial New York Life Insurance Public Company Limited

Enclosure: The Company's Recommendation Statement with respect to the Tender Offer (Form 250-2) to Purchase Securities of Siam Commercial New York Life Insurance Public Company Limited

Reference is made to the receipt by Siam Commercial New York Life insurance Public Company Limited (the "Company") of a copy of the tender offer to purchase securities (Form 247-4) and the amended tender offer to purchase securities (collectively referred to as the "Amended Tender Offer") from The Siam Commercial Bank Public Company Limited (the "Offeror"). In this connection, the Company has a duty to prepare a recommendation statement with respect to the tender offer (Form 250-2) according to the Notification of Capital Market Supervisory Board No. ThorJor. 40/2552, Re: *Recommendation Statement Form and Period of the Preparing Opinion Concerning the Tender Offer*.

Accordingly, in the Board of Directors' Meeting No. 4/2554, held on 4 April 2011, the Company's Board of Directors, excluding the directors who have an interest, considered the Amended Tender Offer, as well as the Independent Financial Advisor's ("IFA's") opinion, and then unanimously resolved that the IFA's opinion be concurred, that is, the Company's shareholders should accept the tender offer of the Offeror. In this regard, the Board of Directors further recommended that the individual shareholders ponder the details of the Company's recommendation statement in conjunction with the IFA's opinion, as enclosed herewith, at their own discretion and judgment as a basis for decision-making.

Please be informed accordingly.

Sincerely Yours,



(Mr. Bundit Jiamanukoonkit)
Managing Director

Nm.

(English Translation)

Opinion of the Company on the Tender Offer for Securities
("Form 250-2")
of



Siam Commercial New York Life Insurance Public Company Limited

The Offeror:



The Siam Commercial Bank Public Company Limited

The Independent Financial Advisor of Securities Holders:

Sage Capital

Sage Capital Limited

April 4, 2011

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Form 250-2

Opinion of the Company on the Tender Offer for Securities

April 4, 2011

To Securities Holders of Siam Commercial New York Life Insurance Plc.

On March 21, 2011, Siam Commercial New York Life Insurance Plc. (hereinafter referred to as "SCNYL" or "the Company") received a copy of the Tender Offer to purchase the securities of the Company ("Form 247-4") and the Amendment to the Tender Offer dated April 4, 2011 from the Siam Commercial Bank Plc. ("SCB" or "the Offeror"), the details of which are as follows:

Type of securities	No. of securities offered to purchase		No. of securities offered to purchase as % of		Offer price ^{1/} per unit (Baht)	Value of tender offer (Baht)
	Shares/Units	Voting rights	Total securities sold of the Company	Total voting rights of the Company		
Ordinary shares	3,549,967	3,549,967	5.34	5.34	266.89	947,450,692.63
Preferred shares	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Convertible debentures	-	-	-	-	-	-
Other securities (if any)	-	-	-	-	-	-
			Total	5.34	Total	947,450,692.63

Note: 1/ The offeree is subject to a tender offer agent fee at 0.25% of the offer price, plus the value-added tax of 7% of the tender offer agent fee. Therefore, the net offer price to be received by the offeree will be Baht 266.17606925 for each ordinary share.

The tender offer period totals 25 business days from March 23, 2011 to May 3, 2011, inclusive, from 9.30 a.m. to 4.30 p.m. Such offer price is the final offer which shall not be changed and such tender offer period is the final period which shall not be extended, unless the following conditions arise:

- The Offeror may reduce the offer price or extend the tender offer period if any event or action causing a severe damage to the financial status or assets of the Company occurs during the tender offer period; or
- The Offeror may change the offer or extend the tender offer period to compete with another offeror who has submitted a tender offer for securities of the Company during the tender offer period.

Moreover, the Offeror may cancel the tender offer upon the occurrence of one or more of the following events:

- Any events and/or actions occurring after the acceptance of the tender offer by the Office of the Securities and Exchange Commission ("SEC"), but before the end of the tender offer period, which causes or may cause severe damage to the status or to the assets of the Company, where such events and/or actions are not the results of the Offeror's actions or actions under their responsibility.
- Any actions, conducted by the Company after SEC's acceptance of the tender offer and still in the tender offer period, which have or may have caused a dramatic decrease in the value of the Company's ordinary shares (unless in case of any actions that have been officially announced in writing to the general public before the start of the tender offer period pursuant to the rules and regulations of the Stock Exchange of Thailand ("SET") or SEC).

The Company has considered the tender offer under Form 247-4 and the Amendment to the Tender Offer dated April 4, 2011, with due regard paid to the interest of the securities holders, and would like to render our opinion as follows:

1. The status of the Company in respect of past and projected operating results and the assumptions used for projection

1.1 **Background**

Here is a chronological summary of significant developments of Siam Commercial New York Life Insurance Plc. (hereinafter referred to as "SCNYL" or "the Company"):

- 1976 : The Company was incorporated with an initial registered capital of Baht 100 million in the name "**Mahanakorn Life Assurance Co., Ltd.**" on June 24, 1976.
- 1988 : The Siam Commercial Bank Plc., Bureau of the Crown Property, and members of the SCB Group jointly took up a major stake in the Company and changed its name to "**Siam Commercial Life Assurance Co., Ltd.**" The Company was listed on the SET.
- 1990 : The Company increased its registered capital by Baht 200 million, bringing its total issued and paid-up capital to Baht 300 million.
- 1994 : The Company registered a transformation to a public limited company.
- 2000 : The Siam Commercial Bank Plc. and the US-based New York Life International LLC entered into a joint venture to grow and internationalize the Company's life insurance business in order to become a leading quality insurance firm, with the Company being renamed "**Siam Commercial New York Life Insurance Plc.**"
- 2001 : The Company increased its registered capital by another Baht 200 million, bringing its

total issued and paid-up capital to Baht 500 million, to strengthen its capital base for business expansion.

2005 : The Company increased its registered capital by Baht 300 million to a total of Baht 800 million, of which Baht 665 million was paid up, divided into 66.50 million ordinary shares with a par value of Baht 10.00 per share.

1.2 Business overview

The Company's core business is life insurance and its core revenue comes from life insurance and investment businesses. Presently, it has 49 branches offering the full-range insurance services.

a. **Life insurance business** is divided into four main product lines:

(1) Ordinary Life Insurance

Ordinary Life Insurance is individualized whereby the insured sum, insured period, and premium payment depend on the requirement of each insured. The payment period depends on different types of insurance policy, divided into yearly, semi-annual, quarterly and monthly installments. There are three main types of policy: Whole Life Insurance, Term Insurance, and Endowment Insurance, as described below:

- Whole Life Insurance pays the insured amount either to the beneficiary upon death of the insured, usually with the insured's age capped at 90, or to the alive insured upon expiry of the policy. This insurance has been developed to feature diverse types of returns payment during the life of policy and has been one of the most popular products. Premium payment is typically designed to be made throughout the entire life, but in some cases the payment duration could be reduced to fit with consumers' preference for a term of 15 or 20 years or up to 60 years of age.
- Term Insurance offers payment of the insured sum to the beneficiary upon death of the insured within a term specified in the policy, usually with coverage or a policy life of 5, 10, 15 and 20 years or until the insured reaches the age of 60. With a low premium rate, this insurance is suitable for those wishing to ensure family security with a low insurance cost.
- Endowment Insurance offers payment of the insured sum to the beneficiary upon death of the insured within a term specified in the policy, or to the alive insured upon expiry of the policy. The premium payment duration could be designed to be shorter than the life of policy, or benefit payment adjusted to be made sooner to match customers' diverse financial needs such as savings for their children's education, retirement fund, investment, purchase of property, pleasure traveling, etc.

(2) Industrial Life Insurance

This is a life insurance with monthly term of premium payment, ordinarily with relatively low insurance cost. Presently, SCNYL offers life insurance policy designed by the Department of Insurance (formerly), only for government officials so as to provide protection with lower premium than other insurance policies. By and large, the target customer groups are senior officials and state enterprise employees.

(3) Group Life Insurance

Group Life Insurance represents a policy which is jointly held by 10 or more insured. Life insurance groups are basically for Employees Benefits Plans which may have additional benefit alongside life insurance, for instance, disability insurance, health insurance, dental insurance, accident insurance, etc. The premium payment for Group Life Insurance is from corporates, corporates and employees, or employees themselves. The covenant period for Group Life Insurance is an annual renewable term with a premium payment required per annum, except a tailored-designed policy with a single payment for the entire coverage term.

(4) Institutional Life Insurance

Institutional Life Insurance is a special policy, developed by SCNYL, in order to provide a service to financial institutions or organizations for the purpose of credit life insurance in case of death or disability of borrowers, including products such as Mortgage Insurance.

b. Investment business

Core earning of life insurance companies is from investments. SCNYL accordingly focuses on the investments of premium proceeds for a secured and safe return to ensure that it has adequate cash flow to meet benefit payments guaranteed in all policies. The investments must, however, conform to the guidelines of the Office of Insurance Commission (OIC).

SCNYL's investment policy emphasizes on investments in fixed income assets with low risk, which include investment in government bonds, state enterprise bonds issued by reputable state enterprises which have high stability such as Electricity Generating Authority of Thailand and Expressway Authority of Thailand, and investment in corporate bonds that have credit rating of not less than A or equivalent from acceptable credit rating agencies and are issued by reputable companies who are trustworthy and have a strong financial status.

The Company has since 2006 placed importance on investments in the instruments that could better match cash in/outflow and the product's cash flow, with a view to cushioning against risk from volatility of long-term investment returns and enhancing its cash flow management efficiency. Moreover, it is the Company's plan to concentrate its investments in offshore debt instruments in tandem with the authorities' policy to encourage overseas investments.

SCNYL's investment portfolio structure as of December 31, 2008 - 2010

The Company's Investment Committee manages the investments in different types of assets in accordance with the Ministry of Commerce's notification regarding the investments in other businesses by life insurance companies and the Company's investment policy. Its investment portfolio in 2008 to 2010 is shown below:

Investments by type of asset	2008		2009		2010	
	Baht	%	Baht	%	Baht	%
Deposits						
- Cash and deposits at banks	637,964,922	1.78	1,003,574,951	2.09	1,190,140,481	1.87
Investments in securities						
- Bonds	29,006,015,433	80.77	38,787,688,817	80.94	52,537,290,129	82.50
- Stocks	46,609,841	0.13	69,109,366	0.14	83,636,159	0.13
- Debentures	2,520,242,073	7.02	3,103,055,442	6.48	4,024,563,450	6.32
- Unit trusts	292,169,219	0.81	232,250,934	0.48	386,232,392	0.61
Total investments in securities	31,865,036,566	88.73	42,192,104,559	88.04	57,031,722,130	89.55
Loans						
- Loans	2,846,000,000	7.93	3,967,000,000	8.28	4,484,000,000	7.04
- Policy loans	560,160,261	1.56	759,386,976	1.58	975,987,450	1.53
- Security guaranteed loans	2,224,953	0.01	2,113,171	0.01	1,807,212	0.01
- Employee guaranteed loans	-	-	-	-	-	-
Total loans	3,408,385,214	9.50	4,728,500,147	9.87	5,461,794,662	8.58
Grand total	35,911,386,702	100.00	47,924,179,657	100.00	63,683,657,273	100.00

Note: Investment value for all types of assets shown in the table is a net book value after allowance for doubtful accounts.

1.3 Revenue structure

	2008		2009		2010	
	Baht million	%	Baht million	%	Baht million	%
Revenues from life insurance business (net written premium)						
Ordinary life insurance	12,431.50	75.02	17,314.77	80.92	21,442.59	79.15
Industrial life insurance	499.92	3.02	546.20	2.55	567.02	2.09
Group life insurance	407.55	2.46	347.07	1.62	434.07	1.60

	2008		2009		2010	
	Baht million	%	Baht million	%	Baht million	%
Institutional life insurance	1,590.36	9.60	1,090.00	5.09	1,921.79	7.10
Total net written premium	14,929.33	90.10	19,298.04	90.18	24,365.47	89.94
Revenues from investments						
Interest and dividend income	1,621.88	9.79	2,122.29	9.92	2,701.93	9.97
Gains on sales of investments	2.94	0.02	1.07	0.01	2.09	0.01
Loss on decline in value of securities	0.00	0.00	(37.80)	(0.18)	0.07	0.00
Total revenues from investments	1,624.82	9.81	2,085.56	9.75	2,704.09	9.98
Investment expenses	5.78	0.03	8.86	0.04	10.60	0.04
Revenues from investments - net	1,619.04	9.77	2,076.70	9.71	2,693.49	9.94
Other revenues	21.34	0.13	23.80	0.11	30.74	0.12
Total revenues	16,569.71	100.00	21,398.54	100.00	27,089.69	100.00

Source: SCNYL's Form 56-1 for 2010

1.4 Industry outlook

In 2010, Thai life insurance industry reported total written premiums of Baht 296,581.48 million. There are a total of 24 life insurance companies in Thailand. Shown in the below table are the top 10 players in terms of market share for written premium income:

(Unit: Baht million)

Company name	2008	Market share	2009	Market share	2010	Market share
1). American International Assurance Co., Ltd.	83,289.25	37.52%	86,311.85	33.28%	91,705.15	30.92%
2). Thai Life Insurance Co., Ltd.	32,246.08	14.53%	35,487.65	13.68%	36,747.14	12.39%
3). Muang Thai Life Assurance Co., Ltd.	17,242.67	7.77%	21,541.17	8.31%	29,649.28	10.00%
4). Bangkok Life Assurance Plc.	15,007.39	6.76%	19,912.84	7.68%	26,351.94	8.89%
5). Siam Commercial New York Life Insurance Plc.	15,101.05	6.80%	19,485.99	7.51%	24,554.70	8.28%
Total top 5 companies	162,886.45	73.38%	182,739.52	70.46%	209,008.22	70.47%
6). Ayudhya Allianz C.P. Life Plc.	14,558.28	6.56%	15,722.10	6.06%	18,242.29	6.15%
7). Krungthai-AXA Life Insurance Co., Ltd.	9,052.39	4.08%	12,694.96	4.89%	17,794.95	6.00%
8). Ocean Life Insurance Co., Ltd.	9,878.85	4.45%	10,741.78	4.14%	11,608.22	3.91%

Company name	2008	Market share	2009	Market share	2010	Market share
9). ING Life Ltd.	6,200.56	2.79%	7,832.39	3.02%	9,164.75	3.09%
10). The SouthEast Life Insurance Co., Ltd.	1,728.21	0.78%	2,036.43	0.79%	6,833.96	2.30%
Total top 10 companies	204,304.73	92.04%	231,767.17	89.36%	272,652.39	91.93%
Total industry	221,969.10	100.00%	259,352.89	100.00%	296,581.48	100.00%

Source: The Thai Life Assurance Association (quarterly statistics as of March 23, 2011)

Among the total 24 life insurance companies, the top five players had occupied a combined market share larger than 70.00% over 2008-2010, whereas the top 10's aggregate market share exceeded 90.00% in 2008 and 2010 and stood at 89.36% in 2009. Ranking top had been American International Assurance Co., Ltd., capturing a share of between 30.92% and 37.52% in 2008-2010.

SCNYL had been in the fifth place, trailing after American International Assurance Co., Ltd., Thai Life Insurance Co., Ltd., Muang Thai Life Assurance Co., Ltd. and Bangkok Life Assurance Plc. The Company's market share was in a range of 6.80% – 8.28% over 2008-2010, with written premium income of Baht 24,554.70 million in 2010.

Table illustrating premium growth by type of premium (2008-2010)

(Unit: Baht million)

Type of premium	2008	Growth rate	2009	Growth rate	2010	Growth rate
First year premium	44,733.11	1.73%	57,189.45	27.85%	63,963.80	11.85%
Renewal premium	153,230.26	9.31%	171,400.83	11.86%	202,701.49	18.26%
Single premium	24,005.73	30.76%	30,762.61	28.15%	29,916.18	-2.75%
Total written premium income	221,969.10	-	259,352.89	-	296,581.48	-

Source: The Thai Life Assurance Association (quarterly statistics as of March 23, 2011)

Table illustrating premium structure by type of premium (2008-2010)

(Unit: Baht million)

Premium structure	2008	As % of total	2009	As % of total	2010	As % of total
First year premium	44,733.11	20.15%	57,189.45	22.05%	63,963.80	21.57%
Renewal premium	153,230.26	69.03%	171,400.83	66.09%	202,701.49	68.35%
Single premium	24,005.73	10.81%	30,762.61	11.86%	29,916.18	10.09%
Total written premium income	221,969.10	100.00%	259,352.89	100.00%	296,581.48	100.00%

Source: The Thai Life Assurance Association (quarterly statistics as of March 23, 2011)

As seen from the table, the industry's total written premium income advanced by 14.35% from Baht 259,352.89 million in 2009 to Baht 296,581.48 million in 2010, helped by an increase of 18.26% in renewal premium and 11.85% in first year premium albeit a drop of 2.75% in single premium. This is because the renewal premium and the first year premium constituted as much as 68.35% and 21.57% respectively of the total premium income. Factors contributing to the consistent industry growth include:

- The public have become increasingly aware of the importance of diversified savings options, including savings in the form of life insurance.
- The governmental sector has a policy to advocate savings through life insurance plans by granting tax incentives, whereby a taxpayer with life insurance policies covering longer than 10 years could claim a maximum deduction of Baht 100,000 of their paid premiums from their annual taxable income. In addition to this, the government in 2010 introduced a new measure to allow individual consumers buying a pension policy of the specified type to deduct up to Baht 200,000, but no more than 15.00% of total income, from their annual taxable income, and, plus their contribution to the provident fund or the Government Pension Fund or the Private Teacher Aid Fund, as the case may be, and the purchase of investment units in a retirement mutual fund, the aggregate deduction must not exceed Baht 500,000. Such governmental promotion helps to increasingly induce the public's interest in buying life insurance policies.
- Today, it is much more convenient to sell insurance products through a broader variety of distribution channels, including bancassurance, direct marketing, and superstore outlets such as Tesco Lotus's. As such, it is simpler to reach the target groups when compared with the traditional distribution solely through sales agents as in the past.
- New insurance products are launched to truly address the specific needs of each consumer segment such as the micro insurance, which is a low-cost policy to allow for an easier access by consumers, the unit linked insurance, the annuity insurance, and the credit life insurance available for banks' loan customers.
- The provincial markets have expanded, propelled by the OIC's plan on insurance promotion in the upcountry through the "Insurance for the Public" project, which the OIC believes will help stimulate and promote the local people's understanding and interest in life insurance. The project aims at encouraging life insurance take-out by every household, particularly in the provinces, thereby auguring well for the industry growth in the upcountry.

Table illustrating total premium income by distribution channel (2008-2010)

(Unit: Baht million)

Distribution channel	2008	%	2009	%	2010	%
Agent	N/A	N/A	174,448.03	67.26%	186,922.00	63.03%

Distribution channel	2008	%	2009	%	2010	%
Bancassurance	N/A	N/A	67,743.90	26.12%	90,861.59	30.64%
Direct marketing	N/A	N/A	8,839.63	3.41%	9,256.32	3.12%
Others	N/A	N/A	8,321.33	3.21%	9,541.57	3.22%
Total written premium income	221,969.10	-	259,352.89	100.00%	296,581.48	100.00%

Source: The Thai Life Assurance Association (quarterly statistics as of March 23, 2011)

Table illustrating first year and single premium income by sales channel (2008-2010)

(Unit: Baht million)

Distribution channel	2008	%	2009	%	2010	%
Agent	N/A	N/A	38,348.63	43.60%	37,992.14	40.47%
Bancassurance	N/A	N/A	43,501.60	49.46%	49,814.33	53.06%
Direct marketing	N/A	N/A	3,246.06	3.69%	2,701.99	2.88%
Others	N/A	N/A	2,855.77	3.25%	3,371.52	3.59%
Total first year and single premium income	68,738.84	-	87,952.06	100.00%	93,879.98	100.00%

Source: The Thai Life Assurance Association (quarterly statistics as of March 23, 2011)

It is found from the above tables that the most crucial channel is agency distribution, which in 2010 made up 63.03% of the industry's total written premium income.

However, in terms of the first year and single premium income, the most important channel is bancassurance, which grew from 49.46% of the total first year and single premium income in 2009 to 53.06% in 2010, compared with agency distribution which accounted for 40.47% in 2010. This points to the increasing crucial role of bancassurance as it has expanded from the past year.

Table illustrating the market share of bancassurance in 2010

Insurance company	Premium income from bancassurance (Baht million)	Market share
SCNYL	20,406.43	22.46%
Muang Thai Life Assurance Co., Ltd.	17,411.07	19.16%
Bangkok Life Assurance Plc.	14,856.03	16.35%
Krungthai-AXA Life Insurance Co., Ltd.	9,628.96	10.60%
Thanachart Life Assurance Co., Ltd.	5,144.36	5.66%
Others	23,414.74	25.77%
Total bancassurance premium income in 2010	90,861.59	100.00%

Source: The Thai Life Assurance Association (quarterly statistics as of March 23, 2011)

In terms of the bancassurance market share in 2010, SCNYL ranked top with a share of 22.46%, followed by Muang Thai Life Assurance Co., Ltd., Bangkok Life Assurance Plc., Krungthai-AXA Life Insurance Co., Ltd. and Thanachart Life Assurance Co., Ltd., having a market share of 19.16%, 16.35%, 10.60% and 5.66% respectively. The combined market share of these top five performers in bancassurance distribution was 74.23%.

Table illustrating SCNYL's premium income by distribution channels in 2010

Distribution channel	SCNYL's premium income in 2010 (Baht million)	%
Agent	2,632.02	10.72%
Bancassurance	20,406.43	83.11%
Direct marketing	238.96	0.97%
Others	1,277.30	5.20%
Total	24,554.70	100.00%

Source: *The Thai Life Assurance Association (quarterly statistics as of March 23, 2011)*

Classified by distribution channel, SCNYL's premium income from bancassurance reached 83.11% of its total premium income in 2010, which was considerably higher than the industry average of 30.64% in the same year. Its premium income from agency distribution made up only 10.72%.

1.5 Registered capital and issued and paid-up capital

As of March 11, 2011, the Company had a registered capital of Baht 800 million, divided into 80 million ordinary shares with a par value of Baht 10.00 per share, with an issued and paid-up capital of Baht 665 million, divided into 66.50 million ordinary shares with a par value of Baht 10.00 per share.

1.6 Shareholder structure

The Company's top 10 shareholders from the latest shareholder registration as of March 11, 2011 are as follows:

Name	Number of shares	As % of total issued and paid-up shares	As % of total voting rights
1. The Siam Commercial Bank Plc. ^{/1}	31,475,016	47.33	47.33
2. New York Life International, LLC ^{/2}	15,886,267	23.89	23.89
3. PMCC (Thailand) Co., Ltd. ^{/2}	15,588,750	23.44	23.44
4. Mr. David John Scott	410,382	0.62	0.62

Name	Number of shares	As % of total issued and paid-up shares	As % of total voting rights
5. Ms. Jintana Kanjanakamnoed	404,250	0.61	0.61
6. Mrs. Pranorm Phutrakul	372,445	0.56	0.56
7. Mr. Chartchai Phanichchiva	354,968	0.53	0.53
8. Mrs. Pavana Achrawan	295,150	0.44	0.44
9. Mr. Kittichai Techangamlert	254,700	0.38	0.38
10. Ratanakosin Assurance Co., Ltd.	200,000	0.30	0.30
11. Others	1,258,072	1.92	1.92
Total	66,500,000	100.00	100.00

Source: SET

- Note:
- 1/ SCB is the parent of the financial group, of which SCNYL is a member, according to the consolidated supervision policy regulated by the Bank of Thailand.
 - 2/ PMCC (Thailand) Co., Ltd. has NY Life Thailand Inc., USA, as its major shareholder of 49%, whereas NY Life Thailand Inc. is 100% owned by New York Life International, LLC.

On March 17, 2011, the Offeror acquired 15,886,267 ordinary shares of the Company from New York Life International, LLC, representing 23.89% of the total issued and outstanding shares, and 15,588,750 shares from PMCC (Thailand) Co., Ltd., representing 23.44% of the total issued and outstanding shares of the Company, or an aggregate of 31,475,017 shares, representing 47.33% of the total issued and outstanding shares of the Company. Following the acquisition, the Offeror holds 62,950,033 shares representing 94.66% of the total issued shares of the Company. Therefore, the list of shareholders of the Company based on the latest shareholder registration as of March 11, 2011 adjusted for the information relating to the share acquisition of the Offeror as of March 17, 2011 is as follows:

Name	Number of shares	As % of total issued and paid-up shares	As % of total voting rights
1. The Siam Commercial Bank Plc.	62,950,033	94.66	94.66
2. Mr. David John Scott	410,382	0.62	0.62
3. Ms. Jintana Kanjanakamnoed	404,250	0.61	0.61
4. Mrs. Pranorm Phutrakul	372,445	0.56	0.56
5. Mr. Chartchai Phanichchiva	354,968	0.53	0.53
6. Mrs. Pavana Achrawan	295,150	0.44	0.44
7. Mr. Kittichai Techangamlert	254,700	0.38	0.38
8. Ratanakosin Assurance Co., Ltd.	200,000	0.30	0.30
9. Others	1,258,072	1.92	1.92
Total	66,500,000	100.00	100.00

If after the tender offer all of the tendered ordinary shares are offered for sale by the offerees, the Offeror will relatively hold 100% of the Company's issued shares.

1.7 Board of Directors

List of the Company's Board of Directors from the latest registration as of March 7, 2011 is as follows:

Name	Position
1. Khunying Jada Wattanasiritham	Chairperson of the Board of Directors and Independent Director
2. Mr. C. Donald Carden	Chief Executive Officer
3. Mr. Krairit Euchukanonchai	Director
4. Mr. Yol Phokasub ^{/1}	Director
5. Mr. Arthid Nanthawithaya ^{/1}	Director
6. Mr. Narong Srichukrin ^{/1}	Director
7. Mr. Ka Luk Stanley Tai	Director
8. Ms. Phanporn Kongyingyong ^{/1}	Director
9. Ms. Prapatsara Charoensap	Director
10. Mr. Bundit Jiamanukoonkit	Director
11. Mr. Michael David Selby	Director
12. Mr. Gary Raymond Bennett	Director
13. Mr. Pornchai Chunhachinda	Independent Director and Chairman of the Audit Committee
14. Mr. Wirutt Ruttanaporn	Independent Director and Member of the Audit Committee
15. Mr. Suwit Duangpichakul	Independent Director and Member of the Audit Committee
16. Mr. Utid Tamwatin	Independent Director

Note: 1/ Directors no. 4, 5, 6 and 8 are representatives of the Offeror group.

1.8 Highlights of financial position and operating results

1.8.1 Financial statements

Table illustrating the Company's balance sheets for the years ended December 31, 2008, 2009 and 2010

Balance sheets	December 31, 2008 (audited)		December 31, 2009 (audited)		December 31, 2010 (audited)	
	Baht million	%	Baht million	%	Baht million	%
Assets						
<i>Investments in securities</i>						
Bonds	29,006.02	77.51	38,787.69	77.57	52,537.29	79.34
Stocks	46.61	0.13	69.11	0.14	83.64	0.13
Debentures	2,520.24	6.74	3,103.05	6.20	4,024.56	6.08
Unit trusts	292.17	0.78	232.25	0.46	386.23	0.58

Balance sheets	December 31, 2008		December 31, 2009		December 31, 2010	
	(audited)		(audited)		(audited)	
	Baht million	%	Baht million	%	Baht million	%
<i>Total investments in securities</i>	31,865.04	85.16	42,192.10	84.37	57,031.72	86.13
<i>Loans (net)</i>						
Policy loans	560.16	1.50	759.39	1.52	975.99	1.47
Security guaranteed loans	2.54	0.01	2.42	0.01	2.05	0.00
Others	2,846.00	7.60	3,967.00	7.93	4,484.00	6.77
Total loans	3,408.70	9.11	4,728.81	9.46	5,462.04	8.24
<u>Less</u> Allowance for doubtful accounts	(0.31)	0.00	(0.31)	0.00	(0.24)	0.00
<i>Total loans (net)</i>	<i>3,408.39</i>	<i>9.11</i>	<i>4,728.50</i>	<i>9.46</i>	<i>5,461.80</i>	<i>8.24</i>
Cash and deposits at financial institutions	637.96	1.71	1,003.57	2.01	1,190.14	1.80
Land, premises and equipment (net)	189.15	0.51	216.78	0.43	227.65	0.34
Due from reinsurers	0.96	0.00	12.12	0.02	2.01	0.00
Premium due and uncollected	333.97	0.89	417.41	0.84	397.38	0.60
Accrued income on investments and loans	735.28	1.96	1,077.32	2.15	1,429.19	2.16
Prepaid expenses	44.31	0.12	51.73	0.10	63.64	0.10
Other receivables (net)	23.97	0.06	17.85	0.04	57.27	0.09
Other assets	181.36	0.48	288.37	0.58	358.26	0.54
Total assets	37,420.39	100.00	50,005.75	100.00	66,219.06	100.00
Liabilities						
Life policy reserve	32,749.53	87.52	43,667.37	87.32	57,873.62	87.40
Unpaid benefits to life policies	189.78	0.51	195.51	0.39	216.75	0.33
Amounts withheld on reinsurance treaties	0.21	0.00	0.16	0.00	0.14	0.00
Due to reinsurers	34.15	0.09	0.09	0.00	32.77	0.05
Premium received in advance	22.41	0.06	19.86	0.04	16.94	0.02
Accrued expenses	640.22	1.71	828.72	1.66	925.22	1.40
Corporate taxes payable	249.24	0.67	299.77	0.60	402.81	0.61
Other liabilities	403.08	1.08	422.78	0.85	427.16	0.64
Total liabilities	34,288.62	91.63	45,434.26	90.86	59,895.41	90.45
Shareholders' equity						
Issued and paid-up share capital	665.00	1.78	665.00	1.33	665.00	1.01
Retained earnings						
Appropriated – Legal reserve	66.50	0.18	66.50	0.13	66.50	0.10
Unappropriated	2,410.56	6.44	3,753.24	7.51	5,449.65	8.23
Unrealized gain (loss) on the change in fair value of derivative financial instruments	(3.46)	(0.01)	9.96	0.02	41.64	0.06
Unrealized gain (loss) on the change in value of investments	(6.83)	(0.02)	76.79	0.15	100.86	0.15
Total shareholders' equity	3,131.77	8.37	4,571.49	9.14	6,323.65	9.55
Total liabilities and shareholders' equity	37,420.39	100.00	50,005.75	100.00	66,219.06	100.00

Table illustrating the Company's statements of income for the years ended December 31, 2008-2010

Statements of income	December 31, 2008 (audited)		December 31, 2009 (audited)		December 31, 2010 (audited)	
	Baht million	%	Baht million	%	Baht million	%
Revenues						
Net written premiums	14,929.33	90.10	19,298.04	90.18	24,365.47	89.94
Net investment income	1,616.09	9.75	2,113.43	9.88	2,691.32	9.94
Gain (Loss) on investments in securities	2.95	0.02	(36.73)	(0.17)	2.16	0.01
Other operating revenues	21.34	0.13	23.80	0.11	30.74	0.11
Total revenues	16,569.71	100.00	21,398.54	100.00	27,089.69	100.00
Expenses						
Underwriting expenses						
Life policy reserve increase from previous year	7,915.83	47.77	10,917.84	51.02	14,206.25	52.44
Benefits payment to life policies	2,541.75	15.34	2,766.26	12.93	3,762.62	13.89
Commissions and brokerages	3,062.81	18.49	3,672.28	17.16	4,185.21	15.45
Other underwriting expenses	21.76	0.13	32.53	0.15	29.01	0.11
Total underwriting expenses	13,542.15	81.73	17,388.91	81.26	22,183.09	81.89
Operating expenses						
Personnel expenses	577.13	3.48	761.35	3.56	891.41	3.29
Premises and equipment expenses	223.12	1.35	265.92	1.24	287.60	1.06
Taxes and duties	50.72	0.31	65.36	0.30	82.96	0.30
Bad debt and doubtful expense	4.72	0.03	1.66	0.01	2.17	0.01
Directors' remuneration	1.70	0.01	3.55	0.02	4.98	0.02
Other operating expenses						
Sales and marketing expenses	263.85	1.59	354.08	1.65	302.43	1.12
Others	229.00	1.38	292.42	1.37	366.65	1.35
Total operating expenses	1,350.24	8.15	1,744.34	8.15	1,938.20	7.15
Profit before income tax	1,677.32	10.12	2,265.29	10.59	2,968.39	10.96
Income tax	481.88	2.91	683.21	3.19	853.04	3.15
Net profit for the year	1,195.44	7.21	1,582.08	7.39	2,115.35	7.81

Table illustrating the Company's statements of cash flow for the years ended December 31, 2008-2010

Unit: Baht million

Statements of cash flow	2008 (audited)	2009 (audited)	2010 (audited)
Net cash from operating activities	9,223.70	12,513.81	16,463.25
Net cash used in investing activities	(9,371.43)	(11,908.80)	(15,857.74)
Net cash used in financing activities	0.00	(239.40)	(418.95)
Net cash and cash equivalents	(147.73)	365.61	186.56

1.8.2 Key financial ratios

Financial ratios		2008	2009	2010
Liquidity ratio				
Premium receivable turnover	(day)	7.60	7.01	6.02
Profitability ratio				
Profit on underwriting to net written premiums ¹	(%)	9.29	9.89	8.96
Net profit margin	(%)	7.21	7.39	7.81
Investment yield ²	(%)	5.15	4.95	4.83
Net retention premium to capital fund ³	(time)	5.81	5.01	4.47
Return on equity	(%)	46.51	41.08	38.83
Expense ratio ⁴	(%)	29.71	28.24	25.25
Efficiency ratio				
Return on total assets	(%)	3.65	3.62	3.64
Asset turnover	(time)	0.51	0.49	0.47
Financial ratio				
Debt to equity	(time)	10.95	9.94	9.47
Policy reserve to capital fund	(time)	10.46	9.55	9.15
Policy reserve to total assets	(time)	0.88	0.87	0.87
Dividend payout	(%)	-	15.13	19.81
Book value per share	(Baht)	47.09	68.74	95.09
Earnings per share	(Baht)	17.98	23.79	31.81
Dividend per share	(Baht)	-	3.60	6.30

Note: 1/ Profit on underwriting to net written premiums = (Net written premiums – Underwriting expenses) / Net premium written

2/ Investment yield = (Net investment income + Gain (Loss) on investments in securities) / Average investments in securities + Average net loans + Average cash and deposits at financial institutions

3/ Net retention premium to capital fund = Net premium written / Average equity

4/ Expense ratio = (Commissions and brokerages + Other underwriting expenses + Operating expenses) / Net premium written

1.8.3 Discussion and analysis of financial position and operating results

Operating results

The Company operates a life insurance business, generating core revenues from written premiums and investments. Its total revenues grew constantly from Baht 16,569.71 million in 2008 to Baht 21,398.54 million in 2009 and Baht 27,089.69 million in 2010, representing an increase rate of 29.14% and 26.60% in 2009 and 2010 respectively. Its net written premiums accounted for roughly 90% of the yearly total revenues.

As well, the Company saw robust growth in its net profit through the past three years, from Baht 1,195.44 million in 2008 to Baht 1,582.08 million in 2009 and Baht 2,115.35 million in 2010, a surge of 32.34% and 33.71% respectively.

- **Revenues**

The Company's core revenues came from written premium and investments, as detailed below:

- **Written premiums**

The Company recorded net written premiums of Baht 14,929.33 million in 2008, soaring by 29.26% to Baht 19,298.04 million in 2009 and by 26.26% to Baht 24,365.47 million in 2010, which outperformed the life insurance industry's growth of around 17% and 14% in 2009 and 2010 respectively. Its premium income was primarily contributed by Ordinary Life Insurance, which generated written premiums of Baht 12,431.50 million, Baht 17,314.77 million and Baht 21,442.59 million or 83.27%, 89.72% and 88.00% of the income from net written premiums in 2008, 2009 and 2010 respectively, and representing a growth rate of 39.28% in 2009 and 23.84% in 2010. Such growth was ascribed to the bancassurance distribution channel through The Siam Commercial Bank Plc., as seen from the expansion of its bancassurance distribution to total distribution from 82.24% in 2009 to 83.11% in 2010. Other contributors to the said premium growth were new product development, increased training for sales forces, and an increase in persistency rate of yearly renewal policies.

- **Investment income**

Net investment income accounted for Baht 1,619.04 million in 2008, Baht 2,076.70 million in 2009 and Baht 2,693.49 million in 2010, representing an increase rate of 28.27% and 29.70% in 2009 and 2010 respectively. The increase was fueled by the Company's ongoing policy to emphasize investments in securities with consistent yields and low risk such as bonds, which made up 91.03%, 91.93% and 92.12% of its total securities investments in 2008-2010 respectively. Moreover, the value of its outstanding investments in securities surged by 32.41% in 2009 and 35.17% in 2010.

- **Expenses**

The major expense items were underwriting expenses and operating expenses.

- **Underwriting expenses**

Underwriting expenses were composed of life policy reserve increase from previous year, benefits payment to life policies, and commissions and brokerages.

Life policy reserve increase from previous year made up 53.02%, 56.57% and 58.30% of net written premiums in 2008, 2009 and 2010 respectively, representing a steady increase as a result of the Company's business growth over the past three years.

Benefits payment to life policies rose as well from Baht 2,541.75 million in 2008 to Baht 2,766.26 million in 2009 and Baht 3,762.62 million in 2010, due to an increase in the number of in force policies by 13.71% in 2009 and 19.76% in 2010.

Commissions and brokerages made up 20.52% of net written premiums in 2008, 19.03% in 2009 and 17.18% in 2010, suggesting a continuous fall which was primarily caused by a drop in the first year premium to net written premiums from 39.90% in 2008, 39.21% in 2009 and 35.04% in 2010.

Operating expenses

The Company's operating expenses rose from Baht 1,350.24 million in 2008 by 29.19% to Baht 1,744.34 million in 2009 and 11.11% to Baht 1,938.20 million in 2010. The sharp increase in 2009 resulted chiefly from a rise in personnel expenses and premises and equipment expenses, following the new staff recruitment, the interior design renovation at the Headquarters, and the opening of new branches to be on par with its peers. Another factor was a dramatic increase of 34.20% in sales and marketing expenses in 2009, which then declined by 14.59% in 2010.

■ **Net profit**

The Company could grow its net profit throughout the past three years, up from Baht 1,195.44 million in 2008 by a robust 32.34% to Baht 1,582.08 million in 2009 and 33.71% to Baht 2,115.35 million in 2010. The net profit grew at a faster pace than the total revenues, which was fueled by the Company's efficient cost management. Specifically, in 2010 its operating expenses rose year on year by 11.11%, whereas the sales and marketing expenses plunged 14.59%.

Financial position

■ **Assets**

Total assets as of the end of 2008, 2009 and 2010 were Baht 37,420.39 million, Baht 50,005.75 million and Baht 66,219.06 million respectively. The core assets included investments in securities, loans, and cash and deposits at financial institutions, aggregately constituting 97.93%, 97.99% and 98.33% of the total assets. The Company emphasizes its investments in fixed income assets with low risk, which include investment in government bonds, state enterprise bonds issued by reputable state enterprises which have high stability, and corporate bonds that have credit rating of not less than A.

The investments in long-term securities made up 84.54%, 84.49% and 85.93% of the core assets as of year-end 2008, 2009 and 2010 respectively.

Loans (net) amounted to Baht 3,408.39 million, Baht 4,728.50 million and Baht 5,461.80 million as of the end of 2008, 2009 and 2010 respectively, consisting principally of policy loans and investments in bills of exchange and promissory notes. Of the total loans (net) as of the end of 2010, 17.87% were policy loans and

82.10% were investments in bills of exchange and promissory note issued by three banks valued at Baht 5,070 million in total, as detailed below:

- Bill of exchange worth Baht 2,300 million with the final installment payable to the issuing bank on December 30, 2009. Redemption of principal and interest is scheduled for June 30, 2011 to June 28, 2019. As of December 31, 2010, the total amount paid on the said bill was Baht 2,300 million.
- Promissory note worth Baht 1,870 million with the final installment payable to the issuing bank on January 31, 2012. Redemption of principal and interest is scheduled for July 31, 2012 to January 31, 2020. As of December 31, 2010, the total amount paid on the said P/N was Baht 1,565 million.
- Bill of exchange worth Baht 900 million with the final installment payable to the issuing bank on November 30, 2012. Redemption of principal and interest is scheduled for May 31, 2013 to May 31, 2021. As of December 31, 2010, the total amount paid on the said bill was Baht 619 million.

The bills of exchange and promissory note were stated under 'Loans' caption in accordance with the US's Accounting Standard No. 115.

Cash and deposits at banks mostly were deposits held at call with banks to ensure that the Company has ample liquidity to make benefits payment. Cash and deposits at banks accounted for about 2% of total core assets.

■ Liabilities

Total liabilities increased continually in line with the business growth of the Company, totaling Baht 34,288.62 million, Baht 45,434.26 million and Baht 59,895.41 million as of the end of 2008, 2009 and 2010 respectively, representing a growth rate of 32.51% in 2009 and 31.83% in 2010. Roughly 96% of the total liabilities were life policy reserves, which soared by Baht 10,917.84 million or 33.34% in 2009 and by Baht 14,206.25 million or 32.53% in 2010 in tandem with growth in the in force business.

■ Shareholders' equity

As of year-end 2008, 2009 and 2010, the Company had total shareholders' equity of Baht 3,131.77 million, Baht 4,571.49 million and Baht 6,323.65 million respectively, a dramatic increase of 45.97% and 38.33% in 2009 and 2010. The said growth was contributed by a net profit from operations after dividend payment in 2009 and 2010.

Liquidity

Net cash provided from operating activities amounted to Baht 9,223.70 million in 2008, Baht 12,513.81 million in 2009 and Baht 16,463.25 million in 2010. The yearly increase in the said net cash was mainly attributable to the profit growth.

Net cash used in investing activities totaled Baht 9,371.43 million, Baht 11,908.80 million and Baht 15,857.74 million in 2008, 2009 and 2010 respectively, mainly composed of investments in securities and loans, which are typical in the usual course of business.

Net cash used in financing activities was Baht 239.40 million in 2009 and Baht 418.95 million in 2010, resulting from dividend payment to the Company's shareholders for the business performance in those respective years.

1.8.4 Future business outlook

The Company is confident that the life insurance business still has an ongoing growth potential in Thailand. It expects that the industry's total premium income in 2011 will grow year on year by 15% to Baht 336.7 billion, broken down into first year premium of Baht 72.1 billion, growing 15.5%, renewal premium of Baht 230.6 billion – Baht 232.6 billion, up by 15.5% – 16.5%, and single premium of Baht 34 billion – Baht 34.4 billion, increasing 10.7% – 12%. One of the encouraging factors to such growth is product innovation to better match consumers' demand. Another key factor to prop up the industry is an increase in tax deduction for pension policy owners to a maximum of Baht 200,000, compared with the current tax incentive that allows holders of general life policies to deduct up to Baht 100,000 from annual taxable income. This will likely provide the potential buyers of pension policies with a broader selection of products since many companies are on the verge of launching their pension policies in 2011. At the same time, the OIC plans to stage a roadshow to promote life insurance all over the country, thereby likely helping to bolster the market expansion in the upcountry. Still, there is a threat to the industry in 2011 that needs to be closely watched, that is, concerns about the enforcement of the risk based capital (RBC) rule. Once this RBC requirement takes effect, the insurance companies must attempt to match the terms of their investments as closely as possible to the terms of their insurance products in a bid to mitigate risk associated with the management of benefits and investment terms.

The Company operates the life insurance business using the multi distribution channel, with bancassurance distribution through the Siam Commercial Bank Plc. as the most important channel. In its future operations, the Company will remain steadfast in product development primarily to address the true needs of customers, while ensuring that the products of their choice could best create value for money in terms of life protection, savings and their future planning. Its products will be designed to fit with the needs of all customer segments and age groups and to yield reasonable returns compatible with the economic situation at any time so as to remain competitive with savings products of financial institutions. Furthermore, the Company will give importance to delivering newly designed products that could respond to the target groups' demand and are harmonized with its strengths, by offering products that serve all age ranges of customers such as products for the elderly, products to cover children's education, etc. The Company will

offer policies that provide high protection and returns and promote customers' awareness of the benefit of life insurance in terms of short-term and long-term financial planning.

On the side of investments, the Company will emphasize long-term securities investments and compatible matching of the investment terms and cash flow to the policy conditions. The investments will be made in fixed income assets with low risk.

In view of the industry growth trend, the Company's business plan, and business supports from the Offeror, the Company is confident that it could grow the business in line with the promising industry outlook and could sustain the business performance at an impressive level in the years ahead.

2. Opinion on the accuracy of the Company's information contained in the tender offer statement

The Board of Directors is of the opinion that the Company's information appearing in Form 247-4 and the Amendment to the Tender Offer dated April 4, 2011 is correct.

3. Any relationship or agreement between the Company's director/s, whether on his/her/their own behalf or in his/her/their capacity as the Company's director/s or as the Offeror's representative/s, and the Offeror, including the shareholding by the Company's director/s in the Offeror's juristic entity and any contract or agreement made or to be made between them (in matters such as administration, etc.)

3.1 Any relationship or agreement between the Company's director/s and the Offeror

There are five members of the management and directors of the Offeror who also serve on SCNYL's Board of Directors, as follows:

Name	Position in the Offeror	Position in the Company
1. Khunying Jada Wattanasiritham	Independent Director, Member of the Executive Committee and Member of the Corporate Social Responsibility Committee	Chairperson of the Board of Directors / Independent Director
2. Mr. Yol Phokasub	Senior Executive Vice President, Group Head, Retail Banking Group	Director
3. Mr. Arthid Nanthawithaya	Senior Executive Vice President, Group Head, Wholesale Banking Group	Director
4. Mr. Narong Srichukrin	First Executive Vice President, Division	Director

Name	Position in the Offeror	Position in the Company
	Head, Hire Purchase Business Division	
5. Ms. Phanporn Kongyingyong	First Executive Vice President, Branch Network	Director

3.2 Shareholding by the Company's directors in the Offeror's juristic entity

As of March 4, 2011, the shareholding by SCNYL's Directors in the Offeror is shown below:

Name	No. of ordinary shares	No. of preferred shares	Total (shares)	As % of issued and paid-up shares
1. Mr. Yol Phokasub	10	-	10	0.00
2. Ms. Phanporn Kongyingyong	2,000	-	2,000	0.0001
3. Mr. Wirutt Ruttanaporn	47,500	-	47,500	0.0014

3.3 Mutual agreements or contracts

On June 23, 2003, the Company entered into the servicing cooperation agreement relating to Bacassurance distribution channel with the Offeror. The Offeror as a life insurance broker has responsibility on controlling its staff to perform their duties in connection with leading the Offeror's clients to enter into the agreements with the Company correctly in accordance with the Company's information and relevant act and regulations.

3.4 Business cooperation or related party transactions

The Offeror has engaged in a commercial banking business, whereas the Company operates a life insurance business with its products mainly sold through bancassurance distribution channel (of the Offeror) under the servicing cooperation agreement on bancassurance signed between them. At the same time, the Company has used the deposit and custodian services from the Offeror. Since both of them are a SET-listed entity, they are obliged to comply with their respective Articles of Association and the rules and regulations of the SEC and the SET relative to the said related party transactions, while observing the usual business norms with the transaction prices and conditions similar to those applicable to the normal customers.

Here are historical records of the related party transactions made between the Offeror and the Company in the past three years:

Unit: Baht million

Transaction	2008	2009	2010
Premium income receivable from the Offeror	69.79	86.62	89.53
Service charges from the Offeror			
● Banking fee	74.39	99.57	119.17
● Custodian fee	6.80	7.66	10.45
● Rental	29.41	28.95	29.02
● Underwriting expenses	2,279.15	2,898.06	3,449.21
● Other expenses	7.99	7.54	7.98
Total service charges from the Offeror	2,397.74	3,041.78	3,615.83
Due from purchase and provision of services			
● Receivable - the Offeror	0.01	0.02	0.01
● Payable - the Offeror	259.45	348.87	372.38
Deposits with bank - the Offeror	563.04	921.37	1,106.13
Investments in equity securities - the Offeror (fair value)	27.40	49.30	58.79

3.5 Management structure after the tender offer

After completion of the tender offer, the Offeror may make a change to the Board of Directors as deemed fit such as any resignation or retirement by rotation of any board members or appointment of more board members according to the percentage of share ownership, etc. Should there be any such change in the Board composition, the Offeror will take appropriate actions in conformity with the Company's Articles of Association. The Board of Directors after the tender offer is expected to be as follows:

Name	Position
1. Khunying Jada Wattanasiritham	Chairperson of the Board of Directors and Independent Director
2. Mr. Yol Phokasub ^{1/}	Director
3. Mr. Arthid Nanthawithaya ^{1/}	Director and Chairman of the Investment Committee
4. Mr. Narong Srichukrin ^{1/}	Director
5. Ms. Phanporn Kongyingyong ^{1/}	Director
6. Mr. Michael David Selby ^{1/}	Director

Name	Position
7. Mr. Wirutt Ruttanaporn	Director
8. Mr. Utid Tamwatin	Independent Director, Chairman of the Audit Committee and Member of the Nomination Committee
9. Mr. Weerawong Chittmitrapap	Independent Director, Member of the Audit Committee and Chairman of the Nomination Committee
10. Ms. Amornthip Chansrichawla	Independent Director and Member of the Audit Committee
11. Mr. Verachai Tantikul ^{1/}	Director and Member of the Nomination Committee
12. Mr. Deepak Sarup ^{1/}	Director and Member of the Investment Committee
13. Mr. Bundit Jiamanukoonkit	Director and Managing Director
14. (To be considered and decided at SCNYL's AGM)	Director
15. (To be considered and decided at SCNYL's AGM)	Director
16. (To be considered and decided at SCNYL's AGM)	Director

Source: Form 247-4 and SCNYL's Company Affidavit as of March 22, 2011

Note: 1/ Directors no. 2, 3, 4, 5, 6, 11 and 12 are representatives of the Offeror group.

4. Opinion of the Company's Board of Directors to the securities holders

The Company convened the Board of Directors' Meeting No. 4/2011 on April 4, 2011 to consider the tender offer proposed by the Offeror. At the said meeting, five out of the total 13 board members participated in the consideration of this agenda item, namely:

Name of Director	Position
1. Khunying Jada Wattanasiritham	Chairperson of the Board of Director and Independent Director
2. Mr. Wirutt Ruttanaporn	Director
3. Mr. Weerawong Chittmitrapap	Independent Director and Audit Committee Member
4. Ms. Amornthip Chansrichawla	Independent Director and Audit Committee Member
5. Mr. Bundit Jiamanukoonkit	Director

Note: 1/ Seven directors who have a conflict of interest, namely Mr. Yol Phokasub, Mr. Arthid Nanthawithaya, Mr. Narong Srichukrin, Ms. Phanporn Kongyingyong, Mr. Michael David Selby, Mr. Verachai Tantikul and Mr. Deepak Sarup, as representatives of the Offeror group, did not participate in the consideration of this agenda.

4.1 Reasons to accept and/or reject the tender offer

The meeting of the Company's Board of Directors, excluding the directors who have vested interest, considered the tender offer document, the amendment to the tender offer document and the IFA's opinion report, and deemed that the offering price of Baht 266.89 per share is appropriate because it is within the range of fair value appraised by the IFA under the embedded value and value of new business approach at between Baht 201.45 and Baht 315.08 per share, which is lower / (higher) than the offering price by Baht 65.44 - Baht (48.19) per share or 24.52% - (18.06)%.

The average market price of the Company's shares during February 17 - March 25, 2011 stood at Baht 395.04 per share, higher than the offering price by Baht 128.15 per share or 48.01%. Despite that, its shares have had no trading liquidity on the stock market, with an average daily trading volume of merely 768.25 - 1,346.07 shares recorded in different periods over the past two years (February 16, 2009 - February 16, 2011). After all, the transaction will help mitigate risk involved with the free float requirement and risk incidental to the controlling vote by a single shareholder.

Accordingly, the Board of Directors unanimously resolved to recommend the shareholders to accept the tender offer. The individual shareholders are also recommended to ponder on the opinion provided by the Company and the opinion by the IFA at their own discretion and judgment as a basis for decision-making.

4.2 Opinion and reasons of the individual directors and the number of shares held by them (only in case the opinion of the Board of Directors in 4.1 is not unanimous)

- None -

4.3 Benefits or impacts from the plans and policies indicated by the Offeror in the tender offer and the viability of such plans and policies

4.3.1 Policies and plans on business management

The Offeror recognizes that life insurance business is one of the crucial elements of long-term strategies for banking business, leading to a comprehensive range of financial services, and that the life insurance industry still has a vast growth potential in Thailand. The Offeror will therefore give full supports to the Company's activities and will make certain that the Company's businesses are carried on uninterrupted. In particular, the Offeror is determined to sustain the Company's strength in delivering ongoing growth, while further enhancing the Company's solid financial and operational soundness in a bid to strive towards service

excellence. This resembles the Offeror's own commitment to excellent and valued services that it has all along provided for nearly 12 million customers all over the country, a large number of whom are also the Company's clientele.

Moreover, during the 12-month period after the end of the tender offer period, the Offeror has no policy to change the Company's business objectives or to materially change the Company's business, except that the said change is required to support the Company's investment and business strategy. More importantly, the Offeror has no intention to undertake a material change in the Company's organization, structure or employment, except for a change in the operation to better match the market situation, nor any intention to significantly change the capital structure and core assets of the Company.

During the 12-month period after the end of the tender offer period, the Offeror will maintain the Company's existing dividend payment policy and, at the same time, the Company will strictly abide by all relevant regulations established by the Office of Insurance Commission and all resolutions of the shareholders' meeting. In this respect, any dividend payment by the Company must not impact its capital position and its ability to maintain the capital adequacy under the Risk Based Capital Framework.

In view of the policies and plans on business management above, the Company's Board of Directors has jointly agreed that the Company will not be significantly affected by the future plans and policies of the Offeror, considering that at present the Offeror already is the Company's major shareholder and could influence the formulation of the Company's policies and plans and that the Offeror does not intend to materially change the Company's business management policies and plans during the 12-month period after the end of the tender offer period.

4.3.2 Related party transactions

The Company's Board of Directors has a specific policy and procedure regarding the related party transactions in conformity with rules and regulations of the Bank of Thailand, the SET and the SEC to prevent any conflict of interest relative to the transactions entered into between the Company and its subsidiaries, associated companies, related companies and/or persons possibly having a conflict of interest.

During the 12-month period after the end of the tender offer period, the Offeror or any person in connection with the Offeror pursuant to Section 258 of the Securities and Exchange Act B.E. 2535 has no intention to materially change the Company's existing policy regarding the type and size of connected transactions, except where the Offeror is the main driver of new business of the Company. The Offeror will

relentlessly endeavor to boost the Company's growth and expand business scope to be compatible with the market situation at any time and to benefit all shareholders of the Company.

Any current and future related party transactions will be carefully considered and conducted on an arm's length basis. In entering into related party transactions, there should not be any special terms or preference among the Company, its associated companies, related companies and shareholders to make sure that the procedures are consistent with rules and regulations of the SET and that all related party transactions are similar to those conducted with third parties.

The previous transactions between the Company and the Offeror are as presented in Clause 3.4 'Business cooperation or related party transactions'. During the 12-month period after the end of the tender offer period, the Offeror has no intention to significantly change the type and size of related party transactions from those specified in the Company's current policy on related party transactions except where the Offeror is the main driver of new business of the Company. The Board of Directors has therefore jointly opined that the Company will not be materially affected by the transactions entered into between the Company and the Offeror.

4.4 Additional opinion of the Company's Board of Directors (only in case of a tender offer for delisting of securities)

- None -

4.5 Others

- None -

We hereby certify that the above statements are true, complete and accurate, without any information that might cause an essential misunderstanding, and no concealment has been made on any material information that should be explicitly disclosed.

Signature.....

(Mr. Bundit Jiamanukoonkit)

Siam Commercial New York Life Insurance Plc.

5. Opinion of the Independent Financial Advisor on the offering price

Siam Commercial New York Life Insurance Plc. (“the Company” or “SCNYL”) has engaged Sage Capital Limited as an independent financial advisor (“IFA”) to render opinion to the minority shareholders regarding the tender offer for all securities of the Company made by Siam Commercial Bank Plc. (“the Offeror”) according to the Tender Offer Form (Form 247-4) dated March 21, 2011 and the Amendment to the Tender Offer Form dated April 4, 2011.

As the IFA, we have, as a basis for our rendering of opinion herein, studied the information contained in Form 247-4 and in the Amendment to the Tender Offer Form dated April 4, 2011, including the information and documents available from the management of the Company, comprising the annual registration statement (Form 56-1) of the Company and the Offeror, a valuation report prepared by an internationally-renowned independent actuarial consultant (hereinafter referred to as the “IAC”), and an appraisal report on the Company’s land and buildings prepared by Siam Appraisal and Services Co., Ltd., which is an independent appraiser accredited by the Thai Valuers Association and the Valuers Association of Thailand, as well as the publicly available information and researches on relevant industries. Our opinion is based on the following assumptions:

- (1) All information mentioned above is accurate and true.
- (2) Our study is based on the present circumstance and there is not any incident that will materially impact the Company’s business performance.
- (3) We have not performed any legal review, tax and duty review and review on any other regulations and, therefore, may not provide opinion regarding the said matters.
- (4) We cannot certify or warrant, either directly or indirectly, or be held accountable for the correctness of the information or representations of the Company.

Our opinion could be summarized as follows:

5.1 Reasonableness of the offering price

The Offeror on March 17, 2011 additionally acquired 31,475,071 ordinary shares in the Company at a price of Baht 266.89 per share, bringing its ownership in the Company to 62,950,033 shares or increasing from 47.33% to 94.66%. Therefore, the Offeror is obligated to make a tender offer for all remaining shares of the Company at a price of Baht 266.89 per share, the same price at which it acquired the Company’s shares during a 90-day period prior to the tender offer submission. The IFA has valued the Company’s shares as a basis for determining the reasonableness of the offering price, employing the following valuation approaches:

- 1). Book Value Approach
- 2). Adjusted Book Value Approach

- 3). Weighted Average Market Price Approach
- 4). Market Comparable Approach
 - 4.1). Price to Book Value or P/BV Approach
 - 4.2). Price to Earning or P/E Approach
- 5). Actuarial Valuation Approach
 - 5.1). Embedded Value and Value of New Business Approach
 - 5.2). Price to Embedded Value or P/EV Approach

5.1.1 Book Value Approach

The share valuation by this method exhibits the book value of the Company at a given period of time. Here, the calculation is based upon the Company's book value on its financial statement, audited by the auditor, for the year ended December 31, 2010, and divided by the total number of issued and fully paid shares of the Company. The calculation of the Company's book value is as tabulated below:

Item	Value (Baht million)
Issued and paid-up share capital	665.00
Retained earnings	
- Appropriated – Statutory reserve	66.50
- Unappropriated	5,449.65
Unrealized gains on change in fair value of derivatives	41.64
Unrealized gains on change in value of investments	100.86
Total shareholders' equity	6,323.65
<i>Number of issued and paid-up ordinary shares (million shares)</i>	<i>66.50</i>
SCNYL book value (Baht/share)	95.09

Source: SCNYL's financial statements

The appropriate price of SCNYL shares under the book value approach is Baht 95.09 per share.

5.1.2 Adjusted Book Value Approach

Under this method, the shares are valued by using the Company's book value on its financial statement, audited by the auditor, for the year ended December 31, 2010, and adjusted by a few items to reflect the true financial standing of the Company, then divided by the total number of issued and fully paid shares of the Company. We have taken into account the significant items on the financial statement such as loans and accrued interest receivable, allowance for doubtful accounts, investments, deposits, etc., and have

adjusted 1) the fair value of investments in debt securities as of December 31, 2010 and 2) the fair value of land, buildings and properties foreclosed, all of which were reappraised in 2008 and 2009. Shown below is the outcome of our calculation:

Item	Value (Baht million)
Total shareholders' equity as of December 31, 2010	6,323.65
Increase/(Decrease) in adjusted items:	
- Fair value of investments in debt securities (after tax)	2,192.95
- Fair value of land and buildings	5.38
- Fair value of properties foreclosed (after tax)	0.70
Total shareholders' equity after adjustment	8,522.68
<i>Number of issued and paid-up ordinary shares (million shares)</i>	<i>66.50</i>
Shareholders' equity after adjustment (Baht/share)	128.16

Source: SCNYL's financial statements

The appropriate price of SCNYL shares under the adjusted book value approach is Baht 128.16 per share.

5.1.3 Weighted Average Market Price Approach

Using this method, the shares are appraised based on the historical weighted average closing price of SCNYL shares traded on the Stock Exchange of Thailand ("SET") in different retroactive periods until February 16, 2011, which is the last business day before the Company notified the SET of the Offeror signing of the SCNYL shares acquisition agreement with the counterparty, because after such date the share price had responded to this news. We have figured out the weighted average closing price of SCNYL shares over a retroactive period of one month, three months, six months, nine months, 12 months, 18 months and 24 months until the last business day before the Company notified the SET of the Offeror signing of the SCNYL shares acquisition agreement, the result of which is shown in the below table:

Weighted average market price	Baht/share
Retroactive 1 month (Jan 17, 11-Feb 16, 11)	517.01
Retroactive 3 months (Nov 16, 10-Feb 16, 11)	529.16
Retroactive 6 months (Aug 16, 10-Feb 16, 11)	568.66
Retroactive 9 months (May 17, 10-Feb 16, 11)	567.12
Retroactive 12 months (Feb 16, 10-Feb 16, 11)	544.22
Retroactive 18 months (Aug 17, 09-Feb 16, 11)	441.50

Weighted average market price	Baht/share
Retroactive 24 months (Feb 16, 09-Feb 16, 11)	401.60

Source: SETSMART

The appropriate price of SCNYL shares under the weighted average market price approach is in a range of Baht 401.60-568.66 per share.

5.1.4 Market Comparable Approach

This method is a comparison of financial ratios of SET-listed entities operating the type of business similar to that of the Company and having trading liquidity on the SET. There is one company meeting this criterion, Bangkok Life Assurance Plc. (“BLA” or hereinafter called the “Peer”). However, since there has been somewhat thin trading of SCNYL shares on the stock market, we have not adopted its ratios for the share valuation (there are only two listed companies engaging in life insurance business, SCNYL and BLA).

As BLA shares just began trading on September 25, 2009, we could base our valuation on the historical data derived from only five retroactive time periods of one month, three months, six months, nine months and 12 months.

The financial ratios that are most frequently used for share valuation by this approach are

- 1) Price to Book Value or P/BV Approach; and
- 2) Price to Earning or P/E Approach.

The P/BV and P/E of insurance companies whose shares are traded on the foreign stock bourses are not used for the share valuation to measure a fair value of the Company because their business size and type are different from the Company’s and the stock trading condition and pattern in each market are not the same. Moreover, the gross written premium to GDP, or the penetration rate, of one country differs from that of another country. We therefore view that the ratios of those companies are not suitable for comparison under this approach.

5.1.4.1 Price to Book Value or P/BV Approach

Under this method, the shares are valued by multiplying the Company’s book value, which is Baht 95.09 per share, by the average P/BV ratio of SET-listed entities operating the type of business similar to that of the Company and having trading liquidity on the SET, as described above, prevailing in different horizons. We have figured out the P/BV ratio of the Peer (BLA) by dividing its weighted average market price by its book value, the outcome of which is as follows:

Peer	Historical average P/BV (time)				
	1 month	3 months	6 months	9 months	12 months
BLA	3.23	3.32	3.33	3.20	2.99
Average	3.23	3.32	3.33	3.20	2.99

Source: SETSMART and BLA's financial statement

Time period	Historical average P/BV (time)	Fair value of SCNYL (Baht/share) ^{1/}
Retroactive 1 month (Jan 17, 11-Feb 16, 11)	3.23	306.73
Retroactive 3 months (Nov 16, 10-Feb 16, 11)	3.32	315.43
Retroactive 6 months (Aug 16, 10-Feb 16, 11)	3.33	316.88
Retroactive 9 months (May 17, 10-Feb 16, 11)	3.20	304.51
Retroactive 12 months (Feb 16, 10-Feb 16, 11)	2.99	284.60

^{1/}Historical average P/BV multiplied by SCNYL's book value of Baht 95.09/share.

The appropriate price of SCNYL shares under the P/BV approach is in a range of Baht 284.60 – 316.88 per share.

5.1.4.2 Price to Earning or P/E Approach

Using this method, the shares are valued based on the Company's net profit, which is Baht 31.81 per share, multiplied by the average P/E ratio of SET-listed entities operating the type of business similar to that of the Company and having trading liquidity on the SET, as described above, prevailing in different horizons. We have figured out the P/E ratio of the Peer (BLA) by dividing its weighted average market price by its earnings per share, the outcome of which is tabulated below:

Peer	Historical average P/E (time)				
	1 month	3 months	6 months	9 months	12 months
BLA	12.59	12.95	13.01	12.50	11.68
Average	12.59	12.95	13.01	12.50	11.68

Source: SETSMART and BLA's financial statement

Time period	Historical average P/E (time)	Fair value of SCNYL (Baht/share) ^{1/}
Retroactive 1 month (Jan 17, 11-Feb 16, 11)	12.59	400.54
Retroactive 3 months (Nov 16, 10-Feb 16, 11)	12.95	411.90

Time period	Historical average P/E (time)	Fair value of SCNYL (Baht/share) ^{1/}
Retroactive 6 months (Aug 16, 10-Feb 16, 11)	13.01	413.79
Retroactive 9 months (May 17, 10-Feb 16, 11)	12.50	397.65
Retroactive 12 months (Feb 16, 10-Feb 16, 11)	11.68	371.65

^{1/} Historical average P/E multiplied by SCNYL's EPS of Baht 31.81.

The appropriate price of SCNYL shares under the P/E approach is in a range of Baht 371.65 – 413.79 per share.

5.1.5 Actuarial Valuation Approach

5.1.5.1 Embedded Value and Value of New Business

Under this approach, the shares are appraised by taking into account the value of three crucial pillars, as follows:

- 1) Adjusted net worth,
- 2) Value of in-force business, and
- 3) Value of new business.

The IFA has based its valuation by this method on the valuation report prepared by an independent actuarial consultant ("IAC") which appraised the Company's value as of December 31, 2009 and presented its report on such appraisal on March 10, 2011.

The said IAC's report was exclusively intended for internal use by the management of the Offeror according to the contract agreed upon between them, whereby the IAC shall not be responsible for the use of information contained in the said report by any third party. A summary of the IAC's report presented herein was prepared by the IFA and, hence, the IAC shall not legally certify, or be held liable for the consequence of, the said summarized information from the IAC's report. Further, the IAC shall not warrant to a third party the accuracy, completeness and appropriateness of the use of the said information.

All assumptions used by the IAC for its valuation have been reviewed and jointly considered with the top management of the Company and the Offeror, including the consideration of the Company's historical information and the industry data. The valuation prepared by the IAC was based on the assumption that all available information is complete, full and correct, without being additionally reviewed by the IAC. The IAC has determined the reasonableness of all such information based on its knowledge in the life insurance field.

The IAC did not value all policy products of the Company, but appraised only the modeled products, which covered 80.00% of the Company's policy reserves. The appraised value for the remainder of 20.00%, which were the unmodeled products, was derived by an estimation method. For instance, the business value from whole life insurance was obtained from the modeled product representing the whole life policy, divided by percentage of the reserve for the whole life policy modeled products.

Company value derived from whole life insurance = Company value appraised from whole life policy modeled products / % reserve for whole life policy modeled products

The IAC did not appraise the business value from the group insurance product due to the keen competition and low margin of this product.

Here are the details of the IAC's appraisal for the three key components:

1) Adjusted Net Worth

This is the net worth after adjustment of assets and liabilities to reflect the fair value of those assets and liabilities. The IAC made this evaluation for the business value as of December 31, 2009 by basing on the Company's 2009 audited financial statement, with adjustment to the value of investments that were not stated at a fair value. The valuation is tabulated below:

Item	Value (Baht million)
Total shareholders' equity as of December 31, 2009	4,572
Adjustment of assets to the fair value ^{1/}	1,318
Tax payable on the adjusted assets to the fair value	(395)
Total adjusted net worth	5,495
Number of issued and paid-up ordinary shares (million shares)	66.50
Total adjusted net worth (Baht/share)	82.63

^{1/} Adjustment of assets (except bills of exchange due to absence of reference price) to the market value with no adjustment made to the fair value of liabilities.

Based on the IAC's valuation, the Company's value, in relation to the adjusted net worth, is equal to Baht 82.63 per share. However, the IFA has valued the adjusted shareholders' equity as of December 31, 2010 and come up with the appraised price of Baht 128.16 per share, as described in clause 5.1.2) Adjusted Book Value Approach.

2) Value of In-force Business

This is the evaluation of the Company's value based on the present value of expected future earnings on its in-force business.

The Company's net earnings are derived from premium income + revenue from investments - (insurance expenses which include death claims, payment on policy's maturity date, lapse of the policy, other policyholder-related expenses + commission + operating expenses + increase/(decrease) in insurance reserve + reinsurance cost + taxes payable). The IAC based its evaluation on the following assumptions:

1) *Discount rate*

The IAC estimated a discount rate, used for the calculation of net present value of free cash flow expected in the future, in a range of 10.00% – 14.00%, with a mean rate of 12.00%. The IAC considered the said range of discount rate reasonable when compared with the publicly available evaluation reports of other life insurance companies in Thailand. Such range of discount rate does not signify the highest and lowest levels of a required rate, but it is simply used to explore the outcome of a changing discount rate.

Nonetheless, we have estimated the cost of equity by the CAPM approach as a basis for identifying the reasonableness of the discount rate applied by the IAC. Here is our calculation of the cost of equity:

$$R_e = R_f + \text{Beta} \times (R_m - R_f)$$

Where, R_e is the cost of equity.

R_f is the risk free rate, which is based upon a bid yield on the 30-year government bond, standing at roughly 4.35% as of March 15, 2010.

β is the beta, which is the variance between returns on the Company's shares and returns on the stock market. The beta adopted by the IFA is 0.766, which is a historical weekly beta over a horizon of three years retroactive from February 11, 2011 (from Bloomberg).

R_m is the rate of return on the stock market over the past 20 years, equivalent to approximately 13.91%.

Using the CAPM approach, the cost of equity is around 11.67%, which is in the range of discount rate estimated by the IAC. Therefore, we are of the opinion that the discount rate applied by the IAC is reasonable.

2) *Investment return*

The IAC evaluated an investment return at 4.03%, assuming that the percentage of investments in various assets remains constant throughout the projection life. The percentage of investments in assets as of December 31, 2009 was used as a reference. Of the total portfolio, the investments in debt securities made up about 95.00% and yielded a rate of return of around 3.90%, which the IAC estimated by using the yield curve plotted from the government bond and the debenture yields as of December 30, 2010. The returns on investments in other assets were estimated from returns on new investments in 2010.

We have considered the returns on investments and found that yields on the 5-15-year government bond, which captured the largest portion of the Company's investment portfolio, were in a range of 3.25% – 4.04%.

3) *Capital and solvency requirement*

The IAC assumed the capital and solvency requirement by basing on the Company's long-term policy, under which the capital and solvency ratio is targeted at 275.00%, far above the present legal requirement of 100.00%, which would be scaled up to 150.00% in the future. In our opinion, such rate is reasonable since it is higher than the legally required level and could support the Company's future expansion in the long run.

4) *Expense inflation*

The IAC estimated the expense inflation at 3.00%, which is within the band applied by various analysts and analysis houses.

We deem that the said expense inflation rate applied by the IAC is acceptable as it is aligned with the country's average inflation rate over 1997-2010 of 2.98%.

5) *Mortality*

The IAC assumed the mortality between 25.00% and 40.00%, without classifying the gender of policyholders for all policy types and maturities. The said rate was based on the Company's mortality during 2000-2009 and also on the industry's mortality table. We view that the mortality applied by the IAC is consistent with the historical data of the Company. The IAC noted in its report that the impact of mortality on the Company's value was minute.

6) *Loss ratio*

The loss ratio was estimated based on the Company's historical records, its future loss ratio forecasts, and the IAC's knowledge and experience in Thai life insurance industry. The IAC broke down its estimates by type of insurance into Ordinary Rider, Group Insurance, and Affinity Medicare, by basing on the Company's historic loss ratios in the past five years. In our opinion, the said estimation is consistent with the historical data of the Company.

7) *Lapse rate*

The IAC estimated the lapse rate in a similar fashion to the loss ratio estimation, by breaking it down by type of insurance and term of premium payment such as monthly, quarterly or yearly payments, which is a method widely employed in this region. The IAC judged that the Company's historical lapse rate data are reliable, revealing that the lapse rate was somewhat high in the first year and would drop in later years throughout the policy's maturity for nearly all types of policy, except the credit life policy and civil policy which have premium payment terms on a one-off, an annual, and a semi-annual basis. The lapse rate was high in all types of policy that have payment terms on a monthly and a quarterly basis. The IFA deems that these data are appropriate and adequate for the valuation of the Company.

8) *Operating expenses*

The Company has divided its operating expenses into acquisition expenses and maintenance expenses. According to the IAC's report, the Company has conducted a study on the operating expenses estimation for more than three years for internal use.

9) *Commission*

The IAC adopted the commission structure for each type of policy established by the Company. The said commission is inclusive of other expenses and compensation which comply with the law. From our review, the commission data adopted by the IAC are consistent with the Company's commission structure and conform to the Notification of the Office of Insurance Commission ("OIC") regarding Commission Rates for Life Insurance Agents and Brokers, B.E. 2551, Clause 4, as follows:

- 1). Year 1 payable at not more than 40% of the first-year premium
- 2). Year 2 payable at not less than 40% of the first-year commission
- 3). Year 3 payable at not less than 25% of the first-year commission
- 4). Year 4 and onwards payable at a rate as deemed fit

The above commission structure is applicable to all types of policy and riders that are valid longer than one year. For policies and riders valid for less than a year, the commission shall be paid at the rate specified in 1).

In addition to the commission above, the Company may pay other commission or compensation to retain the maintenance rate or as an incentive, which shall be deemed as the usual commission. However, the above commission does not include the group insurance or the insurance permitted by the registrar to pay a commission at other rate.

10) *Policyholder Protection Fund*

Life insurance companies are required by law to contribute 0.1% of their prior year's premium income to the Policyholder Protection Fund. The IAC already factored the impact of this item into the evaluation of the Company's value.

11) *Reinsurance cost*

The IAC estimated this cost based on the Company's historical records for the past three years. The reinsurance cost was estimated at 8.00% of claims arising from direct insurance, which we consider to be aligned with the Company's historical data.

Based on the above assumptions, the present value of in-force business could be valued as follows:

(Unit: Baht million)

Discount rate	10.00%	12.00%	14.00%
Value of in-force business as of December 31, 2009	4,936	4,860	4,774
Less: Cost of solvency capital	(1,736)	(1,984)	(2,175)
Total value of in-force business	3,200	2,876	2,599

The IAC also presented a roll-forward valuation of the in-force business as of December 31, 2010 in its report, assuming only the mean discount rate of 12%, thereby deriving a roll-forward value of the in-force business as of December 31, 2010 equal to Baht 3,583 million based on the 12% discount rate. We have then obtained from the IAC the additional roll-forward calculation of value of the in-force business as of December 31, 2010 using the discount rate of 10% and 14%, the outcome of which is as follows:

Discount rate	10.00%	12.00%	14.00%
Value of in-force business as of December 31, 2009 (Baht million)	3,200	2,876	2,599
Roll-forward value of in-force business as of December 31, 2010 (Baht million)	4,011	3,584	3,214
Roll-forward value per share of in-force business as of December 31, 2010 (Baht/share)	60.32	53.89	48.33

3) Value of New Business

This is the calculation of present value of future net earnings obtainable from policies that the Company expects to be saleable in the future. The valuation is made based on the Company's sales channels, both existing and new channels, and also on its selling ability.

There are two key factors for this valuation: 1) value of 1 year's new business and 2) capitalized factor or multiplier. The value of new business is evaluated under the following formula:

$$\text{Value of new business} = \text{Value of 1 year's new business} \times \text{Capitalized factor}$$

The valuation of each factor is described below:

3.1) Value of 1 year's new business

This is the present value of future net earnings obtainable from policies that the Company expects to be saleable in the next 12 months. The IAC valued this factor based on the same assumptions it applied for the evaluation of in-force business, and also on the outstanding written premium for 2010 estimated by the Company for use by the IAC. Here is the outcome:

(Unit: Baht million)

Discount rate	10.00%	12.00%	14.00%
Value of 1 year's new business as of December 31, 2009	1,531	1,445	1,362
Less: Cost of solvency capital	(453)	(501)	(532)
Total value of 1 year's new business	1,078	944	830
Total value per share of 1 year's new business (Baht/share)	16.21	14.20	12.48

We have compared the outstanding written premium from new business saleable in 2010 estimated by the Company for use by the IAC (at the time of valuation by the IAC) to figure out the value of 1 year's new business with the actual written premium from new business sold in 2010, and found a moderate discrepancy between the said actual and the estimated figures. However, from our estimation of the outstanding written premium from new business saleable in 2011 by assuming that the said premium grows from 2010 at the actual average growth rate of this premium during 2008-2010, we have discovered that our estimate is about the same as the outstanding written premium from new business saleable in 2010 estimated by the Company for use by the IAC at the time of valuation by the IAC. As such, we have thus assumed the value of 1 year's new business valued by the IAC in its report (as illustrated in the above table), considering that the Company has not made any material change to the pattern of its policies for sales in 2011 when compared with a year earlier.

3.2) Capitalized factor or multiplier

The IAC did not provide any opinion or valuation of a capitalized factor, or multiplier, in its report. Normally, the capitalized factor is based primarily upon an agreement between a seller and a buyer. For this valuation, we have estimated the capitalized factor through a comparison of the publicly available industry data over the past 2-3 years, as follows:

- a). *Kasikornbank Plc. ("KBank")'s acquisition of an additional stake of 41.00% in Muang Thai Fortis Holding Co., Ltd. ("MTFH"), which holds shares in Muang Thai Life Assurance Co., Ltd. ("MTL")*

According to a publicly disclosed report on independent financial advisor's opinion regarding a connected transaction on the additional shares acquisition in MTFH ("the Report"), KBank in 2009 purchased additional shares of 41.00% in MTFH in an amount not more than Baht 7,244 million, of which Baht 6,980.25 million was the value from MTL, which is 75.00% owned by MTFH. Based on this data, we have arrived at an estimated value of MTL of Baht 22,700 million (value of MTL = 6,980.25 divided by the 41.00% acquisition of MTFH by KBank and then by the 75.00% ownership by MTFH in MTL). Also presented in the Report was an evaluation of MTL's value under the actuarial valuation approach by a world-class independent actuarial consultant. Based on such valuation of MTL's value, we have figured out the capitalized factor by which to derive MTL's value at around Baht 22,700 million and come up with the capitalized factor of about 6.32 times.

b). *Bangkok Life Assurance Plc. ("BLA")'s initial public offering (IPO)*

In 2009, BLA made an IPO at an offering price of Baht 13.50 per share. BLA earlier commissioned an internationally renowned IAC to evaluate its value as of December 31, 2007 and December 31, 2009 and publicized the said valuation reports on its website. Here, we have selected the BLA valuation report as of December 31, 2009 as a basis for comparison to figure out the multiplier, considering that the value from such report was derived as earliest as less than three months after the IPO period by BLA. We have calculated the multiplier, by comparing the value of BLA with the IPO price of its shares, at between 0.73 and 1.55 times. However, since the IPO price is usually discounted from the fair value to attract investors in terms of return on investments, we deem that the reasonable capitalized factor should not be lower than 2.00 times.

Based on the above industry data, we have arrived at the appropriate multiplier of between 2.00 and 6.32 times.

We have further estimated the multiplier by using the Company's average policy growth rate, assumed to be 3.00% – 5.00% throughout the projection period, which we deem to be an appropriate growth rate in the long term. The multiplier derived from such growth rate is shown below:

	Multiplier (time) with a discount rate		
	10.00%	12.00%	14.00%
Growth rate of 3.00%	7.09	6.49	5.97
Growth rate of 5.00%	7.81	7.13	6.54

The multiplier estimated from the growth rate of 3.00% – 5.00% ranges between 5.97 and 7.81 times. Taking into account the multiplier derived from the industry data over the past 2-3 years above and that estimated from the Company's average policy growth rate, we have arrived at a range of multiplier from 2.00 to 7.81 times, which we consider reasonable. Therefore, we have additionally conducted a sensitivity analysis on the value of new business to explore the impact from changing multipliers within the said range. Here is the outcome:

Discount rate	10.00%	12.00%	14.00%
Value per share of 1 year's new business (Baht/share)	16.21	14.20	12.48

Multiplier (time)	Value of new business (Baht/share) with a discount rate		
	10.00%	12.00%	14.00%
2.00	32.42	28.39	24.96
3.50	56.74	49.68	43.68
5.00	81.05	70.98	62.41
6.50	105.37	92.27	81.13
7.81	126.60	110.87	97.48

From the above table, the value of new business of the Company is in a range of Baht 24.96 – 126.60 per share. By aggregating the value of new business and the values from other factors, the Company's value under the actuarial valuation approach comes out as follows:

Discount rate	10.00%	12.00%	14.00%
Adjusted net worth (Baht/share)	128.16	128.16	128.16
Value of in-force business as of December 31, 2010 (Baht/share)	60.32	53.89	48.33
Embedded value (Baht/share)	188.48	182.06	176.49

Multiplier (time)	Embedded value and value of new business with a discount rate (Baht/share)		
	10.00%	12.00%	14.00%
2.00	220.90	210.45	201.45
3.50	245.21	231.74	220.18
5.00	269.53	253.03	238.90
6.50	293.84	274.33	257.62
7.81	315.08	292.92	273.97

Under the embedded value and value of new business approach, the Company's value ranges from Baht 201.45 to Baht 315.08 per share.

5.1.5.2 Price to Embedded Value or P/EV

In the life insurance industry, another actuarial valuation approach usually employed to measure a business's fair value is the price to embedded value or P/EV method. Similar to the market comparable approach, the P/EV method is a comparison of the P/EV of a SET-listed entities operating business similar to

the Company and having trading liquidity on the market, which in this case is Bangkok Life Assurance Plc. (“BLA”). However, due to the thin trading of SCNYL shares, we have not adopted its P/EV for the share valuation.

Moreover, as BLA shares just began trading on September 25, 2009, we could base our valuation on the historical data derived from only five retroactive time periods of one month, three months, six months, nine months and 12 months.

As well, similar to the market comparable approach, the ratios of insurance companies whose shares are traded on the foreign stock bourses are not used for the share valuation under this method because their business size and type are different from the Company’s and the stock trading condition and pattern in each market are not the same. Moreover, the gross written premium to GDP, or the penetration rate, of one country differs from that of another country. We therefore view that the ratios of those companies are not suitable for comparison under this approach.

BLA’s embedded value (“EV”) was evaluated by an internationally recognized IAC, hired by BLA, and notified to the SET on March 29, 2011. The said EV, with a discount rate of 10.00%, is as follows:

	Value (Baht million)	Value (Baht/share)
EV of BLA as of December 31, 2010	21,834	18.20

Source: SET

We have assumed the weighted average market price of BLA over different horizons from one month to 12 months until the last business day before the Company notified the SET of the Offeror signing of the SCNYL shares acquisition agreement. Then, the P/EV ratio of the Peer (BLA) is derived by dividing the weighted average market price by EV, the result of which is shown below:

Peer	Historical average P/EV (time)				
	1 month	3 months	6 months	9 months	12 months
BLA	1.61	1.66	1.67	1.60	1.50
Average	1.61	1.66	1.67	1.60	1.50

Source: SETSMART and SET

Discount rate	10.00%	12.00%	14.00%
SCNYL’s embedded value (Baht/share)	188.48	182.06	176.49

Time period	Historical average P/EV (time)	SCNYL's fair value (Baht/share) with a discount rate		
		10.00%	12.00%	14.00%
Retroactive 1 month (Jan 17, 11- Feb 16, 11)	1.61	303.88	293.53	284.56
Retroactive 3 months (Nov 16, 10- Feb 16, 11)	1.66	312.50	301.85	292.63
Retroactive 6 months (Aug 16, 10- Feb 16, 11)	1.67	313.94	303.24	293.97
Retroactive 9 months (May 17, 10- Feb 16, 11)	1.60	301.69	291.41	282.50
Retroactive 12 months (Feb 16, 10- Feb 16, 11)	1.50	281.96	272.36	264.03

The Company's value under this approach is in a range of Baht 264.03 – 313.94 per share.

5.1.6 Conclusion of IFA's opinion on the offering price

The below table summarizes a comparison of the Company's share price valued by different approaches with the offering price:

Valuation approach	Fair value (Baht/share)	Fair value higher/(lower) than offering price ^{1/} (Baht/share)	% Fair value higher/(lower) than offering price (%)
Book value approach	95.09	(171.80)	(64.37)
Adjusted book value approach	128.16	(138.73)	(51.98)
Weighted average market price approach	401.60 – 568.66	134.71 – 301.77	50.47 – 113.07
Market comparable approach:			
- Price to book value approach	284.60 – 316.88	17.71 – 49.99	6.64 – 18.73
- Price to earning approach	371.65 – 413.79	104.76 – 146.90	39.25 – 55.04

Valuation approach	Fair value (Baht/share)	Fair value higher/(lower) than offering price ^{1/} (Baht/share)	% Fair value higher/(lower) than offering price (%)
Actuarial valuation approach:			
- Embedded value and value of new business approach	201.45 – 315.08	(65.44) – 48.19	(24.52) – 18.06
- Price to embedded value approach	264.03 – 313.94	(2.86) – 47.05	(1.07) – 17.63

^{1/}The offering price is Baht 266.89 per share.

From the above table, the appropriate value of SCNYL shares as evaluated by different approaches ranges between Baht 95.09 and Baht 568.66 per share. However, by comparing all of the said valuation methods applied herein, we are of the opinion that the Company's value evaluated by the book value approach is not suitable because this method does not reflect the Company's future operational capability and profitability. Similarly, the adjusted book value approach, despite an adjustment of assets to the most current fair value, does not portray the future operational capability and profitability of the Company.

Due to the low trading volume of SCNYL shares, the valuation of its shares under the weighted average market price approach is not suitable.

The market comparable approach, including the P/BV ratio and the P/E ratio methods, and the price to embedded value (P/EV) ratio approach traditionally are appropriate for the evaluation of the Company. The rationale behind this is that these approaches measure the Company's fair value by basing on financial ratios of listed entities in the same industry with trading liquidity and whose market price could well reflect their respective profitability and competitiveness and, thus, could be suitably used for the calculation of financial ratios and the valuation of the Company's shares. However, as discussed earlier, there are only two listed entities in the life insurance sector, the Company (SCNYL) and BLA. While the ratios of SCNYL are not applicable to our valuation of its shares due to the thin trading volume, there remains only the Peer, BLA, which is used for the calculation of comparative ratios for measuring a fair value of the Company. In our view, the use of financial ratios from only a single peer will result in a decrease in the reliability of the valuation by this approach, considering that we may not identify as to whether BLA could truly represent the entire life insurance industry in Thailand. As such, we deem that this method is not appropriate for the share valuation either.

The embedded value and value of new business approach portrays not only the outcome of a book value adjustment with the fair value of assets, but also the future operational capability and profitability prospect of the Company. Besides, we have based our valuation by this approach on the evaluation report

prepared by an internationally recognized IAC, while deeming that the assumptions adopted therein by the IAC are reasonable. To derive a fair value of the Company, we have adjusted the book value to one as of December 31, 2010 and estimated the capitalized factor by basing on the publicly available information of life insurance companies in Thailand prevailing over the past 2-3 years and also on the Company's average policy growth rate in the long term, assumed to be 3.00% – 5.00%. Taking all these reasons into consideration, we are of the opinion that the valuation by the embedded value and value of new business approach could institute an appropriate attribute to measure the Company's fair value.

Therefore, the appropriate value of SCNYL shares as evaluated by the embedded value and value of new business approach, which is considered a suitable and reliable valuation method, is in a range of Baht 201.45 – 315.08 per share.

5.2 Reasons to accept and/or reject the tender offer

We recommend that the shareholders accept the tender offer based on the following rationales:

5.2.1 A reasonable offering price

Based on our valuation of an appropriate value of SCNYL shares, it is found that the offering price for the shares at Baht 266.89 per share is within the appropriate price range evaluated herein by the embedded value and value of new business approach, which is Baht 201.45 – 315.08 per share.

5.2.2 Thin trading volume of the Company's shares on the stock market

The Offeror's acquisition of an additional 31,475,071 shares or 47.33% in the Company on March 17, 2011 brought its total shareholding in the Company to 62,950,033 shares or 94.66%. Given that the tender offer is accepted by the shareholders, the number of the Company's free floating shares will relatively be less than 5.34%, which is far below the SET's requirement of 15.00%.

Furthermore, according to the historical trading statistics, it is evident that the average daily trading volume of SCNYL shares over a period of two years retroactive from the date the Company notified the SET of the signing of shares acquisition agreement by the Offeror (February 16, 2009-February 16, 2011) was merely 768.25 - 1,346.07 shares, representing 0.02% – 0.04% of the free float portion.

Time period	Average daily trading volume of SCNYL shares (shares/day)	Average daily trading volume of SCNYL shares as % of free float portion (%)
Retroactive 1 month (Jan 17, 11-Feb 16, 11)	882.61	0.02

Time period	Average daily trading volume of SCNYL shares (shares/day)	Average daily trading volume of SCNYL shares as % of free float portion (%)
Retroactive 3 months (Nov 16, 10-Feb 16, 11)	768.25	0.02
Retroactive 6 months (Aug 16, 10-Feb 16, 11)	1,328.91	0.04
Retroactive 9 months (May 17, 10-Feb 16, 11)	1,340.86	0.04
Retroactive 12 months (Feb 16, 10-Feb 16, 11)	1,187.65	0.03
Retroactive 18 months (Aug 17, 09-Feb 16, 11)	1,346.07	0.04
Retroactive 24 months (Feb 16, 09-Feb 16, 11)	1,214.55	0.03

Source: SETSMART

Based on the above factual data, the greater the amount of shares the shareholders are holding, the more likely it is that they would be unable to sell their shares on the SET or have to sell the shares at a price much lower than their desired price. Although the market price of the shares is considerably higher than the offering price, it is unlikely that they would be able to sell their shares entirely at the said market price due to the low trading volume of the Company's shares. As such, the tender offer will allow for the shareholders who own a large amount of the Company's shares to tender those shares at a reasonable price.

5.2.3 Mitigation of risk associated with the free float shortfall

The Company has failed to meet the SET's free float requirement of 15.00% of the total issued and paid-up shares, thus being prone to be subject to delisting. Its free float portion has been merely 5.33% before the tender offer and, if the tender offer is accepted, will be lowered further. The SET has since 2007 instructed the Company in writing to take a corrective action to cope with such free float shortfall and has, however, granted a grace period to the Company during 2009-2010. Now that the said grace period has already ended, the Company will possibly seek the SET's approval for an extension. For the time being, it still does not make any headway in rectifying the free float situation and, hence, risks failing to meet its listing qualifications. Given that the Company opts for making an public offering (PO) as a corrective measure against the free float shortfall, this will create a dilution effect on the existing shareholders.

Alternatively, if the Offeror sells the shares it holds in SCNYL in order for the Company to meet the free float requirement, the amount to be sold must be at least 9.67% of the Company's total issued and paid-up shares. In either case to rectify the said free float shortfall, the trading price of the Company's shares will be impacted.

As such, the shareholders who reject the tender offer will bear risk incidental to the Company's failure to meet its listing qualifications due to the free float shortfall, the dilution effect, and the impact on SCNYL

share price on the market triggered by the Offeror's selling of at least 9.67% of the total issued and paid-up shares to rectify the free float situation.

5.2.4 Mitigation of risk involved with controlling vote of a single shareholder

Having acquired as much as 94.66% of the Company's total share capital, the Offeror will relatively have a majority and controlling vote for any issues that require a majority affirmative vote by the shareholders' meeting such as appointment of directors to oversee the Company's business management and control the business policy as desired by the Offeror. Moreover, it could control voting on issues requiring an affirmative vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote or three-fourths of the total issued and paid-up shares such as a capital increase or decrease, a merger, an acquisition and disposal of assets, a delisting of the Company's securities, etc. At the same time, the rest of the shareholders will be unable to collect sufficient votes according to the law in order to ensure checks and balances and to cast a dissenting vote, for example, a vote required at not less than 10% of the total issued and paid-up shares to reject a delisting of shares, etc. As a consequence, after the tender offer is completed, the rejecting shareholders will be exposed to risk resting with a controlling vote of the Offeror.

Despite the above, the Offeror is the country's large financial institution upholding good corporate governance principles that cover rights of the stakeholders, code of business ethics, prevention of conflict of interest, internal control, disclosure of information, etc. Therefore, in conducting any transaction, the Offeror will also pay due regard to the interest of minority shareholders.

As indicated in Form 247-4, the Offeror does not have an intention to delist the Company from the Stock Exchange of Thailand during the 12-month period after the end of the tender offer period, except to the extent that the Offeror is required to comply with applicable laws, rules and regulations.

5.3 Benefits or impacts from the plans and policies indicated in the tender offer and viability of such plans and policies

Taking into account the policies and plans described by the Offeror in the tender offer document, we have analyzed the benefits and impacts that could arise from the tender offer, which are summarized as follows:

5.3.1 Impacts from the business policies and plans of the Company

With reference to the policies and plans on business operations disclosed by the Offeror in Form 247-4 and its subsequent amendment, during the 12-month period after the end of the tender offer period, the

Offeror has no intention to change the business objectives of the Company or to make any material change to its business. In particular, the Offeror does not plan to materially change the organization, structure, or employment arrangements of the Company and will maintain the existing dividend payment policy of the Company. Moreover, the Offeror will fully support the Company's business operations and will endeavor to maintain the Company's operation as smooth as possible. Specifically, the Offeror plans to maintain the superior growth of the Company. In our view, the minority shareholders will not be adversely affected by the Company's policies and plans after completion of the tender offer.

5.3.2 Impacts from the Company's listing status after the tender offer

The number of free floating shares of the Company currently stays at 5.33% of its total paid-up share capital, which leads the Company to fail to maintain its listing status relative to the free float requirement in accordance with the SET Board of Governors' Notification regarding Maintaining the Status of Listed Companies in the Exchange, B.E. 2544, stipulating that a listed company shall maintain its qualification with respect to share distribution so that its ordinary shares shall be held by small shareholders in a number not less than 150 and such shareholders shall hold shares in aggregate not less than 15.00% of the paid-up capital of the listed company. The SET subsequently notified the Company in writing to distribute its shares to minority shareholders to meet the said free float criterion within the specified timeline and to submit a share distribution report in line with the SET's guidelines. The Company's management is well aware of the obligation to comply with the SET's regulations.

Based on the above information, the Company apparently has, before the tender offer takes place, failed to meet the SET's listing criteria in relation to the free float requirement. Thus, irrespective of the outcome of the tender offer, it will still be unable to meet the listing qualifications due to the said free float shortfall.

However, according to Form 247-4 that the Company obtained from the Offeror, the Offeror does not have an intention to delist the Company from the Stock Exchange of Thailand during the 12-month period after the end of the tender offer period, except to the extent that the Offeror is required to comply with applicable laws, rules and regulations.

5.4 Benefit to and impact on the shareholders who reject the tender offer (in case of a tender offer for delisting only)

Since this is not a tender offer for delisting of securities, the IFA has not analyzed the benefit and impact on the shareholders.

5.5 Conclusion of the IFA's opinion

Although the current market price of the Company's shares is remarkably higher than the offering price, it is found from our valuation that the offering price stays within the range of appropriate price evaluated herein. In view of this, together with the risk factors discussed above such as low trading liquidity of the Company's shares, rectification of the free float shortfall and a controlling vote of the sole major shareholder, we recommend that **the shareholders accept the tender offer for the Company's shares proposed by the Offeror.**

Nonetheless, in deciding whether to accept or reject the tender offer, the shareholders are recommended to ponder on the information and opinion in various aspects provided by the IFA, and the final decision should be made at the individual shareholders' discretion. We have presented the Company's information and rendered opinion based on the information obtained from the Company and from interviews with the management and concerned officials of the Company, assuming that the said information is reliable, complete and accurate. However, it is by no means any of our intention or action to indicate or suggest that we have certified the accuracy or completeness of the information and the assumptions adopted in the rendering of our opinion in this report.

We, Sage Capital Limited, as the Independent Financial Advisor, hereby certify that we have provided the opinion on the transaction described above prudently under the professional standards and in the interest of the shareholders.

Yours sincerely,
Sage Capital Limited

(Thanathip Vidhayasirinun)
Managing Director

(Saranya Krasaesian)
Executive Director