

(Translation)

22 April 2011

Subject: Additional Information in the Opinion of the Company on the Tender Offer for Securities of  
Siam Commercial New York Life Insurance Public Company Limited

Attn: The Secretary General of the Office of the Securities and Exchange Commission  
The President of Stock Exchange of Thailand  
The Shareholders of Siam Commercial New York Life Insurance Public Company Limited

Reference is made to the submission by Siam Commercial New York Life Insurance Public Company Limited (the "Company" or "SCNYL") of the Opinion of the Company on the Tender Offer for Securities ("Form 250-2") dated 4 April 2011. The Company would like to provide additional information in Form 250-2 for clarification of the shareholders and relevant parties as follows:

**1. Page 19, Clause 1.8.4 Future business outlook, First paragraph**

Previous Statement

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.

#### Added Statement

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 set a target growth rate of the first year premium and total written premium in 2011 at 12% and 26% respectively, with driven strategies to focus on stable growth and quality, strengthening all distribution channel, policy maintaining and expanding its business to existing customer base and penetrating to new customers in every distribution channel. The target growth rate of sales through Bancassurance and agent in 2011 would be 10% and 25% respectively by building new agent by 500 persons/month or 6,011 persons/year as well as expanding its sale-force to middle and high end customers, increasing the payment channel for existing customers and enhancing its telesales-person from 90 persons to 200 persons.

In addition, due to uptrend of interest rate, the Company viewed that its investment return in 2011 will increase in line with the uptrend of interest rate and inflation rate. In this regard, the Company will use return guarantee as its sales strategy and there is no policy to increase the premium. Its marketing strategy will focus on five groups of customers i.e. first jobber group, new family group, stable income group, single group and retirement group and will create products to support such target groups.

#### **2. Page 26, Clause 4.5 Others**

##### Previous Statement

- None -

Added Statement

The Company has declared to pay dividend to the shareholders for the fiscal year 2010 at the rate of Baht 7.00 per share, which will be proposed for an approval from the Annual General Shareholders' Meeting No. 1/2011 to be held on 29 April 2011. Additionally, the Company has submitted a request to the OIC for an approval to pay dividend and assigned 10 May 2011 as the Record Date, which is later than the end of the tender offer period (the end of the tender offer period is 3 May 2011). Therefore, shareholders accepting the tender offer would not have the right to receive dividend of Baht 7.00 per share.

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.

(Translation)

22 April 2011

Subject: Amendment and Additional Information of the Opinion of the Independent Financial Advisor on the Tender Offer for Securities of Siam Commercial New York Life Insurance Public Company Limited

Attn: The Secretary General of the Office of the Securities and Exchange Commission  
The President of Stock Exchange of Thailand  
The Shareholders of Siam Commercial New York Life Insurance Public Company Limited

In reference with Siam Commercial New York Life Insurance Public Company Limited (the "Company" or "SCNYL") has appointed Sage Capital Limited as the Independent Financial Advisor ("IFA") to provide the opinion on the Tender Offer to purchase all securities of the Company, conducted by The Siam Commercial Bank Public Company Limited (the "Offeror"), the IFA expressed its opinion as stated in the Opinion of the Company on the Tender Offer for Securities ("Form 250-2") dated 4 April 2011.

We would like to amend and provide additional information to such opinion for clarification of the shareholders and relevant parties as follows:

**1. Page 34, Assumption 1) Discount rate**

Previous Statement

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.

Amended and Added Statement

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 basic concept to estimate discount rate is CAPM approach. Then, the IAC cooperatively considers the discount rate with the Offeror and the Company in order to finalize and obtain the discount rate at 12%. 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.

## 2. Page 35, Assumption 2) Investment return

### Previous Statement

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.

### Amended and Added Statement

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. Investment assets mainly are government bond, bills of exchange and corporate bond at the proportion around 80.00%, 9.00% and 6.50% respectively with the investment return of approximately 3.90%, 5.68% and 4.15% respectively, 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.

## 3. Page 35, Assumption 3) Capital and Solvency Requirement

### Previous Statement

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.

### Amended and Added Statement

The IAC assumed the capital and solvency requirement by basing on the Company's long-term policy, under which the ratio of capital fund to the reserve required by law is targeted at 275.00%, far above the present minimum 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. The latest ratio of capital fund to the reserve required by law of the Company as at 30 September 2010 was 528%. Capital fund is derived from adjusting the Company's shareholders' equity in accordance with the Office of Insurance Commission's procedure, while the reserve required by law is 2% of statutory reserve of life insurance company.

#### 4. Page 35, Assumption 5) Mortality

##### Previous Statement

The IAC assumed the mortality between 25.00% and 40.00%, without classifying the gender of policyholders for all policy types and maturities.

##### Amended and Added Statement

The IAC assumed the mortality between 25.00% and 40.00% of number of insurance policies, without classifying the gender of policyholders for all policy types and maturities.

#### 5. Page 36, Assumption 6) Loss Ratio

##### Previous Statement

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.

##### Amended and Added Statement

The loss ratio was estimated based on the Company's 5-year 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. The loss ratio of each type of insurance rider would be different. The estimated loss ratio for Ordinary Rider and Group Insurance is in the range of 25% - 65% of insurance rider premiums and 15% - 83% of insurance rider premiums, respectively. In our opinion, the said estimation is consistent with the historical data of the Company.

#### 6. Page 36, Assumption 7) Lapse Ratio

##### Previous Statement

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.

Amended and Added Statement

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 in the past 2-3 years 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 lapse rate of all types of insurance policies is in the range of 1.00% - 62.00% of number of each insurance policy type. The IFA deems that these data are appropriate and adequate for the valuation of the Company.

**7. Page 36, Assumption 8) Operating Expenses**

Previous Statement

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.

Amended and Added Statement

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. The IAC estimated by breaking the expenses down to each insurance type, in which the acquisition expenses and maintenance expenses would not exceed 25% and 5% of insurance premium for each insurance type, respectively.

**8. Page 37, Inserted note under the table**

Previous Statement

*(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)
<b>Total value of in-force business</b>	<b>3,200</b>	<b>2,876</b>	<b>2,599</b>

Amended and Added Statement

(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 <sup>1/</sup>	(1,736)	(1,984)	(2,175)
<b>Total value of in-force business</b>	<b>3,200</b>	<b>2,876</b>	<b>2,599</b>

Note: 1/ The cost of solvency capital is the present value of different amount between expected return on investment at the discount rate of 10%, 12% and 14% and the expected return would be received by the Company from its investment assets which estimated to be approximately of 4.03%. The difference of such return rates would be around 6%, 8% and 10% at the discount rate of 10%, 12% and 14%, respectively.

9. Page 37, Last paragraph

Previous Statement

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:

Amended and Added Statement

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 3,584 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 IAC calculated roll-forward value for value in-force business by moving forward the valuation date by one year, use 31 December 2010 as the starting point for present value calculation. Then, the IAC added such recalculation value with the present value of new business to be sold in 2010 (excluding net cash generated in 2010). As a result, the roll-forward value at each discount rate is as follows:



10. Page 38, Insert note under the last table

Previous Statement

(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)
<b>Total value of 1 year's new business</b>	<b>1,078</b>	<b>944</b>	<b>830</b>
<b>Total value per share of 1 year's new business (Baht/share)</b>	<b>16.21</b>	<b>14.20</b>	<b>12.48</b>

Amended and Added Statement

(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 <sup>1/</sup>	(453)	(501)	(532)
<b>Total value of 1 year's new business</b>	<b>1,078</b>	<b>944</b>	<b>830</b>
<b>Total value per share of 1 year's new business (Baht/share)</b>	<b>16.21</b>	<b>14.20</b>	<b>12.48</b>

Note: 1/ The cost of solvency capital is the present value of different amount between expected return on investment at the discount rate of 10%, 12% and 14% and the expected return would be received by the Company from its investment assets which estimated to be approximately of 4.03%. The difference of such return rates would be around 6%, 8% and 10% at the discount rate of 10%, 12% and 14%, respectively.

11. Page 39, Clause 3.2) Capitalize factor or multiplier

Previous Statement

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:

Amended and Added Statement

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. The multiplier is the factor that reflects future operating capability and potential of the Company. 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:

**12. Page 40, The paragraph above the table**

Previous Statement

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:

Amended and Added Statement

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 defined to be 10 years period, which we deem to be an appropriate growth rate in the long term. We then evaluated the multiplier by calculating the present value of such compound growth rate with discount rate of 10%, 12% and 14%. The multiplier derived from such growth rate is shown below:

**13. Page 49, Move Clause 5.5: Conclusion of the IFA's opinion to Clause 5.6: Conclusion of the IFA's opinion, by maintaining statement contained in such clause**

**14. Page 49, Insert Clause 5.5 to replace the previous Clause 5.5, with the following statement**

**5.5 Other**

The Company has declared to pay dividend to the shareholders for the fiscal year 2010 at the rate of Baht 7.00 per share, which will be proposed for an approval from the Annual General Shareholders' Meeting No. 1/2011 to be held on 29 April 2011. Additionally, the Company has submitted a request to the OIC for an approval to pay dividend and set 10 May 2011 as the Record Date, which is later than the end of the tender offer period (the end of the tender offer period is 3 May 2011). Therefore, shareholders accepting the tender offer are not eligible to receive such dividend payment of Baht 7.00 per share.

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

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(Thanathip Vidhayasirinun)  
Managing Director

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(Saranya Krasaesian)  
Executive Director