

- Translation -

Ref. CNS 165/2018

January 30, 2018

Subject: Management Discussion and Analysis for the year ended December 31, 2017, not yet audited by auditor.

To: President
The Stock Exchange of Thailand

We, Capital Nomura Securities Public Company Limited (referred to as the "Company" hereinafter), in compliance with regulations and to follow the Principles of Good Corporate Governance, would like to submit our un-audited financial statements for the year ended December 31, 2017 to the Stock Exchange of Thailand. Therefore, the Company would like to provide clarifications for the major changes of the Company's operating results for the year ended December 31, 2017 compared to the corresponding period of last year as below.

Comparison of the operating results for the year ended December 31, 2017 and 2016

- 1) Total revenues increased by Baht 167.83 million, mainly due to
 - Brokerage fees decreased by Baht 120.65 million (or 12.83 %) which was mainly driven by the decrease of the average daily trading volume of stock market from Baht 47,002 million per day in last year to Baht 44,875 million per day in this year.
 - Fee and service income increased by Baht 166.85 million (or 63.74 %) which was mainly driven by the increase of selling agent fee by Baht 165.57 million, from the expansion of client base for investment in mutual funds. Financial advisory fee increased by Baht 6.71 million and fee from underwriting business decreased by Baht 4.52 million.
 - Gain and return on financial instruments increased by Baht 118.52 million (or 97.35%) which was mainly driven by the increase of gain on selling other investment.
 - Interest on margin loans increased by Baht 8.28 million (or 2.32%) which was mainly driven by the increase of margin loan business based on market sentiment while decrease of average interest rate.
 - Other incomes decreased by Baht 5.17 million (or 43.08%), which was mainly driven by the decrease of gain from selling of fully depreciated assets.

- 2) Total expenses increased by Baht 88.20 million (or 7.47%), mainly from the increase of fees and service expenses which was in line with the increase of service fee from selling agent business by Baht 101.41 million. However, fee and service expenses and personnel expenses which was in line with the decrease of brokerage business, and financial costs decreased in total of Baht 31.11 million.
- 3) Corporate income tax expense increased by Baht 16.37 million due to the increase of profit before tax resulted from all factors mentioned above.

In summary, the Company generated a net income for the year ended December 31, 2017 amounting Baht 475.44 million, earnings per share of Baht 0.22 compared to the net income of Baht 412.18 million and earnings per share of Baht 0.19 for the corresponding period of last year.

Sincerely yours,

- Signed -

(Kridsana Kulpanyalert)
Head of Finance Division

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