

- Translation -

Ref. CNS 628/2018

May 11, 2018

Subject: Submission of the financial statements for the 1<sup>st</sup> quarter and for the 3-month period ended March 31, 2018 (reviewed)

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 financial statements for the 1<sup>st</sup> quarter and for the 3-month period ended March 31, 2018 (reviewed) 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 3-month period ended March 31, 2018 compared to the corresponding period of last year as below.

Comparison of the operating results for the 1<sup>st</sup> quarter ended March 31, 2018 and 2017

- 1) Total revenues increased by Baht 37.77 million, mainly due to
  - o Brokerage fees from securities business and derivative business decreased by Baht 5.45 million (or 2.22%) which was mainly driven by the decrease of the Company's market share from 3.18% to 2.26%, while the average daily trading volume of stock market increased from Baht 45,757 million for the 1<sup>st</sup> quarter of last year to Baht 62,319 million for the same quarter of this year.
  - o Fee and service income increased by Baht 35.40 million (or 34.36%) which was mainly driven by the increase of selling agent fee and service fee from Nomura Group.
  - o Interests on margin loans increased by Baht 12.94 million (or 14.30%) which was driven by the increase of margin loan business based on market sentiment, while the average interest rate slightly dropped.
  - o Gain and return on financial instruments decreased by Baht 6.98 million (or 29.84%) which was mainly driven by the decrease of gain from debt securities trading and gain from Block Trade Business – Single Stock Futures.
  - o Other income increased by Baht 1.86 million, mainly due to promotion received from selling agent business.

- 2) Fees and service expenses increased by Baht 13.30 million (or 19.25%) which was mainly resulted from the increase of service fee paid, aligning with the increase of service fee income from selling agent business.
- 3) Finance costs increased by Baht 5.25 million (or 25.09%) which was resulted from the increase of borrowings to support the margin loan business.
- 4) Personnel expenses and other expenses increased by Baht 25.10 million (or 11.05%) mainly from increase of employee benefits and computer expenses.
- 5) Bad debt and Doubtful increased by Baht 64.50 million (or 11,376%), since the Company received a letter from a government agency to partial freeze a client's collateral therefore for prudent reason, the Company set up the allowance for doubtful account at Baht 65 million.
- 6) Corporate income tax decreased by Baht 14.69 million due to the decrease of profit as the results of the above-mentioned factors.

In summary, the Company generated a net income for the 1<sup>st</sup> quarter ended March 31, 2018 of Baht 63.67 million and earnings per share of Baht 0.03, compared to the net income of Baht 119.36 million and earnings per share of Baht 0.06, for the corresponding period of last year.

Sincerely yours,

- Signed -

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(Kridsana Kulpanyalert)  
Head of Finance Division

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