

Capital Nomura Securities Public Company Limited

Annual Report **2016**

In Remembrance of His Majesty King Bhumibol Adulyadej

**by the Board of Directors, Management and Staff of
Capital Nomura Securities Public Company Limited**





Content

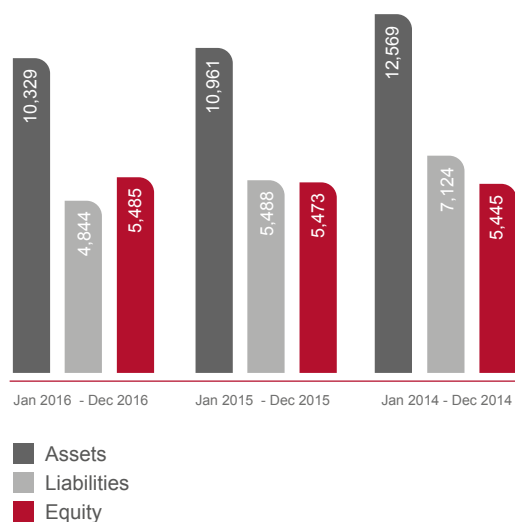
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Financial Highlight

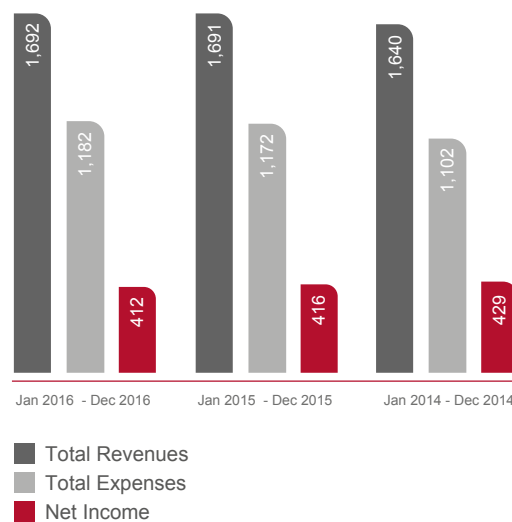
Financial Position

(million Baht)



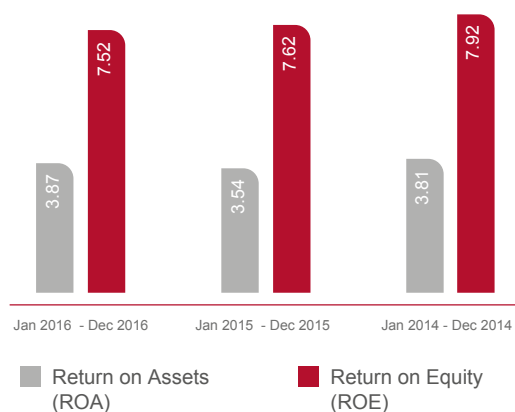
Performance

(million Baht)



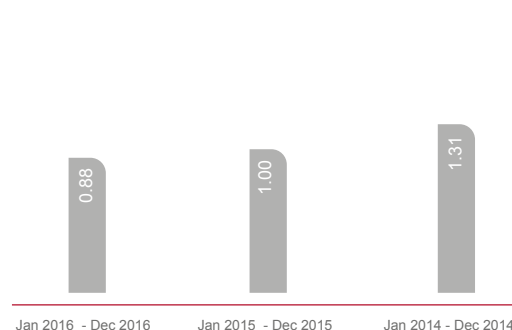
Return on Assets & Equity

(%)



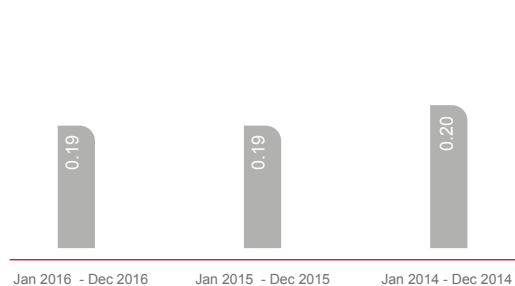
Debt to Equity Ratio

(Time)



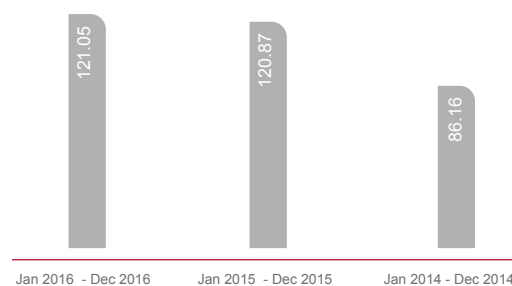
Earnings per share

(Baht)



Net Capital Ratio

(%)



Message from the Chairman



“CNS continued to carefully expand our business using strategic initiatives focusing on client-base expansion and diversification, together with creating value-added financial and investment products and service differentiation.”



Mr. Suthep Peetakanont
Chairman of the Board of Directors and
Chairman of the Board of Executive Directors

Dear Shareholders,

Thailand's stock market began on a volatile note in 2016 due to concerns around an increase in the policy interest rate by the US Federal Reserve (FED) and risks around falling oil price. The SET index fell from the end of 2015 to the lowest level of the year at 1,220.96 points on January 11, 2016. The signal from the FED regarding a slower pace of interest rate increases impacted the recovery of commodity prices, in particular, crude oil. Consequently, this was a positive driver for Asian equity markets and the SET index recovered to a new peak at 1,558.32 points on August 15, 2016. This was up by 27.63% from its lowest point, driven by fund inflows into Thai and Asian equity markets. Furthermore, Thai listed companies reported better earnings than analysts' expectations, resulting in an increase in profit forecasts and fair values of Thai listed companies. However, the uncertainty caused by the result of the presidential election in the US in November 2016 and the increase in FED'S interest rate in December 2016 meant the SET index only moved sideways to close at 1,542.94 points by the end of 2016. This was up 20% from the end of 2015. The average daily turnover in 2016 was Baht 52.53 trillion, increase by 19% from the prior year.

In 2016, CNS continued to carefully expand our business using strategic initiatives focusing on client-base expansion and diversification, together with creating value-added financial and investment products and service differentiation. In the securities brokerage business, CNS was able to develop a total of 96 new Financial Advisors (FAs) through the “Young Talent Financial Advisor” program No.14, 15 and 16. CNS also initiated the “CNS Corporate Access” program where clients, investors, analysts and FAs are able to meet management of listed companies in the SET, listen to management's outlook and ask questions. This high-quality program promotes and provides investment knowledge. This program has had a warm reception with a total of 59 participating companies.



In addition, CNS set up the “CNS Startup & SME Access” program with the aim to strengthen knowledge and comprehension of Small-and-Medium Enterprises (SMEs) and Creative and Innovative Startup (Startup) for their potential development. The aim is to promote business connections, to support access to funding sources, and to promote listing in the SET, as well as to promote activities that support their development. One of the important activities during the year was “The Angel Biz Challenge”. This was a “business idea” competition project for which the aim was to create opportunities for SMEs and Startups to present their initiatives and contributions to the public. This project was a collaboration of 4 partners; CNS, the SET, University of Thai Chamber of Commerce (UTCC) and SME Development Bank. In order to conduct these 2 projects for long-term effectiveness, CNS had established the “CNS Convention Center” at Thai Wah Tower, G Floor. The aim is for the facility to be a central space for conducting CNS’s activities and conferences. These can be broadcast to 3 branches in Bangkok and another 13 branches in upcountry via modern telecommunications systems and enables clients to reap the benefits in both the head office and branches throughout the country.

In the margin loan business, CNS continued to expand in order to increase our revenue and enhance our client base. The outstanding margin loans at the end of 2016 was Baht 6.951 billion, an increase of Baht 0.329 billion or 5% from Baht 6.622 billion at the end of 2015.

The mutual fund selling agency business, under the “Nomura iFUND” brand, continued to see strong growth. The number of client accounts using this service rose by 6,738 accounts or 22% from 30,972 accounts at the end of 2015 to 37,710 accounts at the end of 2016. The total value of Asset under Administration (AUA) also rose by Baht 10.697 billion or 87% from Baht 12.120 billion at the end of 2015 to Baht 22.974 billion at the end of 2016.

The fixed income business saw a decline from 2015. The fixed income underwriting business underwrote 16 corporate bond mandates. With regards to the fixed income trading business, CNS market shared among securities companies ranked 2nd in corporate bond trading, with market share of 7.73%, followed by the 3rd rank of trading commercial paper (Bill of Exchange) with market share of 17.77%.

For the investment banking business in 2016, CNS acted as lead underwriters for 3 Initial Public Offerings (IPOs) including Bangkok Sheet Metal Public Company Limited (BM), SELIC Corp Public Company Limited (SELIC) and ALLA Public Company Limited (ALLA). CNS was also a co-underwriter other 8 IPOs. This made a total of 11 IPOs that CNS was involved in during 2016, out of a total of 27 IPOs for the market.

In terms of our financial results, for the fiscal year 2016, earnings per share was Baht 0.19 and net profit was Baht 412 million, representing a decline of Baht 4 million or 1% from 2015 where earnings per share was Baht 0.19 and net profit was Baht 416 million.

In 2017, the strategy of CNS will maintain an emphasis on client-base expansion and diversification together with creating value-added financial and investment products and service differentiation. CNS will continue to carry on “CNS Corporate Access” and “CNS Startup & SME Access” programs and develop new talent through the YTFA program. CNS will target the addition of 60 YTFA. CNS will also support FAs to attain the Investment Planner License, in order to provide a more effective service for investors. Moreover, CNS has a plan to issue research papers for overseas stocks and improve research papers for mutual funds in order to support investors’ investment decision making. CNS will perform business operations, adhering to the principles of corporate social responsibility, transparency and good governance, anti-corruption, and disciplined financial and risk management - all of which will be key factors in creating long-term shareholder value and sustainable growth.

Finally, on behalf of the Board of Directors, I would like to express our sincerest gratitude to our shareholders, clients and various organizations for their continuous support and trust throughout the year. Also, I would like to express my utmost gratitude to the management and our valuable staffs for their contribution and dedication, helping to drive sustainable growth and fruitful development of the Company and to maintain our status as “Your Best Investment Partner”.

Board of Directors



Mr. Suthep Peetakanont
Chairman of the Board of Directors
Chairman of the Board of
Executive Directors



Mr. Takahito Nakamura*
President



Mr. Nimit Wongjariyakul
Executive Director



Mr. Naoki Sugaya
Executive Director



Mrs. Chrisana Sae-Leiw
Executive Director



Mrs. Wattanee Phanachet
Chairperson of the Audit
Committee and
Independent Director



Col. Ruangsub Kovindha
Audit Committee
and Independent Director



Mr. Prasert Virasathienpornkul
Audit Committee
and Independent Director



Mr. Philip Wing Lun Chow
Director



Mr. Jiro Yamaguchi*
Director



Dr. Prasit Kanchanasakdichai
Independent Director

*Resigned from the Company since March 31, 2017



Policy and Business Overview

Capital Nomura Securities Public Company Limited (“CNS” or “the Company”) is the broker member No.14 of the Stock Exchange of Thailand (“the SET”) and the member of Thailand Futures Exchange (“TFEX”).

CNS engages in securities business, mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business, and selling agent business.

Background

CNS was originally registered as a Limited Company on May 26, 1970 under its name of “Bangkok Nomura International Securities Company Limited” (Company Registration No.317/2513). In 1975, CNS was one of the founding members of the SET. CNS changed its name to “Bangkok Nomura Finance and Securities Company Limited” on November 1, 1979 and subsequently changed its name to “Capital Finance and Securities Company Limited” on September 23, 1985.

CNS was listed on the SET on April 26, 1988. Afterwards, CNS returned the finance license to the Ministry of Finance and engaged only in securities business and registered the change in its name to “Capital Nomura Securities Company Limited” on June 28, 1991.

CNS was converted into a “Public Company Limited” on February 24, 1994 under the name of “Capital Nomura Securities Public Company Limited” with a Public Company Registration No. 0107537000653. CNS subsequently changed its Thai name to “บริษัทหลักทรัพย์ โนมูระ พัฒนสิน จำกัด (มหาชน)” on December 29, 2010.

Regarding the result of the voluntary tender offer from Nomura Group to purchase CNS shares on April 25, 2014, CNS became a subsidiary of Nomura Group on June 12, 2014.

Vision

CNS aims to be a client-centric financial services firm contributing to the development of capital markets in Thailand and GMS (Greater Mekong Subregion: GMS).

Long-term Objectives

- To deliver proper return to all stakeholders
- To establish sustainable profitability with governance
- To expand our business to GMS

Core Values

- Customer Focus
- Competent
- Excellent Communication
- Collaboration and Teamwork

- Committed to comply with law & regulation and company policy

Mission

CNS has similar missions as Nomura Group as the followings;

- CNS is committed to enriching society by delivering superior investment services.
- CNS is not afraid to continually challenge conventional wisdom and actively encourage change in order to pursue growth.
- CNS is committed to putting our clients at the heart of our business, developing and maintaining long-standing relationships based on trust.
- CNS is one firm, committed to delivering the full range of our capabilities, knowledge and resources to meet the needs of our clients.
- CNS respect diversity and value differences of opinion.

Major changes and developments

The major changes and developments regarding the changes in the shareholding structure and business profile in the previous 3 fiscal years were as the followings;

Fiscal Year 2014 (Jan 1, 2014 – Dec 31, 2014)

- Changed the major shareholding structure. Nomura Group increased their shareholding in CNS from 38.02% of CNS's registered and paid-up capital in 2013 to 85.78% in 2014, making CNS the consolidated subsidiary of Nomura Group as the following details;

On March 19, 2014, Nomura Holdings, Inc. (NHI) intended to make a voluntary tender offer through its designated entity to acquire all CNS shares subject to and upon fulfillment of the precedent conditions which the 2014 annual general meeting of shareholder had resolved to approve the amendment to the Article 10 of CNS's Articles of Association to cancel the limitation on shareholding of foreigners to be in line with the amendment to Foreign Business Law.

The Annual General Meeting of Shareholders No. 1/2557 on April 25, 2014 approved the amendment to the Article 10 of CNS's Articles of Association to cancel the limitation on shareholding of foreigners which was the condition of the voluntary tender offer from Nomura Group as well as to make the limitation on shareholding of foreigners be in line with the amendment to Foreign Business Law by revoking the previous term and use the following term;

Previous term

“Article 10. The Company's shares can be transferred without restriction, except where:



- (1) The transfer would cause the Company to lose rights and benefits to which it should receive under the laws, or
- (2) The transfer would result in an alien or aliens holding shares in the Company in excess of 49 percent.”

New term

“Article 10. The Company’s shares can be transferred without restriction, except where the transfer would cause the Company to lose rights and benefits to which it should receive under the laws.”

On April 25, 2014, CNS received a copy of the tender offer from Nomura Asia Investment (Singapore) Pte, Ltd. (NAIS), a designated entity of NHI as a tender offeror, to purchase all CNS shares totaling 2,150,469,000 shares or 100% of CNS’s total issued shares and voting rights. NHI, an existing shareholder of CNS’s share totaling 540,000,000 shares, gave its notice dated April 11, 2014 to NAIS to show its intention not to sell its shares in this tender offer. As a result, total CNS shares in the tender offer were 1,610,469,000 shares, representing 74.89% of CNS’s total issued shares and voting rights. The tender offer period was 25 business days starting from April 30, 2014 and ending on June 6, 2014.

On June 12, 2014, CNS received a copy of the result of the tender offer from NAIS, the tender offeror. The total tendered shares were 1,304,659,931 shares or 60.67% of CNS’s total issued shares and voting rights. When considering with existing shares held by NHI totaling 540,000,000 shares or 25.11% of CNS’s total issued shares and voting rights, Nomura Group became CNS’s major shareholder holding 85.78% of CNS’s total issued shares and voting rights, making CNS the consolidated subsidiary of Nomura Group, under the shareholding by NAIS and NHI.

- Developed 74 Young Talent Financial Advisors, focusing on new generations by launching the “Young Talent Financial Advisor” Program (YTFA) to serve CNS’s future business expansions. This program has been continued since 2010.
- Enhanced online trading applications through various investment channels on Personal Computer, iOS and Android as well as Window Phone platforms to serve diverse investors’ needs as the followings;
 - ➡ Added NOMURA DIRECT services on both i2Trade Plus and Streaming applications to facilitate clients on deposit-withdrawal services, research papers and announcements from CNS through familiar applications.
 - ➡ Added Scan and Trade services on eFinanceThai application to facilitate clients on stock searching upon their criteria and an instant order placing.
 - ➡ Added Auto Trade services on i2Trade Plus application on Personal Computer to facilitate clients to set automatic trading orders as well as cut loss or lock profit that would trigger upon their criteria.
- Added NOMURA DIRECT channel on YouTube, another communication channel to create the awareness of CNS’s products and services and to share investment knowledge and introducing research papers by Investment Research and Investor Service Division (IRIS).

- Arranged several activities to share investment knowledge to clients and investors through seminars, online contents and online applications; IRIS Blog and Nomura Margin Loan, as well as video clips.
- Closed 3 branches, located in the branch areas of Small and Medium Enterprise Development Bank of Thailand (SME Development Bank) for more efficiency; Nonthaburi Branch, Singburi Branch and Rangsit Branch.
- Relocated Khon Kaen Branch from the branch area of SME Development Bank to a higher potential area.
- On October 9, 2014, Fitch Ratings (Thailand) Limited assigned CNS with National Long-Term Rating at AA-(tha), with a Stable Outlook and the National Short-Term Rating at F1+(tha). Fitch deemed CNS to be a strategically important subsidiary of the Nomura Group.
- Participated in Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) with a strong intention against all forms of corruption in order to set the standard of practices on transparency and formulated the written "Anti-Corruption Policy" as an apparent guideline in conducting business for sustainable development with a plan to be certified as a full member of the CAC in 2015.

Fiscal Year 2015 (Jan 1, 2015 – Dec 31, 2015)

- Changed a number of members of the Board of Directors from 10 members to 11 members according to the change in CNS's major shareholders from the result of the voluntary tender offer to purchase all CNS shares by Nomura Group in 2014. The Annual General Meeting of Shareholders No.1/2558 on April 29, 2015 resolved to appoint Mr. Philip Wing Lun Chow to be Director (Non-Executive Director), effective from April 29, 2015. CNS registered the change in director to the Ministry of Commerce on April 29, 2015. Accordingly, the Board of Directors has 11 members consisting of 5 Executive Directors, 4 Independent Directors and 2 Non-Executive Directors.
- Became a CAC-Certified Company, a full member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), on July 10, 2015.
- Changed the structure of Compliance and Internal Audit Department by splitting into 2 departments; Compliance Department and Internal Audit Department, for more efficiency and to align with the international standards according to the segregation of duties from Nomura Group.
- Changed the main corporate website by merging www.nomuradirect.com and www.cns.co.th to one corporate website; www.nomuradirect.com, to facilitate a simplified interface.
- Initiated the "CNS Corporate Access" program that analysts, financial advisors as well as clients are able to meet management of listed companies in the SET to gain information and query from management of listed companies. This program promotes and supports as well as shares investment knowledge with high-quality by considering the fundamental information of listed companies. Meanwhile, listed companies are able to share their history and information to investors. This program is one of the drivers to develop the sustainable growth of listed companies and the SET. In 2015, there were 26 listed companies participated in this program.



- On October 27, 2015, Fitch Ratings (Thailand) Limited assigned CNS with National Long-Term Rating at AA-(tha), with a Stable Outlook and the National Short-Term Rating at F1+(tha). Fitch deemed CNS to be a strategically important subsidiary of the Nomura Group. Such credit ratings were similar to the ratings released at the prior year.
- Developed 60 Young Talent Financial Advisors, focusing on new generations by launching the “Young Talent Financial Advisor” Program (YTFA) to serve CNS’s future business expansions. This program has been continued since 2010.
- Enhanced online trading applications and tools to share sufficient information for decision making through various investment channels on Personal Computer, iOS and Android as well as Window Phone platforms to serve various investors’ needs and lifestyles as the followings;
 - ➡ Launched mobile site service: m.nomuradirect.com, to facilitate and serve investors’ lifestyles in accessing CNS’s website (www.nomuradirect.com) on mobile devices.
 - ➡ Connected NOMURA iFund under NOMURA DIRECT function on eFin Trade Plus and Streaming applications to facilitate clients on an instant order placing of mutual fund.
 - ➡ Developed Auto Trade function on Personal Computer and mobile devices to facilitate clients on stock searching upon their criteria and an instant order placing.
 - ➡ Developed Stock DCA through Auto Trade function on eFin Trade Plus to facilitate clients on buying stock recurrently to manage their cost and investment disciplines.
- Enhanced online social media contents to serve investors’ needs and also formed seminars to share investment knowledge to investors e.g. news, research papers, online registration for account opening and online seminar registration.
- Launched Interactive Voice Response (IVR) system to support clients’ calls. Investors are able to self-select services upon their needs.
- Relocated 11 branches from the branch area of SME Bank to a higher potential area; UbonRatchathani Branch, Udonthani Branch, Nakorn Ratchasima Branch, Chiangrai Branch, Chiangmai Branch, Ayudhya Branch, Saraburi Branch, Nakornsawan Branch, Phuket Branch, Had Yai Branch and Rayong Branch. These branches were promoted as NOMURA Learning Center and NOMURA Service Center to serve clients’ needs. CNS has provided live broadcasts of seminars from the head office or branches in Bangkok to branches in upcountry to facilitate the sharing of investment knowledge and information with the aims to create parity for investors outside Bangkok in gaining news and information from CNS’s seminars, to help investors save time and resources by not needing to physically attend CNS’s seminars in Bangkok and also to help the country save energy and resources.
- Closed 6 branches, located in the branch areas of SME Development Bank for more efficiency; Phaholyothin Branch, Chonburi Branch, Lampang Branch, Ladkrabang Branch, Omnoi Branch and Phetburi Branch.
- Opened 1 additional branch to serve the growth of population in the West area of Bangkok; Bangkae Branch.

Fiscal Year 2016 (Jan 1, 2016 – Dec 31, 2016)

- Established “CNS Convention Center” at Thai Wah Tower, G Floor, by renovating the former head office to be a central space and an alliance center in investment and trading for entrepreneurs with the benefit to share them advantageous and knowledgeable information and an easy access to funding sources. It is also a Co-Working Space for members to create a successful path of their business idea to become a real business.
- Set up “CNS Startup & SME Access” Program with the aim to be a valuable bridge connecting Small-and-Medium Enterprises (SMEs) and Creative and Innovative Startup (Startup) to explore business opportunities in a professional way. CNS is willing to offer fundamental knowledge in order to create a successful path to become a real business by building an exclusive community where all business alliances could have opportunities to exchange ideas and experiences and providing the investment advisory, basic - financial accounting and business regulations which contributes to sustainable business growth.
- On September 29, 2016, Fitch Ratings (Thailand) Limited (“Fitch”) assigned CNS with the following credit ratings.
 - ➡ National Long-Term Rating at AA-(tha) with a Stable Outlook, similar to the rating released at the prior year.
 - ➡ National Short-Term Rating at F1+(tha), similar to the rating released at the prior year.
 - ➡ National Short-Term Rating at F1+(tha) on unsecured unsubordinated debenture programme, similar to the rating released at the prior year.

Fitch views that NHI has large stakes in CNS, and there is name- and brand-sharing, management integration and histories of support. Fitch believes that there is a high probability of extraordinary support from NHI if required. However, CNS’s rating is sensitive to changes in NHI’s Viability Rating and not the Issuer Default Rating. Any material changes on NHI’s propensity to provide extraordinary support to CNS could result in a change in CNS’s National Rating.

- Got the average score for the Corporate Governance Report of Thai Listed Companies 2016 conducted by Thai Institute of Directors Association (Thai IOD) at the level “Excellent”
- Continued to arrange “CNS Corporate Access” program from 2015 which had a warm welcome from retail and institutional investors as well as listed companies who saw this program as their benefits in directly providing their history and information to investors. In 2016, there were 59 listed companies participated in this program.
- Developed 96 Young Talent Financial Advisors, focusing on new generations by launching the “Young Talent Financial Advisor” Program (YTFA) to serve CNS’s future business expansions. This program has been continued since 2010.
- Added daily research papers for the investment in mutual fund to support clients in their decision making for investment in mutual fund and to support the selling agent business.
- Enhanced online trading application through various investment channels to support variety investment choices on their own convenient, ease of use and reliable system as the followings;



➡ **eFin Trade Plus (Auto Trade Function)**

Added 2 new functions from the previous version launched in 2015 as the followings;

- ✓ Added Short/Cover function to support SBL transactions and to serve financial and investment strategies
- ✓ Enhance risk control system to protect loss to be in line with SET's guidelines

➡ **Streaming**

- ✓ Added "Streaming for Android" to meet customers' need
- ✓ Added "Broker Favorites" which allow investors to simply track stocks price that our analyst recommend
- ✓ Added more supporting information for investors by adding Jitta, a package software for fundamental analysis to support easy and quick stock selection as well as effective investment decision. This software uses historical records to pinpoint quality and fair value of stocks by using Jitta Score and Jitta Line functions.
- ✓ Added "Settrade Sense" to alert news and information from investors' favourite stocks which filter from their Portfolio and Favorite menus

➡ **Online Application Form**

Developed a new key-in method for opening new account through an online application to support and facilitate new clients

➡ **Asset Allocation**

Added new functions to facilitate clients in their asset allocation as following;

- ✓ Added "Total Asset" that allow customers to view all their assets under all products kept with CNS
 - ✓ Added "iFund Basket" to facilitate the customers to invest in a diversified investment portfolio in mutual fund
- Operated Block Trade Business - Single Stock Futures through big-lot futures trading platform in order to serve clients' needs in trading single stock futures (with high value). CNS must be a counter party to buy or sell Single Stock Futures with clients. CNS has a risk management policy to fully hedge the holding position of Single Stock Futures.
 - Closed 1 branch for more efficiency; Esplanade Branch
 - Closed the Representative Offices at Lao P.D.R. after its license expired in the third year of its registration period and no further activity has been required to be conducted by the Representative Office thereafter.
 - Expanded the selling agent business through a channel of Direct Sales Agent

Shareholding structure of the Group

CNS had neither subsidiaries nor affiliated companies.

Relationship with the Group of major shareholders

Regarding the latest book closing on March 24, 2016, Nomura Group has been a major shareholder, holding 85.78% of CNS's registered and paid-up capital, under the shareholding by Nomura Asia Investment (Singapore) Pte. Ltd.

Nomura Group is one of the leading financial services groups in Japan and has worldwide operations. Nomura Group operates offices in over 30 countries. Clients of Nomura Group include individuals, corporations, financial institutions, governments and governmental agencies. Business of Nomura Group consists of the following three divisions;

- 1) Retail - investment consultation services
- 2) Asset Management - development and management of investment trusts
- 3) Investment advisory services to Wholesale - serving corporations and institutional investors with a broad range of products and services

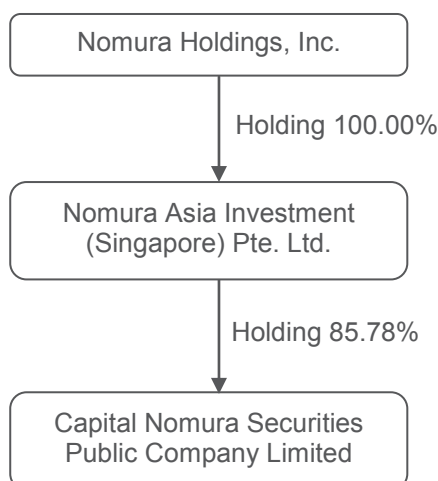
CNS engages in securities business, mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business and selling agent business, serving retail clients, domestic and foreign institutional clients.

CNS independently operates its business, without materially relying on client introduction or funding from Nomura Group.

Regarding the connected transactions in brokerage, financial advisory, securities borrowing and lending as well as other services, transactions between CNS and Nomura Group were agreed as arm's length transactions. All connected transactions were approved by the Board of Directors in accordance with the rules of the SET and the Securities and Exchange Commission ("the SEC").

Regarding the borrowings from Nomura Group for business supports, the interest rate was also at arm's length transactions.

Relationship with Nomura Group regarding the latest book closing on March 24, 2016





Business Profile

CNS's main businesses in 2016 were securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business and selling agent business.

CNS's income structures over the previous 3 fiscal years were as the followings;

Type of Income	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)		Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)		Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)	
	million Baht	%	million Baht	%	million Baht	%
Brokerage fees	1,075.72	63.58	877.21	51.87	929.53	56.66
Fees and service income	126.23	7.46	168.71	9.98	178.84	10.90
Gain on securities	52.33	3.10	60.67	3.59	40.80	2.49
Gain on derivatives/ exchange rate	1.04	0.06	2.96	0.17	10.56	0.64
Interest and dividend	68.38	4.04	88.45	5.23	85.32	5.20
Interest on margin loans	356.17	21.05	487.06	28.80	390.76	23.82
Other income	12.00	0.71	6.08	0.36	4.69	0.29
Total Income	1,691.87	100.00	1,691.14	100.00	1,640.50	100.00

Business Profiles

CNS's business profiles of 2016 were as the followings;

1. Securities Brokerage Business

CNS is a broker member No. 14 of the SET, providing securities brokerage services to retail clients, domestic and foreign institutional clients.

CNS provides securities brokerage services of the listed securities in the overseas stock exchanges and/or the securities that the SEC allows Thai investors to invest.

CNS provides high-quality services and research papers as well as experienced financial advisors. Clients can place orders through financial advisors or place orders by themselves through online trading applications.

CNS has 3 types of securities trading accounts as the followings;

(1.1) Securities Trading Account – Cash Account

Securities trading account – cash account has to settle on T+3 (3 days after the trading date) through an automatic fund transfer only.

Clients can place orders through financial advisors or place orders by themselves through online trading applications. Clients can trade up to the approved limit.

Clients can place cash with CNS prior to placing orders then they are not requested to settle order by order. Interest on client's cash balance will be calculated on daily basis and will be deposited to their cash balance every month. Such cash balance can be used as a tool of CNS's risk management. Clients whose financial status is not so strong are required to settle with cash balance. Clients are required to place cash with CNS prior to placing orders and the orders cannot exceed the clients' cash balance at CNS. Clients' assets are segregated from CNS's assets in accordance with the SEC's rule and regulations.

(1.2) Margin Loan under Credit Balance Account

Credit balance system is to finance the equity investment. Clients' investment status is considered as a portfolio regardless of the cost of each securities. Clients can place orders through financial advisors or place orders by themselves through online trading applications.

CNS encourages clients to use credit balance accounts as it will increase clients' purchasing power for investment which will affect the market liquidity. To place the first order, clients have to place either cash or securities at the amount not less than initial margin of the purchased amount as determined in the Marginable Securities List.

The initial margin required for each securities in the marginable securities list is designated from its liquidity, risk and fundamental factor. If the balance is cash balance, clients will get interest from CNS on cash balance every month and if the balance is credit balance, clients will be charged for interest on margin loans every month.

(1.3) Oversea Investment Trading Account

CNS provides securities brokerage services of the listed securities in the overseas stock exchanges to expand investment opportunity to clients. The guideline and condition of the account opening is similar to the domestic investment. The SEC requires clients to place cash with CNS prior to placing order.

Clients have to follow the rules, conditions and regulation of the exchanges where they invest.

2. Derivatives Brokerage Business

CNS started derivative business since April 28, 2006, the same date as the opening date of TFEX to offer another investment alternative to clients and to support clients to have an opportunity to get returns on investment at all market situation.

CNS provides all derivative products in TFEX which consist of SET50 Index Futures, SET50 Index Options, Gold Futures, Mini Gold Futures, Single Stock Futures, Interest Rate Futures, USD Futures and RSS3 Futures. CNS has highly experienced and highly potential team as well as an effective supporting system which can enhance CNS's competitive advantages in the long run.

Regarding the high risk characteristic of derivative products, CNS considers appropriate credit limits to match clients' financial status and also allocates credit limits to each investment product to serve clients' needs and help clients manage their risks. Clients can place orders through financial advisors or place orders by themselves through online trading applications.



On December 9, 2016, CNS got approval from the SEC to operate Block Trade Business - Single Stock Futures which were big lot transactions. CNS would do proprietary trading to serve Block Trade Business - Single Stock Futures as well as buy or short selling the borrowed underlying securities to hedge such positions.

3. Financial Advisory Business

CNS was granted an approval by the SEC to provide financial advisory services within the scope set by the SEC including the financial advisory in underwriting business, listing in the SET and the Market for Alternative Investment ("the mai"), tender offer and merger and acquisition (M&A) as well as the financial advisory services to shareholders in entering into various transactions of the listed companies.

In addition, CNS also provides various types of financial advisory services as the followings;

- Business Restructuring and Financial Restructuring Advisory Services
- Mediator Services to establish Joint Ventures
- Project Feasibility Study Services
- Business Valuation Services
- Other Advisory Services such as Information report regarding a capital market, a money market, overall economic and industry condition including rules and regulation of the SEC, the SET and other relevant regulators.

4. Underwriting Business

CNS provides underwriting and firm underwriting services to corporates who would like to issue both equities and fixed income securities such as common shares, debentures, warrants, unit trusts and etc. for sale to investors.

5. Fixed Income Trading Business

CNS provides over the counter (OTC) fixed income trading services in both primary and secondary market to retail clients and domestic institutional clients. CNS sets up guidelines for account opening as well as allocates credit limit to each product according to clients' needs. Settlement method and settlement date are agreed upon each transaction. CNS also does trading on fixed income securities.

CNS's Board of Executive Directors defines the investment policy, types of invested debt securities and also internal controls for the risk management of investment in debt securities to ensure the alignment with the investment policy.

6. Securities Borrowing and Lending Business

Securities Borrowing and Lending Business (SBL) is an alternative investment tool or a risk management tool for investment in the SET. When the stock market is volatile or when the stock market is declining, investors (i.e. “borrowers”) can borrow shares from CNS for short selling, as well as buying the shares back when the price declines as expected. This will support price stability and liquidity in the SET.

CNS provides SBL service to all types of clients including retail clients and institutional clients. CNS acts as a principal to clients who are the “borrowers” or “lenders” in order to ensure them that all terms and conditions as stated in the SBL agreement will be followed accordingly. The details of services are as the followings;

- CNS lends securities to borrowers to short selling securities through their credit balance accounts under CNS. Borrowers shall place collateral to CNS prior to borrow shares and maintain the collateral level according to CNS's rules. In addition, CNS also lends shares to institutional clients who have intention to re-lend the shares to their own clients or to manage the risk of their portfolios.
- CNS borrows securities from lenders who have securities in cash accounts under CNS. CNS shall place cash collateral to lenders and also maintain cash collateral to lenders at 100% of market value of securities on daily basis.
- Borrowers are charged the borrowing fees whereas the lenders earn lending fees.
- Lenders are still entitled to the benefits of lent securities.

Clients can place SBL orders through financial advisors or place orders by themselves through online trading applications.

7. Selling Agent Business

CNS engages in selling agent services to all asset management companies in Thailand, providing both omnibus account service and selling agent service. The main objectives of this business are to support CNS's core business and to become a full-service provider which can help increase CNS's income in the long run.

Clients can place mutual fund orders through financial advisors or place orders by themselves through online trading applications.

Mutual fund Trading Service Fees are free of additional charge.

CNS has developed NOMURA iFUND application, a one stop service through online trading application, to facilitate clients in the investment in mutual fund with the following functions;

- Mutual Fund One Stop Trading Service; Clients can buy, sell and switch mutual funds from all asset management companies in Thailand.
- Mutual Fund Weekly Research Service; Weekly investment situation and recommendation for each type of mutual fund are summarized regarding the reference ratings by Morningstar.



- Performance Comparison Service; Clients can compare mutual fund performance among each asset management companies and select the funds that match their investment strategies.
- Automatic Constant Mutual Fund Investment Services (NOMURA Dollar Cost Average); Clients can create an investment discipline and manage their investment by using Dollar Cost Average Strategy.
- Automatic Stock to Fund Service (NOMURA Automatic Stock to Fund); Clients can seamlessly link their investment in stocks and mutual funds together to gain most benefits.
- Summary Investment Portfolio Service; Clients can monitor their investment portfolios with all asset management companies in one account.
- New Initial Public Offering (IPO); Clients can search for new IPO through this application on daily basis.

Market and Competitive Conditions

CNS's marketing policy and competitive status of 2016 were as the followings;

Securities and derivatives brokerage business

CNS aims to be one of the country's leading securities firms providing fully-integrated, high-quality and state-of-the-art services with up-to-date information technology system. CNS has continuously improved the quality of financial advisors and research papers as well as the information technology system, as one of the competitive tools for tapping higher market shares on the continuing basis.

Industry condition

The SET's turnover of 2016 had a remarkable growth when compared to 2015. The SET's average daily turnover (including the mai) rose from Baht 44.30 billion in 2015 to Baht 52.53 billion in 2016 or increasing 19%, mainly driven by fund inflows to the Asian and Thai markets because the economic recovery of Thai and Asian markets was better than the developed markets due to internal factors.

The SET index as of December 30, 2016 closed at 1,542.94 points, rose by 20% from 1,288.02 points as of December 30, 2015.

Factors having influenced on securities brokerage business in 2016 were as the followings;

1. Thailand's economy of 2016 and economic outlook of 2017

The Bank of Thailand has forecasted that the Gross Domestic Product (GDP) expanded by 3.2% in 2016 which was stronger than the 2.8% growth in 2015. The stronger growth was broad-based except the private investment. On domestic front, public investment, increasing by 9.3%, became the key growth driver of the economic growth in 2016 despite at a slower pace. Private consumption recorded a stronger growth of 3.1%. Export volume of goods and services accelerated by 1.9%. Public consumption expanded at 1.1%. Meanwhile the private investment continued to drop for four consecutive years by 0.6%.

The economic stability in 2016 continued to be positive regarding the inflation rate and current account balance. Headline inflation was back to grow by 0.2% in 2016, compared to the decrease of 0.9% in 2015. Current account was in a larger surplus at 46.4 billion US dollars or likely at 11.2% of GDP, larger than the surplus of 8.1 % of GDP in 2015.



The Bank of Thailand has expected that Thai economy will expand by 3.2% in 2017, the same rate as seen in 2016. The growth will be supported by the domestic demand in particular the public spending. Public investment through both budgetary and non-budgetary channels will accelerate by 11.9% in 2017. Public consumption will increase by 3.2%. Private consumption is expected to grow 2.6%. Private investment growth is projected at a stronger rate of 1.6%. On external front, export of goods and services will expand at 0.6%. On stability front, Thailand's economic stability is forecasted to be sound in 2017 from the forecasted growth of the inflation rate at 1.5%, which is the Bank of Thailand's lower bound of inflation target range of 1.5% - 4.0% and the surplus in current accounts expected at US dollars 26.9 billion.

2. Earnings of listed companies outlook of 2017

Government spending especially on infrastructure investment is forecasted to be a main growth engine in 2017.

Moreover, CNS expects that Monetary Policy Committee (MPC) will maintain the policy rate at 1.50% because the inflation will be at the lower bound of the target range set by the Bank of Thailand. Meanwhile, Thai economy will face uncertainties especially on the external front including the fragile global economic recovery and the economic policy of the advanced economies. In addition, the real interest rate in Thailand is currently positive and pressures from the rising yields of the long-term domestic and international bonds are still low, which are important factors to drive 2017 earnings per share (EPS) of the listed companies to be Baht 105 per share or 12.6% growth when compared to the growth in 2016 at 35.8% from the low base due to the severe downtrend of energy price in the previous year.

3. Competition of securities brokerage business

According to the liberalization of securities business licenses and the liberalization of brokerage fee announced by the SET and the SEC which were effective since 2012, new members increasingly entered into the industry. As a result, the brokerage business encountered an intense competition in 2016 and led to the more distribution of the SET's turnover among members and the drop of total market shares of the top five members, compared to 2016.

Brokers used several strategies to compete with others by enhancing the quality of information technology services, research papers and providing credit limits of margin accounts as well as enhancing online trading applications. Some brokers used a low-price strategy to attract investors.

SET Data

	Fiscal Year 2016 Jan 1, 2016 – Dec 31, 2016	Fiscal Year 2015 Jan 1, 2015 – Dec 31, 2015	Change	
			Amount	%
SET Information				
Total Turnover				
Value (billion Baht)	12,259.77	9,997.37	2,262.40	22.63
Average Daily Turnover (billion Baht)	50.24	41.14	9.10	22.12
SET Index (Point)				
High (Close)	1,552.64	1,615.89	(63.25)	(3.91)
Low (Close)	1,224.83	1,261.66	(36.83)	(2.92)
Close at the end of the year	1,542.94	1,288.02	254.92	19.79
Average Dividend Yield	3.04	3.36	(0.32)	(9.52)
P/E Ratio (Time)	18.55	22.57	(4.02)	(17.81)
Market Capitalization (billion Baht)	15,079.27	12,282.75	2,796.52	22.77
Listed Securities				
No. of listed securities	1,879	1,646	233	14.16
No. of listed companies	522	517	5	0.97
No. of newly listed companies	11	23	(12)	(52.17)
mai Information				
Total Turnover				
Value (billion Baht)	556.49	768.10	(211.61)	(27.55)
Average Daily Turnover (billion Baht)	2.28	3.16	(0.88)	(27.85)
mai Index (Point)				
High (Close)	616.27	801.35	(185.08)	(23.10)
Low (Close)	490.09	504.56	(14.47)	(2.87)
Close at the end of the year	616.27	522.62	93.65	17.92
Average Dividend Yield	1.24	1.00	0.24	24.00
P/E Ratio (Time)	63.27	52.94	10.33	19.51
Market Capitalization (billion Baht)	425.36	323.48	101.88	31.49
Listed Securities				
No. of listed securities	178	166	12	7.23
No. of listed companies	134	122	12	9.84
No. of newly listed companies	13	13	-	-

Source: the SET, the figure as of December 30, 2016 (<http://www.set.or.th>)



Top five members in term of market share

Total market shares of the top five members of brokerage securities firms for the SET and the mai in 2016 were 29.13%, ranked by turnover, slightly decreased from 30.02% in 2015. This reflected the more distribution of turnover among the members.

Market share and types of clients of securities brokerage business

In 2016, CNS's turnover increased from 2015 while the market share of securities brokerage business was 2.98%, similar to the market share in 2015. CNS ranked 15th in 2016, dropped from 13th in 2015, out of total 36 securities firms for both years.

Turnover* (million Baht)	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)
- SET**	11,468,572	9,774,699	10,172,620
- CNS**	683,904	582,227	578,083
CNS's market share**	2.98%	2.98%	2.84%

Source: the SET

* inclusive of the SET and the mai

** exclusive of Proprietary Trading

Considering turnover classified by types of clients in 2016, CNS's main client group was retail clients with the proportion of 63.49%, decreasing from 71.29% in 2015, followed by foreign clients at 23.99%, increasing from 19.32% in 2015, and domestic institutional clients at 12.52%, increasing from 9.39% in 2015.

Turnover classified by types of clients* (million Baht)	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)		Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)		Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)	
	Amount	%	Amount	%	Amount	%
- Retail clients	434,198	63.49	415,095	71.29	402,041	69.55
- Domestic institutional clients	85,625	12.52	54,600	9.39	62,653	10.84
- Foreign clients	164,081	23.99	112,532	19.32	113,389	19.61
Total**	683,904	100.00	582,227	100.00	578,083	100.00

* inclusive of the SET and the mai

** exclusive of Proprietary Trading

Considering turnover classified by categories in 2016, the proportion of the internet trading accounts was at 46.01%, slightly increasing from 44.19% in 2015. The remainder was the normal accounts (through financial advisors) at 53.99%, slightly decreasing from 55.81% in 2015.

Turnover classified by categories* (million Baht)	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)		Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)		Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)	
	Amount	%	Amount	%	Amount	%
Internet trading						
- Cash account	187,407	27.36	163,036	27.99	165,533	28.61
- Margin account	127,751	18.65	94,348	16.20	86,460	14.94
Total	315,158	46.01	257,384	44.19	251,993	43.55
Normal - through financial advisors						
- Cash account	345,253	50.40	303,414	52.09	290,254	50.17
- Margin account	24,579	3.59	21,686	3.72	36,302	6.28
Total	369,832	53.99	325,100	55.81	326,556	56.45
Grand Total**	684,990	100.00	582,484	100.00	578,549	100.00

* inclusive of the SET and the mai

**exclusive of Proprietary Trading

Considering turnover classified by type of accounts in 2016, the proportion of trading of the cash accounts was at 77.76%, decreasing from 80.08% in 2015. The remainder was the margin accounts at 22.24%, increasing from 19.92% in 2015.

Turnover classified by type of accounts* (million Baht)	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)		Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)		Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)	
	Amount	%	Amount	%	Amount	%
Cash account						
- Internet trading	187,407	27.36	163,036	27.99	163,036	27.99
- Normal - through financial advisor	345,253	50.40	303,414	52.09	303,414	52.09
Total	532,660	77.76	466,450	80.08	466,450	80.08
Margin account						
- Internet trading	127,751	18.65	94,348	16.20	94,348	16.20
- Normal - through financial advisor	24,579	3.59	21,686	3.72	21,686	3.72
Total	152,330	22.24	116,034	19.92	116,034	19.92
Grand Total**	684,990	100.00	582,484	100.00	582,484	100.00

* inclusive of the SET and the mai

** exclusive of Proprietary Trading



Market share of Derivatives Brokerage Business

In 2016, CNS's trading volume of derivatives increased from 2015, however, the market share of derivatives brokerage business decreased from 1.42 in 2015 to 1.20% in 2016.

Trading Volume of derivatives (Contracts)	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)
- TFEX	69,576,164	48,538,899	36,021,150
- CNS	1,669,343	1,376,829	870,109
CNS's market share	1.20%	1.42%	1.21%

Source: TFEX

Financial Advisory Business and Underwriting Business

Industry condition

In 2016, there were 27 newly listed companies with the Initial Public Offering (IPO) totaling Baht 157,766 million, decreasing 45% from Baht 289,322 million in 2015 which might be caused by the SET's volatility in 2016.

Market share of Underwriting Business

In 2016, CNS was lead underwriters for 3 Initial Public Offerings (IPOs) consisting of Bangkok Sheet Metal Public Company Limited (BM) with a total value of Baht 288 million, SELIC Corp Public Company Limited (SELIC) with a total value of Baht 232 million and ALLA Public Company Limited (ALLA) with a total value of Baht 432 million. CNS was also co-underwriters for other 8 IPOs which made a total of 11 IPOs that CNS involved in 2016. In addition, CNS was underwriters for 16 corporate debentures.

Fixed Income Trading Business

The main strategy for the fixed income trading business is to provide debt securities to serve clients' needs either client who raises funds by debt securities or client who is interested in the investment in debt securities as they may see debt securities having higher returns than bank deposits even the risk is higher.

Industry Condition

In 2016, the interest rate in the market continued to be at the low level since 2015, leading to the higher competition and the volatility in the fixed income market in 2016 when compared to 2015. This was a result of the entry of new competitors from commercial banks and securities firms.

In 2017, CNS forecasted that private sectors would decreasingly raise their funds from corporate debentures and bill of exchanges as a result of the defaults of both corporate debentures and bill of exchanges incurred in the end of the previous year which subsequently led to the significant decline in investor confidence in the investment in debt securities. However, private sectors may have plans for their financial restructuring to support such situation and to recover investor confidence back to the fixed income market under the situation of the low interest rate in the market.

Market share of Fixed Income Trading Business

In 2016, the market share of both corporate debentures and bill of exchange trading markets decreased from 2015 since there were more competitors in the fixed income market both from commercial banks and securities firms. However, the market share of corporate debentures ranked 2nd among securities firms similar to 2015 while the market share of bill of exchange ranked 3rd among securities firms, dropped from the 1st rank in 2015.

Corporate debenture

In 2016, CNS's trading volume of corporate debentures was Baht 7,166 million, decreasing 39% from Baht 11,842 million in 2015.

Comparing the market shares among securities firms, CNS ranked 2nd similar to 2015. However, the market share decreased from 11.57% in 2015 to 7.73% in 2016.

Corporate Debenture	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)
Trading Volume	Baht 7,166 million	Baht 11,842 million	Baht 14,030 million
Ranking	2 nd	2 nd	2 nd
Market Share among securities firms	7.73%	11.57%	15.19%

Source: The Thai Bond Market Association



Bill of Exchange

In 2016, CNS's trading volume of bill of exchange was Baht 43,035 million, increasing 0.25% from Baht 42,930 million in 2015.

Comparing the market shares among securities firms, CNS ranked 3rd at 17.77%, dropped from the 1st rank at 20.78% in 2015.

Bill of Exchange	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)
Trading Volume	Baht 43,035 million	Baht 42,930 million	Baht 27,192 million
Ranking	3 rd	1 st	3 rd
Market Share among securities firms	17.77%	20.78%	20.27%

Source: The Thai Bond Market Association

Securities Borrowing and Lending Business

In 2016, CNS had maintained the policy of competitive rate of SBL fee as well as focusing on the training to educate clients and investors in using SBL services through online applications as well as applying the investment strategies through SBL services. The training was arranged from February to June 2016.

In addition, CNS had also arranged training to enhance the skills and knowledge of its financial advisors in applying the investment strategies through SBL, aiming to support the clients effectively.

Such events had not only educated clients and investors but also driven the expansion of client bases. Both borrower accounts and lender accounts increased by 6% and 8%, respectively, while the borrowing and lending value increased 25%, compared to the same period of the previous year.

For 2017, CNS will continually develop the SBL system to support more efficiency of SBL services and to cover other types of securities account.

Funding, Risk Management and Capital Maintenance Policy

1. Funding and Risk Management Policy

CNS has a funding policy concerning the global and domestic financial conditions, risk from interest rate, risk from foreign exchange, repayment period, business relationship as well as needs and uses of funds.

CNS has a policy to raise funds from both short-term and long-term borrowings to align with liquidity, financial conditions and financial costs by considering several sources of funds to create flexibility in funding and business relationship.

In case CNS has borrowings in foreign currency, CNS has a risk management policy to fully hedge the borrowings in foreign currency.

Since 2014, CNS became a subsidiary of Nomura Group, subsequently resulting in lower financial costs and the increasing trustworthiness and credit lines from both domestic and foreign financial institutions as well as the ability to raise funds from the issuance and offer for sale of bill of exchanges to high net worth investors or institutional investors, with the total amount of not exceeding Baht 1,500 million and a maximum tenor of 270 days from the issuance date. Such issuance and offer for sale of bill of exchanges had a good response from investors.

In 2016, CNS mainly raised funds from the borrowings from domestic financial institutions as the interest rates and tenors were more appropriate and also to maintain the good business relationship with financial institutions. CNS had only payments of the matured borrowings in the form of bill of exchanges, so CNS had no outstanding borrowings in the form of short-term bill of exchanges at the end of 2016. However, CNS had extended the period of raising funds from such issuance and offer for sale of short-term bill of exchanges to another 1 year, from December 8, 2016 to December 7, 2017, with the total amount of not exceeding Baht 1,500 million.

Fitch Ratings (Thailand) Limited assigned the credit ratings on September 29, 2016 as the followings;

- National Short-Term Rating at F1+(tha) for such short-term bill of exchanges
- National Long-Term Rating at AA-(tha) with a Stable Outlook and National Short-Term Rating at F1+(tha) for CNS (the issuer of bill of exchanges)

Such credit ratings were similar to the ratings released in 2015.

As of 31 December 2016, CNS had shareholders' equity of Baht 5,485 million and borrowings from domestic financial institutions of Baht 2,050 million to support the working capital and liquidity. CNS still has available credit limit from domestic and foreign financial institutions as well as related parties.



2. Creditor Policy

CNS's Board of Directors has a policy to fairly and equitably treat all types of creditors. CNS also commits to conduct its business to create trustworthiness from creditors with the following policy and guidelines.

- (1) Strictly comply with conditions or requirements as agreed in the contract, including provisions and contingencies. In case CNS is not able to comply with any conditions or CNS encounters default situations, CNS shall inform creditors to consider and find reasonable solutions together with creditors.
- (2) Properly manage a funding structure to support its business at appropriate risk level and cost to maintain creditors' confidence on CNS.
- (3) Timely provide accurate and complete financial reports to creditors.
- (4) Conduct its business to create sustainable growth in the long run and maintain good relationships with creditors.

3. Capital Maintenance Policy

CNS has a policy to maintain a minimum net liquid capital of Baht 25 million, together with the minimum net liquid capital ratio of 7% of general liabilities and collateral, whichever is higher regarding the SEC's requirements (Net Liquid Capital Rule: NCR).

As of December 31, 2016, CNS's net liquid capital was Baht 4,924.36 million while net liquid capital ratio of 121.05% of general liabilities and collateral. As a result, CNS met the SEC's minimum requirements.

Risk Factors

Business Risk

1. Risk from the SET's volatility

The global and domestic economic volatility may have an impact on the investor confidence which may consequently affect fund flows in the SET. In the situation that the SET becomes highly volatile and discourage investment, causing a decline in average trading volume, therefore, the brokerage fees as well as incomes from the investment banking business will be affected, especially on the financial advisory business and the underwriting business.

Nonetheless, CNS has a policy to restructure its business and service revenues by not depending heavily on any particular lines of businesses. In addition, CNS has an approach to diversify its business to several areas, apart from the brokerage business, to be suitable to various market circumstances such as the fixed income trading business, the securities borrowing and lending business and the selling agent business in order to offset the shortfall in the brokerage fee and incomes from the investment banking business which are highly sensitive to the SET's volatility.

The SET's volatility may have an impact on the valuation of CNS's investment, securities listed in the SET and TFEX. Accordingly, there may be loss on the revaluation of the investment.

CNS has the policy not to invest in the proprietary trading in both equity securities and future contracts, except the investment for Block Trade Business - Single Stock Futures which CNS would fully hedge the holding position of Single Stock Futures.

2. Risk from high competition in securities business

The announcement of the SET and the SEC on the liberalization of securities business licenses and the liberalization of brokerage fee which were effective since 2012, has directly impacted on the profitability of the entire securities industry as well as high competitions among securities firms from the entry of new securities firms.

CNS has been aware of such risk and has prepared to enhance competitive advantages both in terms of financial positions and business strategies such as diversifying the revenue structure to other businesses, apart from the brokerage business, improving quality of research papers, enhancing efficiency of the organization's workflows as well as developing financial advisors' competencies and services to cope with the changes in clients' needs.

3. Risk from financial advisory business

In providing this kind of service, CNS and its clients must be mutually responsible to disclose accurate, sufficient and detailed information to the public for the following activities; the issuance and offer for sale of securities, the filing of listing applications, the acquisition of securities for business takeovers, as well as opinions provided to shareholders to support their decision making as requested by the SEC or the SET such as connected transactions, the acquisition or sale of securities, tender offers and merger and acquisition and etc.

CNS is prudently selective with respect to its clients and studies clients' preliminary information before accepting the deal. In addition, CNS prudently determines the appropriate steps with respect to the due diligence process and keeps its staff fully educated on regulations issued by the SEC and



the SET, as well as rules and regulations regarding service providers and supervisors in order to ensure that the services provided are effective and in line with the relevant rules and regulations.

4. Risk from underwriting and firm underwriting business

CNS may suffer losses from the investment in under-subscribed securities from the underwriting business. Such losses may arise from the firm underwriting as a result of an inappropriate quantity and share price or from the SET's volatility, as well as fluctuations in interest rate and foreign exchange rate; all of which could possibly undermine investors' interest in the newly listed companies.

To minimize such risk, CNS conducts preliminary studies to analyze and investigate the issuers' business profile, industry condition, company performance, future prospects and conditioned attached to the underwritten securities.

CNS also evaluates clients' or investors' interests in the quantity of the offered securities in order to support the decision in accepting the underwriting and firm underwriting transactions.

5. Personnel Risk

Securities brokerage business is highly vulnerable of expertise turnover, especially financial advisors.

CNS sets up a clear policy to determine appropriate compensation and remuneration in accordance with the SET's requirements as well as a policy to continually educate its financial advisors on investment knowledge and services, especially on the continuous recruitment of young talents through the Young Talent Financial Advisors Program.

6. Risk from doubtful debt and bad debt

CNS has receivables from various businesses; brokerage business, securities trading business, service and margin loan business. CNS has guidelines to manage the risk from doubtful debt and bad debt as the followings;

- (1) Know customers and customers due diligence (KYC/CDD); CNS's staff has to perform KYC/CDD to support the consideration of service and limit justified to customer's suitability test and objective. This will support customers to properly manage investment risk.
- (2) Periodically review clients' status and collateral; especially securities traded in the credit balance accounts that are collateral for margin loan balances.
- (3) Provide excellence service by providing information of product being offered to clients.
- (4) Effective collection
- (5) Compliance; Employees strictly comply with the rules, regulations and related laws.

The above guidelines and the compliance can reduce the risk from doubtful debt and bad debt.

7. Risk from legal issues

In engaging in the securities business, CNS is regulated by the SEC and the SET. Accordingly, CNS has to comply with applicable laws, rules and regulations in relation to securities business (e.g. The Securities and Exchange Act B.E. 2535 and the Derivative Act B.E. 2546). Furthermore, CNS has to comply with other relevant laws, such as the Anti-Money of Laundering Act B.E. 2542 and other relevant rules and regulations.

Complying with the aforementioned laws, rules and regulations, particularly the amendments or additions thereof, may affect CNS's performances. Many cases may significantly lead to the increase in cost of compliance. Some cases may lead to an intense competition and more competitors.

Financial Risk

1. Risk from funding

CNS needs high working capital as it provides the margin loan services, which will increase clients' purchasing power and liquidity as well as the market liquidity. CNS also provides the fixed income trading business. Consequently, CNS needs to seek sufficient and appropriate funds to serve its demand in working capital.

CNS has a funding policy concerning the global and domestic financial conditions, risk from interest rate, risk from foreign exchange, repayment period and business relationship as well as nature of the needs and uses of funds.

CNS has a funding policy from both short-term and long-term borrowings to align with liquidity, financial conditions and financial costs by considering several sources of funds to create flexibility in funding and business relationship.

In case CNS has borrowings in foreign currency, CNS has a risk management policy to fully hedge the borrowings in foreign currency.

2. Risk from interest rate

CNS is aware of the risk from market interest rate and considers appropriate proportions of the funds to align with its business operation.

CNS invests in the investment in debt securities to support the fixed income trading business which will be affected by the changes in interest rate and there might be loss on the revaluation for the investment to be fair value. CNS consequently has a risk management policy on the fixed income trading business by setting up the issue rating that CNS can invest as well as considering the issuers' financial position, holding period and the investment limit.



Risk over Shareholders' Right and Investment

1. Risk from majority shareholdings over than 75% of registered capital

As of the latest book closing date on March 24, 2016, Nomura Group was CNS's major shareholder, holding CNS's shares totaling 1,844,659,931 shares or 85.78% of CNS's registered and paid-up capital. Such shareholding proportion exceeded 3/4 of total shareholdings and made Nomura Group become a controlling person of CNS. Accordingly, Nomura Group may influence in decision making in every issue that requires the approval from shareholders' meetings and other shareholders may not be able to aggregate sufficient votes to balance and examine the issues which major shareholder proposes to the shareholders' meetings. In addition, in case other shareholders may see a takeover opportunity by other parties to add value to CNS, the takeover transaction may not incur without the consent of the major shareholder regarding such shareholding concentration.

Nonetheless, CNS's Board of Directors consists of internal management directors, representative directors from Nomura Group and independent directors. All directors are competent and could perform effectively. CNS has appointed 4 independent directors out of 11 directors which are in accordance with the SEC's requirement by having independent directors at 1/3 of total directors and not less than 3 directors, so independent directors could comment on the performance of the management independently. Accordingly, CNS's Board of Directors could perform their duties efficiently.

3 independent directors are appointed as audit committees to consider CNS's connected transactions or any transactions that may lead to conflict of interests to ensure that such transactions are reasonable and most beneficial to CNS.

2. Risk and impact from low free float

Free float is beneficial to shareholders of listed companies and investors as to trading liquidity at proper prices. In addition, liquidity is important in maintaining a security's attractiveness and helping listed companies raise funds easily and successfully.

Regarding to the SET's notification Re: Maintaining the Status of Listed Companies in the Exchange, a listed company shall maintain its qualification with respect to share distribution so that its ordinary shares shall be held by minority shareholders in a number not less than 150 and such shareholders shall hold shares in aggregate not less than 15% of the paid-up capital. The SET shall consider the share distribution report that a listed company shall submit to the SET from the shareholder list used for a listed company's annual general meeting of shareholders (AGM).

In case a listed company has the number of minority ordinary shareholders and the aggregate number of minority ordinary shares held by them less than those stipulated above, the SET shall notify of such event in writing and a listed company shall proceed with the distribution of shareholdings to meet the full numbers stipulated above within 1 year from the end of the period which a listed company shall submit the share distribution report. If a listed company does not meet the free float requirement for 2 consecutive years or more, the SET will publicly release their names and initiate action to collect additional fees, above from normal annual fees, until the requirement is met. Additional fees are calculated based on the length of time in breach and the size of the shortfall in free float.

As of the latest book closing date on March 24, 2016, Nomura Group was CNS's major shareholder, holding CNS's shares totaling 1,844,659,931 shares or 85.78% of CNS's registered and paid-up capital. Minority shareholders held the remaining shares of 14.22%. Accordingly, there was a free float of only 14.22% traded in the market which may cause trading liquidity in the secondary market be diminished and may affect general investors' access into the normal trading. Therefore, minority shareholders may face with difficulty in selling the securities in the market at the amount, price and time required.

In addition, this may have an impact on being listed company in the SET and CNS also encounters a risk from being requested to pay additional fees of not satisfying the free float requirement by the SET.

In 2016, CNS paid additional annual fees of not satisfying such free float requirement to the SET around Baht 0.60 million.



Legal Disputes

As of December 31, 2016, the Company had no legal disputes which have negative effect on the Company's existing assets, the value of which is higher than 5% of its shareholders' equity, or materially affect the business operation of the Company. However, there has been a pending lawsuit under trial in the court of first instance; namely a criminal lawsuit filed by an individual against the Company for the offences of fraud and violation of the Securities and Exchange Act B.E. 2535 (1992), without any claim for civil compensation. The case is still pending trial in the court of first instance. Therefore, the Company has not yet set aside any provision for potential loss in the accounts.

General Information

Company name:	Capital Nomura Securities Public Company Limited
Public Company Registration No.:	0107537000653
Type of Business:	Securities business which is the member No. 14 of the SET and the member of TFEX; mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business, selling agent business
Head Office Location:	25 Bangkok Insurance Building, 15 th -17 th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120
Registered Capital:	Baht 2,150,469,000
Paid-up Capital:	Baht 2,150,469,000
Type of Paid-up Shares:	Ordinary shares
Total Number of Paid-up Shares:	2,150,469,000 shares
Telephone:	+66(0) 2638 5000 +66(0) 2287 6000
Facsimile:	+66(0) 2287 6001
NOMURADIRECT:	+66(0) 2638 5500
Website:	www.nomuradirect.com

CNS Convention Center

21/3 Thai Wah Tower, G Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120

Telephone:	+66(0) 2638 5200	+66(0) 2287 6200
Website:	www.nomuradirect.com/startup_access	



Branch

Bangkok Region

Bangna Branch:	589/111 Central City Tower 1 Office, 19 th Floor, Bangna-Trad Road, Bangna, Bangkok 10260 Telephone: +66(0) 2725 8600 Facsimile: +66(0) 2745 6220 +66(0) 2745 6221
Phra-Pinklao Branch:	7/129 Central Plaza Pinklao Office Building, 9 th Floor, Room 902, Baromrajchonnee Road, Arun-Amarin, Bangkok Noi, Bangkok 10700 Telephone: +66(0) 2638 5950 +66(0) 2287 6950 Facsimile: +66(0) 2884 9064 +66(0) 2884 9067
Vibhavadi-Rangsit Branch:	123 Suntowers Building B, 23 rd Floor, Unit B-2304, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Telephone: +66(0) 2638 5920 +66(0) 2287 6920 Facsimile: +66(0) 2617 7800
Bangkhae Branch**:	1871 Victoria Gardens, Floor 2, A205, Petchkasem Road, Laksong, Bangkhae, Bangkok 10160 Telephone: +66(0) 2638 5280 +66(0) 2287 6280 Facsimile: +66(0) 2421-6025

Remark:

* *NOMURA Learning Center*

** *NOMURA Service Center*

Northeastern Region

Khon Khaen Branch*:	999, Sri Chant Road, Nai Mueang, Muang, KhonKhaen 40000 Telephone: +66(0) 4322 6540 +66(0) 4322 6541 Facsimile: +66(0) 4322 6542
Udonthani Branch*:	UD Town, Room N203 The Next Zone, 2 nd Floor 88 Tongyai Road, Mak Khaeng, Muang Udonthani, Udonthani 41000 Telephone: +66(0) 4213 6174 +66(0) 4213 6175 Facsimile: +66(0) 4213 6176
Nakhonratchasima Branch*:	1184 Hip Park Community Mall, Room 26 Zone C, 2 nd Floor, Mittrapab Road, Nai Muang, Muang Nakhon Ratchasima, Nakhon Ratchasima 30000 Telephone: +66(0) 4424 8526 +66(0) 4424 8527 Facsimile: +66(0) 4424 8528
Ubon Ratchathani Branch**:	15/4 Ubonsquare, Room F101B/C, Thamma Withi 4 Road, Nai Mueang, Mueang, Ubonratchatani 34000 Telephone: +66(0) 45315326 +66(0) 45315327 Facsimile: +66(0) 4531 5328

Northern Region

Chiangrai Branch*:	353/19 Moo 4, Rim Kok, Muang Chiang Rai, Chiang Rai 57100 Telephone: +66(0) 53711972 +66(0) 53711973 Facsimile: +66(0) 53711974
Chiangmai Branch*:	30 Punna Place, Room 5, 1 st Floor, Nimmanhaemin Road, Soi 6, Suthep, Muang Chiangmai, Chiangmai 50200 Telephone: +66(0) 5321 0834 +66(0) 5321 0835 Facsimile: +66(0) 5321 0841

Remark:

* *NOMURA Learning Center*

** *NOMURA Service Center*



Central Region

Ayutthaya Branch*:	Ayutthaya City Park, Room GC-11, 126 Moo 3, Asia Road, Klong Suan Plu, Sub-District, Ayutthaya 13000 Telephone: +66(0) 3580 1920 +66(0) 3580 1921 Facsimile: +66(0) 3580 1922
Saraburi Branch*:	179/5 Suk-Anan Park Shopping Mall, Room PZ12-031, Sudbantad Road, Pakpreaw, Muang Saraburi, Saraburi 18000 Telephone: +66(0) 3671 1929 +66(0) 3671 1930 Facsimile: +66(0) 3671 1931
Nakornsawan Branch*:	26/3-4, Withitthep Citywalk Room 2F003-004, 2nd Floor, Road, Pak Nam Pho, Muang Nakorn Sawan, Nakorn Sawan, 60000 Telephone: +66(0) 5622 3947 +66(0) 5622 3948 Facsimile: +66(0) 5622 3949

Southern Region

Phuket Branch*:	262/9 Yaowarat Road, Talat Yai, Muang Phuket, Phuket 83000 Telephone: +66(0) 7621 4422 +66(0) 7621 4423 Facsimile: +66(0) 7621 4424
Had Yai Branch*:	2 Soi 19, Phet Kasem Road, Hatyai, Hatyai, Songkhla 90110 Telephone: +66(0) 7422 1542 +66(0) 7422 1543 Facsimile: +66(0) 7422 1544

Eastern Region

Rayong Branch**:	TSK Park, 351-351/1 Sukhumvit Road, Neonpra, Muang, Rayong 21000 Telephone: +66(0) 3802 0030 +66(0) 3802 0031 Facsimile: +66(0) 3802 0032
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Remark:

* NOMURA Learning Center

** NOMURA Service Center

Other References

Share Registrar

Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building,
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400

Telephone:	+66(0) 2009 9000
Facsimile:	+66(0) 2009 9991
SET Call Center:	+66(0) 2009 9999
E-Mail:	SETContactCenter@set.or.th
Website:	www.set.or.th/tsd

Auditors

EY Office Limited

By Miss Ratana Jala, Certified Public Accountant (Thailand) No. 3734

33rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadaphisek Road, KlongToey,
Bangkok 10110

Telephone:	+66 (0) 2264 0777	+66 (0) 2264 9090
Facsimile:	+66 (0) 2264 0789	
E-Mail:	EY.Thailand@th.ey.com	
Website:	www.ey.com	

Other Significant Information over Investors' Decision Making

CNS had no other significant information over investors' decision making.



Securities and Shareholder Information

Number of Registered and Paid-up Capital

1. Registered and Paid-up Capital

CNS's registered capital was 2,150,469,000 ordinary shares listed in the SET at a par value of Baht 1, totaling Baht 2,150,469,000 which was fully paid up totaling Baht 2,150,469,000.

As of the latest book closing date on March 24, 2016, CNS's shares were held by foreigners in total of 86.08% of CNS's registered and paid-up capital.

2. Other shares with different rights and conditions from ordinary shares

As of December 30, 2016, the Thai NVDR Company Limited, which is a subsidiary wholly owned by the SET, issued Non-Voting Depository Right (NVDR) of CNS's shares totaling 8,068,956 units or 0.38% of CNS's paid-up capital, decreasing 148,099 units or 2%, when compared to NVDR as of December 30, 2015 at 8,217,055 units or 0.38% of CNS's paid-up capital.

The NVDR holders receive the same financial rights and benefits as investing in CNS's ordinary shares but cannot exercise their voting rights in the shareholders' meeting, except the voting to delist CNS from the SET.

The amount of CNS's ordinary shares issued as NVDR may be changed and it is not under the control of CNS. The investors can check the amount of NVDR in the SET's website. (www.set.or.th/set/nvdroustanding.do).

Shareholders

1. Major Shareholders

(A) Top Shareholders

Top Shareholders as of March 24, 2016 (The latest book closing date)

Major Shareholders' Name ¹	Shares Held (shares)	Holding Percentage (%)
1. Nomura Asia Investment (Singapore) Pte. Ltd. ²	1,844,659,931	85.78
2. Mr. Wachira Tayanaraporn	35,555,500	1.65
3. Mrs. Khuntong Udommahuntisuk	20,000,000	0.93
4. Mr. Mongkol Udompetcharaporn	16,688,800	0.78
5. Mr. Chattri Sophonpanich	14,193,000	0.66
6. Mr. Peera Patamavorakulchai	14,061,000	0.65
7. Mr. Rabil Sophonpanich	13,563,000	0.63
Total Major Shareholders	1,958,721,231	91.08

¹ Investors can check the latest top shareholders from CNS's website (www.nomuradirect.com) prior to the annual general meeting of shareholders.

² Based on the organizational structure of Nomura Holdings, Inc. disclosed in the press release (SEC Filings) of Nomura Holdings, Inc. (Form 20-F) which was the information as of March 31, 2016, Nomura Asia Investment (Singapore) Pte. Ltd. was incorporated in Singapore, wholly owned (100%) by Nomura Holdings, Inc.^{3,4} (Source: <http://www.nomuraholdings.com/investor/library/sec/>)

³ Shareholder information of Nomura Holdings, Inc. as of September 30, 2016, which was the latest information disclosed in the website of Nomura Holdings, Inc., was as the followings;

Listing	The common shares of Nomura Holdings, Inc. are listed on the Tokyo, Nagoya and the Singapore stock exchange. The shares are also listed on the NYSE in the form of American Depositary Shares (ADSs) evidenced by American Depositary Receipts (ADRs). Each ADS represents one share of Common Stock.
Issued Shares	Common Stock : 3,822,562,601 shares
Number of shareholders	421,442
Trading unit	100 shares

Source: www.nomuraholdings.com/investor/shareholders



⁴ 10 Major Shareholders of Nomura Holdings, Inc. as of September 30, 2016⁵ which was the latest information disclosed in the website of Nomura Holdings, Inc., was as the followings;

Major Shareholders' Name	Shares Held (thousand shares)	Percentage to Issued Shares (%)
1. STATE STREET BANK AND TRUST COMPANY 505223	192,815	5.04
2. Japan Trustee Services Bank, Ltd. (Trust Account)	151,972	3.97
3. The Master Trust Bank of Japan, Ltd. (Trust Account)	120,629	3.15
4. Japan Trustee Services Bank, Ltd. (Trust Account 9)	64,864	1.69
5. THE BANK OF NEW YORK MELLON SA/NV 10	52,906	1.38
6. Japan Trustee Services Bank, Ltd. (Trust Account 7)	51,952	1.35
7. STATE STREET BANK WEST CLIENT-TREATY 505234	49,772	1.3
8. Barclays PLC	42,000	1.09
9. NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENTION FUNDS	40,785	1.06
10. NORTHERN TRUST CO.(AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	39,445	1.03
Total Major Shareholders	807,140	21.06

⁵ As of September 30, 2016, Nomura Holdings, Inc. had 266,554 thousand shares of treasury stock which was not included in the major shareholders list above.

Source: www.nomuraholdings.com/investor/shareholders/stocks.html

(B) Major Shareholders' Influence over Management Policies or Significant Business Operation

As of the latest book closing date on March 24, 2016, Nomura Group was CNS's major shareholder, holding CNS's shares totaling 1,844,659,931 shares or 85.78% of CNS's registered and paid-up capital, under the shareholding by Nomura Asia Investment (Singapore) Pte. Ltd. 4 management representatives were appointed as CNS's directors; consisting of 2 Executive Directors and 2 Non-Executive Directors.

2. Doing Business as a Holding Company

CNS is not a holding company.

3. Agreements between Major Shareholders

CNS had no agreements between major shareholders over the company's issuance and offer for sale of securities or management and significant impact to business operation.

3. Agreements between Major Shareholders

CNS had no agreements between major shareholders over the company's issuance and offer for sale of securities or management and significant impact to business operation.

Other Securities

1. Convertible Securities

CNS did not issue any convertible securities.

2. Debt Securities

CNS had no borrowings in the form of bill of exchanges as of December 31, 2016.



Dividend Policy

CNS has a dividend policy at least 60% of its net profit on an annual basis, except for cases when CNS needs more fund for business expansion or other significant activities. However, CNS's dividend payment is subject to the resolutions of shareholders' meeting.

CNS has no subsidiaries; therefore, there is no dividend policy of subsidiaries.

Historical data of dividend payments over the previous 5 fiscal years

Dividend payment for Fiscal Year ¹	Fiscal Year 2015 (Jan 2015 - Dec 2015)	Fiscal Year 2014 (Jan 2014 - Dec 2014)	Fiscal Year 2013 (Jan 2013 - Dec 2013)	Fiscal Year 2012 ² (Jan 2012 - Dec 2012)	Four-month period ² (Sep 2011 - Dec 2011)
Dividend payment per share (Baht)	0.18	0.18	0.17	0.16	0.05
Dividend announcement (million Baht)	387.08	387.08	365.58	114.69	34.20
Net profit (million Baht)	415.96	428.75 ³	394.04	187.99	37.44
Dividend payout ratio (%)	93.06	90.28 ³	92.78	61.01	91.34

¹ CNS changed its fiscal year from "September 1 to August 31 of every year" to "January 1 to December 31 of every year" with the objective to match the normal fiscal year for most of the SET-listed and brokerage firms, which would make it easier for shareholders, investors and all stakeholders to compare CNS's earnings performance with its peers in the industry.

² On 26 April 2013, the Annual General Meeting of Shareholders No.1/2556 resolved to approve a share split by changing a par value of CNS's ordinary shares from Baht 10 each to Baht 1 each. The financial information presented above was calculated from the ordinary share at the par value of Baht 1 each.

³ Net profit and Dividend payout ratio for the fiscal year 2014 was changed from the disclosure published in last year due to changes in accounting policies as per the adoption of new financial reporting standards. Net income changed from Baht 425.21 million to Baht 428.75 million. Dividend payout ratio changed from 91.03% to 90.28%.

Management Structure

Board of Directors

As of December 31, 2016, for the effectiveness of the Board of Directors' performance, CNS had 11 board members consisting of; 5 Executive Directors, 2 Non-Executive Directors and 4 Independent Directors, as the followings;

Director Name	Position	Type of Director
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Executive Director
2. Mr. Takahito Nakamura ¹	President	Executive Director
3. Mr. Nimit Wongjariyakul	Executive Director	Executive Director
4. Mr. Naoki Sugaya	Executive Director	Executive Director
5. Mrs. Chrisana Sae-Leiw	Executive Director	Executive Director
6. Mr. Philip Wing Lun Chow	Director	Non-Executive Director
7. Mr. Jiro Yamaguchi ²	Director	Non-Executive Director
8. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	Independent Director
9. Col. Ruangsub Kovindha	Audit Committee and Independent Director	Independent Director
10. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	Independent Director
11. Dr. Prasit Kanchanasakdichai	Independent Director	Independent Director

Miss Kridsana Kulpanyalert was the secretary of the Board of Directors.

¹ The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director and the authorized director signing on behalf of CNS, effective from March 31, 2017. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Takahito Nakamura.

² The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Jiro Yamaguchi, Director, from the position of CNS's director, effective from March 31, 2017. However, the remaining director term of Mr. Jiro Yamaguchi was less than 2 months. According to the Company's Articles of Association, in the case of a director vacancy otherwise than by rotation and the remaining director term is less than 2 months, the director shall be elected by the Shareholders' Meeting. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law as a replacement director of Mr. Jiro Yamaguchi, to the Shareholders' Meeting.

Regarding the director resignation as stated in ¹ and ², CNS shall have 9 board members since March 31, 2017.



Directors' and their spouses' shareholding in CNS

Director Name	Position	Shares Held (shares)		
		As of December 31, 2015	As of December 31, 2016	Change
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	-	-	-
2. Mr. Takahito Nakamura	President	-	-	-
3. Mr. Nimit Wongjariyakul	Executive Director	-	-	-
4. Mr. Naoki Sugaya	Executive Director	-	-	-
5. Mrs. Chrisana Sae-Leiw	Executive Director	-	-	-
6. Mr. Philip Wing Lun Chow	Director	-	-	-
7. Mr. Jiro Yamaguchi	Director	-	-	-
8. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	-	-	-
9. Col. Ruangsub Kovindha	Audit Committee and Independent Director	-	-	-
10. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	-	-	-
11. Dr. Prasit Kanchanasakdichai	Independent Director	-	-	-
Total		-	-	-

A Number of the Board of Directors' Meetings and the Attendance by Individual Members in 2016

Director Name	Position	Number of Meetings	Number of Attendance
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	12	12
2. Mr. Takahito Nakamura ¹	President	12	11
3. Mr. Nimit Wongjariyakul	Executive Director	12	12
4. Mr. Naoki Sugaya	Executive Director	12	12
5. Mrs. Chrisana Sae-Leiw	Executive Director	12	12
6. Mr. Philip Wing Lun Chow	Director	12	12
7. Mr. Jiro Yamaguchi ²	Director	12	10
8. Mrs. Wattanee Phanachet ³	Chairperson of the Audit Committee and Independent Director	12	11
9. Col. Ruangsub Kovindha	Audit Committee and Independent Director	12	12
10. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	12	12
11. Dr. Prasit Kanchanasakdichai ⁴	Independent Director	12	11

¹ Mr. Takahito Nakamura had other engagements so he could not attend the Board of Directors' Meeting No. 5/2559.

² Mr. Jiro Yamaguchi had other engagements so he could not attend the Board of Directors' Meeting No. 9/2559 and No. 11/2559.

³ Mrs. Wattanee Phanachet had other engagements so she could not attend the Board of Directors' Meeting No. 1/2559.

⁴ Dr. Prasit Kanchanasakdichai had other engagements so he could not attend the Board of Directors' Meeting No. 1/2559.

Management

As of December 31, 2016, CNS had 7 members of Management according to the SEC's notification as the followings;

Director Name	Position	Type of Management
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Executive Director
2. Mr. Takahito Nakamura ¹	President	Executive Director
3. Mr. Nimit Wongjariyakul	Executive Director	Executive Director
4. Mr. Naoki Sugaya	Executive Director	Executive Director
5. Mrs. Chrisana Sae-Leiw	Executive Director	Executive Director
6. Mrs. Krittika Tharamart	Director of Retail Sales Division 2	Executive
7. Miss Kridsana Kulpanyalert	Division Head of Finance Division	Executive

¹ The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director and the authorized director signing on behalf of CNS, effective from March 31, 2017. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Takahito Nakamura.

Regarding the director resignation of director as stated in ¹, CNS shall have 6 members of Management since March 31, 2017.

Management's and their spouses' shareholding in CNS

Management Name	Position	Shares Held (shares)		
		As of December 31, 2015	As of December 31, 2016	Change
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	-	-	-
2. Mr. Takahito Nakamura	President	-	-	-
3. Mr. Nimit Wongjariyakul	Executive Director	-	-	-
4. Mr. Naoki Sugaya	Executive Director	-	-	-
5. Mrs. Chrisana Sae-Leiw	Executive Director	-	-	-
6. Mrs. Krittika Tharamart	Director of Retail Sales Division 2	800,000	800,000	-
7. Miss Kridsana Kulpanyalert	Division Head of Finance Division	-	-	-
Total		800,000	800,000	-

Company Secretary

The Board of Directors resolved to appoint Miss Kridsana Kulpanyalert, Division Head of Finance Division, as CNS's company secretary since March 22, 2013.



Directors' and Management's Remuneration

1. Monetary Remuneration

(A) Directors' Remuneration

CNS's Board of Directors has a policy to define the appropriate and reasonable rate of Directors' and Audit Committee's remuneration in consideration of the following factors.

1. Duties and responsibilities of each director
2. Remuneration rate paid by other companies in the same industry
3. Remuneration rate paid by other listed companies in the SET
4. Other related factors

In 2016, CNS paid Directors' remuneration regarding the resolution of the Annual General Meeting of Shareholders No. 1/2559 held on April 25, 2016 in total amount of Baht 4,114,274 with the following details;

Director Name	Position	Directors' Remuneration (Baht)			
		Director's annual remuneration*	Meeting Allowance**	Audit Committee's annual remuneration***	Total
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	250,000	-	-	250,000
2. Mr. Shinichi Mizuno ¹	President	54,246	-	-	54,246
3. Mr. Takahito Nakamura ²	President	143,452	-	-	143,452
4. Mr. Nimit Wongjariyakul	Executive Director	220,000	-	-	220,000
5. Mr. Naoki Sugaya	Executive Director	220,000	-	-	220,000
6. Mrs. Chrisana Sae-Leiw	Executive Director	220,000	-	-	220,000
7. Mr. Philip Wing Lun Chow ³	Director	148,877	-	-	148,877
8. Mr. Motoyuki Komabayashi ⁴	Director	54,247	-	-	54,247
9. Mr. Jiro Yamaguchi ⁵	Director	143,452	-	-	143,452
10. Mrs. Wattanee Phanachet ⁶	Chairperson of the Audit Committee and Independent Director	240,000	220,000	300,000	760,000
11. Col. Ruangsub Kovindha	Audit Committee and Independent Director	240,000	240,000	240,000	720,000
12. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	240,000	240,000	240,000	720,000
13. Dr. Prasit Kanchanasakdichai ⁷	Independent Director	240,000	220,000	-	460,000
Total		2,414,274	920,000	780,000	4,114,274

Remark: CNS had no other benefits for Non-Executive Directors.

* Director's annual remuneration considered from the performance of the year ended December 31, 2015 was calculated proportionately to the term of annual remuneration as below.

1) Chairman of the Board of Directors	250,000 Baht annually
2) Each Executive Director	220,000 Baht annually
3) Each Independent Director	240,000 Baht annually
4) Each other Non-Executive Director	220,000 Baht annually

** Meeting allowance for each Independent Director attending the board meetings for the year ended December 31, 2016 was paid at the rate of Baht 20,000 per meeting while there would be no meeting allowance for other Non-Independent Directors and Non-Executive Directors.

*** Audit Committee's annual remuneration for the year ended December 31, 2016 was calculated proportionately to the term of annual remuneration as below.

1) Chairperson of Audit Committee	300,000 Baht annually
2) Each other member of the Audit Committee	240,000 Baht annually

¹ The Board of Directors' Meeting No. 3/2558 held on March 13, 2015 noted the resignation of Mr. Shinichi Mizuno from CNS's Director, Executive Director, President and Authorized Director, effective from April 1, 2015.

² The Board of Directors' Meeting No. 3/2558 held on March 13, 2015 resolved to appoint Mr. Takahito Nakamura as CNS's Director, Executive Director and President, replacing Mr. Shinichi Mizuno. Mr. Takahito Nakamura was approved by the SEC on May 7, 2015 while CNS submitted the registration of the change in director with the Ministry of Commerce on May 8, 2015.

³ The Board of Directors' Meeting No. 3/2558 held on March 13, 2015 and the Annual General Meeting of Shareholders No. 1/2558 held on April 29, 2015 resolved to appoint Mr. Philip Wing Lun Chow as CNS's Director, effective from April 29, 2015. CNS submitted the registration of the change in director with the Ministry of Commerce on April 29, 2015.

⁴ The Board of Directors' Meeting No. 3/2558 held on March 13, 2015 noted the resignation of Mr. Motoyuki Komabayashi from CNS's Director, effective from April 1, 2015.

⁵ The Board of Directors' Meeting No. 3/2558 held on March 13, 2015 resolved to appoint Mr. Jiro Yamaguchi as CNS's Director, replacing Mr. Motoyuki Komabayashi. Mr. Jiro Yamaguchi was approved by the SEC on May 7, 2015 while CNS submitted the registration of the change in director with the Ministry of Commerce on May 8, 2015.

⁶ Mrs. Wattanee Phanachet had other engagements so she could not attend the Board of Directors' Meeting No. 1/2559.

⁷ Dr. Prasit Kanchanasakdichai had other engagements so he could not attend the Board of Directors' Meeting No. 1/2559.

(B) Management's Remuneration

Management's remuneration consisted of Executive Directors' remuneration and executives' remuneration as the following details;

- Executive Directors' remuneration, excluding salary, bonus and other benefits, was paid as described in (A) Directors' Remuneration.
- Executive Directors' and executives' remuneration as salary, bonus and other benefits, was paid in comparison with peers in the same industry, based on their duties and responsibilities as well as their performance and CNS's performance during the previous year.

In 2016, CNS paid Management's Remuneration as salary, bonus and other benefits for 8 persons in total amount of Baht 99,549,572 as the following details;

Management's Remuneration (Baht)	Fiscal Year 2016 (Jan 1, 2016 – Dec 31, 2016)
Salary and Bonus	75,078,534
Social security fund contributions, provident fund contributions and other benefits	24,471,038
Total	99,549,572

Remark: The above remuneration was paid to 5 Executive Directors and 3 executives, including 1 resigned executive.



2. Other remuneration

Provident fund

CNS and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E 2530. The fund is monthly contributed by the employees at the rate of 5 - 15 percent of their basic salary and the Company at the rate of 5-10 percent of basic salary. The Fund is managed by TISCO Asset Management Limited and will be paid to the employees upon termination in accordance with the fund rules.

Executive Directors are able to voluntarily join this program while foreign Executive Directors are prohibited.

In 2016, CNS paid the contribution for Management to the fund in total amount of Baht 3.38 million.

Personnel

1. Headcount

As of December 31, 2016, CNS had 583 employees as the following details;

Line	Headcount	Total Headcount
Executive Directors		5
Business Lines		427
Brokerage Division		
Retail	315	
Direct Department	17	
Investor Services Network	46	
Block Trade Desk	1	
Mutual Fund Business Development Department	7	
Wholesales Division	15	
Investment Banking Division	18	
Fixed Income Sales and Trading Department	7	
Wealth Management Department	1	
Back Offices		151
Total		583

2. Labor disputes for the previous 3 years

CNS had no significant labor disputes during the previous 3 years.

3. Employees' Remuneration

CNS has a policy to pay wages, compensation and fringe benefits to staffs in compliance with labor law with fairness and accuracy based on their duties and responsibilities as well as their performance and CNS's performance during the previous year.

In 2016, CNS paid the provident fund contribution for employees in total amount of Baht 26.20 million and the following employees' remuneration in the forms of salary, bonus, provident fund contributions and other benefits.

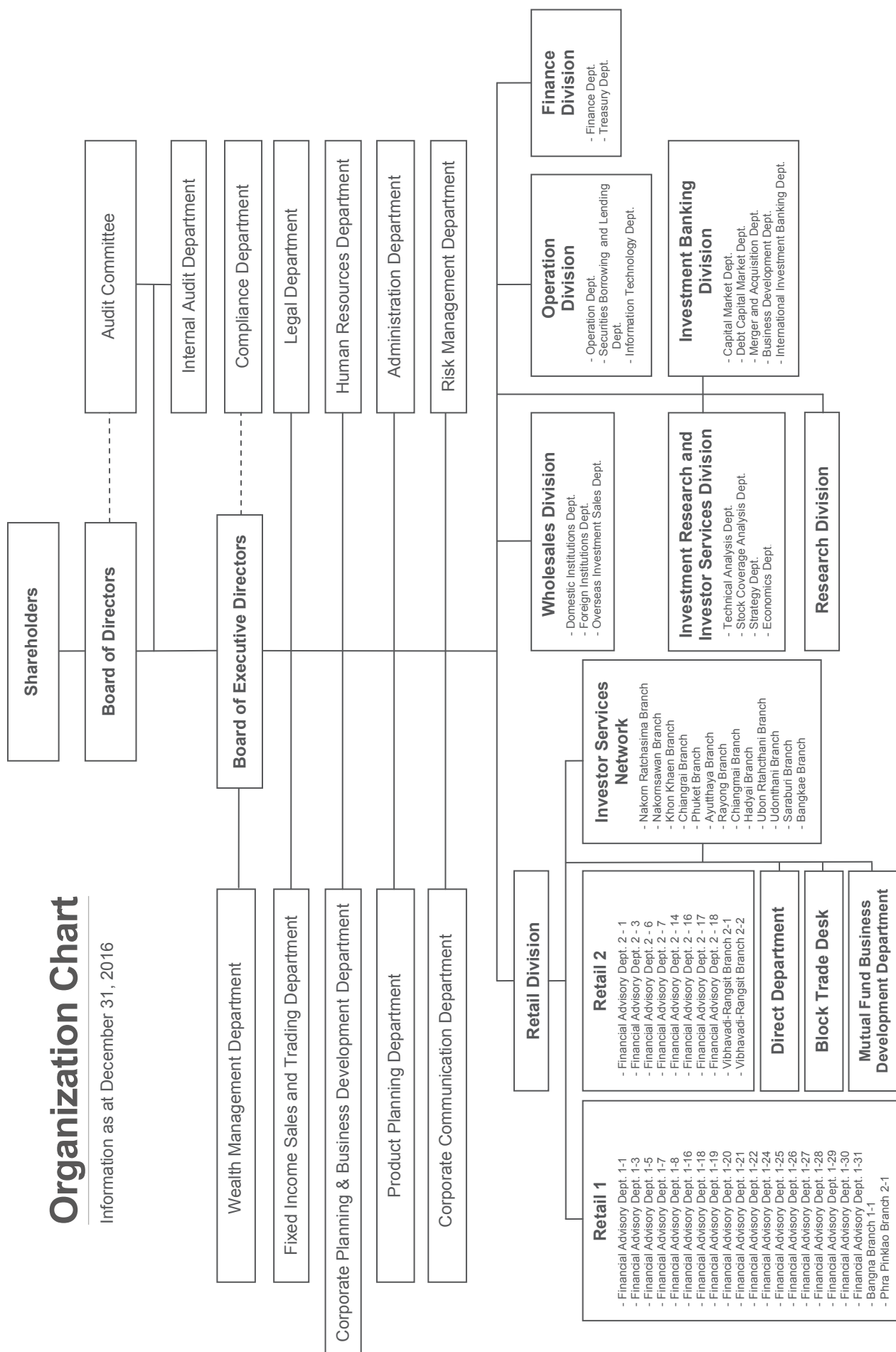
Employees' Remuneration (Baht)	Fiscal Year 2016 (Jan 1, 2016 – Dec 31, 2016)
Salary and Bonus	519,527,056
Social security fund contributions, provident fund contributions and other benefits	125,281,802
Total	644,808,858

4. Employee Development Policy

CNS has a policy to allocate a budget for continual staff developments both in professional and general knowledge. CNS develops employees of all business lines to be competent and expertise under their areas.

In 2016, CNS encouraged employees to attend trainings for their knowledge and skill development in total of 164 courses, 1,185.5 hours, with the average employee training hour at approximately 2 hours per head per year. The total employee development costs were Baht 1,897,436. Detail of employee development was as the followings;

Type of training	Numbers of courses	Numbers of training hours
Internal training	100	428.5
External training	64	757.0
Total	164	1,185.5



Profile of Directors, Management, Controllers and Company Secretary

Profile of Directors, Management, Controllers and Company Secretary as of December 31, 2016

Mr. Suthep Peetakanont

Age: 55 years

Position: Chairman of the Board of Directors and Chairman of the Board of Executive Directors

- Latest appointed by the Shareholders' Meeting on April 25, 2014
- An authorized director signing on behalf of CNS

Education Background / Training Experience

- Master of Business Administration, University of Missouri - Kansas City, U.S.A
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Corporate Governance for Capital Market Intermediaries (CGI), 2016, Thai Institute of Directors Association (IOD)
- Global Stock Selection, 2016, ASCO Training Institute (ATI)
- Acknowledge about curious behavior, money laundering laws and preventing rebellion, 2016, ASCO Training Institute (ATI)
- The path to becomes perpetual wealth, 2016, ASCO Training Institute (ATI)
- Trading TFEX's products by Technical analysis, 2016, ASCO Training Institute (ATI)
- Case study of complaint and provide guidance, 2014, Securities Analysts Association
- Trading TFEX SET 50 Index Futures and Gold Futures with strategies, 2014, Securities Analysts Association
- Technical Fundamentals Analysis in industry group, 2014, Securities Analysts Association
- Asset Allocation strategies (Bank Deposit, Gold, Mutual Funds, Stock, Bond), 2014, Securities Analysts Association
- Leader Program 4, 2007, Capital Market Academy
- Director Certification Program (DCP), 2000, Thai Institute of Directors Association (IOD)
- Chairman 2000, 2002, Thai Institute of Directors Association (IOD)

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Sep 2011 – Present	Chairman of the Board of Directors and Chairman of the Board of Executive Directors at Capital Nomura Securities Public Company Limited
2012 – Present	Director, Thailand Futures Exchange PCL
2015 – 2016	Vice Chairman, The Stock Exchange of Thailand
2012 – 2015	Governor, The Stock Exchange of Thailand



Mr. Suthep Peetakanont (continued)

Position in other firms in the previous year

Director, Thailand Futures Exchange PCL

Vice Chairman, The Stock Exchange of Thailand

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –

Mr. Takahito Nakamura*

Age: 49 years **Position:** President

- Latest appointed by the Shareholders' Meeting on April 25, 2016
- An authorized director signing on behalf of CNS

* The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director and the authorized director signing on behalf of CNS, effective from March 31, 2017. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Takahito Nakamura.

Education Background / Training Experience

- Researcher of Research Center for Advanced Science and Technology at Tokyo University, Japan
- Bachelor of Arts in Economics, KEIO University, Japan
- Assessing Company Performance Enhancing Good Corporate Governance, 2015, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

May 2015 – Mar 2017	President, Capital Nomura Securities Public Company Limited
Apr 2013 – Mar 2015	Managing Director, Branch Manager, Tennouji branch, Nomura Securities Co., Ltd.
Apr 2010 – Mar 2013	Managing Director, Branch Manager, Hachioji branch, Nomura Securities Co., Ltd.

Position in other firms in the previous year

– None –

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –



Mr. Nimit Wongjariyakul

Age: 52 years **Position:** Executive Director

- Latest appointed by the Shareholders' Meeting on April 29, 2015
- An authorized director signing on behalf of CNS

Education Background / Training Experience

- Master of Engineering, Pennsylvania State University, U.S.A.
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Corporate Governance for Capital Market Intermediaries (CGI), 2016, Thai Institute of Directors Association (IOD)
- Assessing Company Performance Enhancing Good Corporate Governance, 2015, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University
- Internal control for IPO, 2015, Association of Thai Securities Companies – Investment Banking Club
- Leader Program 16, 2013, Capital Market Academy
- DCP Refresher Course, 2009, Thai Institute of Directors Association (IOD)

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Dec 2007 – Present Executive Director, Capital Nomura Securities Public Company Limited

Position in other firms in the previous year

– None –

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –

Mr. Naoki Sugaya

Age: 51 years **Position:** Executive Director

- Latest appointed by the Shareholders' Meeting on April 29, 2015
- An authorized director signing on behalf of CNS

Education Background / Training Experience

- Bachelor of Agriculture, Meiji University, Japan
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Corporate Governance for Capital Market Intermediaries (CGI), 2016, Thai Institute of Directors Association (IOD)
- Assessing Company Performance Enhancing Good Corporate Governance, 2015, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Jun 2009 – Present Executive Director, Capital Nomura Securities Public Company Limited

Position in other firms in the previous year

– None –

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –



Mrs. Chrisana Sae-Leiw

Age: 56 years **Position:** Executive Director

- Latest appointed by the Shareholders' Meeting on April 29, 2015
- An authorized director signing on behalf of CNS

Education Background / Training Experience

- Bachelor of Science, Southern Adventist University, U.S.A.
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Corporate Governance for Capital Market Intermediaries (CGI), 2016, Thai Institute of Directors Association (IOD)
- Global Stock Selection, 2016, ASCO Training Institute (ATI)
- Acknowledge about curious behavior, money laundering laws and preventing rebellion, 2016, ASCO Training Institute (ATI)
- The path to becomes perpetual wealth, 2016, ASCO Training Institute (ATI)
- Trading TFEX's products by Technical analysis, 2016, ASCO Training Institute (ATI)
- Assessing Company Performance Enhancing Good Corporate Governance, 2015, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University
- Transformative Engagement Workshop, 2014, Prana Consulting
- Efficient Human Resource Operation by the HR Scorecard, 2011, The Thai Chamber of Commerce
- Sale creation and development (Sale management), 2011, The Thai Chamber of Commerce
- Negotiation skills and debt collection, 2011, The Thai Institute of Banking and Finance Association

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Jun 2009 – Present Executive Director, Capital Nomura Securities Public Company Limited

Position in other firms in the previous year

– None –

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –

Mr. Philip Wing Lun Chow

Age: 54 years **Position:** Director

- Latest appointed by the Shareholders' Meeting on April 29, 2015

Education Background / Training Experience

- Master of Business Administration, Hong Kong University of Science and Technology, Hong Kong
- Master of Science, Imperial College London, University of London, United Kingdom
- Bachelor of Engineering, University of Bradford, United Kingdom
- Certified Financial Risk Manager (FRM) from the Global Association of Risk Professional (GARP)
- Certified Professional Risk Manager (PRM) from the Professional Risk Managers' International Association (PRIMA)
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Responsible risk management, 2016, Grant Thornton Singapore
- Directors as gatekeepers of market participants, 2016, Securities Industry Development Corporation
- Financial Services – Information Security (FS-IS) Forum, 2016, The Association of Banks in Singapore
- Common Reporting Standards – The Early Adopter Experience, 2016, British High Commission
- Building Effective Anti-Corruption Ethics and Compliance Programs, 2016, British High Commission
- CMDP Module 3: Risk oversight and compliance – Action plan for Board of Directors, 2016, Securities Industry Development Corporation
- CMDP Module 4: Current and Emerging Regulatory Issues in the Capital Market, 2016, Securities Industry Development Corporation
- Cyber Security Training, 2016, Nomura – Conducted by MWR InfoSecurity
- Cybersecurity, the Cloud and Privacy: the Way Forward, 2016, ASIFMA

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Apr 2015 – Present	Director, Capital Nomura Securities Public Company Limited
Nov 2006 – Present	Managing Director and Chief Administrative Office, SE Asia, Nomura Singapore Limited (Lehman Brothers Singapore Pte. Ltd.)

Position in other firms in the previous year

Managing Director and Chief Administrative Office, SE Asia, Nomura Singapore Limited
(Lehman Brothers Singapore Pte. Ltd.)

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –



Mr. Jiro Yamaguchi*

Age: 48 years **Position:** Director

- Latest appointed by the Board of Directors' Meeting on March 13, 2015 and approved by the SEC on May 7, 2015

* The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Jiro Yamaguchi, Director, from the position of CNS's director, effective from March 31, 2017. However, the remaining director term of Mr. Jiro Yamaguchi was less than 2 months. According to the Company's Articles of Association, in the case of a director vacancy otherwise than by rotation and the remaining director term is less than 2 months, the director shall be elected by the Shareholders' Meeting. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law as a replacement director of Mr. Jiro Yamaguchi, to the Shareholders' Meeting.

Education Background / Training Experience

- Bachelor of Law, Doshisha University, Japan
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Assessing Company Performance Enhancing Good Corporate Governance, 2015, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

May 2015 – Mar 2017	Director, Capital Nomura Securities Public Company Limited
May 2016 – Present	Director, Nomura Agri Planning & Advisory Co., Ltd
May 2016 – Present	Director, Nomura Healthcare Co., Ltd.
May 2016 – Present	Director, Nomura-Haiphong Industrial Zone Development Corporation
Apr 2015 – Present	Managing Director, Nomura Holdings, Inc., Head of Asia Strategy
Apr 2013 – Mar 2015	Branch Manager (Managing Director), Nomura Securities Co., Ltd., Uehonmachi Branch
Jun 2009 – Mar 2013	Branch Manager (Managing Director), Nomura Securities Co., Ltd., Private Banking Kyoto Office

Position in other firms in the previous year

Director, Nomura Agri Planning & Advisory Co., Ltd
Director, Nomura Healthcare Co., Ltd.
Director, Nomura-Haiphong Industrial Zone Development Corporation
Managing Director, Nomura Holdings, Inc., Head of Asia Strategy

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –

Mrs. Wattanee Phanachet

Age: 79 years **Position:** Chairperson of the Audit Committee and Independent Director

- Latest appointed by the Shareholders' Meeting on April 25, 2016

Education Background / Training Experience

- Master of Accounting, University of Alabama, U.S.A.
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Money Laundering, 2016, Banshi Chula Alumni Association, Chulalongkorn University
- Assessing Company Performance Enhancing Good Corporate Governance, 2015, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University
- DCP Refresher Course 4/2007, 2007, Thai Institute of Directors Association (IOD)
- Audit Committee Program (ACP) 16/2007, 2007, Thai Institute of Directors Association (IOD)
- Board Performance Evaluation, 2004, Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP), 15/2002, 2002, Thai Institute of Directors Association (IOD)

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Oct 1998 – Present	Chairperson of the Audit Committee and Independent Director, Capital Nomura Securities Public Company Limited
2007 – Present	Audit Committee and Independent Director, Esso (Thailand) PCL
1999 – 2013	Audit Committee and Independent Director, Thai Poly Acrylic PCL

Position in other firms in the previous year

Audit Committee and Independent Director, Esso (Thailand) PCL

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –



Col. Ruangsub Kovindha

Age: 64 years **Position:** Audit Committee Member and Independent Director

- Latest appointed by the Shareholders' Meeting on April 25, 2014

Education Background / Training Experience

- Bachelor of Science in Engineering, University of Alabama, U.S.A.
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Assessing Company Performance Enhancing Good Corporate Governance, 2015, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University
- Leader Program 14, 2012, Capital Market Academy
- Director Accreditation Program (DAP), 2007, Thai Institute of Directors Association (IOD)

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Jan 2002 – Present	Audit Committee and Independent Director, Capital Nomura Securities Public Company Limited
2015 – Present	Director, Telecom Solutions Provider Co.,Ltd.
2015 – Present	Director, BB Connect Co.,Ltd.
2015 – Present	Director, Virtual Data Center Co.,Ltd.
2015 – Present	Director, UIH International Co.,Ltd.
2015 – Present	Director, Myanmar Information Highway (MIH) Ltd.
2014 – Present	Director, Cloud HM Co.,Ltd.
2013 – Present	Director, Shinasub Co.,Ltd.
2011 – Present	Director, Wide Access Co.,Ltd.
2010 – Present	Director, BB Broadband Co.,Ltd.
2009 – Present	Director, Top Up For You Co.,Ltd.
2007 – Present	Director, BB Technology Co.,Ltd.
2007 – Present	Director, I Secure Co.,Ltd.
2000 – Present	Managing Director, United Information Highway Co., Ltd.

Col. Ruangsub Kovindha (continued)

Position in other firms in the previous year

Director, Telecom Solutions Provider Co.,Ltd.
 Director, BB Connect Co.,Ltd.
 Director, Virtual Data Center Co.,Ltd.
 Director, UIH International Co.,Ltd.
 Director, Myanmar Information Highway (MIH) Ltd.
 Director, Cloud HM Co.,Ltd.
 Director, Shinasub Co.,Ltd.
 Director, Wide Access Co.,Ltd.
 Director, BB Broadband Co.,Ltd.
 Director, Top Up For You Co.,Ltd.
 Director, BB Technology Co.,Ltd.
 Director, I Secure Co.,Ltd.
 Managing Director, United Information Highway Co., Ltd.

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –



Mr. Prasert Virasathienpornkul

Age: 56 years **Position:** Audit Committee Member and Independent Director

- Latest appointed by the Shareholders' Meeting on April 25, 2014

Education Background / Training Experience

- Master of Business Administration, University of Wisconsin Madison, U.S.A.
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Assessing Company Performance Enhancing Good Corporate Governance, 2015, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University
- Director Certification Program (DCP), 2002, Thai Institute of Directors Association (IOD)

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Mar 1999 – Present	Audit Committee and Independent Director, Capital Nomura Securities Public Company Limited
2012 – Jan 2017	Chairman of the Board of Directors, Chairman of the Audit Committee and Independent Director, Daii Group PCL
2010 – 2016	Audit Committee and Independent Director, Kantana Group PCL
2014 – 2016	Chairman of the Board of Directors, Chairman of the Audit Committee and Independent Director, Master Ad PCL
2003 – 2013	Chairman of the Audit Committee and Independent Director, Master Ad PCL

Position in other firms in the previous year

Chairman of the Board of Directors, Chairman of the Audit Committee and Independent Director, Daii Group PCL
 Audit Committee and Independent Director, Kantana Group PCL
 Chairman of the Board of Directors, Chairman of the Audit Committee and Independent Director, Master Ad PCL

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –

Dr. Prasit Kanchanasakdichai

Age: 52 years **Position:** Independent Director

- Latest appointed by the Shareholders' Meeting on April 25, 2016

Education Background / Training Experience

- DBA in Finance with highest score in the class as well as Beta, Gamma, Sigma Honor, Boston University, U.S.A.
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Role of the Chairman Program (RCP) 38, 2016, Thai Institute of Directors Association (IOD)
- Assessing Company Performance Enhancing Good Corporate Governance, 2015, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University
- Director Certification Program (DCP), 2004, Thai Institute of Directors Association (IOD)

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Dec 2010 – Present	Independent Director, Capital Nomura Securities Public Company Limited
Nov 2015 – Present	President, Thailand Iron works PCL
Mar 2012 – Present	Managing Director, TCB Daikure Co., Ltd.
Apr 2011 – Present	Director, Daikure (Thailand) Co., Ltd.
Oct 2007 – Present	Managing Director, T.C.B. Home Center Co., Ltd.
Oct 2004 – Present	President, Thai Const & Building Manufacturing PCL
Sep 2003 – Present	Managing Director, C.M. Manufacturing Co., Ltd.

Position in other firms in the previous year

President, Thailand Iron works PCL
 Managing Director, TCB Daikure Co., Ltd.
 Director, Daikure (Thailand) Co., Ltd.
 Managing Director, T.C.B. Home Center Co., Ltd.
 President, Thai Const & Building Manufacturing PCL
 Managing Director, C.M. Manufacturing Co., Ltd.

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –



Mrs. Krittika Tharamart

Age: 56 years **Position:** Director of Retail Division 2

- Appointed by the Board of Executive Directors on May 1, 2009

Education Background / Training Experience

- Bachelor of Education, Phranakhon Rajabhat University
- Ethics and Responsibilities for Financial Planners, 2016, Thai Financial Planners Association
- Certified Financial Planner (CFP) Module 4—Retirement Planning, 2016, Thai Professional Finance Academy
- Certified Financial Planner (CFP) Module 3—Insurance Planning, 2016, Thai Professional Finance Academy
- Certified Financial Planner (CFP) Module 2—Investment Planning, 2016, Thai Professional Finance Academy
- Certified Financial Planner (CFP) Module 2—Investment Planning, 2015, ASCO Training Institute (ATI)
- Certified Financial Planner (CFP) Module 1—Foundation of Financial & Tax Planning, 2015, ASCO Training Institute (ATI)
- Certified Financial Planner (CFP) Module 1—Foundation of Financial & Tax Planning, 2014, Thai Professional Finance Academy
- Know Your Customers' Asset Allocation, 2014, ASCO Training Institute (ATI)
- Know Your Customers' Asset Allocation, Currency Futures, Financial Reports and Measurement, Selling Mutual Fund, 2013, ASCO Training Institute (ATI)
- EIC Project : Refresher Course for Derivative License, 2012, ASCO Training Institute (ATI)

Direct and indirect shareholding in CNS (including spouse) (%)

0.037% (800,000 shares)

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Feb 2014 – Present	Director of Retail Division 2, Capital Nomura Securities Public Company Limited
Nov 2010 – Jan 2014	Director of Retail Division 2 and Direct Department, Capital Nomura Securities Public Company Limited

Position in other firms in the previous year

– None –

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –

Miss Kridsana Kulpanyalert

Age: 54 years **Position:** Company Secretary* and Division Head of Finance Division

- Appointed as a company secretary by the Board of Directors on March 22, 2013

Education Background / Training Experience

- Master of Business Administration, Thammasat University/ Bachelor of Accounting, Thammasat University
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance
- Advanced Risk Management, 2016, Federation of Accounting Professions
- Consolidated Financial Statement Preparation Workshop 2, 2016, Federation of Accounting Professions
- Bond Market Analysis I, 2015, Thai Bond Market Association
- Company Reporting Program, 2015, Thai Institute of Directors Association (IOD)
- Effective minute taking and Board Reporting Program, 2015, Thai Institute of Directors Association (IOD)
- Company Secretary Program (CSP), 2015, Thai Institute of Directors Association (IOD)
- TFRS Update (revised 2014 and 2012), Federation of Accounting Professions

Direct and indirect shareholding in CNS (including spouse) (%)

– None –

Family Relationship Among Directors and Executives

– None –

Work experience in the last 5 years (information as of December 31, 2016)

Feb 2013 – Present	Division Head of Finance Division, Capital Nomura Securities Public Company Limited
2012	Chief Operation Officer, Alphametrics Co., Ltd

Position in other firms in the previous year

– None –

Historical punishment in the past 5 years from the breach of Securities and Exchange Act B.E. 2535 (1992) or Derivatives Act B.E. 2546 (2003)

– None –

* Company Secretary has to perform his/her duties under the Section 89/15 and 89/16 of the Securities Exchange Act (no.4) B.E.2551 (2008), effective from August 31, 2008, with responsibility, carefulness and integrity. He/She has to comply with related rule, regulation, law and the Company's objectives and Article of Association as well as the resolutions of the Board of Directors and the Shareholders' Meeting. The Company Secretary's duties are as follows

1. Preparing and keeping important document as the followings;
 - 1.1 Directors Register
 - 1.2 Invitation Letter for the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting and Annual Report
 - 1.3 Notification Letter for the Shareholders' Meeting and Minutes of the Shareholders' Meeting.
2. Keeping the report of the conflict of interests reported by Directors or Management and submitting the copy of the report of the conflict of interests under the Section 89/14 to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days from the receiving date of such report.
3. Performing any duties as required by the Capital Market Supervisory Board
4. Performing any duties as required by the Company;
 - 4.1 Arranging meetings for the Board of Directors and the Annual General Meeting of Shareholders
 - 4.2 Coordinating with regulators e.g. the Stock Exchange of Thailand and Monitoring the information disclosure and document reports to regulators and public as required by the rule, regulation and law.
 - 4.3 Providing Director briefing to newly appointed Directors
 - 4.4 Performing any duties as assigned by the Company



Good Corporate Governance

CNS recognizes the importance of the Principles of Good Corporate Governance which shall boost its competitiveness, growth and long-term shareholder value, taking into account the interest of all stakeholders. These principles shall create an image of CNS viewed by all stakeholders.

Hence, The Board of Directors defines the written Good Corporate Governance Policy both in Thai and English, in line with Principles of Good Corporate Governance for listed companies defined by the SET, covering 5 categories, namely;

Section 1	Right of Shareholders
Section 2	Equitable Treatment of Shareholders
Section 3	Role of Stakeholders
Section 4	Disclosure and Transparency
Section 5	Responsibility of the Board

CNS has disclosed the Good Corporate Governance Policy for employees on its intranet and for stakeholders on its website (www.nomuradirect.com) under the topic "About us > Company Profile > Investor Relations > About us".

According to the Corporate Governance Report of Thai Listed Companies 2016 conducted by Thai Institute of Directors Association (Thai IOD), CNS got the average score at the level "Excellent" which was higher than the average score of 2015 at the level "Good".

Breach of the SEC's and the SET's rules and regulations

CNS has a policy to comply with all applicable laws, rules and regulations. In 2016, CNS had no breach of the SET's and the SEC's rules and regulations.

In addition, 2016 was the third year that the SET set up the project of Rewards and Punishment among related parties. The SET evaluated that CNS had the monitoring system and could conduct compliance reviews in the very good level, resulting CNS evaluation in "A" as the same grade as 2014 and 2015 while the majority of the members got the evaluation in "B+" level¹.

¹ Source: the SET's letter No. Kor Sor. 19/2559 Re: Submit the evaluation result of compliance monitoring reviews in the Rewards & Punishment Project for the year 2015, dated June 6, 2016

Disclosure of the implementation of Good Corporate Governance Policy

Section 1 Right of Shareholders

1. Shareholders' meeting

CNS realizes that all shareholders, including institutional ones, should be treated in an equal way and fair treatment basis by arranging shareholders' meeting in the manner that could support the equitable treatment to all shareholders and allowing any shareholders who could not attend the shareholders' meeting in appointing their proxies to attend the shareholders' meeting and cast their votes.

In 2016, CNS arranged the Annual General Meeting ("the AGM") of Shareholders No. 1/2559 held on April 25, 2016 at Sukhothai Hotel, located next to its head office on Sathorn Road, Bangkok, to facilitate shareholders in participating and exercising their rights in the AGM. CNS also provided shareholders the notice of the AGM which included the date, time, venue, all agenda items, facts and reasons with the Board of Directors' opinion for each agenda item and criteria and procedure for attending the AGM, as well as sufficient information regarding issues to be discussed in each agenda item. CNS published the notice of the AGM on its website (www.nomuradirect.com) on March 25, 2016. CNS did not do any actions that limit or violate shareholders' rights stated by law, the rights of late comers to attend the AGM. No document for additional key information was suddenly provided in the AGM. No additional issue was added to the agenda. No change of key information was made without prior notices to shareholders. Last but not least, CNS also provided shareholders the rights to ask and receive answers from the Board of Directors in the AGM.

CNS provided the notice of summoning to attend the AGM No. 1/2559 with key documents as the followings;

- (1) A copy of the Minutes of the AGM No.1/2558
- (2) Name lists and biographies of CNS's directors who were proposed to be re-elected for CNS's Directors for another term
- (3) Detail of required documents verifying eligibility to attend the AGM
- (4) Name lists and biographies of 3 Independent Directors, proposed by CNS to serve as proxy for shareholders
- (5) Qualification / definition of CNS's Independent Director
- (6) CNS's Articles of Association relating to Shareholders' Meeting
- (7) Map of the AGM location (Sukhothai Hotel)
- (8) 3 types of Proxy forms, including the forms which shareholders are able to specify their votes.
- (9) Annual Report 2015



2. Procedures on the shareholders' meeting date

In the AGM No. 1/2559 held on April 25, 2016, CNS used Smart ID Card Reader in recording the attendee registration and Barcode system in printing the ballots as well as processing the voting results in order to conduct the AGM fast, precise, and accurate. All 11 members of the Board of Director attended the AGM to clarify and answer questions from attended shareholders; including the Chairman of the Board of Directors, the Chairman of the Board of Executive Directors, the Chairperson of the Audit Committee, the Chairman of Risk Management Committee, the Chairman of Credit Review Committee and also the Top management in Finance, as well as the external auditors from EY Office Limited and the legal advisor from Baker & McKenzie Ltd.

Regarding CNS's Good Corporate Governance Policy, CNS appointed the independent legal advisor from Baker & McKenzie Ltd. to be scrutineer of the shareholders' vote counting procedures of the AGM together with the CNS's staffs. CNS also recorded this appointment in the minutes of the AGM.

The Chairman of the AGM informed the AGM of shareholders' voting and vote counting procedures for each agenda item by using voting cards distributed during the registration process. The resolutions and detailed voting results of each agenda item consisted of approving, dissenting, and abstaining votes were also reported to the AGM. Regarding the agenda of election of directors, shareholders were requested to vote on individual nominees and the voting result was also announced on individual nominees.

CNS provided shareholders an opportunity to ask questions relevant to a particular agenda item before casting their votes and also assigned responsible persons to provide answers completely and equally to shareholders, not concerning that the questions were from major or minor shareholders. The AGM took approximately 2 hours.

3. Writing and releasing of the minutes of shareholders' meetings

For the AGM No. 1/2559 held on April 25, 2016, CNS did the following actions;

- Reported the resolution of the AGM on its website (www.nomuradirect.com) on April 26, 2016 which was in line with CNS's Good Corporate Governance Policy that the resolution of the AGM should be reported by the next working day.
- Published the minutes of the AGM on its website (www.nomuradirect.com) on May 9, 2016 which was in line with CNS's Good Corporate Governance Policy that the minutes of the AGM should be published within 14 days from the meeting date.

The minutes of the AGM included voting and counting procedures before the AGM started, the opportunity for shareholders to ask questions or raise issues, questions and answers, resolutions and detailed voting results of each agenda item as well as list of the directors who attended the AGM. No directors missed the AGM.

Section 2 Equitable Treatment of Shareholders

1. Release of information before the shareholders' meeting

In the AGM No. 1/2559 held on April 25, 2016, CNS provided shareholders the notice of the AGM both in Thai and English which included the date, time, venue, all agenda items, facts and reasons with the Board of Directors' opinion for each agenda item and criteria and procedure for attending the AGM, as well as sufficient information regarding issues to be discussed in each agenda item. CNS published the notice of the AGM on its website (www.nomuradirect.com) on March 25, 2016, or 31 days before the AGM date which was in line with CNS's Good Corporate Governance Policy that the notice of the AGM should be disclosed at least 28 days before the shareholders' meeting date. CNS informed the AGM of shareholders' voting and vote counting procedures for each agenda item.

2. Protection of minor shareholders

In the AGM No. 1/2559 held on April 25, 2016, CNS conducted by following the sequence of the agenda item as defined in the notice of the AGM. No additional issue was added to the agenda. No document for additional key information was suddenly provided in the AGM. Regarding the agenda of election of directors, shareholders were requested to vote on individual nominees and the voting result was also announced on individual nominees.

3. Protection against abuse of inside information

CNS defined a written policy and procedures on the use of inside information to prevent the use of insider information for abusive self-dealing. CNS's employees were informed to acknowledge and strictly comply with the policy. Please see further detail as described in the section "Monitoring the use of and access to inside information".

CNS has a policy requiring any directors or management to report their shareholding in CNS in the monthly Board of Directors' meetings and when there is a change.

In 2016, there was no trading transaction of CNS share by CNS's Directors and Management by using insider information for abusive self-dealing.

CNS disclosed Directors' and their spouses' shareholding in CNS and also Management's and their spouses' shareholding in CNS at the end of 2016 as well as the change in their shareholding in CNS during 2016 in the section "Management Structure".

4. Conflicts of interest by directors

CNS has the Connected Transactions Policy to prevent abusive for self-dealing of connected persons by defining that connected transactions must be conducted based on its utmost benefit and must be complied with the relevant regulators' rules. Also, connected transactions must be approved by the Board of Directors or reported to the Board of Directors in case that such connected transactions are under the Management's authorization to be in compliance with the SET's and the SEC's rules and regulations. Please see further detail in the section "Connected Transactions Policy".



In addition, the Board of Directors has a policy requiring any directors or management to report their shareholding in CNS in the monthly Board of Directors' meetings and when there is a change in order to immediately report their interests, to be in compliance with to SET's and the SEC's regulations before the consideration of the agenda of connected transactions. CNS also defines that interested directors are not allowed to attend and vote in the agenda of connected transactions.

For the Board of Directors' meetings in 2016, no interested directors attended the board meetings in considering the agendas of connected transactions. CNS also recorded this non-attendance of interested directors in the minutes of meetings.

Section 3 Role of Stakeholders

1. Policies affecting stakeholders

The Board of Directors respects the rights and benefit of all stakeholders as the followings:

- **Clients:** CNS emphasizes to provide its services with client centricity; therefore, CNS intentionally provides a variety of financial and investment products and services with high-quality to serve clients' needs, to create clients' confidence and to keep clients' satisfaction as well as to maintain good relationship with its clients. CNS intentionally treats all clients equitably and fairly and keeps confidentiality of its client's information.
- **Employees:** CNS realizes its employees as the most valuable resources bringing the great success to CNS. CNS emphasizes the equitable and fair treatment to its employees and provides suitable compensation. By providing a good and safe working environment and encouraging its employees to develop their skills and knowledge for their career progress. CNS encourages team spirit, respects human rights and equality in career opportunities.
- **Industry:** CNS emphasizes the equitable and fair treatment to other companies in the industry, conducting its business adhering to designated agreements and agreements by member companies and competing within the framework of relevant rules, laws and regulations. CNS shall kindly cooperate to the industry to improve the efficiency of the capital market of Thailand.
- **Society:** CNS realizes the importance of the environmental awareness, social assistance, the religion preservation, the policy or guidelines on anti-corruption, including activities encouraging its employees to comply with laws and regulations.
- **Business partners:** CNS has a policy to treat business partners fairly and maintain good relationship with its business partners.
- **Creditors:** CNS has a policy to treat its creditors equitably and fairly. CNS also engages its business to create trust from its creditors.
- **Authorities:** CNS emphasizes the strict compliance with relevant rules, regulations and laws and the cooperation with the authorities.
- **Shareholders:** CNS emphasizes to manage its business having profit and sustainable growth to create returns for shareholders. CNS has a dividend policy at least 60% of its net profit on an annual basis, except for cases when CNS needs more fund for business

expansion or other significant activities. However, the dividend payment is subject to the resolutions of shareholders' meeting. Please see further detail of shareholders' rights as described in the section "Section 1 Right of Shareholders".

CNS sets up a guideline of the treatment to stakeholders in the Code of Ethics which is the same guideline as Nomura Group. CNS publishes the Code of Ethics of Nomura Group on its website (www.nomuradirect.com), covering several important issues; Social Responsibilities, Advancement of Customers' Interests, Compliance with Laws, Corporate Opportunity, Conflicts of Interest, Confidentiality, Fair Dealing, Protection and Proper Use of Corporate Assets, Retention of Documents, Environmental Issues, Corporate Citizenship Activities, Respect for Human Rights, International Harmonization, Media Policy, Personal Investments, Reporting of Illegal or Unethical Conduct, Protection against Retaliation, Code of Ethics for Financial Professionals. Please see further detail of the Code of Ethics in the section "Code of Ethics of Nomura Group".

CNS has a policy that all directors, management and employees must comply with the Code of Ethics of Nomura Group by reading, understanding and affirming the compliance with the Code of Ethics of Nomura Group on annual basis.

CNS defines the Anti-Corruption Policy as an apparent guideline in conducting business for sustainable development. CNS discloses this policy on its website (www.nomuradirect.com). Please see further detail in the section "Anti-Corruption Policy".

CNS has written procedures in handling client's complaint. Clients can submit their complaint to Compliance Department at Telephone No. 02-287-6860-5 or via postal mail or its website (www.nomuradirect.com).

When there is any client complaint, the Compliance Department shall find the fact, solve the client's complaint, and resolve such complaint including contact and inform the progress to the client within 30 days after the receipt of the complaint. If that case has not been concluded within 30 days, the Compliance Department shall inform the progress every 30 days until the investigation of the complaint is concluded. After the resolution, the Compliance Department shall response to the client within 7 days from the date as of when the complaint is resolved, including measures of protection to avoid problems that may occur.

CNS has Whistleblowing Policy, a channel that stakeholders can report their opinions, complaint or issues within the whistleblowing scopes to CNS. CNS also publishes the Whistleblowing Policy on its website (www.nomuradirect.com). Please see further detail in the section "Whistleblowing Policy".

CNS provides a good and safe working environment to create good sanitation for employees.

CNS has an IT policy and procedure regarding the copyright and intellectual property regulations. CNS has a rule that all computers must install only license software and all employees are prohibited to copy or distribute such software without a written permission from the software manufacturer.

CNS has a policy to be friendly with the environment where the company does business. Please see further detail as described in the section "Corporate Social Responsibility for Sustainability Development".



2. Disclosure of Policies

CNS conducts its business by adopting the Code of Ethics of Nomura Group. CNS publishes the Code of Ethics of Nomura Group both in Thai and English on its website (www.nomuradirect.com) and its intranet for the convenient access of its employees and all stakeholders. In addition, CNS conducts the annual employees' affirmation program of the Code of Ethics of Nomura Group in February.

CNS publishes its latest relevant significant information both in Thai and English on CNS's website (www.nomuradirect.com) under the menu "About us > Company Profile > Investor Relations" and also discloses a report of Corporate social responsibilities for sustainable growth in the annual report. Please see further detail as described in the section "Corporate social responsibilities for sustainable growth".

CNS also publishes its relevant significant information as regulated by the SET both in Thai and English on the SET's website.

Section 4 Disclosure and Transparency

CNS realizes the importance of the disclosure of its information, both financial and non-financial information, with accuracy, completeness, timeliness and transparency through easy-to-access and fairly accessible channels by all stakeholders.

In 2016, CNS published its relevant significant information both in Thai and English on its website (www.nomuradirect.com) under the menu "About us > Company Profile > Investor Relations", covering annual statements (Form 56-1), annual report, list of directors and management, shareholding structure, corporate background, business profile, Good Corporate Governance Policy, Anti-Corruption Policy, Whistleblowing Policy, Risk Management Policy, a report of Corporate social responsibilities for sustainable growth, CNS's Articles of Association, CNS's Memorandum, Audit Committee Charter, authorities and duties of directors, quarterly financial statements and management discussion and analysis, year-end financial statements and management discussion and analysis, notice of the shareholders' meeting, the resolutions of the Board of Directors' meeting regarding important agenda items as well as the contact of investor relations providing its significant information, answering questions and being a communication channel to communicate with all stakeholders as the followings;

Investor relations

Telephone:	0-2638-5840
Facsimile:	0-2285-0970
Email:	BKKInvestorRelations@th.nomura.com

In addition, CNS also discloses information that might have an impact on shareholders' and investors' decisions as complied by the SET's and the SEC's guidelines rules and regulations in its annual statements (Form 56-1) and annual report covering; Report of Audit Committee, Report of the Board of Directors' responsibility for financial statements, independent auditors' report, audit fees and non-audit fees paid to external auditors, roles, duties and responsibilities of the Board of Directors and other committees including a number of meetings and the attendance by individual members, directors' and management's remuneration both forms of payment and detail of remuneration as well as key financial ratios, yearly financial statements and management discussion and analysis.

In 2016, there was no enforcement from the SET and the SEC on the non-alignment on CNS's disclosures.

Section 5 Responsibility of the Board

1. Board structure

As of December 31, 2016, CNS had 11 directors, 9 males and 2 females, being experienced in securities business for a long time; consisting of 3 directors from internal management, 4 directors as management representatives from Nomura Group and 4 Independent Directors. A number of directors were in line with the SEC's requirement that Independent Directors must be at least 1/3 of a number of total directors. Please see further detail of each director's qualification, experience, training and development profile as described in the section "Profile of Directors, Management, Controllers and Company Secretary".

The Board of Directors considered and agreed that a number, proportion and qualification of the Board as above are appropriate considering the size of the Company and balancing of management authority. The Chairman of the Board of Directors has capability and experience in CNS for a long time, although the Chairman of the Board of Directors is not an Independent Director regarding CNS's Good Corporate Governance Policy. CNS has continuously conducted its business in compliance with CNS's Good Corporate Governance Policy. In addition, CNS's management decision is based on the resolution of CNS's Board of Executive Directors (comprising of 5 Executive Directors), not only one of Executive Directors. Based on those reasons, it is ensured that the Chairman of Board of Directors shall perform his/her job under the resolution of Board of Executive Directors in transparent, fair, equitable and prudent manner for the utmost benefit to all stakeholders.

CNS's article of association states that "in each annual general meeting, one-third of the Directors shall retire. If their number is not a multiple of three, the number nearest to one-third numbers must retire from office. The Directors who have been longest in office shall retire. A director retiring by rotation is eligible for re-election."

In the AGM held on April 25, 2016, the Board of Directors, exclusive of the nominated directors / interested directors resolved to propose the AGM to re-elect 3 directors retiring by rotation to be CNS's directors for another term. The AGM resolved to elect such 3 directors to be CNS's directors for another term.

The Board of Directors considers the effectiveness in performing as CNS's directors as a key factor by carefully considering board positions holding in other firms of each director whether it would affect to their performance as CNS's directors and whether it would lead a conflict of interest or bias in decision making for the best interests of CNS.

In 2016, CNS disclosed details of board position in other firms of each director in the annual statements (Form 56-1) and the annual report. According to the disclosure, a number and the nature of business that each director holds board positions would not affect their performance as CNS's directors. No directors was appointed exceeding 5 board seats in listed companies and no Executive Directors was appointed exceeding 2 board seats in different sectors of listed companies, out of CNS's group.

In addition, CNS assigns the company secretary to take care of the Board of Directors' activities by preparing a director register, keeping a report of director's and management's interest, coordinating the compliance with Board of Directors' resolutions and performing other tasks as regulated by laws, rules and regulations of the SET, the SEC and other related authorities. Please see further detail of the company secretary's qualification, experience, training and development profile as described in the section "Profile of Directors, Management, Controllers and Company Secretary".



2. Committees

CNS provides committees for the effectiveness of its securities business; the Board of Directors, the Board of Executive Directors, Audit Committee, Credit Review Committee, Marginable Securities Committee, Risk Management Committee and Anti-Money Laundering Committee.

Each committee has clear scopes of authorities and responsibilities as well as working procedures to perform their duties in good faith with ethics and in the best interests of CNS and shareholders. However, CNS has no Remuneration Committee and Nomination Committee. The Board of Executive Directors performs the function of Remuneration Committee and Nomination Committee as the followings;

The Board of Executive Directors is responsible for considering the criteria and the payment form of directors' remuneration and management's remuneration and presenting the results of directors' remuneration to the Board of Directors for their consideration and proposal to the shareholders' meeting for approval. The Board of Executive Directors approves management's remuneration. Please see further detail as described in the section "Directors' and Management's Remuneration".

The Board of Executive Directors is responsible for considering the criteria and process of nomination of directors and management, selecting qualified candidates according to the predetermined criteria and process, and presenting the results to the Board of Directors for their consideration and proposal to the shareholders' meeting for approval. Please see further detail as described in the section "Nomination of Directors and the Management".

3. Roles and responsibilities of the Board

Please see further detail of authorities and responsibilities of each committee in the section "Committee".

The Board of Directors is responsible to review and approve its vision, objectives, core value and mission as proposed by the Board of Executive Directors. CNS regularly sets up communication system to convey its visions, objectives, core value and mission to directors, managements and staff through the monthly staff meetings and the internal communication system which is the mechanism to monitor and assess the performance of each operating unit to achieve its plan.

The Board of Directors realizes their roles, duties and responsibilities in encouraging Good Corporate Governance within CNS to support the growth and sustaining of its business by the management with efficiency and transparency that could bring about stakeholders' confidence and the best interests to CNS and shareholders. Accordingly, CNS sets up the written Good Corporate Governance Policy, the written Anti-Corruption Policy as well as the written Anti-Money Laundering & Combating the Financing of Terrorism Policy (AML/CFT), as practice guidelines in conducting and sustainably developing its business, and also adopts the Code of Ethics of Nomura Group.

The Board of Directors assigns the Compliance Department to strictly monitor its compliance with the regulators' rules, regulations and requirements.

The Board of Directors sets up Connected Transactions Policy to prevent connected persons from exploiting their positions for personal interest. Connected transactions must be made based on the best interests of CNS and must be in compliance with SET's and the SEC's rules and regulations. In addition, all connected transactions must be approved by the Board of Directors and/or the AGM as per condition requested by the SEC's rules and regulations. Also, directors or management are required to report their shareholding in CNS in the monthly Board of Directors' meetings and when there is a change in order to immediately report their interests, to be in compliance with the SET's and the SEC's

regulations, to the Board of Directors before the consideration of the agenda of connected transactions. CNS also defines that interested directors are not allowed to attend and vote in the agenda of connected transactions. Please see further detail in the section “Connected Transactions Policy”.

In 2016, no interested directors attended the Board of Directors’ meetings in considering the agendas of connected transactions. This non-attendance of interested directors was completely recorded in the minutes of meetings.

The Board of Directors realizes the importance of the internal control system, including operational and financial controls, and the compliance of regulators’ rules and regulations by assigning the Internal Audit Department which is independent in the performing the internal audit to be in compliance with CNS’s rules and policies as well as the principle of internal control. The Internal Audit Department shall perform the risk assessment of each operating unit to determine a proper scope, time spending and resources in performing the audit as well as report the audit result to CNS’s Audit Committee and Board of Directors.

The Board of Directors realizes the importance of the risk management by establishing the Risk Management Committee and the Risk Management Department. The Risk Management Committee performs its duties in defining the Risk Management Policy while the Risk Management Department performs its duties in identifying relevant risks of each operating unit and also conducting the risk assessment of the internal control at least once a year as well as providing a recommendation for risk management to be more effective and efficient. The annual risk assessment result and the recommendation for acceptable risks shall be proposed to the Risk Management Committee for their consideration to propose to the Board of Executive Directors and also to report to the Board of Directors. Please see further detail in the section “Risk Management Policy”.

CNS disclosed detail of the opinion the internal control and risk assessment of 2016 in the section “Internal Control and Risk Assessment”.

The Board of Directors sets up the Whistleblowing Policy, a channel that stakeholders can report their opinions, complaint or issues to CNS within the whistleblowing scopes.

In 2016, the Board of Directors conducted the following actions to be in compliance with CNS’s Good Corporate Governance Policy.

- Reviewed and approved the 2016 Good Corporate Governance Policy on January 14, 2016 to align with CNS’s business operation
- Set up and approved the Connected Transactions Policy on January 14, 2016 to align with CNS’s business operation
- Acknowledged the 2015 Risk Self-Assessment Result on January 14, 2016
- Conducted the 2016 employees’ affirmation program of the Code of Ethics of Nomura Group in February 2016 and acknowledged the Affirmation of Code of Ethics for 2016 on February 29, 2016
- Acknowledged the 2015 Board Assessment and Board Self-Assessment on February 29, 2016
- Acknowledged the 2015 Compliance monitoring result of Compliance Department on February 29, 2016



- Reviewed and approved the latest vision, objectives, core value and mission on December 14, 2016 to align with the change of social and economic situation.

4. Board meetings

CNS schedules the Board of Directors on monthly basis. The Board of Directors shall jointly set tentative board meeting date, time and venue in advance to ensure that all directors can attend the meetings. In addition, the Chairman of the Board of Directors can call for extraordinary meeting to consider urgent matter as necessary.

The Board of Executive Directors sets the Board of Directors' meeting agendas. Each director is free to propose an issue for a meeting agenda. The company secretary shall prepare an invitation letter attached by meeting agendas and meeting documents and send to all directors at least 5 working days in advance of the meeting so that the directors shall have enough time for information study before the meeting. Directors can request additional information from the company secretary information under prearranged conditions.

Moreover, the Board of Directors shall invite relevant top management of units to attend the board meetings regarding relevant meeting agendas to present or clarify details on the issues that they are directly responsible for and give the Board of Directors a chance to know more about such top management.

If necessary, the Board of Directors may provide the opinions from a professional consultant for an independent advisor at CNS's expense.

Non-Executive Directors are able to meet, as necessary, among themselves without Executive Directors in order for them to debate their concerns. Their meeting outcomes shall be reported to the Board of Directors in the next board meeting and be recorded in the minutes of meetings.

In 2016, CNS arranged the Board of Directors' meetings 12 times. No directors attended the board meetings less than 75%. Please see further details of the meeting attendance of the Board of Directors in the section "Board of Directors".

The Chairman of the Board of Directors appropriately allocated the board meeting time for management to complete their presentation and for directors for their comprehensive discussion. The Chairman of the Board of Directors also encouraged creative discussion and careful consideration and decision in all agendas, especially in the agendas or issues concerning Good Corporate Governance for the best interests of CNS.

5. Board self-assessment

The Board of Directors concerns the effectiveness in performing as CNS's directors as a key factor by arranging the assessment of the Board of Directors and individual board members. The Board of Directors shall consider the assessment results of the previous year together and also determine measures to improve their performance in the next year.

CNS defined 6 factors for the Board Assessment and Board Self-Assessment for 2016 as the followings;

- (1) Structure and characteristics of the board
- (2) Roles and responsibilities of the board
- (3) Board meetings
- (4) The board's performance of duties
- (5) Relationship with management
- (6) Self-development of directors and executive development

The average scores of the Board Assessment and Board Self-Assessment for 2016 were higher than 2015. 11 board members participated in the assessment for 2016.

The Board Assessment

The average scores of the Board Assessment for 2016 was 96.20%, rose by 2.14% from 94.06% in 2015. The highest score was on the factor (3) Board meetings at 97.44%, slightly rose from 96.88% in 2015. The lowest score was on the factor (2) Roles and responsibilities of the board at 94.70%, rose from 90.15% in 2015.

The Board Self-Assessment

The average scores of the Board Self-Assessment for 2016 was 95.84%, rose by 2.45% from 93.39% in 2015. The highest score was on the factor (3) Board meetings at 98.01%, slightly rose from 97.16% in 2015. The lowest score was on the factor (2) Roles and responsibilities of the board at 93.18%, rose from 88.64% in 2015.

6. Remuneration

CNS has a policy to define the appropriate and reasonable rate of Directors' and Audit Committee's remuneration in consideration of the following factors; duties and responsibilities of each director, remuneration rate paid by other companies in the same industry, remuneration rate paid by other listed companies in the SET and other related factors.

CNS has a policy to define management's remuneration in the forms of salary, bonus and other benefits in comparison with peers in the same industry, based on their duties and responsibilities as well as their performance and CNS's performance during the previous year.

Please see further detail in the section "Directors' and Management's Remuneration".

7. Board and management training

CNS encourages and facilitates training and development for its directors and employees in all levels to join trainings and seminars with relevant experts from internal and external as well as reliable institutions e.g. the Thai Institute of Directors, the SET, the SEC, the Federation of Accounting Professions, the Securities Analysts Association and other related units or organizations. Moreover, CNS also arranges in-house training sessions for its employees, conducted by relevant resources and also invites special experts to be guest speakers.



In 2016, CNS encouraged its employees to attend trainings and seminars for their knowledge and skill development in total of 164 courses, 1,185.5 hours, with the average employee training hour at approximately 2 hours per head per year. The total employee development costs were Baht 1,897,436.

CNS has a policy to encourage its directors to attend trainings for their continuous performance development especially on the courses in performing their directorship.

In 2016, 75% of total directors attended the courses in performing their directorship. Please see further detail of each director's training and development profile as described in the section "Profile of Directors, Management, Controllers and Company Secretary".

CNS also requests the Human Resource Department to prepare "Director's Handbook" for newly appointed directors to use as a guideline and also provides a brief presentation related to CNS's business, service, policy and significant operating procedures which shall help fasten newly appointed directors to understand CNS's business. This director's handbook gathers information about roles, duties and responsibilities of directors and the Board of Directors, practice guideline of director, right and equitable treatment of shareholders and shareholders' meeting, a director's handbook of securities companies as well as duties and responsibilities of director and management according to the Securities and Exchange Act. and etc. In 2016, no new director was appointed during the year.

Good Corporate Governance Policy

Capital Nomura Securities Public Company Limited

Section 1 Right of shareholders

The Company recognizes basic shareholder rights include the right to buy/sell/transfer shares, share in the profit of the Company, obtain relevant and adequate information on the Company in timely manner and on a regular basis, participate and vote in shareholder meetings to elect or remove members of the Board of Directors, appoint the external auditor and manage decisions on any transactions that affects the Company, such as dividend payment, amendments to the Company's articles and association or bylaws, capital increases or decreases, or the approval of extraordinary transactions.

The Company recognizes and emphasizes on the right of shareholders, encourages shareholders to exercise their rights appropriately and also avoids any actions that violate those rights.

1. Shareholders' meeting

- 1.1. The Company has policies to encourage all shareholders, including institutional ones, to attend the Company's shareholders' meeting.
- 1.2. The Company provides shareholders, in advance of meetings, with the date, time, venue, and all agenda items with the rationale or explanation for each agenda item or resolution in the notice of the annual general meeting or extraordinary general meeting or circulars and/or the accompanying statement.
- 1.3. The Company facilitates shareholder participation and voting in meetings.
- 1.4. The Company provides proxy forms on which shareholders are able to specify their votes. The Company's shareholders can appoint at least one independent director as their proxy.

2. Procedures on the shareholders' meeting date

- 2.1. The Company uses secure, fast, precise, and accurate technology in the shareholders' meeting, including in recording attendee registration, printing ballots and processing voting results.
- 2.2. The Company requires all directors to attend shareholders' meetings, especially the Chairman of the Board of Directors, the Chairman of the Board of Executive Directors and the Chairperson of the Audit Committee. Shareholders can query the Chairman of each committee responsible for any specific issues.
- 2.3. In the meetings, Shareholders votes for each item in each agenda; especially an agenda of election of directors, shareholders vote on individual nominees.



- 2.4. The Company shall appoint an independent party of scrutineers / inspectors to count and/or validate votes at the annual general meeting or extraordinary general meeting. This scrutineer shall be disclosed at the meeting and recorded in the minute.
- 2.5. For the sake of transparency and future reference, the Company uses voting cards for important agenda items such as related party transactions or acquisitions or disposal of significant assets.
- 2.6. The Company provides adequate time for discussion and encourages shareholders to express their opinions and ask questions related to the Company's operations.

3. Writing and releasing of the minutes of shareholders' meetings

- 3.1. The Company provides the minutes of shareholders' meetings, including voting and counting procedures, an opportunity for shareholders to ask questions or raise issues, questions and answers, resolutions and detailed voting results of each agenda consisted of approving, dissenting, and abstaining votes, and list the Board of Directors members who attended or missed the meetings.
- 3.2. The Company publishes the minutes of shareholders' meetings on the Company's website by the next working day the result of voting during the annual general meeting or extraordinary general meetings for all resolutions.
- 3.3. The Company publishes the minutes of shareholders' meetings on the Company's website within 14 days from the meeting date.
- 3.4. The Company assigns a company secretary to prepare the minutes of shareholders' meetings, as well as record important questions, answers and opinions in the minutes for further verification by the shareholders.

Section 2 Equitable treatment of shareholders

1. Release of information before the shareholders' meeting

- 1.1. The Company releases the notice of annual general meeting and extraordinary general meetings with detailed agenda and explanatory circulars, at least 28 (twenty eight) days before the meeting date.
- 1.2. The Company informs shareholders of the meeting procedures and voting criteria, including the voting right attached in each class of shares.
- 1.3. The notice of shareholders' meeting is fully translated into English and published at the same time as Thai version.

2. Protection of minor shareholders

- 2.1. The Company shall not add any agenda item without notifying all shareholders in advance.

- 2.2. In election process of directors, shareholders are allowed to vote on individual nominees.

3. Protection against abuse of inside information

- 3.1. The Company has established Insider Trading Rule and all employees are requested to acknowledge such rule.
- 3.2. Every director and management is requested to submit a report on their ownership of the Company's shares to the Board of Directors by monthly or when there are changes in their ownership. Such information is also disclosed in the Company's annual Report.

4. Conflicts of interest by directors

- 4.1. The Company requires directors to inform the Board of Directors of their and related persons' conflicts of interest related to the Company's management, for their first director term or when there are changes in their conflicts of interest, regarding each agenda item before consideration by the Board of Directors. Such conflicts are to be minuted.
- 4.2. The connected persons of each agenda are required to abstain from participating in the Board of Directors discussion on the agenda, he / she has a conflict of interest.
- 4.3. The Company has a policy to conduct the Company's business based on the utmost benefit and act with business partners on an "arm's length basis" to comply with the notification of the SET and the Securities and Exchange Commission ("the SEC") including relevant regulations.

Section 3 Role of stakeholders

1. Policies affecting stakeholders

- 1.1. The Board of Directors identifies stakeholders as clients, employees, industry, public, counter parties, creditors, authorities and shareholders.
- 1.2. The Company recognizes that all stakeholders should be treated fairly in accordance with their legal rights as specified in relevant laws or commitments.
- 1.3. The Company sets a guideline of treatment to stakeholders in code of ethics.
- 1.4. The Company has the Anti-Corruption Policy, including the activities encouraging employees to comply with laws and the Company's rules.
- 1.5. The Company has a procedure and provides channels to receive clients' complaints and publishes them in the Company's website and annual report.
- 1.6. The Company has clear procedures on whistleblowing for related parties and stakeholders and publishes them in the Company's website and annual report.



- 1.7. The Company has a policy to provide a good and safe working environment.
- 1.8. The Company has an IT policy and procedure covering the copyright and intellectual property regulations.
- 1.9. The Company has a policy to be friendly with the environment where the company does business.
- 1.10. The Company shall not take any action to violate the right of such stakeholders. The Board of Directors recognizes and respects their legal rights.

2. Disclosure of Policies

The Company has a policy to disclose the implementation of the policies and the reporting of the corporate social responsibilities (CSR), including activities and mechanism encouraging employees' participation and compliance with the policies.

Section 4 Disclosure and transparency

1. Disclosure of information

- 1.1. The Company has mechanism that ensures the accuracy, clarity and sufficiency of information disclosed to investors for their decision-making.
- 1.2. The Company publishes a summary of the Company's Good Corporate Governance Policy, code of ethics, risk management policy, and corporate social responsibility policy as approved by the Board of Directors through the Company's annual report.
- 1.3. The Company provides the Board of Directors' responsibility for financial statements and the auditors' report in the Company's annual report.
- 1.4. The Company makes a Management Discussion and Analysis (MD&A) for each quarterly financial statement, to help investors better understand the changes in the Company's financial position and performance each quarter, not just to be presented with the figures by themselves.
- 1.5. The Company discloses the audit and non-audit fee paid to audit firm.
- 1.6. The Company discloses the board's roles and responsibilities together with the number of meetings held, attendance record of each director.
- 1.7. The Company discloses the remuneration policies for directors and management that correspond to the contributions and responsibilities of each person and also discloses the forms and the amounts of payment to each person.
- 1.8. The Company has investor relations as a communication channel with all stakeholders to provide the Company's significant information and answer their questions.

2. The Company discloses the information on the Company's website

In addition to disclose information as specified in regulations through the SET, annual statements (Form 56-1) and annual report, the Company also periodically discloses up-to-date information, both in Thai and English, on the Company's website.

The information disclosed on the Company's website (www.nomuradirect.com) consists of the followings:

- (1) Vision and mission of the Company;
- (2) Business operations;
- (3) List of members of the Board of Directors and management team;
- (4) Financial statements or reports for the last 5 years
- (5) Downloadable annual statements (Form 56-1), and annual reports;
- (6) Direct and indirect shareholding structure;
- (7) Direct and indirect shareholding of beneficial owners holding 5% or more of paid-up shares with voting rights;
- (8) Direct and indirect (deemed) shareholdings of major and/or substantial shareholders, directors, and senior management;
- (9) Notice of annual general meeting of shareholders and extraordinary general meetings of shareholders;
- (10) The Company's articles of association and memorandum;
- (11) The Company's corporate governance policy;
- (12) The Company's risk management policy;
- (13) The Company's whistleblowing policy;
- (14) Board's roles and responsibilities, qualification, term, including the types of decisions requiring board approval;
- (15) The Company's code of ethics for directors, employees;
- (16) Contact details of investor relations

Section 5 Responsibilities of the Board

1. Board structure

- 1.1. The Board of Directors is comprised of directors who as a group provide an appropriate balance and diversity of skills, experience and gender in the securities business to perform their duties efficiently.
- 1.2. The Board of Directors, with approval from a shareholders' meeting, is to be composed of at least 5 and no more than 12 directors.



- 1.3. The Board of Directors has independent directors who comment on the performance of the management independently. The number of independent directors meets the SEC's requirements.
- 1.4. The Company's definition of "independent director" shall be the minimum qualification specified by the SEC and the SET is appropriate for the Company.
- 1.5. In every annual general meeting of shareholders, 1/3 of directors shall be retired by rotation. Such directors can be re-elected to be board members by the annual general meeting of the shareholders.
- 1.6. To ensure that directors have sufficient time to perform their duties which an individual director can hold simultaneously, the Company sets a limit of 5 board seats in listed companies. Also, the Board of Executive Directors member shall not exceed 2 board seats in different sectors of listed companies. The Company discloses information about board memberships of individual directors to the public.
- 1.7. The Company's Board of Executive Directors member can be appointed as board position in other firms up to the approval of the Board of Directors.
- 1.8. The Company assigns the company secretary to serve the Board of Directors by providing legal advice, taking care of the Board of Directors' activities, and monitoring compliance with board resolutions. Therefore, the company secretary will be approved by the Board of Directors to ensure his/her qualifications, experiences and roles. Such information is also disclosed in the annual report and the Company's website.
- 1.9. The company secretary is educated or trained in legal, accountancy, or company secretarial practices.

2. Committees

The Company has the Board of Directors, the Board of Executive Directors, Audit Committee, Credit Review Committee, Marginable Securities Committee and Risk Management Committee for effectiveness of the Company's securities business effective performance. Each committee has a clear scope of their work, roles and responsibilities as well as working procedures to perform their duties in good faith, with due diligence and care, in the best interests of the Company and all shareholders. However, the Company has no Remuneration Committee and Nomination Committee. The Board of Executive Directors performs the function of Remuneration Committee and Nomination Committee as the followings;

The Board of Executive Directors is responsible for considering the criteria and the payment form of directors' remuneration and management's remuneration and presenting the results of directors' remuneration to the Board of Directors for their consideration and proposal to the shareholders' meeting for approval. The Board of Executive Directors approves management's remuneration. The Company discloses the criteria and the payment form of directors' remuneration and management's remuneration in the annual report.

The Board of Executive Directors is responsible for considering the criteria and process of nomination of directors and management, selecting qualified candidates according to the predetermined criteria and process, and presenting the results to the Board of Directors for their consideration and proposal to the shareholders' meeting for approval. The Company discloses criteria and process of nominating board members and management in the annual report.

3. Roles and responsibilities of the Board

- 3.1 The Company clearly defines roles and responsibilities of Committees.
- 3.2 The Board of Directors reviews and approves the Company's vision, objectives, core value and mission.
- 3.3 The Board of Directors defines and approves the Company's corporate governance policy, as well as reviews such policy regularly, at least annually.
- 3.4 The Board of Directors encourages to have a written code of ethics so that all directors, management and employees understand the Company's business ethical standards. Compliance Department is assigned to monitor employees' acknowledgement and compliance of such code of ethics.
- 3.5 The Board of Directors considers any conflicts of interest thoroughly to ensure that the transactions are conducted for the best interests of the Company and all shareholders. Persons who have vested interests in a given transaction cannot participate in decision-making process.
- 3.6 The Board of Directors considers the internal control system, including operational and financial controls, and the compliance of rules and policies. The Board of Directors assigns the Internal Audit Department to independently audit and report on the system at least annually. The result is disclosed in the annual report.
- 3.7 The Company establishes a risk management policy to cover the following risks; strategic risk, liquidity risk, credit risk, information technology risk, operation risk, market risk and compliance risk. The risk assessment is carried out annually and the report of risk assessment is reviewed by the Board of Directors and disclosed in the annual report.
- 3.8 The Company's annual report contains a statement from the Board of Directors on the adequacy of the Company's internal controls and risk management systems.
- 3.9 The Company has clear procedures on whistleblowing for related parties or stakeholders and publishes them on the Company's website or annual report.

4. Board meetings

- 4.1 The Company sets tentative board meeting schedule for the whole year and notifies each director of the schedule to manage time to attend meetings.
- 4.2 The Company's meetings are scheduled on monthly and the Chairman may call for extraordinary meeting to consider urgent matter.
- 4.3 The Board of Executive Directors sets the Board of Directors' meeting agendas and ensures that all important issues are included. Each director is free to propose an issue for a meeting agenda.
- 4.4 The invitation letter, agenda and meeting documents are sent to each director at least 5 working days in advance of the meeting.
- 4.5 All directors should attend at least 75% of all the board meetings held during the year.



- 4.6 The Company appropriately allocates the meeting time for complete management presentation and comprehensive discussion by directors. The Company encourages careful consideration in the meeting. Each director pays attention to each issue presented in the meeting, including those concerning governance of the Company.
- 4.7 The Company encourages management to attend the board meetings to present details on the issues that they are directly responsible for, and give the board a chance to know more about management.
- 4.8 The Board of Directors is able to access to additional information, under prearranged conditions, via the company secretary or other management designated as a contact person. If necessary, the Board of Directors may provide the opinions from a professional consultant for an independent advisor at the Company's expense.
- 4.9 The Company has a policy that Non-executive directors are able to meet, as necessary, among themselves without Executive directors in order for them to debate their concerns. The non-executive directors should notify the Board of Directors as to meeting outcomes.

5. Board self-assessment

- 5.1 The Board of Directors' self-assessment is conducted regularly, at least once a year, to allow all members of the Board of Directors to consider the Board of Directors' performance and solve any problems they may have. A benchmark of the Board of Directors' performance is systematically set in advance.
- 5.2 Members of the Board of Directors assess the performance of the Board of Directors as a whole and on an individual basis. The Company discloses the process followed, the criteria used in conducting the Board of Directors assessment, and the summarized results thereof in the annual report.

6. Remuneration

- 6.1 The Company sets director's remuneration to be comparable to the securities industry and reflect the experience, obligations, scope of work, accountability and responsibilities and contributions of each director.
- 6.2 The Company sets management's remuneration correspond to the performance of each person to create shareholders' benefit.

7. Board and management training

- 7.1 The Board of Directors encourages and facilitates training either internal or external training for directors, management, company secretary and employees in all related levels for their continuous improvement on their performance.
- 7.2 New directors shall be provided with all documents and information useful to perform their duties, including an introduction to the nature of the business and the operations of the Company.

Code of Ethics of Nomura Group

Capital Nomura Securities Public Company Limited

The Board of Directors of Nomura Holdings, Inc. (the “Company”) has adopted this Code of Ethics (the “Code”) to guide all Directors, Executive Officers, Senior Managing Directors, Corporate Auditors and employees (“Nomura People”) of Nomura Group.

1. Social Responsibilities

Nomura Group aims to enrich society with due regard to the integrity of the securities business for the purpose of promoting efficient money flow in the financial markets.

2. Advancement of Customers’ Interests

Nomura People must act in the best interests of their customers.

3. Compliance with Laws

Nomura People must understand how confidence in Nomura Group could be undermined by any misconduct and how hard it could be to restore it. Therefore, Nomura People must promote proper understanding and compliance with the letter and spirit of all applicable laws, rules and regulations, including those concerning prevention of insider trading, money laundering, bribery and tax evasion.

4. Corporate Opportunity

Nomura People owe a duty to Nomura Group to advance its legitimate interests whenever the opportunity arises. Nomura People are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position.

5. Conflicts of Interest

Nomura People should not take any actions that could have their private interests interfere in any way (or even appear to interfere) with the interests of Nomura Group. Neither Nomura People nor their family members should receive improper personal benefits as a result of their positions in Nomura Group, including loans, or guarantees of obligations, from Nomura Group.



6. Confidentiality

Nomura People must maintain the confidentiality of information entrusted to them by Nomura Group or its customers in the conduct of its business, except when disclosure is authorized or legally mandated.

7. Fair Dealing

- (a) Nomura People must respect fair business practices in jurisdictions where they operate and endeavor to deal fairly with Nomura Group's customers, suppliers, competitors and Nomura People. Nomura People should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, misrepresentation of material facts, or any other unfair-dealing practice.
- (b) Nomura Group must reject all contacts with criminal or unethical organizations involved in activities in violation of applicable laws.
- (c) Nomura People may give or accept from non-government employees gifts or entertainment in accordance with specified guidelines of the relevant company of Nomura Group. In addition, Nomura People may not give gifts to or entertain government officials without specified approval by the relevant company of Nomura Group.

8. Protection and Proper Use of Corporate Assets

All Nomura Group assets should be used for legitimate purposes. Nomura People should protect Nomura Group's assets and ensure their efficient use.

9. Retention of Documents

Nomura People must prepare documents relating to the business or accounting of Nomura Group and retain such documents for specified periods in accordance with applicable laws and internal rules of the Company or the relevant company of Nomura Group. In connection with litigation or examinations by any regulatory body, Nomura People shall not make false statements or intentionally conceal or destroy any relevant documents.

10. Environmental Issues

Nomura Group is committed to acting in an environmentally responsible manner and should therefore approach environmental issues positively.

11. Corporate Citizenship Activities

Nomura Group as a good corporate citizen is committed to the pursuit of activities of social benefit.

12. Respect for Human Rights

- (a) Nomura Group respects human rights and diversity, and values differences. Nomura group is committed to ensuring that anyone who interacts with Nomura Group is treated with respect at all times and in all circumstances. No person shall be subject to discriminatory practices or harassment for reasons including, but not limited to, nationality, race, sex, gender identity, sexual orientation, creed, social status, or existence or nonexistence of disability.
- (b) Nomura Group is committed to providing equal employment opportunities and a sound working environment where Nomura people can, and do, perform at their best.

13. International Harmonization

Nomura People must respect the culture and customs of all the countries where they operate and strive to manage their activities in such a way as to consider the societies and economies of such countries.

14. Media Policy

If Nomura People externally publish information relating to Nomura Group business in publications, lectures and interviews, they must follow the guidelines promulgated by the relevant company of Nomura Group.

15. Personal Investments

If Nomura People buy or sell securities (including the stock of the Company) for their personal accounts, they must comply with all applicable securities laws and follow specified procedures in accordance with the guidelines promulgated by the Company or the relevant company of Nomura Group.

16. Reporting of Illegal or Unethical Conduct

- (a) If Nomura People become aware of any conduct, including accounting, and auditing matters, that they believe is illegal or unethical, they must promptly notify an appropriate contact specified in the guidelines promulgated by each of Nomura Group.
- (b) The contact above of Nomura People must take appropriate steps to investigate whether and how such misconduct occurred and, when necessary, to correct it and prevent its recurrence.

17. Protection against Retaliation

Nomura People are prohibited from retaliating against any individual who reports in good faith illegal or unethical conduct.



18. Code of Ethics for Financial Professionals

- (a) All Financial Professionals must, in addition to the foregoing:
 - (1) promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (2) make full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company and each of Nomura Group files with, or submits to, any applicable regulatory body and in other public communications;
 - (3) comply with all applicable generally accepted accounting principles, government laws, rules and regulations;
 - (4) promptly report violations of this section to an appropriate contact specified in the guidelines promulgated by the Company or the relevant company of Nomura Group, in cases they believe that such violations have occurred; and
 - (5) be accountable for their adherence to this section.
- (b) Financial Professionals are prohibited from directly or indirectly taking any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant in the performance of an audit of the financial statements of any of Nomura Group for the purpose of rendering such financial statements materially misleading.
- (c) “Financial Professional” means any professional employee of Nomura Group in the area of finance, controllers, tax, treasury, risk management or investor relations and also includes the Group CEO, the Chief Financial Officer, the Chief Risk Officer and a chairman of the Disclosure Committee of the Company and all Division Heads, all Business Division Heads, all Business Line Heads, all Business Infrastructure Division Heads and Regional Heads of Nomura Group.

19. Amendments and Waivers

The Company shall disclose amendments to, and any waivers from, this Code of Ethics in accordance with applicable laws. For this reason, Nomura People shall promptly inform their senior management in the event they become aware of circumstances that may require an amendment or waiver under the Code so that the Company may comply in a timely fashion.

Whistleblowing Policy

Capital Nomura Securities Public Company Limited

Objective

To encourage all staff / clients / third party to comply with all applicable laws, rules, policies and regulations as well as enable them to report any activities they believe may be inconsistent with these requirements and standards information.

Scope of Whistleblowing

1. Questionable conduct of illegal activities including corruption and bribery.
2. Violation of the matters prescribed in the Company's Policies.
3. Business act in violation of the Company's internal rules or related rules and regulations of the regulators.
4. Questionable conduct regarding accounting or auditing matters.
5. Any other act deviating from social ethics or social justice.

Guidelines

- The staff or clients or third party ("Whistleblower") can raise the abovementioned matter, which is deemed reliable attached with specific and sufficient information given for further investigation, by showing his/her identity or anonymously in writing through one of the following persons:
 - Chairman of the Board of Directors and Chairman of the Board of Executive Directors
 - President
 - Chairman of Audit Committee
 - Head of Compliance Department
 - Head of Internal Audit Department
 - Head of Human Resources Department
 - Head of Legal Department

Capital Nomura Public Company Limited

25 Bangkok Insurance Building, 15th -17th Floor,
South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120
Telephone: 66 (0) 2287 6869
Facsimile: 66 (0) 2287 6001



- The Company shall not perform any unfair treatment against any whistleblower. In case of staff, the Company will not change his/her position, job description or work place, suspending, threat, harassment, lay-off or any other matters of unfair treatment against such whistleblower. For the clients / third party, the Company will consider and investigate the matters with transparency by conducting fairly and equally to the stakeholders in order to be reliable and assured the fairness of investigation process.
- The whistleblower, who makes a report that is not done in good faith and/or which, at a later time is verified as being of malicious intent or made through wrong channels, the staff shall be liable to disciplinary action in accordance with the Rule of Employment. In the event of clients/ third party, who makes any damages to Company, shall be prosecuted under the laws.
- The Company shall maintain the confidentiality of all information regarding the reported matter such as the name of the whistleblower or the contents of the reported matters, except when needed for additional information or requested by laws. However, the Company will notify the whistleblower in prior to give such to any party.
- The abovementioned person, who receives the whistleblowing, shall consider, fairly, impartially and in good faith, whether or not it is necessary to investigate the reported matter, and in principle, shall notify the whistleblower whether or not the investigation shall be made. However, in case of anonymous submission which makes it difficult to notify the whistleblower, the foregoing shall not be applied.
- In case that the matter is needed to investigate, the recipient shall report such to the Board of Executive Directors for further consideration and/or assigning the investigation team (if necessary) on case-by-case basis to ensure not including the accused in such team. Nevertheless, in case the accused is one of the Board of Executive Directors, the matter shall be reported to Audit Committee instead.
- The assigned investigation team shall notify the result to the whistleblower. However, in case of anonymous submission which makes it difficult to notify the whistleblower, the foregoing shall not be applied.
- In case the reported matter is confirmed to be the fact as a result of the investigation, the Company shall promptly take corrective and preventive measures, and if necessary, shall carry out the punishment on the relevant person or carry out the report to the relevant authorities.
- All information received from all whistleblowers and all related evidences/findings/results shall be kept as confidential records at the Company's secretary.

Risk Management Policy

Capital Nomura Securities Public Company Limited

Article 1 (Purpose)

1. The Policy of the Risk Management Committee (the “Policy”) shall provide for necessary matters with respect to the operation of the Risk Management Committee (the “Committee”) of Capital Nomura Securities Public Co., Ltd. (the “Company”), proposed to the Board of Directors (BoD) for approval by the Board of Executive Directors (BoED). The Committee is appointed by the Board of Executive Directors.
2. The Committee shall be operated, upon delegation from the Board of Executive Directors, for the purpose of deliberating on or determining important matters concerning enterprise risk management of the Company, based on strategic risk allocation and risk appetite, and thereby assuring the sound and effective management of the businesses.
3. The purpose of the Policy is to define the fundamental policy and control processes for the risk management of the Company and contribute to the maintenance of financial soundness and the heightening of enterprise value through the appropriate management of risks arising in the course of day-to-day business operations.
4. Risks of the Company are defined as i) potential erosion of the Company’s capital base due to unexpected losses from business operations, ii) potential lack of access funds due to deterioration of the Company’s creditworthiness or deterioration in market conditions and iii) potential failure of revenues to cover expenses due to deterioration of earnings environment or deterioration of efficiency or effectiveness of business operations.

Article 2 (Constitution and Responsibility of the Committee)

1. The Committee shall consist of the following members (the “Members”):

Executive Director	Chief Risk Officer (“CRO”),
Executive Director in charge of IT/Operation Division	Deputy Chief Risk Officer
Finance Department/Division Head	Member
Compliance Department Head	Member
Legal Department Head	Member
Risk Management Department Head	Member and Secretary

The Members of the Committee might be replaced as appointed by the Board of Executive Directors. The Board of Executive Directors can also adjust member number as appropriate from time to time.

2. The Chief Risk Officer (“CRO”) is responsible for supervising Risk Management Committee and maintaining the effectiveness of the risk management independently from business units within the Company.



3. Risk Management Committee shall be responsible for the following tasks concerning risk management.
 - (1) Establishing and enforcing risk management policies
 - (2) Establishing and Operating risk management processes
 - (3) Verifying the effectiveness of risk management methods
 - (4) Reporting to the Board of Executive Directors and Board of Directors
4. Any persons other than the Members may be present at a meeting of the Committee and deliver their opinions by the nomination of the Committee Chairman (as defined in Article 4).
5. Any members of the Audit Committee or Directors designated by the Board of Directors may be present at a meeting of the Committee and deliver their opinions.

Article 3 (Convocation of Meetings)

1. CRO shall convene a meeting of the Committee.
2. When CRO is unable so to act, one of the other Members shall convene a meeting in accordance with the predetermined order of priority.

Article 4 (Chairman of Meetings)

1. CRO shall act as a chairman of a meeting of the Committee (the "Committee Chairman").
2. When CRO is unable so to act, one of the other Members shall act as the Committee Chairman in accordance with the order set forth in paragraph 2 of the preceding article.

Article 5 (Holding of Meetings)

1. An ordinary meeting shall be held in principle twice annually; provided that an extraordinary meeting of the Committee may be held whenever necessary.
2. If necessary, a meeting of the Committee may be held in two or more places by means of a conference call or similar methods.

Article 6 (Agenda and Materials)

1. The agenda of a meeting of the Committee and materials necessary for discussion shall be notified in advance to all persons to be present at the meeting; provided, however, that the foregoing shall not apply when there is a compelling reason.

Article 7 (Resolutions)

1. The resolution of a meeting of the Committee shall be adopted by an affirmative vote of a majority of the Members present which Members present shall constitute a majority of all Members.
2. The resolution set forth in the preceding paragraph shall not be adopted without the approval of one or more Representative Board of Executive Directors.
3. No Member who has a special interest in any matter to be resolved shall be entitled to vote on such matter.
4. The resolution set forth in paragraph 1 of this article may be adopted in writing or electronically.

Article 8 (Reference Matters)

1. The following matters shall be referred to meetings of the Committee.
 - (1) Important matters concerning market, legal, credit, operation or reputation risk management of the Company, which require a new risk management framework;
 - (2) Matters concerning establishment, alteration and abolition of important Policy related to risk management;
 - (3) Any other matters concerning enterprise risk management item deemed necessary by the Committee Chairman
2. All employees shall regard themselves as a principal of risk management and appropriately manage risks arising in the course of day-to-day business operations.
3. The Company practices prudent risk management at and individual entity level and also identifies, evaluates and appropriately manages risks by each of the business departments and back office departments, respectively.

Article 9 (Classification and Definition of Risk)

The Company classifies and defines the risks to be managed into 7 types as follows.

- (1) Strategic Risk is risk arising from determining strategic plan, operational plan and implement improper or irrelevant with internal and external environment which impacts on earning, capital or continuing of operating business.
- (2) Liquidity Risk is risk arising from the company cannot settle debt on due date since it cannot provide a sufficient capital or provide capital which its cost is higher than the acceptable level and may impact on the company's earning and capital both at present and in the future.
- (3) Credit Risk is Opportunity or probability that partner of contract cannot perform as agreement which may affect on the company's earning and capital such as concentration in any securities, granting credit limit outside the policy, credit officer lacks of experience in analyzing credit limit, etc.



- (4) Information Technology Risk is probability of expected or unexpected event arising from using technology which affect on system and operation caused loss on the company's earning and capital such as unauthorized person can access, edit, delete or disclose information.
- (5) Operational Risk is risk arising from lack of good governance regarding to internal operating, personnel, system or external event and affect on the company's earning and capital such as staff fraud, risk which caused loss of assets such as fire, riot, etc.
- (6) Market Risk is risk from changing on interest rate, exchange rate and price of instrument in money / capital market which affect on the company's earning and capital such as Market turnover decrease which affect on Brokerage fee.
- (7) Compliance Risk is the risk of being sued or fine by regulators.

Article 10 (Report)

- 1. The Committee shall evaluate risks using both quantitative and qualitative methods, endeavoring to the extent possible to evaluate risks using quantitative methods.
- 2. The Committee shall regularly verify the effectiveness of risk evaluation and revise at least annually as necessary.
- 3. The Committee shall, at least annually, report and provide recommendation for improvement to acceptable risk to the Board of Executive Directors and Board of Directors the status of discussion at the meetings of the Committee and any other matters deemed necessary by the Committee Chairman.

Article 11 (Minutes of Meetings)

- 1. The secretary shall record the substance of proceedings at a meeting of the Committee and the results thereof in minutes of the meeting and the Members present shall sign such minutes.
- 2. The minutes of the meeting of the Committee shall be kept at Risk Management Department for five (5) years.

Article 12 (Alteration and Abolition)

- 1. Alteration and abolition of this Policy shall be subject to the resolution of Board of Executive Directors.

Anti-Corruption Policy

Capital Nomura Securities Public Company Limited

Introduction

Capital Nomura Public Company Limited (“CNS”) is committed to conduct the business with integrity and transparency to be in compliance with the principles of good corporate governance. CNS has participated “Thailand's Private Sector Collective Action Coalition Against Corruption” with a strong intention against all forms of corruption in order to set the standard of practices on transparency. In this regard, CNS has formulated the written “Anti-Corruption Policy” as an apparent guideline in conducting business and sustainable development.

The Board of Directors and Board of Executive Directors unanimously approved this Anti-Corruption Policy, as a part of CNS’s Code of Ethics.

Anti-Corruption Policy

CNS’s directors, management and employees including agents acting on behalf of CNS are prohibited to claim, commit, accept or support any forms of corruption, either directly or indirectly, in all geographical areas where CNS operates business except the permission prescribed by laws, rules & regulations, local culture and commercial tradition.

CNS officially identifies Definition, Duties and Responsibilities and Guidelines to be strictly complied by CNS’s directors, management and employees including agents acting on behalf of CNS. Any violations of the Anti-Corruption Policy or any actions considered as a breach of the Anti-Corruption Policy, the violators shall be subject to penalties as stipulated by Employee Regulations.

CNS shall annually review the Anti-Corruption Policy to ensure the alignment with the changes of business, rules, regulations and legal requirements.

Definition

Corruption refers to any forms of misuse of power for seeking undue benefits for business, themselves, families, friends, acquaintances as well as any persons or entities, for their actions or restraints or abstention of duties to obtain or retain undue business benefits, either improper giving or accepting cash, assets, gifts, entertainment, services, other benefits or bribe, to or from private entities, government authorities, public officials as well as any persons or entities.

Public Officials are “government authorities” including public servants, officials, state-owned enterprise employees, representatives or any other person acting on behalf of the following entities:

- Ministries, bureau, departments, government offices
- International organizations
- Political parties, persons holding political positions, candidates (either in government or in opposition) or local administration officers
- Regulatory or judicial bodies
- State-owned enterprises



Duties and Responsibilities

1. CNS's Board of Executive Directors and Board of Directors undertake their duties and responsibilities to approve the Anti-Corruption Policy as well as delegate clear authorities and responsibilities to directors, management and employees including agents acting on behalf of CNS to strictly follow the Anti-Corruption Policy.
2. CNS's Audit Committee undertakes its duties and responsibilities to review the Company's financial reporting whether it is accurate and adequate. The Audit Committee shall assist the Company to have an appropriate internal control, corporate good governance, and risk management related to the Anti-corruption.
3. The Internal Audit Department undertakes its duties and responsibilities to audit the operation in order to ensure the sufficiency of internal control and to be correctly complied with the Anti-Corruption Policy. The Internal Audit Department is also responsible for continuously gathering audit evidences, periodically reviewing the Procedures and Guidelines, as well as presenting the audit results to the Audit Committee. The Audit Committee shall consider the audit results and further report to the Board of Directors.
4. CNS's directors, management and employees including agents acting on behalf of CNS shall strictly comply with the Anti-Corruption Policy and all related CNS's policies. Any violations of the Anti-Corruption Policy or any actions considered as a breach of the Anti-Corruption Policy, the violators shall be subject to penalties as stipulated by Employee Regulations.
5. CNS's directors, management and employees including agents acting on behalf of CNS shall not neglect to notify CNS any likelihood or actions of corruption related to CNS through the communication channels as specified in Whistleblowing Policy.

Guidelines

1. Any actions taken under the Anti-Corruption Policy shall be complied in accordance with the guidelines specified in CNS's Compliance Manual, Code of Ethics of Nomura Group, Employee Regulations, Good Corporate Governance Policy, Gift, Entertainment and Expenses policies including any future regulations and guidelines formulated by CNS. CNS has communicated to directors, management and employees including agents acting on behalf of CNS to strictly comply with CNS's the Anti-Corruption Policy and related guidelines.
2. CNS has Gifts, Entertainment and Expenses policies to stakeholders for acknowledgement. Employees shall not build up any special relationship with clients which would affect such employee's impartiality and would lead to biased client services. Employees shall refrain from accepting gifts of great value or accept other compensation/benefits from clients or outside parties related to clients or third parties related the Company. Where such cannot be avoided, the employees must comply with the Compliance Manual¹ and Code of Ethics².
3. CNS has clearly defined Personnel Management to align with the Anti-Corruption which includes Recruitment, Training, Performance Appraisal, Remuneration as well as Employee Promotions.

¹ Compliance Manual: Employee Relations with Clients or Outside Parties Related to Clients or Third Parties Related to the Company

² Code of Ethics: No.7 : Fair Dealing

4. CNS shall not demote, penalize or cause any negative consequences to directors, management and employees including agents acting on behalf of CNS, who act against corruption, despite the fact that their actions may lead to CNS's loss of business opportunities. CNS shall give fair treatment and protect the person who acts against corruption.
5. Any person who finds any likelihood or actions of corruption related to CNS must directly inform their superior and notify CNS through the communication channels provided in CNS's Whistleblowing Policy. In case that the superior is the accused, the whistleblower must directly notify CNS through the communication channels provided in CNS's Whistleblowing Policy.
6. The Anti-Corruption Policy has been publicly disclosed and communicated to CNS's directors, management and employees including agents acting on behalf of CNS, customers and public through CNS's internal and external communication channels.



Anti-Money Laundering & Combating the Financing of Terrorism Policy (AML/CFT)

Capital Nomura Securities Public Company Limited

Capital Nomura Securities Public Company Limited (hereinafter “CNS”) is aware of the duty and the code of conduct as to stipulating the policy and guideline in order to support policies for Anti-Money Laundering & Combating the Financing of Terrorism (AML/CFT). CNS determines to prevent itself from being as a source of money laundering and financing of terrorism by means of strictly performing in compliance with the anti-money laundering laws including the related regulations and other codes of conduct prescribed by Anti-Money Laundering Office (hereinafter “AMLO”) and Securities Exchange Commission (SEC).

CNS has in place subordinate policies and several measures to support the aforesaid policies i.e., customer acceptance and management of risk, the Know Your Customer /Customer Due Diligence: KYC/CDD and the monitoring so that CNS’ personnel shall comply with the said policies, which are clarified as follows:

1. Purposes

According to the Ministerial Regulation Prescribing Rules and Procedures for Customer Due Diligence B.E 2555, CNS as a financial institution is required to have in place a Policy for Anti-Money Laundering & Combating the Financing of Terrorism (AML/CFT). Such Policy shall be approved by the Board of Directors of CNS. CNS shall also concentrate and determine to conduct in accordance with the said Policy and shall have duties with ethics to comply with the anti-money laundering law in harmonious with international standard for Anti-Money Laundering & Combating the Financing of Terrorism (AML/CFT).

In order to comply with the intention of the said laws, CNS has therefore prescribed the measures for the Risk Management and the Know Your Customer /Customer Due Diligence: KYC/CDD, which are described as the main procedures to scrutinize and prevent CNS from being as a source of money laundering and financing of terrorism.

In addition, CNS shall constantly manage its personnel as well as its system so as to be able to efficiently comply with the said policies.

2. Obligation and Responsibility to conduct in accordance with the Policy

- 2.1 The Board of Executive Directors shall concentrate on Anti-money Laundering & Combating the Financing of Terrorism (AML/CFT) and shall procure that its personnel shall strictly comply with the policies and guidelines of CNS including relevant laws and regulations.
- 2.2 The Company assigns Anti-Money Laundering Committee (AMLC) to supervise and monitor CNS’ operations to comply with the anti-money laundering laws, and assign Legal Department to be the coordinator with AMLO.
- 2.3 The Board of Executive Directors shall prescribe the measures for Risk Management for money laundering and financing terrorism, which might be caused by the services rendered by CNS.

- 2.4 The Board of Executive Directors shall encourage its personnel to adequately and continually possess the knowledge and understanding on anti-money laundering and combating the financing of terrorism in order for them to be able to efficiently comply with anti-money laundering laws in accordance with international standard.
- 2.5 The Board of Executive shall prescribe relevant rules, regulations which are in line with policies on anti-money laundering and combating the financing of terrorism, which are in harmonious with the model prescribed by AMLO.

3. Customer Policy

CNS has in place a procedure on establishing or refusing a relationship or conduct transaction with its customers, agents and counterparties by which CNS shall obtain their identification data so as to be able to verify and ensure the identity of the customer as well as to examine against the check-list of exposure persons as specified by laws with the purpose to prevent CNS from being a tool or an intermediary in money laundering or financing terrorism.

4. Know Your Customer /Customer Due Diligence: KYC/CDD

CNS has stipulated the types of customer including beneficial owner and controlling person in order to obtain the information and evidence for client identification as well as to properly rate the risk of money laundering as stipulated by laws.

5. Risk Management

CNS has issued measures for considering the risk which might be related to money laundering and combating financing terrorism which are fit for the customer's risk level under the international standard as well as policy as prescribed by Securities Exchange Commission in order to ensure that the said measures can safeguard or minimize the risk on using CNS as a tool or an intermediary in money laundering and financing terrorism.

- 5.1 CNS has in place risk assessment on money laundering and financing terrorism in order to know the requirement in storing identification data and evidence of the customer so as to fit for the customer's risk level in money laundering and financing terrorism.
- 5.2 CNS has provided the proper and intensive measures so as to know the fact related to the customer who needs to be concentrated on or the customer who is at risk of money laundering and financing terrorism and also prescribed the adequate and appropriate method on monitoring the customer's transaction.
- 5.3 CNS has in place the risk management, the review on the data and fact on the Know Your Customer basis and Customer Due Diligence, especially against the customers under the risk of money laundering. In case that the facts as to the customers under risk of money laundering and financing terrorism are found, CNS shall consider and examine in order to refuse to establish a relationship with the customer, or in case of establishing a relationship, CNS shall report to AMLO that the transaction is suspicious transaction.



- 5.4 CNS has in place a measure in examining the facts related to the customer depending on the level of risk arising from the relationship and in monitoring the movement of the customer account.

6. Use of Technology for Customer Due Diligence

CNS has in place the access to several database so as to examine and conduct customer due diligence as required by laws e.g. information as to a person who committed predicate offense, a person who committed money laundering offense, the name list of foreign politically exposed person (PEP) and name list of the members of a terrorist group etc. CNS has used such technology for the benefit combating money laundering effectively.

7. Customer Due Diligence

CNS has in place a procedure on monitoring the movement of services enjoyed by customer until termination of customer relationship as guideline by laws. In case of the occasional customer including the customers on the name list (UN List, Sanction List and others) notified by the AMLO Secretary-General so as to assess whether they are still in consistent with the purpose of business transactions, the data on profession and the source of income declared by the customer at the initiation of relationship in order to keep the present information up-to-dated.

8. Suspicious transactions report upon Customer Due Diligence

- 8.1 CNS has in place the methods on suspicious transaction report to AMLO under the terms and conditions of the anti-money laundering laws and relevant regulations.
- 8.2 CNS has in place the review for developing system in order to report suspicious transactions in timely manner and to be able to track the abnormal and suspicious transactions.
- 8.3 CNS has prescribed the characteristic of the suspicious transactions in compliance with the guideline stipulated by AMLO and Securities and Exchange Commission.
- 8.4 CNS shall carefully not disclose the information which might lead to the customer being aware that CNS has reported the suspicious transactions to AMLO.

9. Data storing system

- 9.1 CNS has in place the storing system of data and identification evidence of its customers, agents and counterparties by which CNS is able to conduct Know Your Customer and Customer Due Diligence.
- 9.2 CNS has in place the storing system of data and evidence in relation to the report of suspicious transactions under the anti-money laundering laws.

Provided that such the data and evidences as stated in 9.1 or 9.2 must be available at all time for examining at the request of relevant authorities. The period of storing shall be in consistent with the policy, laws and relevant regulations.

10. Imposing the rules, regulations, and guidelines

CNS has in place rules, regulations, and guidelines which are in compliance with policies on anti-money laundering and combating the financing of terrorism under the policy prescribed by AMLO.



Committees

CNS provides committees for the effectiveness of its securities business; the Board of Directors, the Board of Executive Directors, Audit Committee, Credit Review Committee, Marginable Securities Committee, Risk Management Committee and Anti-Money Laundering Committee. Each committee has clear scopes of authorities and responsibilities as well as working procedures as the followings;

(A) Board of Directors

As of December 31, 2016, for the effectiveness of the Board of Directors' performance, CNS had 11 board members consisting of; 5 Executive Directors, 2 Non-Executive Directors and 4 Independent Directors, as the followings;

Director Name	Position	Type of Director
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Executive Director
2. Mr. Takahito Nakamura ¹	President	Executive Director
3. Mr. Nimit Wongjariyakul	Executive Director	Executive Director
4. Mr. Naoki Sugaya	Executive Director	Executive Director
5. Mrs. Chrisana Sae-Leiw	Executive Director	Executive Director
6. Mr. Philip Wing Lun Chow	Director	Non-Executive Director
7. Mr. Jiro Yamaguchi ²	Director	Non-Executive Director
8. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	Independent Director
9. Col. Ruangsub Kovindha	Audit Committee and Independent Director	Independent Director
10. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	Independent Director
11. Dr. Prasit Kanchanasakdichai	Independent Director	Independent Director

Miss Kridsana Kulpanyalert was the secretary of the Board of Directors.

¹ The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director and the authorized director signing on behalf of CNS, effective from March 31, 2017. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Takahito Nakamura.

² The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Jiro Yamaguchi, Director, from the position of CNS's director, effective from March 31, 2017. However, the remaining director term of Mr. Jiro Yamaguchi was less than 2 months. According to the Company's Articles of Association, in the case of a director vacancy otherwise than by rotation and the remaining director term is less than 2 months, the director shall be elected by the Shareholders' Meeting. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law as a replacement director of Mr. Jiro Yamaguchi, to the Shareholders' Meeting.

Regarding the director resignation as stated in ¹ and ², CNS shall have 9 board members since March 31, 2017.

A list of authorized directors signing on behalf of CNS regarding CNS's affidavit

- | | | |
|----|------------------------------------|--|
| 1. | Mr. Suthep Peetakanont | Chairman of the Board of Directors and
Chairman of the Board of Executive Directors |
| 2. | Mr. Takahito Nakamura ¹ | President |
| 3. | Mr. Nimit Wongjariyakul | Executive Director |
| 4. | Mr. Naoki Sugaya | Executive Director |
| 5. | Mrs. Chrisana Sae-Leiw | Executive Director |

Any 2 directors of the above list are authorized to sign and bind CNS with CNS's seal.

¹ The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director and the authorized director signing on behalf of CNS, effective from March 31, 2017. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Takahito Nakamura. Accordingly, directors authorized to sign and bind CNS since March 31, 2017 shall be any 2 directors of Mr. Suthep Peetakanont, Mr. Nimit Wongjariyakul, Mr. Naoki Sugaya and Mrs. Chrisana Sae-Leiw, with CNS's seal.

Authorities and Duties of the Board of Directors

1. To perform their duties in accordance with laws, its objectives and Articles of Association, as well as the resolutions of the shareholders' meetings. The Board of Directors may entrust one or several directors or any other person(s) to perform any tasks for the Board of Directors.
2. To consider, determine, correct or change the directors who have the authority to sign and bind the Company in order to make juristic acts for and on behalf of the Company;
3. To perform their duties in accordance with the principle of good corporate governance as outlined by the SET;
4. To notify, without delay, any members of the Board of Directors of the following cases:
 - 4.1. He/She has either direct or indirect interests in any contract made by the Company during the accounting period. The facts relating to the nature of the contract, the names of the counter parties and the interest (if any) of such director(s) must be specified.
 - 4.2. He/She holds the Company's shares. Either an increase or a decrease in the amount of shares held during the accounting year (if any) must be specified.

Roles, Authorities and Duties of the Chairman of the Board of Directors

1. Call the meeting of The Board of Directors' meeting and sufficiently and timely provide the invitation letter and relevant documents to The Board of Directors.
2. Preside over The Board of Directors' meeting and the shareholders' meeting. Monitor the meeting to be in compliance with CNS's rules.
3. Encourage the standard regarding good corporate governance of the Board of Directors.
4. Perform any duties specified for the Chairman of the Board of Directors as required by law.



Independent Directors

As of December 31, 2016, CNS had 4 Independent Directors, in line with the SEC's requirement that the Independent Directors must be at least 1/3 of a number of total directors and not less than 3 persons, as the followings;

Director Name	Position	Type of Director
1. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	Independent Director
2. Col. Ruangsub Kovindha	Audit Committee and Independent Director	Independent Director
3. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	Independent Director
4. Dr. Prasit Kanchanasakdichai	Independent Director	Independent Director

(B) Board of Executive Directors

CNS has the management structure in the form of "the Board of Executive Directors". The Board of Executive Directors has ultimate authority in CNS's management. (different from CEO structure which has only one person of Managing Director.) The Board of Executive Directors consists of 5 Executive Directors, having their authority and roles altogether. An individual Executive Director has no ultimate authority.

As of December 31, 2016, CNS had 5 members of the Board of Executive Directors as the followings;

Director Name	Position	Type of Management
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Chairman of the Board of Executive Directors
2. Mr. Takahito Nakamura ¹	President	Executive Director
3. Mr. Nimit Wongjariyakul	Executive Director	Executive Director
4. Mr. Naoki Sugaya	Executive Director	Executive Director
5. Mrs. Chrisana Sae-Leiw	Executive Director	Executive Director

Miss Kridsana Kulpanyalert is the secretary of the Board of Executive Directors.

¹ The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director and the authorized director signing on behalf of CNS, effective from March 31, 2017. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Takahito Nakamura.

Regarding the director resignation as stated in ¹, CNS shall have 4 members of the Board of Executive Directors since March 31, 2017.

Authorities and Duties of the Board of Executive Directors

1. To operate and oversee the Company's operations as assigned by the Board of Directors, which shall include:
 - 1.1. To set business policies, goals, operating plans, strategies and annual budget in order for the approval of the Board of Directors
 - 1.2. To govern and ensure that the Company's operations are in accordance with applicable laws, the objectives and article and association of the Company as well as are corresponding with the business policies, goals, operating plans, business strategies and budget that have been approved by the Board of Directors;
 - 1.3. To approve the operating expenses that exceed authorized limit of the management under the approval authorities of the Company;
 - 1.4. To approve trading limit for securities trading, credit limit for credit balance/margin accounts and credit limit for securities borrowing and lending accounts as well as to approve other transactions related to securities businesses that exceed the authorized limits of the management under the approval authorities of the Company;
 - 1.5. To approve underwriting transactions and other transactions in relation to investment banking businesses under the approval authorities of the Company;
 - 1.6. To set the organizational structure and management authorities in order to cope with the recruitment, the employment, the remuneration, the transfer, the training and the dismissal of the Company's personnel from the Senior Vice President downwards;
 - 1.7. To sell, transfer or dispose the Company's assets that are unused, out of date or below standard as well as to set the allowance for bad debts, asset impairment and to write off bad debts under the general accepted accounting principles and the recommendations of the Company's auditor;
 - 1.8. To report promptly to the Board of Directors when there occurs any corruption, suspicion of corruption, illegal acts and other unusual acts, which may significantly affect to the reputation and financial status of the company;
 - 1.9. To appoint or assign any person(s) to perform any duties on behalf of the Board of Directors as appropriate where the Board of Directors may at any time terminate such appointment; Provided however that such delegation of duties and responsibilities to the Board of Executive Directors shall not be the delegation or sub-delegation which would enable the Board of Executive Directors and/or their agents to approve any transactions that may result in conflict of interest (as defined by the SEC) except for the normal business transactions which are clearly stipulated;
2. To perform any other duties as may be delegated by the Board of Directors;



(C) Audit Committee

For the fiscal year 2016, CNS had 3 members of the Audit Committee who were also the Independent Directors as the followings;

Director Name	Position	Type of Director
1. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	Chairperson of the Audit Committee
2. Col. Ruangsub Kovindha	Audit Committee and Independent Director	Audit Committee
3. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	Audit Committee

Mrs. Parichart Khantasima is the secretary of the Audit Committee.

Mrs. Wattanee Phanachet is the Audit Committee who has expertise and experience in reviewing CNS's financial statements and the following financial statements;

Year	Position	Company
1998 - Present	Chairperson of Audit Committee and Independent Director	Capital Nomura Securities Public Company Limited
2007 - Present	Audit Committee and Independent Director	Esso (Thailand) Public Company Limited
1999 - 2013	Audit Committee and Independent Director	Thai Poly Acrylic Public Company Limited

Authorities and Duties of the Audit Committee

1. To review the accuracy and adequacy of CNS's financial reporting.
2. To review the Company's internal control system and internal audit function to ensure that they are suitable and efficient. Also to consider an Internal Audit Department's independence, as well as to approve the appointment, transfer and dismissal of the Head of Internal Audit Department.
3. To review risk assessment and risk management with CNS's management and monitor risk management process.
4. To review the Company's compliance with the securities and exchange laws, the SET's regulations, and the laws relating to the Company's business.
5. To consider, select and propose for appointment or dismissal of an independent person to act as the external auditor, propose remuneration, and meet with the external auditor privately without the management's presence at least once a year.
6. To consider CNS's transactions with related parties or any transactions that may lead to conflicts of interest to comply with the SET's regulations and to ensure that such transactions are reasonable and are the most beneficial to CNS.
7. To prepare the Audit Committee Report to be disclosed in CNS's annual report. Such report shall be signed by the Chairman of Audit Committee and shall comprise of at least the following information:

- opinion on the accuracy, completeness and reliability of CNS's financial report
 - opinion on the adequacy of CNS's internal control systems
 - opinion on the compliance with the securities and exchanges laws, the SET's regulations, and regulations relating to CNS's business
 - opinion on the appropriateness of an external auditor
 - opinion on the transactions that may lead to conflicts of interest
 - the number of Audit Committee Meetings and attendance of each Audit Committee Member
 - overall opinion or notice that the Audit Committee obtained from operating according to the Charter of Audit Committee
 - any issue that the shareholders and general investors should acknowledge under the scope of duties and responsibilities assigned by The Board of Directors
8. To inspect / assign the inspection on any issue informed by CNS's external auditor in case the external auditor observes suspicious behaviour that directors, management or the person who is responsible for CNS's operation might commit any offence against Securities and Exchange Act (No.4) B.E.2551, and report preliminary inspection result to the SEC and the external auditor within thirty days after being informed by the external auditor.
9. From operating the duties, in case the Audit Committee observes or suspects the following actions:
- 1) transaction with conflicts of interest
 - 2) fraud, irregularity or significant weakness of internal control system
 - 3) offence against securities and exchange laws, SET regulations or any regulations relating to CNS's business
- that would significantly affect CNS's financial position and operating result, the Audit Committee shall report the issue to the Board of Directors to correct within the period that the Audit committee deems appropriate. Unless the Board of Directors or the management take action within the predetermined period, any Audit Committee Member may report such issue to the SEC or the SET.
10. To be understood and agreed with the Auditor in the part of **Key Audit Matters (KAM)** including the information disclosure related with the Notes
11. To perform any duties assigned by the Board of Directors with the approval of the Audit Committee



Audit Committee's Meeting

The Audit Committee's Meetings shall be held at least 4 times a year according to a quarterly report of financial statement. The Chairman of the Audit Committee may call the additional meeting as necessary.

(D) Credit Review Committee

As of December 31, 2016, Credit Review Committee consisted of the Board of Executive Directors. The Chairman of the Board of Executive Directors is the Chairman of the Credit Review Committee. Department Head of Risk Management Department is the secretary of the Credit Review Committee.

Authorities and Duties of the Credit Review Committee

1. To set the standard practices of account opening credit limits and increasing of credit limits, as well as setting up guidelines for consideration of credit limits.
2. To appoint an authorized person approving credit limits for securities trading, as well as considering requested cases which are not stated in the internal guidelines.
3. To set measures of credit risk control or consider any other issues relating to the credit facilities including collateral concentration limit.
4. To approve the Marginable Securities List proposed by the Marginable Securities Committee.
5. To appoint Member of Marginable Securities Committee.
6. To consider the interest rate for cash balance and margin loan

(E) Marginable Securities Committee

As of December 31, 2016, CNS had 3 members of the Marginable Securities Committee, consisting of;

Position	Type of Director
1. Department Head of Risk Management Department	Chairman and Secretary
2. Executive Director in charge of IT/Operation Division	Committee
3. Department Head of Stock Coverage Analysis Department – Investment Research and Investor Services Division	Committee

Authorities and Duties of the Marginable Securities Committee

1. To consider and determine practices and guidelines for the selection of marginable stocks and margin levels suitable for the domestic economy and brokerage business, and make proposal to the Credit Review Committee.
2. To periodically review the Marginable Securities List and the initial margin rate based on the assigned and requested basis, and propose the reviewed list to the Credit Review Committee for their approval
3. To consider and determine collateral concentration limit suitable for liquidity and risk of each securities.
4. To set measures to manage the risk from collateral concentration.

(F) Risk Management Committee

As of December 31, 2016, CNS had 6 members of the Risk Management Committee, consisting of;

Position	Type of Director
1. Executive Director	Chief Risk Officer ("CRO")
2. Executive Director in charge of IT/Operation Division	Deputy Chief Risk Officer
3. Finance Department/Division Head	Committee
4. Compliance Department Head	Committee
5. Legal Department Head	Committee
6. Risk Management Department Head	Committee and Secretary

The Board of Executive Directors can appoint and change members as well as adjust a number of members as appropriate.

Authorities and Duties of Risk Management Committee

1. To establish and enforce risk management policies.
2. To establish and operate risk management processes.
3. To verify the effectiveness of risk management methods.
4. To report the Board of Executive Directors and the Board of Directors.



(G) Anti-Money Laundering Committee (AMLC)

As of December 31, 2016, CNS had 4 members of the Anti-Money Laundering Committee (AMLC), consisting of;

Position	Type of Director
1. Executive Director	Member
2. Representative of Legal Department	Chairman
3. Representative of Compliance Department	Member
4. Representative of Risk Management Department	Member

The Meeting

AMLC meeting will be held at least once a year for policy revision. For another meeting will be held when the member's request. The Chairman of AMLC will call the meeting by informing date and time of the meeting to the members via email. There might be ad hoc meeting when any case is urgently needs to be considered.

Authorities and Duties of Anti-Money Laundering Committee (AMLC)

1. To consider the AML/CFT policy and subordinate policy including procedures development and implementation of AML program. All policies and procedures shall be proposed for BOED's approval.
2. To review AML/CFT policies including AML procedures annually basis.
3. To maintain up to date New AML Laws and regulations and revised policies from time to time.
4. To consider a suspicious transaction reporting of our clients before sending to AMLO.
5. To made the company's standard practice and act in order to prevent and detect money laundering, terrorist financing activities.
6. To set and develop the training for staffs to aware of AML/CFT Laws. Training for all staffs relating to AML/CFT Laws will be held annually basis.

Nomination of Directors and the Management

(1) Directors

The Board of Directors shall select persons with suitable knowledge and attributes to become CNS's director by recommending such persons for nomination to a shareholders' meeting for approval in accordance with the following rules and procedures:

1. Each shareholder shall have votes equal to the number of shares held;
2. In choosing the directors, the method of voting used may be to vote on candidate by candidate or several candidates together, whichever the shareholders' meeting finds appropriate, but in voting to pass a resolution, the shareholders shall vote using all the votes under (1) which cannot be divided for any particular candidates or group to any extent at all.
3. Voting for election of the directors shall base on the majority of votes. In the case of equality of votes, the presiding chairman shall have an additional casting vote.

Appointing Replacement Director

- (1) In case there is a vacancy on the Board of Directors other than from the normal rotation, the Board of Directors shall choose any person who is qualified and not prohibited by law as a replacement director in the next meeting of the Board of Directors, except in the case that the remaining term of office of such director is less than 2 months. The replacement director shall hold the office only for the remaining term of the director whom he/she replaces. Also, the resolution to appoint a replacement director mentioned above must receive at least 3/4 of the total votes by the remaining directors.
- (2) In case all of the directors vacate their office, the incumbent Board of Directors shall become an acting Board to carry on CNS's business but only to the extent that is necessary, until a new Board of Directors has taken up its duties unless the Court orders otherwise. In case the Board of Directors has vacated the office by the Court order, the Board that has vacated the office must convene a shareholders' meeting to elect a new Board of Directors within 1 month from the date of vacating the office, by sending a notice to inform shareholders of the meeting at least 14 days prior to the meeting date.
- (3) In case there are vacancies to the extent that the number of remaining directors is less than the number required to constitute a quorum, the remaining directors shall act in the name of the Board of Directors only for convening a shareholders' meeting to elect replacement directors for all the vacancies. The meeting shall be convened within 1 month from the date the number of directors was reduced to less than the number required to constitute a quorum, and the replacement directors shall hold the office only for the remaining terms of the directors whom they replace.



Independent Director

CNS has the definition of Independent Directors which are in line with the minimum requirements of the SEC and the SET regarding number and qualification of the Independent Directors.

- (1) CNS must have Independent Directors at least 1/3 of the total number of CNS's directors and at least 3 persons.
- (2) Each Independent Director must have the below qualifications.
 1. must not hold shares in excess of 0.50% of the total number of shares with voting rights of CNS, the parent company, subsidiary, associated company, major shareholder or controlling person of CNS, whilst the shareholding of any related person of such Independent Director must also be counted.
 2. not be and have not been a director participating in management role, or an employee, an officer, an advisor which receives regular salary, or a controlling person of CNS or the parent company, subsidiary, associated company, subsidiary in the same level, major shareholder or controlling person of CNS, unless such Independent Director has not possessed the characteristics referred to above for at least 2 years prior to the date on which such Independent Director is appointed. However, that prohibited characteristics shall not apply to an Independent Director who used to be a governmental officer or an advisor to a government authority, which is a major shareholder or the controlling person of CNS.
 3. not be a person having blood relationship or relationship through legal registration as a father, mother, spouse, sibling and child, including as a spouse of a child, of any management person, major shareholder, or any controlling person or the person being nominated to be a management person or a controlling person of CNS or subsidiary.
 4. not have and have not had any business relationship with CNS, the parent company, subsidiary, associated company, major shareholder, or controlling person of CNS in the manner in which his/her independent discretion might be obstructed, neither is nor used to be a significant shareholder or a controlling person of any Company that has business relationship with CNS, the parent company, subsidiary, associated company, major shareholder or controlling person of CNS, unless such Independent Director has not possessed the characteristics referred to above for at least 2 years prior to the date on which such Independent Director is appointed.

The business relationship above includes normal practice trading transactions to lease or rent of real property, transactions related to assets/services, or financial support provision or reception by borrowing or lending, guarantee, providing collateral including other similar actions which make CNS or its counter parties having an obligation against the other a debt servicing worth 3% of the net tangible assets of CNS or more than Baht 20 million, whichever is lower. The calculation of liabilities shall comply with the criteria on the calculation of connected transactions as stipulated in the SET Notification re Disclosure of Information and other Acts of Listed Companies concerning the Connected Transaction. However, in consideration of liabilities, the liabilities incurred during one-year period prior to the date of commencement of business relationship with the same person shall be inclusive.

5. not be and have not been an auditor of CNS, the parent company, subsidiary, associated company, major shareholder or controlling person of CNS and not be a significant shareholder, a controlling person, or a partner of any audit firm which the auditor of CNS, the parent company, subsidiary, associated company, major shareholder, or controlling person of CNS is working, unless such Independent Director has not possessed the characteristics referred to above for at least 2 years prior to the date on which such Independent Director is appointed.
6. not be or have not been any professional service provider, including legal or financial advisor who obtains fee of more than Baht 2 million per year from CNS, the parent company, subsidiary, associated company, major shareholder or controlling person of CNS and not be a significant shareholder, a controlling person or a partner of any such professional service provider, unless such Independent Director has not possessed the characteristics referred to above for at least 2 years prior to the date on which such Independent Director is appointed.
7. not be a director appointed as a representative of CNS's director, a major shareholder, or a shareholder who is a related person of CNS's major shareholder.
8. not engage in any business which has a same nature as CNS or subsidiary and which in any material respect, is competitive with the business of CNS or subsidiary, or not be a significant partner in a partnership or a director participating in any management role, an employee, an officer, an advisor obtaining regular salary or a shareholder holding more than 0.50% of the shares with voting rights of other Company engaging in any business which has a same nature as CNS, or subsidiary and which in any material respect, is competitive with the business of CNS or subsidiary.
9. not have any other characteristics by which his/her independent comment/opinion on CNS's operation may be restricted.

(2) Executive of Directors

The Board of Directors has a full authority to appoint directors to be Executive Directors.

(3) Audit Committee

The Board of Directors or shareholder's meeting shall appoint members of Audit Committee. The Audit Committee must be CNS's director.

CNS's Audit Committee shall consist of at least 3 Audit Committee members. CNS's criteria of the Audit Committee are similar to the requirements of the SEC and the SET as follows.

1. The Board of Directors or shareholder's meeting shall appoint members of Audit Committee.
2. An Audit Committee member must be an Independent Director and possess qualifications as prescribed by the SEC and the SET, **and;**
 - (1) not being a director who is authorized by the Board of Directors to make decision in carrying out businesses of CNS, its parent company, its subsidiary, its affiliate or other juristic person which may have conflicts of interest; **and;**



- (2) not being CNS's director, its parent company, its subsidiary, or a subsidiary in the same level, which are listed Company.
3. The Audit Committee shall perform duties as stated in the SET's Notification re; Qualifications and Scope of Work of the Audit Committee.
4. The members of Audit Committee shall be capable of performing Audit Committee duties. At least 1 member must have sufficient knowledge and experience to review the reliability of financial statements.

(4) Executives

The Board of Executive Directors had an authority to select and appoint suitable persons to be executives.

(5) Number of directors from Major Shareholders

As of December 31, 2016, CNS had 4 management representatives represented Nomura Group, the major shareholder, as the followings;

Director Name	Position	Type of Director
1. Mr. Takahito Nakamura ¹	President	Executive Director
2. Mr. Naoki Sugaya	Executive Director	Executive Director
3. Mr. Philip Wing Lun Chow	Director	Non-Executive Director
4. Mr. Jiro Yamaguchi ²	Director	Non-Executive Director

¹ The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director and the authorized director signing on behalf of CNS, effective from March 31, 2017. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Takahito Nakamura.

² The Board of Directors No. 3/2560 held on March 15, 2017 noted the resignation of Mr. Jiro Yamaguchi, Director, from the position of CNS's director, effective from March 31, 2017. However, the remaining director term of Mr. Jiro Yamaguchi was less than 2 months. According to the Company's Articles of Association, in the case of a director vacancy otherwise than by rotation and the remaining director term is less than 2 months, the director shall be elected by the Shareholders' Meeting. As of March 31, 2017, the Board of Directors has been considering to nominate a person, who is qualified and not subject to prohibition by law as a replacement director of Mr. Jiro Yamaguchi, to the Shareholders' Meeting.

Regarding the director resignation as stated in ¹ and ², CNS shall have 2 management representatives represented Nomura Group, the major shareholder, since March 31, 2017.

Supervision over Performance of Subsidiaries and Affiliated Companies

CNS had neither subsidiaries nor affiliated companies.

Monitoring the use of and access to inside information

In 2016, there was no trading transaction of CNS's Directors and Management by using insider information for abusive self-dealing.

Policy on Inside Information

CNS has the policy to prevent staff and all executives from using the inside information or information obtained from the duties for their own benefits by applying the following control measures:

1. All Staff is required to open trading account only at CNS. For Thai securities, CNS allows for opening such in cash account and for lending the staff's securities. For foreign securities, CNS allows all staff except the Board of Executive Directors and staff in the Compliance Department, for opening foreign securities trading account in Cash Balance - FI account.
2. All Staff is required to submit the trading transaction report of their related persons to the Compliance Department upon request.
3. All executives must prepare and disclose report of CNS securities holding to the Board of Directors.
4. All Staff is prohibited from trading CNS share 45 days after closing of quarterly financial statement. The directors are also not allowed to trade CNS share from the date of receiving supporting documents of Board of Directors' meeting for acknowledgment of quarterly or monthly financial statements, to the date of announcing financial statement to public.
5. All Staff is prohibited from trading the securities of the Nomura Holdings, Inc. ("NHI share") including the securities which are prohibited by Nomura Group.
6. Any selling share must be held for a minimum of 30 calendar day after purchase or acquisition.
7. In relation to the trading of securities of which the Company's research paper covers, it is required that:
 - (1) An analyst in the related Division is not permitted to trade any securities or all securities in the sector that he/she is responsible for. Department Head or higher positions of the related Division are not permitted to trade any securities.
 - (2) All Staff is prohibited from trading any securities of which he/she knows or should know that the related Division is in the process of preparing information of such securities or plan to distribute research report of such securities.
 - (3) All staff in the related Division, all executive directors and all staff in the Compliance Department are prohibited from trading securities within 3 business days from the date the research paper is published and distributed including the securities which are prohibited by Nomura Group.
8. All Staff who know or should know non-public information or inside information of any securities are not allowed to trade those securities, whether he / she is in the department possesses those information or not.
9. Monitoring of the access or use of inside information is under the responsibility of the Compliance Department.



Enforcement

Trading securities for one's own benefit by using inside information is a breach of the above policy and CNS will take disciplinary action against all parties involved.

"Staff" means all full-time staff, all temporary staff whose contract not less than 3 months, and full-time directors.

Auditor Remuneration

(1) Audit Fee

CNS paid the audit fee for the fiscal year 2016 to EY Office Limited, its external auditor, in total of Baht 1,300,000. (Remark: CNS had no subsidiaries.)

(2) Non-Audit Fee

During the fiscal year 2016, CNS paid no other service fees to EY Office Limited, its external auditor, apart from the audit fee. CNS also paid no service fee to any connected persons of EY Office Limited.

Other Good Governance Practices

The Number of the Audit Committee's Meetings and the Attendance by Individual Members in 2016

Director Name	Type of Director	Number of Meetings	Number of Attendance
1. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee	4	3
2. Col. Ruangsub Kovindha	Audit Committee	4	4
3. Mr. Prasert Virasathienpornkul	Audit Committee	4	4

In the Audit Committee Meeting No. 1/2560 held on February 17, 2017 for the consideration of the financial statements for the fiscal year 2016, the Audit Committee had the meeting with the external auditor independently without the presence of CNS's management.

The Number of issues considered by the Credit Review Committee and the Issues considered by Individual Members in 2016

Name	Position	Number of Meetings	Number of Attendance
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	242	241
2. Mr. Takahito Nakamura	President	242	232
3. Mr. Nimit Wongjariyakul	Executive Director	242	235
4. Mr. Naoki Sugaya	Executive Director	242	239
5. Mrs. Chrisana Sae-Leiw	Executive Director	242	199

The Number of the Marginable Securities Committee's Meetings and the Attendance by Individual Members in 2016

Position	Type of Director	Number of Meetings	Number of Attendance
1. Department Head of Risk Management Department	Chairman and Secretary	4	4
2. Executive Director in charge of IT/Operation Division	Committee	4	4
3. Department Head of Stock Coverage Analysis Department – Investment Research and Investor Services Division	Committee	4	4

The Number of the Risk Management Committee's Meetings and the Attendance by Individual Members in 2016

Position	Type of Director	Number of Meetings	Number of Attendance
1. Executive Director	Chief Risk Officer ("CRO")	2	2
2. Executive Director in charge of IT/Operation Division	Deputy Chief Risk Officer	2	2
3. Finance Department/Division Head	Committee	2	2
4. Compliance Department Head	Committee	2	2
5. Legal Department Head	Committee	2	2
6. Risk Management Department Head	Committee and Secretary	2	2

The Number of the Anti-Money Laundering Committee's Meetings and the Attendance by Individual Members in 2016

Position	Type of Director	Number of Meetings	Number of Attendance
1. Executive Director	Member	5	5
2. Representative of Legal Department	Chairman	5	5
3. Representative of Compliance Department	Member	5	5
4. Representative of Risk Management Department	Member	5	5
5. Legal Department Head	Committee	5	5



Corporate Social Responsibility for Sustainability Development

Capital Nomura Securities Public Company Limited (CNS) realizes the importance of conducting its business with integrity and transparency, the importance of economy as it is a fundamental factor for the achievement in the business growth, as well as the concern in social and environment responsibility. All of which will truly lead to sustainable development.

CNS has a policy to run its business in compliance with Good Corporate Governance and Corporate Social Responsibility by following 8 principles regarding the guideline set by the SET. In addition, CNS also sets up a policy for stakeholders as the followings;

Guideline for stakeholders

Clients

CNS emphasizes to provide service with Customer Centricity. CNS shall provide a variety of high-quality financial and investment products and services to meet clients' needs, to keep client satisfaction and to maintain good relationship with clients.

CNS intends to create clients' benefits. CNS shall continuously develop high-standard financial and investment products and services with the following guidelines;

- (1) Recognition and understanding of clients' needs
- (2) Human resources development
- (3) Financial and investment products and services innovation
- (4) Business ethics awareness
- (5) Communication between CNS and clients

Employees

CNS realizes the employees as the most valuable resources to bring the great success to CNS. Therefore, CNS encourages all employees to develop their skill and knowledge for their highest competence.

CNS also treats employees equally and justly for their career paths and provides suitable compensation for their skill. Employees' opinions and feedback are highly welcome.

CNS provides good welfare and safe working environment. CNS encourages team spirit, respect individual right. In addition, CNS fairly considers their employment, appointment and transfer and maximizes the resource utilization.

CNS develops norm and culture to drive employees' competence and to shape their attitudes to the same direction to achieve CNS's goal.

CNS has a human resource policy aiming to attract and retain employees for business continuity through the following processes; recruitment and selection, utilization, clear career, performance recognition, retention, best development and make the difference culture.

Counter parties

CNS intends to do business with counter parties to create mutual long-term sustainability and alliances. CNS sets clear policies to deal with counter parties such as procurement of materials and services, rental and all types of leasing.

CNS strictly follows the rules with transparency and accountability in service and product quality, pricing and conditions to create mutual benefits.

Creditors

CNS has a policy to follow creditors' conditions as the followings;

CNS has a policy to fairly and equitably treat all types of creditors. CNS also commits to conduct its business to create trustworthiness from creditors with the following policy and guidelines.

- (1) Strictly comply with conditions or requirements as agreed in the contract, including provisions and contingencies. In case CNS is not able to comply with any conditions or CNS encounters default situations, CNS shall inform creditors to consider and find reasonable solutions together with creditors.
- (2) Properly manage a funding structure to support its business at appropriate risk level and cost to maintain creditors' confidence on CNS.
- (3) Timely provide accurate and complete financial reports to creditors.
- (4) Conduct its business to create sustainable growth in the long run and maintain good relationships with creditors.

Competitors

CNS shall compete on equally, fairly and justly basis within the framework of related rules.

CNS shall kindly cooperate to the industry to improve the efficiency of Thai capital market.

Authorities

CNS aims to strictly follow relevant laws, rules and regulations and kindly cooperates with relevant authorities.

CNS also has a policy to conduct its business against all kinds of corruption to express its intention to support the anti-corruption which is the important issue of the country, by having clear policies and guidelines regarding international standards.



Shareholders

CNS shall conduct its business to make profit with long-term growth of return by maximizing its capabilities which shall add value to CNS both in the form of shareholder values and interesting dividend payment rate.

CNS shall disclose sufficient and accurate information to investors for their decision making on a timely basis regarding the SEC's and the SET's requirements. Therefore, shareholders and investors will have the clear picture of the performances as well as the future business operations.

8 Principles of Corporate Social Responsibility

1. Business ethics awareness

CNS has a commitment to conduct its business with ethics and transparency. CNS follows the principles of Good Corporate Governance as guidelines to be in compliance with relevant laws, rules and regulations and to conduct its business with ethics. CNS also fairly considers all stakeholders' benefits.

CNS realizes the importance of conducting its business with ethics as it shall create stakeholders' trust which will create long-term benefits to CNS and sustainable development. CNS shall encourage activities regarding the fair competition law as well as cooperate with authorities e.g. encourage employees to realize the importance of the compliance with the fair competition law.

CNS considers conducting its business fairly and justly with integrity and also concerns co-benefits with clients, shareholders and stakeholders throughout the business chain. CNS shall not conduct its business to acquire any unfair benefits to be in compliance with the principles of Good Corporate Governance and the international standard.

Practical Guidelines for Business ethics awareness in 2016

- CNS Got the average score for the Corporate Governance Report of Thai Listed Companies 2016 conducted by Thai Institute of Directors Association (Thai IOD) at the level "Excellent"
- CNS participated in the "Nomura Founding Principles and Corporate Ethics Day" on August 3rd of every year to remind employees of Nomura Group's culture and founding principles regarding the principles since the establishment day and the past mistakes, with the aim to prevent any recurring mistakes similar to the past 90 years of Nomura Group's establishment. 100% of total number of employees as of August 3, 2016 participated in this event.
- CNS continuously communicated and provided knowledges to directors, management and employees about the policy regarding the prevention of the use of insider information for abusive self-dealing.
- CNS provided communication channels, advices and information for the benefits of operation or complaints and misconduct regarding the Whistleblowing Policy including the protection measure of the whistleblowers for the transparency of the business operation.

2. Anti-Corruption

In 2015, CNS became a CAC-Certified Company, a full member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and formulated the written "Anti-Corruption Policy" as an apparent guideline in conducting business for sustainable development and as a part of CNS's Code of Ethics. CNS's directors, management and employees including agents acting on behalf of CNS must strictly comply with the Anti-Corruption Policy. CNS shall annually review the Anti-Corruption Policy to ensure the alignment with the changes of business, rules, regulations and legal requirements.

In 2016, CNS conducted the annual training of "the Anti-Corruption Policy" in November 2016 to provide and share knowledge and working guidelines for efficiency and transparency which are able to create stakeholders' trust and the utmost benefits for CNS, employees and shareholders.

Please see further detail in the section "Anti-Corruption Policy".

3. Human Rights

CNS has always respected human rights and set its guidelines as follows:

- **Non-Discrimination:** CNS understands the importance of human dignity, rights and liberty. CNS shall not discriminate people on the basis of gender, race, religion, society, nationality, economic status or social status.
- CNS shall set up its policies and guidelines with regard to people's right.
- CNS has a guideline for investigating the fact in case the action of the violation in human rights is found. CNS shall perform to cease such action and find out the preventive action for the violation in human rights incurred in CNS.

4. Fairness and Labor Practices

CNS conducts its business with fairness and in compliance with Labor law by the following guidelines.

- (1) **Labor Practices:** CNS shall not employ forced labors or child labors and shall prohibit a person who is under 18 years old to perform or work in a hazardous place.
- (2) **Compensation and fringe benefits:** CNS shall pay wage, compensation and fringe benefits to staffs in compliance with labor law with fairness and accuracy.
- (3) **Equal Treatment:** CNS shall treat its employees equally and comply with labor law which is the minimum standard for the following areas; hiring, wages, training, promotion, termination of employment, and lay off.
- (4) **Humanity:** CNS respects employee's rights and prohibits any actions that cause harm to employees neither physically nor psychologically including threats of any kind.



5. Client Responsibility

CNS conducts its business with integrity and code of ethics, which are the most importance in conducting securities business, to create clients' and stakeholders' trust as well as sustainable growth.

CNS focuses on the services with Customer Centricity Principle by providing high-quality, innovative and full scope of financial and investment products and services to all levels of clients in order to meet a variety of client's needs. CNS also focuses on innovative products and services to enhance the operational effectiveness. CNS continuously conducts promotion and marketing campaign to provide benefits adhering to clients' needs.

CNS aims to create mutual benefits to clients and continues to develop financial and investment products and services regarding the international standards under the principles of clients' satisfaction as the followings;

(1) Recognition and understanding of clients' needs

With Customer Centricity Principles, CNS concerns clients' needs as priority by focusing on a result of Suitability Test to know its clients. This also leads to CNS's benefit in providing clients suitable investment advices for their decision making and risk appetite.

(2) Human resources development

- CNS has a policy in sustainable human resources management. CNS has set up the "Young Talent Financial Advisor" program since 2010 to 2016, in total of 16 recruitment cycles. This program is to educate and develop young talents to be qualified financial advisors for their service in providing investment advices to clients.
- CNS has a policy to develop employees' competencies by providing financial advisors knowledge trainings of financial and investment products and services for their service in providing investment advices to clients.
- CNS targets all of its employees to possess high standard of knowledge and professional capability in order to provide competent service to clients for the best interests of clients, shareholders and stakeholders.

(3) Financial and investment products and services innovation

- CNS has set up the "CNS Corporate Access" program that analysts, financial advisors as well as clients are able to meet management of listed companies in the SET to gain information and query from management of listed companies. This program promotes and supports as well as shares investment knowledge with high-quality by considering the fundamental information of listed companies. Meanwhile, listed companies are able to share their history and information to investors. In 2016, there were 59 listed companies participated in this program.

- CNS has invested in the communication channel of the branches in upcountry to be NOMURA Learning Center and NOMURA Service Center to meet clients' needs by providing live broadcasts of seminars from the head office or the branches in Bangkok to the branches in upcountry with the aims to create parity for investors inside and outside Bangkok in gaining news and information from CNS's seminars.
- CNS coordinated with the SET to initiate "New Frontier Road Show with Nomura Learning Center" Project to provide local investors opportunities to access investment resources, similar to the resources, in Bangkok through Nomura Learning Center located throughout the country. This event was to educate and develop potential local people to be investors, with the aim to serve the saving policy for the coming aging society.
- CNS targets to provide accurate research papers to meet clients' needs, with the information supported by Nomura Group. CNS has research papers covering several areas; fundamental, technical, economic outlook, market direction and investment strategies. CNS has analyst experts guaranteed by analyst awards from various organizations. In 2016, CNS's strategist, Mr. Koraphat Vorachet, Department Head of Strategy Department won "The Money Channel Award 2016" hosted by Money Channel and Money & Wealth magazine. This award was an assurance of the warm welcome from investors as a result of CNS's efforts.
- CNS provides clients a variety of investment tools by providing 2 online trading applications; Streaming and efin Trade Plus. When one of these 2 applications is out of service, clients can promptly shift to another one.

(4) Business ethics awareness

- CNS provides all clients only reliable, transparent and accurate information, both in written and verbally on behalf of CNS.
- CNS complies with the SEC's and the SET's requirements. CNS considerably examines products, services, and communication media launched by CNS to ensure that CNS provides service standard, for the best interests of clients, with the alignment of the principles of Good Corporate Governance and the international principles as well as relevant rules, regulations and law.
- CNS keeps clients' information confidential. Access to clients' information is restricted and limited to only the certain responsible department.
- CNS conducts its business with clients with fairness and integrity to be in compliance with the requirements and conditions stated in the agreement and relevant rules and regulations.

(5) Communication between CNS and clients

- CNS periodically communicates with clients to provide reliable and updated information relevant to them or CNS. CNS also creates several channels for their information access e.g. newsletter, leaflets, direct mail, and CNS' website (www.nomuradirect.com) and other media.



- CNS notifies clients their rights and benefits through direct mails about rewards from promotion and marketing campaigns, training and seminars or other special events.
- CNS records and monitors clients' suggestion and satisfaction e.g. CNS purchased "Customer Satisfaction" program to use in the significant events. CNS also creates questionnaires in order to understand needs by types of client for a further analysis of product and service development.
- CNS provides clients a channel to seek more information and recommendation of CNS's products and services as well as a channel to submit their complaint about CNS's operation through CNS's website (www.nomuradirect.com) or Telephone No. 0-2638-5500.

(6) Environmental Responsibility

CNS has a clear policy concerning environmental and social responsibility as the following guidelines;

- (1) Strictly follow rules and regulation about environment by developing operation standard to conform to environmental regulation.
- (2) Support green products and services that have less impact to environment and people health.
- (3) Focus on the appropriate and standard occupational safety, health and environment. CNS encouraged its employees to participate in the 2016 fire drill of Bangkok Insurance Building (CNS's head office location) held on November 25, 2016. 92% of total employees presented on that day participated in this event.
- (4) Focus on the importance of reducing paper usage to save the World's resources by using emails for internal communication and communication between CNS and clients. CNS encourages clients to use e-dividend and e-confirmation services to reduce paper usage, which not only helps save resources but also facilitate delivering messages to clients. Clients can timely get dividend and their investment information as well as save their resources to go to banks. Such procedures not only help save the global resources but also CNS's expenses.
- (5) Develop management policy and create an organization culture concerning environmental care by saving resources and energy. In correspondent to the international environmental saving and global warming campaign, CNS participated in "Earth Hour Project 2016" by encouraging its employees to turn off electricity for 1 hour during 8.30 p.m. - 9.30 p.m. on Saturday March 19, 2016 in order to create environmental care. Employees were also encouraged to dress by recycle materials to create the awareness of global warming for employees in CNS and other companies in the same building.

(7) Corporate Social Responsibility

CNS aims to conduct its business with Corporate Social Responsibility (CSR), adhering to business ethics and the principles of Good Corporate Governance. CNS's employees of all levels are continuously encouraged to participate in CNS's activities concerning CSR as well as to have a caring mindset of social responsibility.

CNS takes a role in promoting social activities of several opportunities, aiming to create supreme benefits to conduct creative activities for society, community as well as several organizations. CNS also aims to be a part of society to sustainably promote and strengthen Thai society. The summary of CNS's activities was as the followings;

SET Bull Run

CNS joined a charity "SET Bull Run Mini marathon", organized by the SET on Sunday February 28, 2016 for the type "Mini Marathon" with the distance 10.3 kilometers and "Fun Run" with the distance 3.2 kilometers marathon and also supported healthy drinks for runners. This event attracted more than 3,300 runners from capital market professionals, investors, as well as professional and amateur runners, and the general public. As CNS saw the importance of employees' fitness, CNS joined this event with the aim to encourage the fitness campaign, good relationship between internal employees and outsiders, sportsmanship as well as generosity to employees

CNS Startup & SME Access

Thai Government defines a direction of the SET to be a part of the sustainable economic roadmap and encourages potential companies in the target industries to list in this SET and the mai and provides funding accessibility to Small-and-Medium Enterprises (SMEs) and Creative and Innovative Startup (Startup) to support them to be competitive in the global market and be engines to drive sustainable Thai Economy.

CNS saw the importance of the development in SMEs and Startup as they will be new growth engines to the economy. Several factors especially on business knowledge are essential to strengthen SMEs and Startup. CNS would like to become a part of the drivers to strengthen SMEs and Startup, as a result, CNS set up "CNS Startup & SME Access" Program in 2016 with the aim to be "a valuable bridge connecting SMEs and Startups, to explore business opportunities in a professional way. CNS is willing to offer fundamental knowledge in order to create a successful path to become recognizable in the market by building an exclusive community where all business alliances could have opportunities to exchange ideas and experiences and providing the investment advisory, basic - financial accounting and business regulations which contributes to sustainable business growth. The Framework of this project was as the followings;

1. Provide handy and useful knowledge for SMEs and Startup
2. Promote Connectivity and Network among SMEs, Startup, and Listed Companies.
3. Support access to funding for SMEs and Startup
4. Encourage SMEs and Startup to be listed in the SET and the mai
5. Collaborate in other activities promoting development among SMEs and Startup



The important activities under this program were as the followings;

- **Cooperation with Public and private agencies**

CNS had an intention to support, promote, and develop the potential of SMEs and Startup, therefore, CNS had collaborated with other public and private agencies to join “CNS Startup & SME Access” with other 3 alliances; the SET, University of Thai Chamber of Commerce (UTCC) and SME Development Bank. The letter of intent was officially agreed and signed on May 11, 2016 at the SET.

- **CNS Corporate Access**

This activity provides general investors an opportunity to meet listed companies in the SET for gaining fundamental information of the listed companies. It also provides SMEs and Startup an opportunity to meet management of listed companies in the SET through seminars for their learning of experiences and know-how of the business doing from the professionals. This activity has been arranged on every Tuesday and Thursday during January to March 2016, May to July 2016 and September to October 2016 at CNS Convention Center at Thai Wah Tower, G Floor. CNS also broadcasted the seminars to the branches throughout the country.

- **The Angel Biz Challenge**

This activity was established in 2016 with the co-operation of CNS, the SET, UTCC and SME Development Bank.

The Angel Biz Challenge is a “business idea” competition project with prizes worth up to Baht 1.35 million. The competition was open to thinkers, developers, SMES and Startup who have potential business creativity and innovation to pitch their business ideas

In addition, contestants got a chance to take part in business workshops and get advice from successful listed companies as well as a marketing support from 4 alliances. In 2016, there were 175 contestants participated in this competition.

- **The Angel Boot Camp**

One of the activities under the Angel Biz Challenge was the Angel Boot Camp, the business workshop created by the Innovation-Driven Entrepreneurship Center (IDE Center), UTCC. This activity was conducted for the contestants in the ideation track who passed the audition, with the aims as the followings;

- ➡ To organize business ideas for problem solving by ideation, recruitment, procedures and resources allocation
- ➡ To develop attitudes and use marketing tools to test the feasibility

- ➡ To strengthen ideation with advice from the professional and experience entrepreneurs

The Angel Boot Camp consisted of 2 parts; 1) Entrepreneurial Mindset and 2) Business Plan Development. A variety of workshops were provided to the participants for their practice. In 2016, there were 30 contestants passed the audition and participated in the Angel Boot Camp.

- **CNS Convention Center (Co-Working Space)**

With the focus to be one part of the drivers to strengthen and develop SMEs and Startup, CNS established the “CNS Convention Center” at Thai Wah Tower, G Floor, South Sathorn Road, as a central space to share knowledge and to be co-working space for members in order to create a successful path to become a real business.

CNS believes that the macro economy was driven by aggregated units of micro economy move. To support small business units to grow sustainably will strengthen the growth of Thai Economy.

(8) Innovation from social and environment responsibility activity

CNS has provided the following online trading applications to cover clients’ investment needs and to support investments which will partially help clients save their transportation time, energy consumptions as well as reduce global warming. This also provides equitable channels for clients to access information nationwide and worldwide.

- eFin Trade Plus
- Streaming
- SBL Real Time
- Nomura iFund
- Nomura iGlobal

CNS developed an additional channel for clients in completing their suitability test to facilitate clients by providing online suitability test through the Single Gateway Log-in to CNS’s website (www.nomuradirect.com). Clients can use the same password as the password log-in to the online trading applications. In the past, CNS’s financial advisors must visit clients by themselves to interview clients and complete their suitability test. In this regard, CNS encourages clients to complete their online suitability test as it can help clients and also CNS’s employees save their meeting time.

CNS still aims to create, develop and enhance its strength and capabilities as well as promote the vision in being a leading innovative securities firm. CNS also has a policy to improve and develop its operations and information technology systems to provide high-quality services to meet clients’ needs.



Internal Control and Risk Assessment

CNS realizes the importance of good corporate governance by encouraging all departments to conduct their process in “Self-Regulatory Organization” (SRO), operational control, internal control as well as effective risk management to be in compliance with relevant laws and regulatory rules. CNS also enforces all departments to annually consider “Self Risk Assessment” to ensure the internal control adequacy of corruption risks and risk managements regarding five components of COSO framework (The Committee of Sponsoring Organization of the Treadway Commission) which consisted of the 5 areas as the followings;

Control Environment

CNS encourages management and all employees to realize the importance of internal control and has established organizational standard which causes effective management and business operations. Internal Audit Department is independent and directly reports to Audit Committee. The Risk Management Committee also supports the internal control and risk management. Furthermore, CNS requires management and employees to strictly follow “*Code of Ethics*”.

CNS emphasizes on human resources, recruitment, hiring process as well as training and reconciliation process. The integrity and ethics values are communicated in new employee orientation. CNS also provides segregation of duties on maker and checker processes. CNS aims to enhance and develop the effectiveness of the internal control to be sufficiently and appropriately measured and implemented and also to align with the changeable environment.

Risk Assessment

In order to efficiently manage risks and recognize emerging risks, CNS requires all departments to annually implement the Risk and Control Self-Assessment to realize risk factors and the importance of internal controls. As one of CNS’s culture, all employees have responsibility to efficiently and timely manage risks to achieve the business objectives. Each department has to identify risks which may occur during day-to-day activities and consider appropriate internal controls and action plans to manage those risks.

Control Activity

CNS establishes clear guideline, approval limit, authority of management and related officers, scope of operations including segregation of duties. There are independent departments which are separated from front office for verification and control processes. Moreover, CNS has clear measure and process for managing risks of margin loan business such as criteria for selecting marginable securities, initial margin requirement, collateral and concentration limit control, etc. In addition, CNS has measure for information technology activities to ensure that information security is maintained. The Information technology policies are designated to provide right to access to authorized users commensurate with their responsibilities and adequate control.

CNS’s business contracts or agreements will be reviewed by Legal department to minimize legal risks and reputation risk. In addition, CNS also has ‘*Business Contingency Plan*’ (BCP) policy and procedure that will be tested at least once a year to prepare for predetermined incident to ensure the continuous business operations.

Information and Communication

CNS's information system supports operating processes and management's decision makings.

The Minutes of Board of Directors Meeting including all documents are recorded and kept for reference and further requests.

CNS has the Whistleblowing policy for both insiders and outsiders to inform any suspicious incidents or complaints related to fraud or misconduct.

Monitoring Activities

The auditing, monitoring and reporting are carried out by the Internal Audit Department which is structured to be independently to Audit Committee. Any deficiency of internal control will be reported, monitored, and managed in a timely manner.

Summary of Internal Control and Risk Assessment

In the Board of Directors' Meeting No. 2/2560, held on February 22, 2017, The Board of Directors and the Audit Committee acknowledged the 2016 result of internal control adequacy in five aspects: (1) Control Environment (2) Risk Assessment (3) Control Activities (4) Information and Communication and (5) Monitoring Activities. The Board of Directors commented that CNS's internal control was proper and sufficient. The Company provides sufficient personnel for supporting the efficient compliance. In addition, the internal control system for monitoring the operation is adequate to prevent the Company's assets from mismanagement of Directors or Management as well as connected transactions.

Audit Committee's opinion different from the Board of Directors' opinion

The Audit Committee had no opinion different from the Board of Directors' opinion.



Head of Internal Audit Department and Head of Compliance Department

(1) Head of Internal Audit Department

In order to efficiently perform the duties and align with the international standards, the Company has assigned Internal Audit Department which is independent and directly reports to the Audit Committee. CNS appointed Mrs. Parichart Khantasima, Department Head of Internal Audit Department, to be CNS's Head of Internal Audit Department.

The Audit Committee has considered that Mrs. Parichart Khantasima has internal audit experience in securities business, understands the Company's activities and operations with the adequate qualifications and work experiences for independently and efficiently perform the internal audit function.

The Audit Committee has authorities and duties to consider and approve the appointment, transfer and dismissal of Head of Internal Audit Department.

(2) Head of Compliance Department

CNS appointed Miss Penphun Palungvitvatana, Department Head of Compliance Department, to be CNS's Head of Compliance Department.

Report of Audit Committee

The Audit Committee of Capital Nomura Securities Public Company Limited (“CNS”) consisted of 3 independent directors, namely Assistant Professor Wattanee Phanachet, Chairman of Audit Committee, Col. Ruangsub Kovindha and Mr. Prasert Virasathienpornkul, the Audit Committee Members. All the Audit Committee Members possess the qualification required by the Securities and Exchange Commission. Department Head of Internal Audit Department was the secretary to the Audit Committee.

During the fiscal year from January 1, 2016 to December 31, 2016, the Audit Committee held 4 meetings, the Chairman of the Audit Committee could not attend the meeting no. 1/2560. For the another 3 meetings, all members of the Audit Committee attended. The Audit Committee performed the duties assigned by CNS as follows:

1. Reviewing CNS’s quarterly and year-ended financial statements before proposing to the Board of Directors that CNS’s financial statements were fairly presented in accordance with Thai Financial Reporting Standards and adequately disclosed, and independently considered audit results with the external auditors and Internal Audit Department to acknowledge explanation, findings, recommendation and clarification of responsible parties.
2. Reviewing appropriateness of internal control system, of which the audit was conducted by the external auditors and Internal Audit Department. The Audit Committee acknowledged the audit results from summarization and clarification of both parties, and expressing notices and recommendations as deemed appropriate.
3. Reviewing the operations of Internal Audit Department, including audit planning, audit conduct, audit reporting and monitoring procedures. The Audit Committee also suggested recommendations to improve audit efficiency.
4. Reviewing risk assessment and risk management with CNS’s management and monitoring risk management process.
5. Reviewing CNS’s operations in compliance with securities and exchanges laws, SET regulations, and regulations relating to CNS’s business.
6. Considering CNS’s transactions with related parties or any transactions that may lead to conflict of interests in compliance with SET and SEC regulations.
7. Preparing the Audit Committee Report to be disclosed in CNS’s annual report.
8. Selecting and proposing for appointment or dismissal CNS’s external auditor and considering audit fee. In addition, the Audit Committee had a private meeting with the external auditor without the management team being present.
9. Reviewing the Whistleblowing Policy.



The Audit Committee considered that CNS's financial statements were fairly presented in accordance with Thai Financial Reporting Standards and adequately disclosed as expressed in the report of the external auditor. CNS has had appropriate internal control system and complies with related regulations. The Audit Committee assured that CNS's Board of Directors and managements adhere to business ethics, highly emphasize on good corporate governance, and attempt to administrate the business prudently in order to achieve CNS's goals.

The Audit Committee selected an external auditor and proposed to the Board of Directors to further propose to the annual shareholders' meeting to appoint EY Office Limited by any one of Ms. Ratana Jala, and/or Mrs. Nonglak Pumnoi, and/or Ms. Rachada Yongsawadvanich to be CNS's external auditor for the fiscal year ended December 31, 2017.

The Audit Committee had the opinion that Mrs. Parichart Khantasima, Department Head of Internal Audit Department, had possessed suitable qualification and working experience to perform her duties independently and efficiently.

(Mrs. Wattanee Phanachet)

Chairperson of the Audit Committee and Independent Director
Capital Nomura Securities Public Company Limited

Connected Transactions

For the fiscal year ended December 31, 2016, CNS had business transactions with the related companies and/or connected persons as follows:

Ordinary or supporting an ordinary and usual course of business transactions which CNS provided services and received service fees

1. CNS entered into the agreements with Nomura Singapore Limited (“NSL”) to be an agent of securities trading. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS.

The commission fee for the fiscal year 2016 was Baht 161,045. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients.

2. CNS entered into the agreement with Nomura International Plc. (“NIP”) to be an agent of securities trading. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS.

The commission fee for the fiscal year 2016 was Baht 447,429. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients.

3. CNS entered into the agreement with Instinet Pacific Limited (“Instinet”) to be an agent of securities trading. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS.

The commission fee for the fiscal year 2016 was Baht 69,910,984. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients.

4. CNS entered into *Investors Business Support Agreement* with NSL to provide information of potential clients in Thailand as requested by NSL.

The service fee for fiscal year 2016 was Baht 15,612,403. The service fee was based on actual costs plus 10% of margin.

5. CNS entered into *Service Agreement* with NSL to provide information to NSL relating to international investment banking activities and development as required by NSL.

The service fee for fiscal year 2016 was Baht 17,860,000. The service fee was based on actual costs plus 10% of margin.



6. CNS entered into *Introducing Broker Agreement* with NSL to introduce potential individual clients in Thailand who were interested in NSL's products to NSL.

The service fee for the fiscal year 2016 was Baht 2,478,854. The service fee was based on actual executed transactions of CNS's referred clients calculated by using the introducing credit rate as indicated in the agreement referred to the similar business.

7. CNS entered into Securities Lending Agreement with NIP for securities borrowing and lending. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS.

The fee received for the fiscal year 2016 was Baht 773,812. The fee was the same rate as CNS charged to other clients.

8. CNS entered into Securities Lending Agreement with Instinet for securities borrowing and lending. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS.

The fee received for the fiscal year 2016 was Baht 143,265. The fee was the same rate as CNS charged to other clients.

9. CNS entered into Service Agreement with Nomura Securities Co., Ltd. ("NSC") to provide NSC's financial advisory services to clients.

The fee received for the fiscal year 2016 was Baht 6,414,400 as service rendered within the scope and volume of work assigned.

10. CNS entered into Service Agreement with Nomura International (Hong Kong) Limited ("NIHK") to provide NIHK's financial advisory services to clients.

The fee received for the fiscal year 2016 was Baht 1,460,631 as service rendered within the scope and volume of work assigned.

11. CNS entered into Service Agreement with NSL and Nomura Securities Singapore Pte. Ltd. to provide securities trading and research services to them.

The service fee that received from only NSL for fiscal year 2016 was Baht 12,134,976. The service fee was based on actual costs plus 10% of margin net with the brokerage commission received.

12. CNS received other fee from NIHK for the introduction of potential individual clients in Thailand who were interested in debenture products of Nomura Group.

The fee received for fiscal year 2016 was Baht 145,671 as service rendered within the scope and volume of work assigned.

13. CNS received other fee from NSL for the introduction of potential individual clients in Thailand who were interested in debenture products of Nomura Group.

The fee received for fiscal year 2016 was Baht 43,367 as service rendered within the scope and volume of work assigned.

Ordinary or supporting an ordinary and usual course of business transactions which CNS received services and paid service fees

1. CNS entered into the *Hi-Speed Circuit Service* with United Information Highway Company Limited (“UIH”) of which CNS’s director was also the managing director. CNS received the same hi-speed circuit service in the same quality and service fee from other suppliers who were not related to CNS.

The service fee paid for the fiscal year 2016 was Baht 2,271,263. The service fee was the same rate as CNS paid to other suppliers who were not related to CNS.

2. CNS paid brokerage fee to NSL for execution of securities trading orders in foreign securities exchanges for CNS’s clients.

The commission paid for the fiscal year 2016 was Baht 35,524. The commission was calculated based on turnover and a referential rate charged from other foreign securities firms who were not related to CNS.

3. CNS paid referral fee to NIHK for introducing customers in Thailand for underwriting business in debt securities.

The fee paid for the fiscal year 2016 was Baht 368,034. The fee was the proportionate rate of underwriting fee received from clients which was the same rate paid to others who were not related to CNS.

4. CNS paid referral fee to NSC for introducing customers in Thailand for underwriting business in debt securities.

The fee paid for the fiscal year 2016 was Baht 736,069. The fee was the proportionate rate of underwriting fee received from clients which was the same rate paid to others who were not related to CNS.

Other transactions

1. CNS entered into Employee Loan Agreement (Housing Loan) with Mrs. Chrisana Sae-Leiw, CNS’s Executive Director. The approval process, loan amount and terms and conditions in such agreement were in accordance with CNS’s staff loan provided to other Company’s staff.

The interest Income for the fiscal year 2016 was Baht 8,975. The interest income was calculated by using the loan outstanding balance and determined interest rate that was the same rate charged to other Company’s staff.



The Connected Transactions Policy¹

Capital Nomura Securities Public Company Limited

To comply with the Good Corporate Governance Policy, Capital Nomura Securities Public Company Limited (CNS) deemed that it is appropriate to set up the Connected Transactions Policy to ensure that the transactions entered into by CNS are accurate, appropriate and consistent with applicable laws, rules and regulations.

“Connected Transaction” means any transaction between a listed company or a subsidiary and the listed company’s connected persons; or any transaction between a subsidiary and its connected persons.

“Decision to enter into a transaction” means an entering into or a decision to enter into any contract or agreement, whether direct or indirect, in order to cause an acquisition or disposition of assets, leasing or renting asset, an offer or a receipt of service, an offer or a receipt of financial assistance and an issuance of new securities, including to create rights or waiver of such right to do the same.

“Connected person” means the following:

- (1) The management, major shareholders, controlling persons or persons to be nominated as the management or controlling persons of a listed company or a subsidiary including related persons and close relatives of such persons.
- (2) Any juristic person having a major shareholder or a controlling person as the following persons of a listed company or a subsidiary:
 - (a) the management
 - (b) major shareholder
 - (c) controlling person
 - (d) person to be nominated as the management or a controlling person
 - (e) related persons and close relatives of persons from (a) to (d)
- (3) Any person whose behavior can be indicated as a representative or under a major influence of persons from (1) to (2) when making decision, determining policy, handling management or operation; or other persons the SET deems as having the same manner.

Provided that, the connected person includes any related person under section 89/1 of the Securities and Exchange Act B. E. 2535, according to the Notification of the Capital Market Supervisory Board.²

¹ Notification of the Board of Governors of the Stock Exchange of Thailand, re: Disclosure of Information and other Acts of Listed Companies Concerning the Connected Transaction, 2003 and the amended Notification of the Board of Governors of the Stock Exchange of Thailand, re: Disclosure of Information and other Acts of Listed Companies Concerning the Connected Transaction (No.2), 2004.

² Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 re: Rules on Connected Transactions

“Management” means managers and the next four management level succeeding the manager position, including all individuals at the equivalent position to the fourth holding management level and all individuals in management positions of accounting and/or finance departments at the manager level upward or equal. This also includes directors under section 89/1 of the Securities and Exchange Act B. E. 2535.³

“Major Shareholder” means a shareholder who directly or indirectly holds shares in any juristic person in a total amount exceeding 10 percent of the paid-up capital of that juristic person. Such shareholding shall also include the shares held by related persons.

“Controlling persons” means persons having control over the company such as person holding of shares with voting right in a juristic person in amount exceeding fifty percent of the total number of voting rights of such juristic person, or having control of the majority voting rights in the shareholders’ meeting of any juristic person, whether directly or indirectly or by any other reasons, or having control over appointment or removal of at least half of all directors, whether directly or indirectly.

“Related person” means persons under Section 258 (1) to (7) of the Securities and Exchange Act, B.E. 2535, prior to the Act’s amendments.

“Close relatives” means persons related by blood or registration under law such as father, mother, spouses, sibling, and children including spouses of the children.

“General trading conditions” means trading conditions under which the price and the condition are fair and do not cause misappropriation of benefits, including the trading conditions under which the price and the conditions are as follows:

- (a) being the price and conditions which a listed company or a subsidiary receives from or offers to general persons;
- (b) being the price and conditions which a connected person offers to general persons;
- (c) being the price and conditions which a listed company can prove to be the price and conditions that an operator of similar business offers to general persons.

“Normal business transaction” means trading transaction normally undertaken by a listed company or a subsidiary for the purpose of operating business

“Supporting normal business transaction” means trading transaction undertaken by the general business of similar nature to a listed company or a subsidiary for the purpose of supporting normal business transaction of their own company.

“Interest” means the receipt or loss of interest whether directly or indirectly from a decision to enter into a transaction of a listed company or a subsidiary.

³ Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 re: Rules on Connected Transactions, as amended by Notification of the Capital Market Supervisory Board No. TorChor. 79/2558 re: Rules on Connected Transactions (No.4)



Characteristics of Connected Transactions can be divided as follows:

1. In case a listed company or a subsidiary decides to enter into a transaction with
 - (a) Management
 - (b) Major shareholder
 - (c) Related person or close relatives of management or major shareholders
2. In case a listed company or a subsidiary decides to enter into a transaction with the listed company's connected persons; or any transaction between a subsidiary and its connected persons.

Types of Connected Transactions

1. Normal business transaction;
2. Supporting normal business transaction;
3. Transaction regarding rental or lease of immovable property of not exceeding 3 years;
4. Transaction relating to assets or service;
5. Transaction regarding an offer or a receipt of financial assistance.

Summarized procedures upon connected transactions

1. Consider the types of transaction and conditions of each according to the table attached hereto.
2. CNS will assess a transaction value of an asset or a service based on a total return value paid or being paid or a book value or market price value of such asset or service, whichever is higher.
3. In case of information disclosure required, CNS shall disclose its decision to enter into a connected transaction pursuant to the table attached hereto for making a report disclosing such information to SET within the date of transaction, or at least before 9.00 a.m. on the following business day.
4. In case the transaction must seek for an approval of the board of directors or shareholders, CNS shall seek the board of directors' approval of entering into a connected transaction by doing as follows:
 - (1) Preclude directors having interests in making decision to enter into a connected transaction from attending the meeting and having voting rights at the meeting in such agenda.
 - (2) Disclose to the SET the resolutions of the board of directors concerning approval of entering into a connected transaction by having detailed information according to the Notification's requirement within the date the board adopts such resolution, or at least before 9.00 a.m. on the following business day.

In case the shareholders' meeting resolution for entering into a connected transaction is required according to the table attached, CNS shall arrange to have an independent financial advisor in providing their opinion concerning the connected transaction in support of the shareholders' consideration. A resolution of the shareholders' meeting to approve a decision to enter into a connected transaction must consist of at least three-fourths of total votes of shareholders attending the meeting and having voting right, excluding interested shareholders' equity.

5. CNS shall enter into a connected transaction from the date of approval thereof by the board of directors or the shareholders' meeting, as the case may be, onwards. The transaction must not be dated prior to the date of such approval.
6. CNS shall disclose a connected transaction in annual report of the company.

**Table Attached to the Notification of the Board of Governors of the Stock Exchange of Thailand
Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions (No. 2), 2004**

Types of Connected Transactions	Transaction Value	Listed Company's Action		
		Disclose to the Exchange	Seek the Board of Directors' Approval	Seek the Meeting of Shareholders' Approval
1. Normal business transaction or supporting normal business transaction 1.1 Normal business transaction with general trading conditions 1.2 Supporting normal business transaction with general trading conditions whose value of consideration can be calculated from assets or underlying value	Unlimited transaction value	-	-	-
1.3 Supporting normal business transaction with general trading conditions whose value of consideration cannot be calculated from assets or underlying value	≤ 1 million Baht or $\leq 0.03\%$ of net tangible asset value, whichever is higher > 1 million Baht but < 20 million Baht or $> 0.03\%$ but $< 3\%$ of the net tangible asset value, whichever is higher ≥ 20 million Baht or $\geq 3\%$ of net tangible asset value, whichever is higher	-	-	-
1.4 Normal business transaction or supporting normal business transaction without general trading conditions.	≤ 1 million Baht or $\leq 0.03\%$ of net tangible asset value, whichever is higher > 1 million Baht but < 20 million Baht or $> 0.03\%$ but $< 3\%$ of the net tangible asset value, whichever is higher ≥ 20 million Baht or $\geq 3\%$ of net tangible asset value, whichever is higher	✓	✓	✓
2. Transaction regarding rental or lease of immovable property of not exceeding 3 years without any indication that it is based on general trading conditions	≤ 1 million Baht or $\leq 0.03\%$ of net tangible asset value, whichever is higher > 1 million Baht but < 20 million Baht or $> 0.03\%$ but $< 3\%$ of the net tangible asset value, whichever is higher ≥ 20 million Baht or $\geq 3\%$ of net tangible asset value, whichever is higher	-	-	-
		✓	-	-
		✓	✓	-



Types of Connected Transactions	Transaction Value	Listed Company's Action		
		Disclose to the Exchange	Seek the Board of Directors' Approval	Seek the Meeting of Shareholders' Approval
3. Transaction relating to assets or services.	≤ 1 million Baht or ≤ 0.03% of net tangible asset value, whichever is higher	-	-	-
	> 1 million Baht but < 20 million Baht or > 0.03% but < 3% of the net tangible asset value, whichever is higher	✓	✓	-
	≥ 20 million Baht or ≥ 3 % of net tangible asset value, whichever is higher	✓	✓	✓
4. Grant or receipt of financial assistance 4.1 Listed company or subsidiary offering financial assistance to connected persons as follows: • Connected persons being natural person • Connected persons being juristic entity which listed company or subsidiary, holding shares at a lower ratio than the ratio of shares held by other connected persons not being the listed company or subsidiary, as the case may be, in such entity.	< 100 million Baht or < 3% of net asset tangible value, whichever is lower	✓	✓	-
	≥ 100 million Baht or ≥ 3 % of net tangible asset value, whichever is lower	✓	✓	✓ ⊕
4.2 Grant or receipt of financial assistance other than those stated in 4.1	≤ 1 million Baht or ≤ 0.03% of net tangible asset value, whichever is higher	-	-	-
	> 1 million Baht but < 20 million Baht or > 0.03% but < 3% of the net tangible asset value, whichever is higher	✓	✓	-
	≥ 20 million Baht or ≥ 3 % of net tangible asset value, whichever is higher	✓	✓	✓ ⊕

⊕ In case it is a transaction where a listed company or a subsidiary and connected persons jointly offer financial assistance to a juristic entity of which the shares are held by such listed company or subsidiary and connected persons based on the ratio they have an interest therein based on general trading conditions or even with better conditions, the listed company will be exempted from requesting for an approval from the Shareholders' Meeting for that transaction.

Note: ✓ means listed company having duty to act according to details in column marked with ✓
- means listed company not having any duty to act according to details in column marked with -

Key Financial Ratios

Financial Ratio	Fiscal Year 2016 (Jan 1, 2016 – Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015 – Dec 31, 2015)	Fiscal Year 2014 (Jan 1, 2014 – Dec 31, 2014)
<u>Profitability Ratio</u>			
Gross Profit Margin (%)	84.02	84.55 ¹	86.92
Net Profit Margin (%)	24.36	24.60	26.14
Return on Equity (%)	7.52	7.62	7.92
Return on Investment (%)	22.66	15.87	10.22
<u>Efficiency Ratio</u>			
Return on Assets (%)	3.87	3.54	3.81
Assets Turnover (times)	0.16	0.14	0.15
<u>Financial Ratio</u>			
Liquidity Assets on debt (times)	0.30	0.68	0.22
Asset Income on debt (times)	4.57	3.20	2.50
Liquidity Assets on Total Assets (%)	5.98	19.77	8.39
Asset Income on Total Assets (%)	90.80	93.43	96.99
Debt/Equity (times)	0.88	1.00	1.31
Dividend Pay-Out (%)	N/A	93.06	90.28
<u>Other Ratios</u>			
Investment in Securities to Assets (%)	1.80	6.48	5.38
Net Capital Ratio (%) (calculation was based on the SEC's requirement.)	121.05	120.87	86.16
<u>Data Per Share</u>			
Book Value (Baht)	2.55	2.55	2.53
Profit for the period (Baht)	0.19	0.19	0.20
Dividend (Baht)	N/A	0.18	0.18
<u>Growth Rate</u>			
Total Assets (%)	(5.76)	(12.80)	26.69
Total Liabilities (%)	(11.73)	(22.97)	56.98
Income from Sales and Services (%)	(0.31)	3.01 ¹	2.67
Operating Expenses (%)	0.19	2.59 ¹	2.82
Profit for the period (%)	(0.91)	(2.98)	8.81

¹ The figure was changed from the disclosure published last year due to the reclassification of operating expenses.



Management Discussion and Analysis

Overview of Business Operations and Significant Changes

In 2016, CNS's overview of business operations was as the followings;

The brokerage business grew from 2015, driven by several factors both from internal and external factors. The SET's turnover in the first half of 2016 slightly changed from 2015 while the turnover in the second half of 2016 significantly grew, resulting in the higher average turnover in 2016 than 2015. Main internal factors were the GDP growth as a result of the government plan in the investment in infrastructure since the end of 2015 and the growth in tourism from foreign visitors as well as the government's short-term stimulus package to boost household spending. Significant external factors were (1) the United Kingdom's voting results to leave the European Union (EU) (Brexit), which consequently led to fund inflow to emerging market and Asian Market in particular, (2) the increase in the global crude oil price as well as (3) several impacts from the United States (US). The US economic growth ranked 1st in the global which subsequently led to the increase in the Fed Fund Rate while the surprising presidential election result in the end of the year had an impact on the expectation on the change in the future US policy and direction. As a result of the abovementioned factors, CNS had market share at 2.98%, similar to the market share in 2015.

The margin loan business significantly declined from 2015 as the average margin loan continuously dropped since the end of 2015. Main reason might be the economic uncertainty since the second half of 2015 which continued to 2016 and caused the clients in downsizing their investment portfolio by using the margin loan. CNS also decreased the margin loan rate during 2016 to align with the decrease in the interest rate in the money market.

The investment banking business sharply declined from 2015, driven by the dull economy since the second half of 2015 which caused the delay in the listing demand in the SET. As a result, the income from the underwriting business and the financial advisory business dropped from 2015.

The fixed income business saw a decline from 2015, mainly driven by the higher competition from the increasing number of service providers in the fixed income market. The market interest rate had continued to be in the low level since 2015 which attracted the entry of new competitors both from commercial banks and securities companies into the fixed income market, resulting in the drop in CNS's market share for both Corporate Debenture and Bill of Exchange markets from 2015.

The securities borrowing and lending business grew from 2015. CNS still focused on the training to educate clients and investors in using SBL services through online trading application as well as applying the investment strategies through SBL. Such events consequently drove the expansion of the client bases and the increase in the income from this business from 2015.

The selling agent business under the "Nomura iFUND" brand rapidly grew from 2015 both in a number of clients and the total Asset under Administration (AUA) as CNS pushed a lot of efforts in developing convenient application, providing a variety of attractive products, expanding its client bases and educating investors in the investment in mutual funds through seminars as well as adding a selling channel through direct sales agent. Such events drove the AUA to rise from Baht 12,120 million at the end of 2015 to Baht 22,954 million at the end of 2016, or rose by 89% from 2015.

In addition, CNS continued "CNS Corporate Access" program since 2015 where clients, investors, analysts and FAs has been able to meet management of listed companies in the SET, listen to management's outlook and ask questions. This high-quality program promotes and provides investment knowledge. CNS also set up the "CNS Startup & SME Access" program with the aim to strengthen knowledge and comprehension to the Small-and-Medium Enterprises (SMEs) and Creative and Innovative Startup (Startup) for their potential development. The aim is to promote business connections, to support access to funding sources, and to promote listing in the SET, as well as to promote activities that support their development. One of the important activities during the year was "The Angel Biz Challenge". This was a business idea competition project for which the aim was to

create opportunities for SMEs and Startups to present their initiatives and contributions to the public as well as to develop potential business ideas to become large scale businesses and to sustainably drive Thai economy. This project was a collaboration of 4 partners; CNS, the SET, University of Thai Chamber of Commerce (UTCC) and SME Development Bank.

In summary, the 2016 results were impacted by several domestic and overseas factors which added to economic and investment sentiment uncertainty. In this climate CNS is pursuing strategies on diversifying revenue sources (the securities brokerage business, derivatives brokerage business, investment banking business, margin loan business, fixed income trading business, securities borrowing and lending business and selling agent business). CNS is also seeking to expand and diversify the client base and create value-added financial and investment products and service differentiation. This strategy enabled CNS to provide greater client satisfaction and leads to long-term sustainable growth and resulted in a slight decrease in the net profit when compared to 2015.



1. Overview of CNS's Performance

Overview of Performance and Significant Change for the Fiscal Year 2016

CNS's performance for the fiscal year 2016 was closed to 2015. For the fiscal year 2016, earnings per share was Baht 0.19 and net profit was Baht 412 million, decreased by Baht 4 million or 1% from the fiscal year 2015 where earnings per share was Baht 0.19 and net profit was Baht 416 million. The decrease in net profit was mainly because the total income remained quite stable while the total expenses slightly increased.

Total income remained quite stable, increasing by Baht 1 million or 0.1%, from Baht 1,691 million in 2015 to Baht 1,692 million in 2016. In the meanwhile, total expenses increased by Baht 10 million or 1%, from Baht 1,171 million in 2015 to Baht 1,181 million in 2016.

Total income remained quite stable, mainly driven by the increase in the income from brokerage business, the income from the selling agent business and the income from the securities borrowing and lending business whereas the income from the margin loan business, the income from the investment banking business and the income from fixed income trading business decreased.

Total expenses slightly increased, mainly driven by the increase in the selling fee paid for the selling agent business whereas the financial costs for supporting the working capital decreased. However, operating expenses were quite stable when compared to 2015.

As a result of the above factors, gross profit margin ratio for the fiscal year 2016 dropped from 84.55% in 2015 to 84.02% in 2016. Net profit margin ratio for the fiscal year 2016 dropped from 24.60% in 2015 to 24.36% in 2016. Return on equity ratio also dropped from 7.62% in 2015 to 7.52% in 2016.

However, return on asset ratio rose from 3.54% in 2015 to 3.87% in 2016, driven by the decrease in the average assets at the end of 2016 as a result of the decrease in the cash and cash equivalent as well as the decrease in the investment.

In conclusion, under the conditions of the economic volatility and the high competition in the securities business, CNS still continued to maintain its profitability and competitiveness at a certain level which reflected the success in the diversification of revenue sources, one of the important strategies to create long-term growth for CNS.

Total revenues for the fiscal year 2016 remained quite stable (increase Baht 1 million) when compared to the fiscal year 2015

Brokerage fees

Brokerage fees for the fiscal year 2016 increased by Baht 199 million or 23%, from Baht 877 million in 2015 to Baht 1,076 million in 2016, mainly driven by the growth of the SET's average daily turnover (excluding the proprietary trading but including the mai) by 17% from Baht 40.23 billion in 2015 to Baht 47.00 billion in 2016 and the impact of the rapid growth in the income from the selling agent business.

The increase in brokerage fees as mentioned above caused the growth of brokerage fees to total income ratio from 52% in 2015 to 64% in 2016.

Fees and service income

Fees and service income for the fiscal year 2016 decreased by Baht 43 million or 25%, from Baht 169 million in 2015 to Baht 126 million in 2016, mainly driven by the decrease in the service fee from Nomura Group and the decrease in the income from the underwriting business and the financial advisory business as a result of the economic uncertainty which caused the delay in the listing demand in the SET. However, the securities borrowing and lending business grew from the ability in the client base expansion.

The decrease in fees and service income as mentioned above drove the drop of the fees and service income to total income ratio from 10% in 2015 to 7% in 2016.

Gain on securities

Gain on securities for the fiscal year 2016 decreased by Baht 8 million or 14%, from Baht 61 million in 2015 to Baht 53 million in 2016, mainly driven by the decrease in the investment in trading debt securities from the higher competition in the fixed income market as a result of the entry of new competitors from both the commercial banks and the securities companies into the fixed income market, resulting in the drop in the market share from 2015 both Corporate Debenture and Bill of Exchange markets.

The decrease in gain on securities as mentioned above caused the drop of the gain on securities to total income ratio from 4% in 2015 to 3% in 2016.

Gain on derivatives/exchange rate

Gain on derivatives/exchange rate for the fiscal year 2016 decreased by Baht 2 million or 65%, from Baht 3 million in 2015 to Baht 1 million in 2016. Such derivatives consisted of forward contract for hedging foreign exchange risk from borrowing in foreign currency, and trading derivatives for the block trade - single stock futures business which just started in the 4th quarter of 2016.



In 2015, CNS had realized gain from the settlement on due date of forward contract and the borrowing in foreign currency in amount of Baht 3 million, while in 2016, CNS had neither outstanding of borrowing in foreign currency nor position of such derivatives. However, CNS had gain on trading derivatives of Baht 1 million.

The decrease in gain on derivatives/exchange rate as mentioned above caused the drop of the gain on derivatives/exchange rate to total income ratio from 0.2% in 2015 to 0.1% in 2016.

Interest and Dividend

Interest and dividend for the fiscal year 2016 decreased by Baht 20 million or 23%, from Baht 88 million in 2015 to Baht 68 million in 2016, mainly driven by the decrease in the market interest rate and the drop in the fixed income trading business caused by the higher competition in the fixed income market as mentioned above.

The decrease in interest and dividend as mentioned above caused the drop of the interest and dividend to total income ratio from 5% in 2015 to 4% in 2016.

Interest on margin loans

Interest on margin loans for the fiscal year 2016 decreased by Baht 131 million or 27%, from Baht 487 million in 2015 to Baht 356 million in 2016, mainly driven by the drop in clients' demand in their investment by using the margin loan since the second half of 2015 which continued to the end of 2016 as well as the decrease in CNS's margin loan rate regarding the decrease in the interest rate in the money market.

The decrease in interest on margin loans as mentioned above caused the drop of the interest on margin loans to total income ratio from 29% in 2015 to 21% in 2016.

The outstanding margin loan grew Baht 329 million or 5%, from Baht 6,622 million at the end of 2015 to Baht 6,951 million at the end of 2016.

Other income

Other income for the fiscal year 2016 increased by Baht 6 million or 97%, from Baht 6 million in 2015 to Baht 12 million in 2016, mainly driven by the selling of fully-depreciated assets regarding useful lives.

The increase in other income as mentioned above caused the growth of the other income to total income ratio from 0.4% in 2015 to 0.7% in 2016.

Total expenses for the fiscal year 2016 slightly increased (Baht 10 million) when compared to the fiscal year 2015

Financial costs

Financial costs for the fiscal year 2016 decreased by Baht 69 million or 44%, from Baht 157 million in 2015 to Baht 88 million in 2016, mainly driven by the drop in the borrowings from financial institutions and other borrowings for supporting CNS's working capital.

Fees and service expenses

Fees and service expenses for the fiscal year 2016 increased by Baht 77 million or 75%, from Baht 104 million in 2015 to Baht 181 million in 2016, mainly driven by the increase in transaction fee based on the increasing trading volume of securities business and derivative business and the increase in service fee from the selling agent business which was in line with the growth of such businesses in 2016.

Operating expenses

Operating expenses for the fiscal year 2016 was closed to 2015, increasing by Baht 2 million or 0.2%, from Baht 911 million in 2015 to Baht 913 million in 2016.

Income tax

Income tax for the fiscal year 2016 decreased by Baht 5 million or 5%, from Baht 104 million in 2015 to Baht 99 million in 2016 from the decrease in the profit before income tax. The corporate income tax rate of 2016 was 20%, a similar rate as 2015.

2. Overview of CNS's Financial Position

Overview of Financial Position and Significant Changes in the fiscal year 2016

In 2016, CNS had emphasized on the diversification of revenue sources to drive CNS's sustainable growth. However, CNS reduced the cash liquidity by reducing the borrowings and settling CNS's bill of exchanges without issuing more bill of exchanges during the year. This was to align with the decreasing demand in the working capital which was mainly driven by the drop in the margin loan business caused by the economic uncertainty, the SET's volatility and the drop in the fixed income trading business caused by the higher competition. As a result, the outstanding balance of cash and net investment at the end of 2016 decreased from 2015.

In 2016, CNS has the funding policy and the risk management policy to raise funds from borrowings from several domestic financial institutions with several payment terms and dates.



Overview of CNS's Financial Position as of December 31, 2016 was as the followings;

Total assets decreased by Baht 632 million or 6%, from Baht 10,961 million in 2015 to Baht 10,329 million in 2016 from the decrease in cash and cash equivalent and net investment whereas the net premises and equipment as well as the net securities and derivatives business receivables increased (which mainly caused by the increase in the margin loan receivables). The balance of the total assets at the end of 2016 was mainly the net securities and derivatives business receivables or 85% of the total assets, increasing from 74% at the end of 2015.

Total liabilities decreased by Baht 644 million or 12%, from Baht 5,488 million in 2015 to Baht 4,844 million, mainly driven by the decrease in the borrowings whereas the net securities and derivatives business payables increased. The balance of the total liabilities at the end of 2016 was mainly the net securities and derivatives business payables or 47% of the total liabilities, increasing from 29% at the end of 2015.

Debt on equity ratio dropped from 1.00 times in 2015 to 0.88 times in 2016 from the decrease in the borrowings. Such debt on equity ratio was low and had no impact on the compliance with the debt covenant. The funding was monitored to be in compliance with the funding policy and the risk management policy and also with appropriate funding costs.

Net book value at the end of 2016 was Baht 2.55 per share, remained unchanged when compared to the end of 2015 as a result of the performance for the fiscal year 2016 and the dividend payment during 2016 for the performance for the fiscal year 2015 regarding the resolution from the Annual General Meeting of Shareholders.

CNS had high financial liquidity. Net liquid capital as of December 31, 2016 was Baht 4,924 million, while net liquid capital rule (NCR) ratio was 121% of general liabilities and collateral which was much higher than the minimum net liquid capital of Baht 25 million and the minimum net liquid capital ratio of 7% of general liabilities and collateral regarding the SEC's requirements.

In conclusion, CNS was a security firm with a strong financial position and a high financial stability.

Total assets as of December 31, 2016 decreased (Baht 632 million) when compared to December 31, 2015

Cash and cash equivalents

Cash and cash equivalents decreased by Baht 1,025 million or 70% from Baht 1,463 million in 2015 to Baht 438 million in 2016, mainly driven by the payment of the borrowings and bill of exchanges during 2016 to reduce the excessive liquidity in 2016 to align with the declining demand in working capital.

Receivables from Clearing House and net securities and derivatives business receivables

Receivables from Clearing House and net securities and derivatives business receivables increased by Baht 880 million or 10%, from Baht 8,404 million in 2015 to Baht 9,284 million in 2016, mainly driven by the increase in the margin loan business as a result of the SET's volatility as mentioned earlier.

As of December 31, 2016, CNS classified its securities business receivables including related interest receivables. As of December 31, 2016, the total balance of Baht 8,821 million was classified as normal by Baht 8,815 million and as doubtful by Baht 6 million. As of December 31, 2015, the total balance of Baht 8,158 million; was classified as normal by Baht 8,152 million and as doubtful by Baht 6 million.

As of December 31, 2016, CNS fully set the allowance for doubtful accounts which the balance remained the same as the ending balance as of December 31, 2015.

Net investments

Net investments decreased by Baht 524 million or 74%, from Baht 710 million in 2015 to Baht 186 million in 2016, mainly driven by the decreasing investment in treasury bills to reduce the excessive liquidity in 2016 to be in line with the demand in working capital.

Net premises and equipment

Net premises and equipment increased by Baht 38 million or 41%, from Baht 92 million in 2015 to Baht 130 million in 2016, mainly driven by the renovation of the former head office at Thai Wah Tower to be CNS Convention Center in 2016.

Total liabilities as of December 31, 2016 decreased (by Baht 644 million) when compared to December 31, 2015

Borrowings from financial institutions

Borrowings from financial institutions decreased by Baht 250 million or 11%, from Baht 2,300 million in 2015 to Baht 2,050 million in 2016. Such decrease was to be in line with the demand in working capital.

The ending balance of 2016 was the short-term borrowings of Baht 1,450 million and the long-term borrowings of Baht 600 million which was in line with the funding policy and the risk management policy.



Other borrowings

CNS had no outstanding balance of other borrowings at the end of 2016. At the end of 2015, CNS had other borrowings in the form of short-term bill of exchanges issued by CNS at Baht 896 million which was fully paid during 2016. No additional bill of exchange was issued during 2016.

Considering the sum of the outstanding balance of borrowings from financial institutions and other borrowings, total borrowings decreased by Baht 1,146 million or 36%, from Baht 3,196 million in 2015 to Baht 2,050 million in 2016. Such decrease was in line with the decline in the margin loan business and the fixed income trading business in 2016.

Provisions for long-term employee benefits

Provisions for long-term employee benefits increased by Baht 20 million or 28%, from Baht 72 million in 2015 to Baht 92 million in 2016, mainly because CNS had revised the actuarial assumption in 2016 to be up-to-date which subsequently caused the increase in the provisions for long-term employee benefits by Baht 12 million. Also, the additional provisions for long-term employee benefits for 2016 were recognized by Baht 8 million.

Total equity as of December 31, 2016 slightly increased (Baht 12 million) when compared to December 31, 2015

Total equity increased by Baht 12 million or 0.2%, from Baht 5,473 million in 2015 to Baht 5,485 million in 2016. The performance for the fiscal year 2016 was Baht 412 million, however, CNS had the actuarial losses from the provisions for long-term employee benefits-net from income tax and the equity-revaluation deficit surplus on available-for-sales investments-net from income tax which affected the decrease in the retained earnings by Baht 10 million and Baht 3 million, respectively. In addition, CNS had a dividend payment for the performance for the fiscal year 2015 to shareholders of Baht 387 million in 2016.

The performance for the fiscal year 2016 was appropriated to be the statutory reserves of Baht 21 million, however, such amount of the statutory reserves had no impact on the retained earnings at the end of 2016.

Factors or Influences on Future Financial Position and Performance

The economic, social and political situations are factors on future financial position and performance. Several important situations in 2017 are (1) France's and the Netherlands' presidential election results which may lead to the decision to stay in or leave the European Unions (EU), (2) the coming announcement of US economic plan of the President Donald Trump (3) the negotiation in the United Kingdom (UK)'s international trade with its counter parties in the EU which was an impact from its voting results to leave the EU (Brexit) (4) the harmony plan initiated by Thai government (5) the coming aging society and (6) the government's several policies as well as natural disasters. These factors may have an impact on (A) the change in domestic and foreign interest rate, (B) the fluctuation of crude oil price in the global market, (C) fund flows and (D) the growth rate of Thai and counter parties' as well as and foreign economies. All of which may consequently affect the investment needs in the business expansion and the saving, business direction, business growth and the profitability of listed companies in the SET as well as the investor confidence both local investors' and foreigners'. The

abovementioned factors may have an impact to CNS's performance both from being the listed company in the SET and being a securities firm.

Regarding the industry situations, the regulator's policy on the liberalization of securities business licenses and the liberalization of brokerage effective since 2012 has driven the entry of new broker members into the industry. The merger of some securities firms resulted in the higher competition both in brokerage fee rates and personnel scarcity. Technology (Fin Tech) also plays more roles. As a result, securities firms must adjust their strategies to maintain their profitability and competitiveness as well as develop their service quality of financial advices and a broad range of technology in placing orders as these factors may have an impact on CNS's action plan and performance.

Nonetheless, in the previous few years, CNS has run its business strategies by the diversification of revenue sources (the securities brokerage business, derivatives brokerage business, investment banking business, margin loan business, fixed income trading business, securities borrowing and lending business and selling agent business). CNS has created value-added services through (1) the ongoing development in personnel competencies especially on financial advisors in order to provide a more effective service for investors and (2) the ongoing improvement and enhancement of its online trading application to facilitate clients and also to serve lifestyles of new generation investors. In addition, CNS has made an important differentiation by initiating "CNS Corporate Access" program where clients, investors, analysts and FAs are able to meet management of listed companies in the SET, listen to management's outlook and ask questions. This program had a warm welcome.

For 2016, CNS continued to carefully expand our business using strategic initiatives focusing on client-base expansion and diversification, together with creating value-added financial and investment products and service differentiation. In addition, CNS set up the "CNS Startup & SME Access" program with the aim to strengthen knowledge and comprehension of Small-and-Medium Enterprises (SMEs) and Creative and Innovative Startup (Startup) for their potential development. The aim is to promote business connections, to support access to funding sources, and to promote listing in the SET, as well as to promote activities that support their development. One of the important activities during the year was "The Angel Biz Challenge". This was a business idea competition project for which the aim was to create opportunities for SMEs and Startups to present their initiatives and contributions to the public in order to support the government policy in boosting innovative and creative thinking which can lead to the country growth by S-Curve of SMEs and Startups as these groups are important drivers for the future growth of Thai economy. This project was a collaboration of 4 partners; CNS, the SET, University of Thai Chamber of Commerce (UTCC) and SME Development Bank; In order to conduct these 2 projects for long-term effectiveness, CNS had established the "CNS Convention Center" at Thai Wah Tower, G Floor. The aim is for the facility to be a central space for conducting CNS's activities and conferences. These can be broadcasted to branches in Bangkok and upcountry via modern telecommunications systems and enables clients to reap the benefits in both the head office and branches throughout the country.

For 2017, the strategy of CNS will maintain an emphasis on client-base expansion and diversification together with creating value-added financial and investment products and service differentiation. CNS will continue to carry on "CNS Corporate Access" and "CNS Startup & SME Access" programs and develop new talent through the YTFA program. CNS will target the addition of 60 YTFA. CNS will also support FAs to attain the Investment Planner License, in order to provide a more effective service for investors. Moreover, CNS has a plan to issue research papers for overseas stocks and improve research papers for mutual funds in order to support investors' investment decision making. In addition, CNS shall support its clients in diversify their investment to align with their liquidity and risk appetite as well as the economic condition to serve the coming aging society. CNS shall enhance its online trading applications to meet fast moving needs of clients and investors in order to gain clients' and investors' satisfaction.



Report of the Board of Directors' Responsibility for Financial Statements

The Board of Directors of Capital Nomura Securities Public Company Limited ("the Company") is responsible for the Company's financial statements, including financial information appearing in the 2014 Annual Report. The financial statements have been prepared in accordance with Thai Financial Reporting Standards with appropriate accounting policies applied on a conservative and consistency basis. Whenever required, judgment and estimation were made with careful and reasonable considerations, and adequate disclosures were made in the notes to the financial statements. These financial statements have been audited by EY Office Limited, which is independent certified auditor who had given their unqualified opinions.

The Company's Board of Directors has also adopted and maintained an appropriate and efficient system of risk management as well as internal control systems. In this regard, the Board of Directors has appointed an Audit Committee which comprises three independent directors who are responsible for reviewing and meeting with Compliance and Internal Audit Department and external auditors on the financial report, internal control, internal audit, financial information disclosure, including compliance, as shown in the report of the Audit Committee in this Annual Report.

The Board of Directors believed that the Company has a satisfactory level of internal control and the financial report as of December 31, 2016 are presented fairly in accordance with Thai Financial Reporting Standards and complied with related rules and regulations.

Mr. Suthep Peetakanont

Chairman of the Board of Directors and
Chairman of the Board of Executive Directors

Mr. Takahito Nakamura
President

Mr. Nimit Wongjariyakul
Executive Director

Mr. Naoki Sugaya
Executive Director

Mrs. Chrisana Sae-Leiw
Executive Director

Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Capital Nomura Securities Public Company Limited

Opinion

I have audited the accompanying financial statements of Capital Nomura Securities Public Company Limited, which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Nomura Securities Public Company Limited as at 31 December 2016, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole. Key audit matters and how audit procedures respond for each matter are describe below.

Key audit matters and how audit procedures respond for each matter are describe below.

1. Recognition of brokerage fees and interest on margin loans

The Company's income mainly consisted of brokerage fees and interest on margin loans, amounting to Baht 1,076 million and Baht 356 million, respectively, representing 64 percent and 21 percent of the Company's total revenue. The Company charges brokerage fees at variable percentages of trading volume, based on the type of customer and their trading volume, whereas interest on credit balance loans is charged at fixed rates that are adjusted periodically based on market conditions and the competitive environment. Because the size and volume of transactions, the number of customers and the fees charged to customers depend on various factors, and the recognition of revenue from brokerage fees and interest on margin loans relies primarily on data processing by information systems. Therefore, I addressed the correct measurement and occurrence of brokerage fees and interest on margin loans as a key audit matter.

I have performed audit procedures by assessed, and tested on a sampling basis of the Company's internal controls relevant to recognition of brokerage fees and interest on margin loans, including IT system relevant to the calculation of brokerage fees and interest on margin loans. I also tested, on a sampling basis, the brokerage rates, interest rates, calculation and account recording. In addition, I performed analytical procedures on brokerage fee and interest on credit balance loans and examined, on a sampling basis, material manual adjustments via journal vouchers.

2. Allowance for doubtful accounts for securities and derivatives business receivables

As discussed in Note 9 to the financial statements, the allowance for doubtful accounts for securities and derivatives business receivables is determined through consideration of specific reviews, collection risk and the value of the collateral. For securities trading and credit balance transactions, the Company has policies regarding the collateral to be placed, with the value of collateral placed dependent on the type of transaction, type of securities and credit limit, among other factors. The estimation of allowance for doubtful accounts for securities and derivatives business receivables is significant because the number of the customers and the significance of the amount of the receivables to the Company's financial statements, with securities and derivatives business receivables amounting to Baht 8,821 million as at 31 December 2016, representing 85 percent of the Company's total assets. Therefore, I addressed the adequacy of allowance for doubtful accounts for such receivables as a key audit matter.

I have performed audit procedures on the allowance for doubtful accounts for securities and derivatives business receivables, as follows:

- Assessed, and tested on a sampling basis of the Company's internal controls relevant to the status of account receivables, calculation of collateral value, calculation of allowance for doubtful debts and the recording of allowance for doubtful accounts, assessed the Company's method applied to the determination and calculation of the allowance, and compared the Company's policy with regulatory requirements. I also tested certain controls over the IT systems relevant to the calculation of the collateral value and revaluation adjustments of the fair value of collateral.
- Examined the allowance for doubtful accounts as at the period-end date by testing the completeness of the data used in the calculation of allowance for doubtful accounts, testing on a sampling basis of the status of outstanding debts, the valuation of collateral items, debt collection made after the period-end date, the correctness of the classification and the calculation of the allowance.



Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ratana Jala.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 22 February 2017

Capital Nomura Securities Public Company Limited

Statement of financial position

As at 31 December 2016

		(Unit: Baht)	
	Note	2016	2015
Assets			
Cash and cash equivalents	6	437,956,441	1,463,362,886
Deposits at financial institutions	7	1,600,000	-
Receivables from Clearing House	8	468,496,984	252,230,696
Securities and derivatives business receivables - net	9	8,815,483,132	8,152,071,439
Investments - net	10	186,225,383	709,883,719
Premises and equipment - net	11	130,475,813	92,227,867
Intangible assets - net	12	12,698,110	14,084,361
Deferred tax assets	13	68,648,193	61,440,477
Other assets - net	14	207,619,757	215,543,631
Total assets		10,329,203,813	10,960,845,076

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


Capital Nomura Securities Public Company Limited
Statement of financial position (Continued)
As at 31 December 2016

		(Unit: Baht)	
	Note	2016	2015
Liabilities and equity			
Liabilities			
Borrowings from financial institutions	15	2,050,000,000	2,300,000,000
Payables to Clearing House	16	70,837,244	305,992,841
Securities and derivatives business payables - net	17	2,294,226,023	1,596,725,594
Borrowings	18	-	895,568,661
Provisions for long-term employee benefits	19	92,068,141	72,059,699
Other liabilities	20	336,807,849	317,492,846
Total liabilities		4,843,939,257	5,487,839,641
Equity			
Share capital			
Registered, issued and paid-up			
2,150,469,000 ordinary shares of Baht 1 each		2,150,469,000	2,150,469,000
Premium on share capital		2,131,833,600	2,131,833,600
Premium on treasury stock		1,487,250	1,487,250
Other components of equity - revaluation			
surplus (deficit) on investments	10.3	(1,491,817)	1,134,327
Retained earnings			
Appropriated - statutory reserve	21	155,000,000	134,300,000
- general reserve		215,000,000	215,000,000
Unappropriated		832,966,523	838,781,258
Total equity		5,485,264,556	5,473,005,435
Total liabilities and equity		10,329,203,813	10,960,845,076

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



Capital Nomura Securities Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2016

		(Unit: Baht)	
	Note	2016	2015
Profit or loss:			
Revenue			
Brokerage fees	23	1,075,716,791	877,208,683
Fees and service income	24, 29	126,229,949	168,704,264
Gain on securities	10.4	52,327,450	60,670,373
Gain on derivatives/exchange rate		1,037,871	2,961,040
Interest and dividend		68,386,100	88,453,060
Interest on margin loans		356,173,144	487,056,213
Other income		12,002,597	6,085,191
Total revenue		1,691,873,902	1,691,138,824
Expenses			
Financial costs		87,499,367	156,839,644
Fees and services expenses		180,924,218	103,465,147
Operating expenses			
Personnel expenses		644,808,858	650,117,117
Premises and equipment expenses		167,026,748	157,686,428
Directors' remuneration	25	4,114,274	4,030,000
Other expenses		96,778,266	99,200,010
Total operating expenses		912,728,146	911,033,555
Doubtful accounts		-	284,326
Total expenses		1,181,151,731	1,171,622,672
Profit before income tax		510,722,171	519,516,152
Income tax	13	(98,539,096)	(103,552,305)
Profit for the year		412,183,075	415,963,847

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


Capital Nomura Securities Public Company Limited
Statement of comprehensive income (Continued)
For the year ended 31 December 2016

		(Unit: Baht)	
	Note	2016	2015
Other comprehensive income:			
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods:			
Loss on change in value of			
available-for-sale investments		(3,282,680)	(1,252,147)
Income tax relating to loss on change in			
value of available-for-sale investments	13	656,536	250,429
Net other comprehensive income to be reclassified			
to profit or loss in subsequent periods		(2,626,144)	(1,001,718)
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial Losses		(12,766,738)	-
Income tax relating to actuarial losses	13	2,553,348	-
Net other comprehensive income not to be			
reclassified to profit or loss in subsequent periods		(10,213,390)	-
Total comprehensive income (loss) for the year		(12,839,534)	(1,001,718)
Total comprehensive income for the year		399,343,541	414,962,129
Basic earnings per share	27		
Profit for the year		0.19	0.19

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

Capital Nomura Securities Public Company Limited
Statement of changes in equity
For the year ended 31 December 2016

	Other components							(Unit: Baht)
	Issued and paid-up share capital	Premium on share capital	Premium on treasury stock	of equity - revaluation surplus		Retained earnings		
				(deficit) on investments	Statutory reserve	Appropriated General reserve	Unappropriated	
Balance - as at 1 January 2015	2,150,469,000	2,131,833,600	1,487,250	2,136,045	113,300,000	215,000,000	830,901,831	5,445,127,726
Profit for the year	-	-	-	-	-	-	415,963,847	415,963,847
Other comprehensive income (loss) for the year	-	-	-	(1,001,718)	-	-	-	(1,001,718)
Total comprehensive income for the year	-	-	-	(1,001,718)	-	-	415,963,847	414,962,129
Dividend paid (Note 28)	-	-	-	-	-	-	(387,084,420)	(387,084,420)
Statutory reserve (Note 21)	-	-	-	-	21,000,000	-	(21,000,000)	-
Balance - as at 31 December 2015	2,150,469,000	2,131,833,600	1,487,250	1,134,327	134,300,000	215,000,000	838,781,258	5,473,005,435
Balance - as at 1 January 2016	2,150,469,000	2,131,833,600	1,487,250	1,134,327	134,300,000	215,000,000	838,781,258	5,473,005,435
Profit for the year	-	-	-	-	-	-	412,183,075	412,183,075
Other comprehensive income (loss) for the year	-	-	-	(2,626,144)	-	-	(10,213,390)	(12,839,534)
Total comprehensive income for the year	-	-	-	(2,626,144)	-	-	401,969,685	399,343,541
Dividend paid (Note 28)	-	-	-	-	-	-	(387,084,420)	(387,084,420)
Statutory reserve (Note 21)	-	-	-	-	20,700,000	-	(20,700,000)	-
Balance - as at 31 December 2016	2,150,469,000	2,131,833,600	1,487,250	(1,491,817)	155,000,000	215,000,000	832,966,523	5,485,264,556

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


Capital Nomura Securities Public Company Limited
Statement of cash flows
For the year ended 31 December 2016

	(Unit: Baht)	
	2016	2015
Cash flows from operating activities		
Profit before income tax	510,722,171	519,516,152
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	39,366,460	37,869,324
Loss (gain) on disposal of securities	(157,791)	15,683
Loss (gain) on revaluation of investments	(29,121)	429,739
Gain on revaluation of derivatives	(703,929)	-
Gain on derivatives/exchange rate	-	(2,961,040)
Doubtful accounts	-	284,326
Loss on written-off equipment	462,351	1,078,738
Gain on disposal of equipment	(6,741,105)	-
Long-term employee benefits	8,358,055	7,815,317
Interest and dividend income	(68,386,100)	(88,453,060)
Interest income from margin loans	(356,173,144)	(487,759,988)
Others interest income	(1,464,817)	(1,622,782)
Financial costs	87,499,367	156,839,644
Cash received from interest	29,514,064	41,997,925
Cash received from interest on margin loans	359,186,807	496,346,200
Cash received from other interest	1,423,961	1,603,114
Cash paid for interest expenses (included other financial costs)	(91,369,203)	(140,769,729)
Cash paid for long-term employee benefits	(1,116,350)	(197,078)
Cash paid for income tax	(92,453,004)	(133,979,459)
Profit from operating activities before changes in operating assets and liabilities	417,938,672	408,053,026
Operating assets (increase) decrease		
Deposits at financial institutions	(1,600,000)	-
Receivables from Clearing House	(216,266,288)	(221,596,732)
Securities and derivatives business receivables	(665,723,570)	2,946,520,967
Trading securities	(12,524,190)	503,759,371
Other assets	3,852,399	3,297,268

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



Capital Nomura Securities Public Company Limited
Statement of cash flows (Continued)
For the year ended 31 December 2016

	(Unit: Baht)	
	2016	2015
Operating liabilities increase (decrease)		
Borrowings from financial institutions	(250,000,000)	(2,277,779,000)
Payables to Clearing House	(235,155,597)	86,661,161
Securities and derivatives business payables	697,733,029	(569,161)
Borrowings	(895,568,661)	599,470,766
Other liabilities	22,720,133	(31,773,953)
Net cash from (used in) operating activities	(1,134,594,073)	2,016,043,713
Cash flows from investing activities		
Cash paid for purchase of available-for-sale securities	(510,243)	(10,667,157)
Cash received from disposal of available-for-sale securities	10,316,763	555,092
Net cash received (paid) from held-to maturity debt securities	527,893,081	(529,880,694)
Cash received from interest and dividend	37,493,234	53,321,999
Cash paid for acquisition of equipment	(77,225,454)	(59,276,666)
Cash received from sales of equipment	6,753,305	-
Cash paid for acquisition of intangible assets	(8,448,638)	(3,903,268)
Net cash from (used in) investing activities	496,272,048	(549,850,694)
Cash flows from financing activities		
Cash paid for dividend	(387,084,420)	(387,084,420)
Net cash used in financing activities	(387,084,420)	(387,084,420)
Net increase (decrease) in cash and cash equivalents	(1,025,406,445)	1,079,108,599
Cash and cash equivalents at the beginning of the year	1,463,362,886	384,254,287
Cash and cash equivalents at the end of the year	437,956,441	1,463,362,886

Supplemental cash flows information

Non-cash transactions :

Purchases of equipment and intangible assets
that have not yet been paid

225,515 10,076,334

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



Capital Nomura Securities Public Company Limited

Notes to financial statements

For the year ended 31 December 2016

1. General information

Capital Nomura Securities Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Nomura Asia Investment (Singapore) Pte. Ltd., which was incorporated in Singapore. The ultimate parent company of the Group is Nomura Holdings, Inc. The Company is principally engaged in the securities and derivatives with business of securities brokerage, derivatives brokerage, selling agent, securities dealing, securities borrowing and lending services, investment and financial advisory and securities underwriting.

The registered office of the Company is at 25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road, Tungmahamak, Sathorn, Bangkok. As at 31 December 2016, the Company has 18 branches including a headquarter, 17 branches in Bangkok and up country.

2. Basis of the preparation of the financial statements

These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and they are presented in compliance with the requirement of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies No. Sor. Thor/Kor/Nor. 53/2553 dated 15 December 2010.

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

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

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believes that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) Brokerage fees

Brokerage fees on securities and derivatives business are recognised as income on the transaction dates.

b) Fees and service income

Fees and service income are recognised as income when services have been rendered taking into account the stage of completion.

c) Gain (loss) on trading in securities and derivatives

Gain (loss) on trading in securities and derivatives are recognised as income/expenses on the transaction dates.



d) Interest and dividend

Interest is recognised as income on an accrual basis. Dividend from investments is recognised when the right to receive the dividends is established.

e) Interest on credit balance loans

Interest is recognised as interest accrues based on a time proportion basis, but where there is uncertainty as to the collectability of loans and interest the Company ceases accrual.

In the following cases collectability of loans and interest is held to be uncertain.

- 1) Loans which are not fully collateralised.
- 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue for more than 3 months.
- 3) Other receivables of which interest payment is overdue 3 months or more.

These conditions are based on the guidelines stipulated by the Office of Securities and Exchange Commission in Notification No. Kor. Thor. 5/2544 dated 15 February 2001.

4.2 Expense recognition

a) Interest on borrowings

Interest on borrowings is charged to expenses on an accrual basis.

b) Fees and service expenses

Fees and service expenses are charged to expenses on an accrual basis.

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, all bank deposit accounts maturing within 3 months or less from the date of acquisition, and including call notes receivable and term notes receivable issued by financial institutions with an ordinary maturing within 3 months or less and not subject to withdrawal restrictions.

4.4 Recognition and amortisation of customers' deposits assets

Assets which customers have placed with the Company for securities trading, both through cash accounts and credit balance accounts, including amounts which customers have placed as security for derivatives trading, are recorded as assets and liabilities of the Company for internal control purposes. As at the end of the reporting date, the Company excludes the amounts which are unsecured from both assets and liabilities and presents only those assets which belong to the Company.

4.5 Borrowing and lending of securities

The Company is engaged in securities borrowing and lending, whereby the Company acts as a principal or an agent of the borrowers and lenders of securities who are the Company's customers. The Company's objective in lending securities to its customers is solely to allow them to short sell securities through the credit balance accounts they have with the Company. These types of transaction are limited to securities listed on the SET 100 Index and on the list of securities which the Company allows customers to purchase through margin accounts (Marginable Securities).

The Company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the statement of financial position. At the end of the year, the balance of securities borrowing payables and securities borrowing receivables are adjusted based on the close price quoted on the Stock Exchange of Thailand of the last working day of the year. Gains or losses arising from such adjustment are included in profit or loss. In addition, the Company records cash paid as collateral for securities borrowing as "Guaranteed deposit receivables" and cash received as collateral for securities lending as "Guarantee deposit payables".

Fees for borrowing and lending are recognised on an accrual basis over the term of the period.



4.6 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of those securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as gain (loss) on remeasuring investments in other comprehensive income in the statements of comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investment in held-to-maturities debt securities are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/ accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities which are classified as other investments are valued at cost net of allowance of impairment (if any).
- e) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.
- f) Losses on impairment of the investments (if any) are included in profit or loss when there is a factor indicating that such investments might be impaired.
- g) The weighted average method is used for computation of the cost of investments. On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.
- h) In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other comprehensive income in the statements of comprehensive income, depending on the type of investment that is reclassified.

4.7 Receivables from/payables to Clearing House

Receivables from/payables to Clearing House comprise the net balance receivables from/payables to Thailand Clearing House in respect of securities trades settled and derivative trading, and also include amounts pledged with Thailand Clearing House as security for derivatives trading and the net balance of receivables from/payables to overseas securities companies in respect of overseas securities trades settle through those companies.

4.8 Securities and derivatives business receivables and allowance for doubtful accounts

Securities and derivatives business receivables comprise the net securities and derivatives business receivables, after deducting allowance for doubtful accounts, and also including related accrued interest receivables.

In addition, securities business receivables comprise the net receivables balances of cash accounts, credit balance accounts for which the securities purchased are used as collateral, securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for securities borrowing payables or Thailand Clearing House) as well as other receivables such as overdue cash customers accounts and securities receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

The Company has provided an allowance for doubtful accounts based on a review of debtor's ability to make repayment, taking into consideration recovery risk, and the value of the collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the following guidelines.

- a) Assets classified as doubtful loss are to satisfy the following criteria.
 - (1) Loans balance which the Company has already made every effort to collect, but which remain unpaid and which the Company has already written-off in accordance with tax legislation.
 - (2) Loans balance which the Company has forgiven.
- b) Doubtful debt is defined as the uncollateralised portion of the value of a debt which meets the following criteria.
 - (1) General loans and other loans for which the collateral value is less than the loan balance.
 - (2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
 - (3) Installment loans with repayment scheduled no less frequently than every 3 months, unless there is clear evidence and high degree of certainty that full repayment will be received.
- c) Substandard debt is defined as the collateralised portion of loans which meet the criteria in b).



Loans classified as doubtful loss will be written-off when identified. Allowance for doubtful account will be set aside for loans classified as doubtful at not less than 100 percent of the loan balance. The above guideline is in accordance with Notification No. Kor. Thor. 33/2543 dated 25 August 2000 which is updated by Notification No. Kor. Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission.

4.9 Premises and equipment/Depreciation

Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

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

Condominium units	20 years
Leasehold improvements	12 years
Office equipment	3, 5, 6 years
Furniture and fixtures	5, 6 years
Motor vehicles	5 years

No depreciation is provided on construction in progress.

Depreciation is included in determining income.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss when the asset is derecognised.

4.10 Intangible assets and amortisation

Intangible assets acquired are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

Intangible assets with finite useful lives is amortised for a year of 5 years.

4.11 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences, to the extent it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.12 Property foreclosed

Property foreclosed is stated at the lower of cost or net realisable value with reference to the latest appraisal value less estimated selling expenses.



4.13 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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

4.14 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with outside parties, such as the net payable balances of cash accounts, securities delivery obligations as a result of short sales or securities borrowing, and obligations to return assets held by the Company as collateral for securities lending.

4.15 Related parties transaction

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

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

4.16 Long-term leases

Leases of assets that all the significant risk and rewards of ownership are retained with the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

4.17 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

4.18 Employee benefits

a) Short-term employee benefits

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

b) Post-employment benefits (Defined contribution plans)

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



c) **Post-employment benefits (Defined benefit plans)**

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.19 Derivatives - Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Gains and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

4.20 Provisions

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

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimation. The significant judgements and accounting estimates are as follows:

5.1 Allowances for loan losses for securities and derivative business receivables

Allowances for doubtful accounts for securities and derivatives business receivables are intended to adjust the values of receivables for probable credit losses. The management uses the SEC's regulations regarding the provision of allowance for doubtful accounts and judgement to establish reserves for estimated losses for each outstanding receivable when there is any doubt about the receivable's capability to repay the debt. The allowances for doubtful accounts are determined through a combination of specific reviews, probability of default and the value of the securities used as collateral.

5.2 Impairment of investments

The Company reviews and set up allowance for impairment of investment when indication of impairment exists. The determination of what is indication of impairment requires judgement of management to estimate the expected loss by considering the status of each investment item.



5.3 Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is highly probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.4 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.5 Fair value of financial instruments

In determining the fair value of financial instruments recognised in statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and discloses of fair value hierarchy.

5.6 Premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of the premises and equipment, and to review estimate useful lives and residual values when there are any changes.

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

5.7 Post-employment benefits under defined benefit plans

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

6. Cash and cash equivalents

	(Unit: Baht)	
	2016	2015
Cash	75,000	74,000
Current deposits and saving deposits	905,966,518	387,833,307
Time deposits with maturity date not more than 3 months		
from acquisition date	-	300,000,000
Promissory notes at call	363,000,000	1,115,000,000
Promissory notes with maturity date due no more than 3 months	-	250,000,000
Total cash and cash equivalents	1,269,041,518	2,052,907,307
Less: Deposits for customers' account	(831,085,077)	(589,544,421)
Cash and cash equivalents	437,956,441	1,463,362,886

7. Deposits at financial institutions

	(Unit: Baht)	
	2016	2015
Time deposits with maturity date more than 3 months		
from acquisition date	100,000,000	600,000,000
Deposits subject to restriction	1,600,000	-
Less: Deposits for customers' account	(100,000,000)	(600,000,000)
Deposits at financial institutions	1,600,000	-

8. Receivables from Clearing House

	(Unit: Baht)	
	2016	2015
Receivables from Clearing House		
Equity and debt securities	460,332,699	247,804,828
Derivatives	62,912,397	24,959,046
Receivables from foreign companies	2,480,662	4,167,608
Total receivables from Clearing House	525,725,758	276,931,482
Less: Receivables from Clearing House for customers' accounts	(57,228,774)	(24,700,786)
Receivables from Clearing House	468,496,984	252,230,696



9. Securities and derivatives business receivables

	(Unit: Baht)	
	2016	2015
<u>Securities business receivables</u>		
Cash accounts	1,240,159,799	769,148,189
Credit balances receivables	6,950,679,593	6,622,207,301
Guaranteed deposit receivables	306,918,817	380,668,994
Receivables under securities borrowing and lending business	286,731,826	345,991,348
Other receivables	6,311,825	6,569,999
Total securities business receivables	8,790,801,860	8,124,585,831
Add: Accrued interest receivables	30,547,717	33,563,524
Less: Allowance for doubtful accounts	(6,335,398)	(6,335,398)
Net securities business receivables	8,815,014,179	8,151,813,957
<u>Derivatives business receivables</u>		
Derivatives business receivables	468,953	257,482
Total derivatives business receivables	468,953	257,482
Net securities and derivatives business receivables	8,815,483,132	8,152,071,439

9.1 As at 31 December 2016, the Company has securities business receivables of approximately Baht 6 million on which the recognition of income on an accrual basis has been suspended (31 December 2015: Baht 6 million).

9.2 As at 31 December 2016 and 2015, the Company has classified its securities business receivables including related interest receivable as follows, in accordance with the relevant guidelines issued by the Office of the Securities and Exchange Commission governing accounting for the doubtful debts of securities companies.

(Unit: Thousand Baht)

2016			
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	8,815,483	-	8,815,483
Doubtful	6,335	(6,335)	-
Total	8,821,818	(6,335)	8,815,483

(Unit: Thousand Baht)

2015			
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	8,152,071	-	8,152,071
Doubtful	6,335	(6,335)	-
Total	8,158,406	(6,335)	8,152,071

9.3 As at 31 December 2016, guaranteed deposit receivables of approximately Baht 307 million represent cash paid to secure the borrowing of securities for securities borrowing and lending transactions, and the fair value of the securities borrowed is approximately Baht 287 million (31 December 2015: Baht 381 million and Baht 346 million, respectively).

9.4 Allowance for doubtful accounts

(Unit: Thousand Baht)

For the years ended 31 December		
	2016	2015
Balance - beginning of the year	6,335	6,335
Change during the year	-	-
Balance - end of the year	6,335	6,335



10. Investments

10.1 Classify by type of investments

(Unit: Baht)

	2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<u>Trading securities</u>				
Debt securities	-	-	55,780,586	55,967,588
Listed equity securities	68,399,250	68,612,500	94,474	91,601
Total	68,399,250	68,612,500	55,875,060	56,059,189
Add: Allowance for revaluation	213,250		184,129	
Net trading securities	68,612,500		56,059,189	
<u>Available-for-sale securities</u>				
Listed equity securities	30,210	-	30,210	-
Unit trusts	101,072,525	99,207,753	110,721,254	112,139,163
Total	101,102,735	99,207,753	110,751,464	112,139,163
Add (less) : Allowance for revaluation	(1,864,772)		1,417,909	
Less: Allowance for impairment	(30,210)		(30,210)	
Net available-for-sale securities	99,207,753		112,139,163	
<u>Held-to-maturity debt securities</u>				
Treasury bill	2,714,668,006		2,394,470,600	
Less: Investments for customer's accounts	(2,702,734,744)		(1,859,257,101)	
Net held-to-maturity debt securities	11,933,262		535,213,499	
<u>Other investments</u>				
Non-marketable equity securities	15,665,250		15,665,250	
Less: Allowance for impairment	(9,193,382)		(9,193,382)	
Net other investments	6,471,868		6,471,868	
Net investments	186,225,383		709,883,719	

10.2 Debt securities classified by remaining periods to maturity

As at 31 December 2016 and 2015, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

(Unit: Baht)

	2016			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Treasury bill	2,714,668,006	-	-	2,714,668,006
Less: Investments for customer's accounts	(2,702,734,744)	-	-	(2,702,734,744)
Total investments in held-to-maturity debt securities	11,933,262	-	-	11,933,262

(Unit: Baht)

	2015			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Treasury bill	2,394,470,600	-	-	2,394,470,600
Less: Investments for customer's accounts	(1,859,257,101)	-	-	(1,859,257,101)
Total investments in held-to-maturity debt securities	535,213,499	-	-	535,213,499

10.3 Other components of equity - revaluation surplus (deficit) on investments

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Balance - beginning of the year	1,134,327	2,136,045
Changes during the year from		
Revaluation	(3,124,889)	(1,267,830)
Disposal	(157,791)	15,683
Deferred income tax	656,536	250,429
Balance - end of the year	<u>(1,491,817)</u>	<u>1,134,327</u>



10.4 Gain on securities

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Realised gain (loss) on trading in securities		
Trading securities	52,140,538	61,115,795
Available-for-sale securities	157,791	(15,683)
Unrealised gain (loss) on trading securities	29,121	(429,739)
Total gain on securities	52,327,450	60,670,373

10.5 Interest and dividend income

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Interest income from debt securities	43,146,235	45,819,441
Dividend income from equity securities	7,094,220	4,591,295
Total interest and dividend income	50,240,455	50,410,736

11. Premises and equipment

	(Unit: Baht)					
	For the year ended 31 December 2016					
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
Cost						
1 January 2016	22,704,701	244,038,739	142,462,531	48,285,980	735,851	458,227,802
Additions	-	44,603,337	3,752,334	-	24,719,159	73,074,830
Disposals/Write-off	-	(14,380,182)	(3,965,374)	(24,374,034)	-	(42,719,590)
Transfer in/out	-	2,457,014	22,997,996	-	(25,455,010)	-
31 December 2016	22,704,701	276,718,908	165,247,487	23,911,946	-	488,583,042
Accumulated depreciation						
1 January 2016	18,441,571	203,381,269	119,719,796	24,457,299	-	365,999,935
Depreciation for the year	-	22,595,314	8,854,631	2,902,388	-	34,352,333
Depreciation on disposals/write-off	-	(14,354,998)	(3,516,017)	(24,374,024)	-	(42,245,039)
31 December 2016	18,441,571	211,621,585	125,058,410	2,985,663	-	358,107,229
Net book value						
31 December 2016	4,263,130	65,097,323	40,189,077	20,926,283	-	130,475,813
Depreciation for the year ended 31 December 2016						34,352,333

(Unit: Baht)

For the year ended 31 December 2015						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
Cost						
1 January 2015	22,704,701	216,679,591	134,443,541	24,374,034	-	398,201,867
Additions	-	27,359,148	5,181,802	23,911,946	7,172,231	63,625,127
Write-off	-	-	(3,599,192)	-	-	(3,599,192)
Transfer in/out	-	-	6,436,380	-	(6,436,380)	-
31 December 2015	22,704,701	244,038,739	142,462,531	48,285,980	735,851	458,227,802
Accumulated depreciation						
1 January 2015	18,441,571	185,008,821	110,789,242	20,519,344	-	334,758,978
Depreciation for the year	-	18,372,448	11,451,008	3,937,955	-	33,761,411
Depreciation on write-off	-	-	(2,520,454)	-	-	(2,520,454)
31 December 2015	18,441,571	203,381,269	119,719,796	24,457,299	-	365,999,935
Net book value						
31 December 2015	4,263,130	40,657,470	22,742,735	23,828,681	735,851	92,227,867
Depreciation for the year ended 31 December 2015						33,761,411

As at 31 December 2016, the Company premises and office equipment have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 304 million (31 December 2015: Baht 314 million).



12. Intangible assets

(Unit: Baht)

For the year ended 31 December 2016						
	Remaining amortisation period	Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the year
Computer software	0 - 4.85 years	19,746,712	2,836,280	-	-	22,582,992
Software in progress		2,644,933	1,240,818	-	(1,328,654)	2,557,097
Total intangible assets		22,391,645	4,077,098	-	(1,328,654)	25,140,089
Less: Accumulated amortisation		(8,307,284)	-	(4,134,695)	-	(12,441,979)
Net intangible assets		14,084,361	4,077,098	(4,134,695)	(1,328,654)	12,698,110
Amortisation expenses for the year ended 31 December 2016						4,134,695

(Unit: Baht)

For the year ended 31 December 2015						
	Remaining amortisation period	Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the year
Computer software	0.4 - 4.92 years	12,775,962	6,970,750	-	-	19,746,712
Software in progress		40,734	3,139,183	-	(534,984)	2,644,933
Total intangible assets		12,816,696	10,109,933	-	(534,984)	22,391,645
Less: Accumulated amortisation		(5,211,155)	-	(3,096,129)	-	(8,307,284)
Net intangible assets		7,605,541	10,109,933	(3,096,129)	(534,984)	14,084,361
Amortisation expenses for the year ended 31 December 2015						3,096,129

13. Deferred tax assets/liabilities and income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Current income tax:		
Current income tax charge for the year	102,557,714	104,182,641
Adjustment in respect of income tax of prior year	(20,785)	(291,554)
Deferred tax:		
Relating to origination and reversal of temporary differences	(3,997,833)	(338,782)
Income tax expense reported in the statement of comprehensive income	98,539,096	103,552,305

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Deferred tax relating to gain (loss) on re-measuring available-for-sale investments	656,536	250,429
Deferred tax relating to actuarial loss	2,553,348	-
	3,209,884	250,429



Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Accounting profit before tax	510,722,171	519,516,152
Applicable tax rates	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rates	102,144,434	103,903,230
Adjustment in respect of income tax of prior year	(20,785)	(291,554)
Effects of:		
Non-deductible expense	1,059,651	1,107,186
Non-taxable income	(1,591,029)	(1,125,187)
Additional expense deductions allowed	(3,053,175)	(41,370)
Total	(3,584,553)	(59,371)
Income tax expenses reported in the statement of comprehensive income	98,539,096	103,552,305

As of 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	2016	2015
Deferred tax assets		
Allowance for impairment of investments	1,844,719	1,844,719
Allowance for impairment of property foreclosed	5,570,240	5,570,240
Allowance for doubtful accounts/allowance for other receivables	1,321,959	1,324,759
Provisions for long-term employee benefits	18,413,628	14,411,940
Accrued employee expenses	33,939,907	34,997,508
Others	7,815,370	3,666,113
Total deferred tax assets	68,905,823	61,815,279
Deferred tax liabilities		
Others	(257,630)	(374,802)
Total deferred tax liabilities	(257,630)	(374,802)
Net deferred tax assets	68,648,193	61,440,477

16. Other assets

	(Unit: Baht)	
	2016	2015
Loans to employees	70,277,129	77,222,198
Contribution for Securities Clearing Fund	60,533,229	50,131,252
Prepaid expenses	21,097,990	28,646,809
Deposits	17,823,086	18,014,629
Property foreclosed		
(net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	1,431,814	4,622,857
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	11,004,215	10,538,788
Others	5,452,294	6,367,098
Total other assets	207,619,757	215,543,631

15. Borrowings from financial institutions

As at 31 December 2016 and 2015, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

	(Unit: Thousand Baht)				
	2016				
	Interest rate	Remaining period to maturity			
	per annum	Less than			
	(percent)	At call	1 year	1 - 5 years	Total
Promissory notes	1.675 - 1.676	-	750,000	-	750,000
Borrowings					
Borrowings (THB)	2.41 - 3.08	-	700,000	600,000	1,300,000
Total borrowings from financial institutions		-	1,450,000	600,000	2,050,000



(Unit: Thousand Baht)

	2015				
	Interest rate	Remaining period to maturity			
	per annum	Less than			
	(percent)	At call	1 year	1 - 5 years	Total
Promissory notes	1.93 - 2.23	-	1,000,000	-	1,000,000
Borrowings					
Borrowings (THB)	2.41 - 3.08	-	-	1,300,000	1,300,000
Total borrowings from financial institutions		-	1,000,000	1,300,000	2,300,000

As at 31 December 2016 and 2015, the above borrowings of Baht 1,300 million are borrowings from the Bangkok branch of the overseas banks, with maturities of 2-3 years counting from contract date. The interest is carried at fixed rates per annum, payable as specified in the loan agreements. The loan agreements contain conditions whereby the Company is obliged to pay unwinding fees arising as a result of the Company terminating the agreements or prepaying the borrowings before the maturity date, which is calculated based on the conditions as specified in the loan agreements.

16. Payables to Clearing House

	(Unit: Baht)	
	2016	2015
Payables to Clearing House		
Equity and debt securities	70,323,678	305,608,149
Derivatives	513,566	384,692
Total payables to Clearing House	70,837,244	305,992,841

17. Securities and derivatives business payables

	(Unit: Baht)	
	2016	2015
<u>Securities business payables</u>		
Cash accounts	1,723,064,392	896,755,323
Guarantee deposit payables	279,565,098	350,508,874
Payable under securities borrowing and lending business	286,731,826	345,991,348
Total securities business payables	2,289,361,316	1,593,255,545
Accrued interest payables	3,217,670	3,450,269
Total securities business payables	2,292,578,986	1,596,705,814
<u>Derivatives business payables</u>		
Derivatives business payables	1,647,037	19,780
Total derivatives business payables	1,647,037	19,780
Net securities and derivatives business payables	2,294,226,023	1,596,725,594

18. Borrowings

As at 31 December 2015, net of discount for borrowing of Baht 896 million, are unsecured borrowing from bill of exchange and carrying interest at 1.85 percent fixed rate per annum, payable at the maturity date 6 month.



19. Provisions for long-term employee benefits

Provisions for long-term employee benefits, which are compensations on employees' retirement, are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Provisions for long-term employee benefits at beginning of year	72,059,699	64,441,460
Included in profit or loss:		
Current service cost	5,989,128	5,306,102
Interest cost	2,368,926	2,509,215
Included in other comprehensive income:		
Actuarial loss arising from		
Demographic assumptions changes	(5,302,768)	-
Financial assumptions changes	19,620,895	-
Experience adjustments	(1,551,389)	-
Benefits paid during the year	(1,116,350)	(197,078)
Provisions for long-term employee benefits at end of year	92,068,141	72,059,699

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Baht)	
	2016	2015
Current service cost	5,989,128	5,306,102
Interest cost	2,368,926	2,509,215
Total expenses recognised in profit or loss	8,358,054	7,815,317

The Company has obligation relating to long-term employee benefits expected to be paid to its employees in the next one year amount of Baht 0.6 million.

As at 31 December 2016, the weighted average duration of the liabilities for long-term employees benefit was 17 years.

Significant actuarial assumptions are summarised below:

	2016	2015
Discount rate	2.10 - 2.16 percent per annum	3.9 percent per annum
Salary increase rate	5 - 7 percent per annum	5 - 6 percent per annum
Average turnover rate	3 - 25 percent per annum based on employee's year of services	2.5 - 35 percent per annum based on employee's age

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

	31 December 2016		31 December 2015	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4.6)	5.0	(3.1)	3.3
Salary increase rate	4.6	(4.3)	3.9	(3.7)

(Unit: Million Baht)

	31 December 2016		31 December 2015	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Average turnover rate	(3.3)	3.6	(2.8)	3.1

20. Other liabilities

(Unit: Baht)

	2016	2015
Accrued employee expenses	171,777,398	177,053,477
Accrued interest expenses	12,845,874	16,484,110
Accrued expenses	49,629,035	37,244,526
Corporate income tax payable	69,559,737	59,475,812
Others	32,995,805	27,234,921
Total other liabilities	336,807,849	317,492,846



21. Statutory reserve

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

As at 31 December 2016, the Company allotted profit of Baht 20.7 million to the statutory reserve (31 December 2015: Baht 21.0 million).

22. Capital Management

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net liquid capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

23. Brokerage fee income

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Brokerage fee from securities business	873,314,149	792,942,515
Brokerage fee from derivatives business	66,883,052	54,044,763
Brokerage fee from others business	135,519,590	30,221,405
Total brokerage fees income	1,075,716,791	877,208,683

24. Fees and service income

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Underwriting fee	34,295,817	39,432,783
Financial advisory	9,754,795	17,745,000
Securities borrowing and lending	25,765,376	21,032,723
Business support	53,482,409	87,866,927
Others	2,931,552	2,626,831
Total fees and service income	126,229,949	168,704,264

25. Directors' remuneration

Directors' remuneration represents the benefits paid to directors of the Company in accordance with Section 90 of the Public Limited Companies Act., exclusive of salaries, bonuses and related benefits paid to directors who hold executive positions.

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E 2530. The fund is monthly contributed to by the employees at the rate of 5 - 15 percent of their basic salary and the Company at the rate of 5-10 percent of basic salary. The Fund is managed by TISCO Asset Management Limited and will be paid to the employees upon termination in accordance with the fund rules.

The contributions for the year 2016 amounting to approximately Baht 26.2 million were recognised as expenses. (2015: Baht 25.6 million).

In addition to the contributory registered provident fund, the Company has established a provision for an additional plan for employees who work with the Company for over 5 years and over 10 years. The plan is unfunded and is provided only for employees who joined the Company prior to 15 July 1986. Liabilities under this plan have been presented as part of "Other liabilities".

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares outstanding during the year.



28. Dividends

During the years, the Company declared the following dividends for payment to shareholders:

	Approved by	Total dividend declaration (Million Baht)	Dividend declaration per share (Baht)
Dividends from the operating results for the year ended 31 December 2015	The annual ordinary meeting of the Company's shareholders No. 1/2559 on 25 April 2016	387	0.18 (from 2,150,469,000 ordinary shares at par value of Baht 1 each)
Dividends from the operating results for the year ended 31 December 2014	The annual ordinary meeting of the Company's shareholders No. 1/2558 on 29 April 2015	387	0.18 (from 2,150,469,000 ordinary shares at par value of Baht 1 each)

29. Related party transactions

During the years, the Company had significant business transactions with the following related parties.

Related parties	Relationship
Nomura Holdings., Inc.	Ultimate parent company
Nomura Singapore Limited	Having common major shareholders
Nomura Securities Co., Ltd.	Having common major shareholders
Nomura International (Hong Kong) Limited	Having common major shareholders
Nomura International Plc.	Having common major shareholders
Instinet Pacific Limited	Having common major shareholders
United Information Highway Co., Ltd.	Having common director

Such transactions with its related companies were concluded on the commercial terms and based agree upon by the Company and those companies in the ordinary course of business. The significant transactions are summarised below.

	For the years ended 31 December		(Unit: Baht)
	2016	2015	Pricing policies (for the year 2016)
<u>Transactions occurred during the years</u>			
Brokerage fees income			
- Nomura Singapore Limited	161,045	631,121	At normal rate charged to other clients
- Nomura International Plc.	447,429	1,277,434	At normal rate charged to other clients
- Instinet Pacific Limited	69,910,984	35,248,966	At normal rate charged to other clients
- Director	-	501,320	At normal rate charged to other clients
Fees income from business support services			
- Nomura Singapore Limited	15,612,403	15,908,475	At actual costs plus a margin of 10 percent
Fees income from international investment banking services			
- Nomura Singapore Limited	17,860,000	22,250,000	At actual costs plus a margin of 10 percent
Fees income from introducing broker			
- Nomura Singapore Limited	2,478,854	865,586	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business
Fee income from securities borrowing and lending			
- Nomura International Plc.	773,812	4,377,859	At normal rate charged to other clients
- Instinet Pacific Limited	143,265	59,434	At normal rate charged to other clients
Fees income from other services			
- Nomura Securities Co., Ltd.	6,414,400	5,425,400	At the contract rate determined by extent and amount of work assigned
- Nomura International (Hong Kong) Limited	1,460,631	3,787,956	At the contract rate determined by extent and amount of work assigned
Fees income from securities trading and research			
- Nomura Singapore Limited	12,134,976	40,495,097	At actual costs plus a margin of 10 percent net with the brokerage commission received



	For the years ended 31 December		(Unit: Baht)
	2016	2015	Pricing policies (for the year 2016)
Transactions occurred during the year			
(continued)			
Other income			
- Nomura International (Hong Kong) Limited	145,671	-	Base on the scope and volume of work assigned
- Nomura Singapore Limited	43,367	-	Base on the scope and volume of work assigned
Fee expenses from Hi-speed circuit service			
- United Information Highway Co., Ltd.	2,271,263	1,971,614	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading			
- Nomura Singapore Limited	35,524	72,520	Calculated base on trade volume and at the referential rate charged by others without dependent interest
Referral Fees			
- Nomura International (Hong Kong) Limited	368,034	-	Calculated base on the proportionate rate of underwriting fees received from clients which was the same rate paid to others non related parties
- Nomura Securities Co., Ltd.	736,069	-	Calculated base on the proportionate rate of underwriting fees received from clients which was the same rate paid to others non related parties
Funding cost from trading fixed income in foreign currency			
- Nomura Singapore Limited	-	86,837	At normal rate charged to other clients
Interest income from loans to employees			
- Director	8,975	14,044	At the same rate charged to other Company's staffs

As at 31 December 2016 and 2015, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	2016	2015
Securities business receivables		
- Nomura International Plc.	-	3,718,000
- Instinet Pacific Limited	285,380,657	9,309,650
Other assets - accrued income receivables		
- Nomura International (Hong Kong) Limited	69,874	-
- Nomura Singapore Limited	3,511,542	8,022,875
- Director	-	536,412
Other assets - loans to employees		
- Director	436,697	739,599
Other assets - Securities borrowing and Lending receivables		
- Nomura International Plc.	18,216	382,196
- Instinet Pacific Limited	21,430	6,976
Other assets - others		
- Nomura Holdings, INC.	-	172,594
- Instinet Pacific Limited	74,472	49,648
- Nomura Singapore Limited	818,172	847,167
- Nomura Securities Co., Ltd.	592,709	46,262
Securities business payables		
- Instinet Pacific Limited	194,285,031	77,765,896
- Nomura International Plc.	-	4,200,299
Other liabilities		
- United Information Highway Co., Ltd.	-	215,222

Management's remuneration

During the years ended 31 December 2016 and 2015, the Company had employee benefit expenses payable to their directors and management as below:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Short-term employee benefits	94,157,988	98,220,543
Post-employment benefits	5,275,584	5,455,956
	<u>99,433,572</u>	<u>103,676,499</u>



30. Operating information by segment

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its products and services and have four reportable segments as follows:

- Securities business segment, which provide service according to brokering, derivative brokering and securities borrowing and lending.
- Investment banking segment, which provide service according to underwriting, investment advisory and financial advisory.
- Fixed Income segment, which provide service according to trading debt securities.
- Other segments, which provide support services and operating management.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

Below is the financial information as at 31 December 2016 and 2015, and for the years ended 31 December 2016 and 2015 of the Company by segment.

(Unit: Million Baht)

For the years ended 31 December										
	Securities and derivatives brokerage segment		Investments banking segment		Fixed income segment		Other segments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total revenue	1,112	937	70	90	64	85	20	19	1,266	1,131
Segment operating profit	392	315	18	23	32	47	6	7	448	392
Unallocated income(expenses)										
Gain on investments/ derivatives/exchange rate									3	13
Interest and dividend income									60	66
Interest on margin loans									356	488
Other income									12	5
Financial costs									(87)	(157)
Operating expenses									(281)	(287)
Income tax									(99)	(104)
Profit for the year									412	416

(Unit: Million Baht)

As at 31 December										
	Securities and derivatives brokerage segment		Investments banking segment		Fixed income segment		Other segments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Premises and equipment - net									130	92
Unallocated assets									10,199	10,869
Total assets									10,329	10,961

Geographic information

The Company is operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers

For the years 2016 and 2015, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

31. Commitments and contingent liabilities

As at 31 December 2016 and 2015, the Company has the following outstanding commitments and contingent liabilities.



31.1 The Company has the following outstanding commitments under the lease agreements for its office building and motor vehicles, under which the Company is to pay rental and service fees in the future, counting from the year end date, as follows.

	(Unit: Million Baht)	
	2016	2015
Within 1 year	54	51
In 1-2 years	26	39
Over 2 years	20	14

31.2 The Company has commitments to pay the fees related to its securities business to the Stock Exchange of Thailand and Thailand Securities Depository Company Limited. These comprise a monthly fixed amount, a percentage of trading volume each month and/or a percentage of net settlements each month.

31.3 The Company has commitment to pay the fees related to its derivatives business to Thailand Futures Exchange Public Company Limited and Thailand Clearing House Company Limited. These comprise a monthly fixed amount and/or at the fixed payment for each purchase or sale of a futures contract transacted.

31.4 The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to securities business licenses at the rate of 0.001 percent of its trading volume in the Stock Exchange of Thailand. For commission received from securities trading, underwriting and others which the Company has licenses, the fee is charged at the rate of 1 percent of income from the aforesaid activities. For securities trading of funds, the fee is charged at the rate of 0.001 percent of sale volume of funds. The minimum total fee is Baht 100,000 per annum and the maximum total fee is Baht 10,000,000 per annum.

31.5 The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to derivatives business licenses at the rate of Baht 0.10 per contract and Baht 0.01 per contract for single stock futures with underlying price not over Baht 100. The minimum total fee is Baht 100,000 per annum and the maximum total fee is Baht 1,000,000 per annum.

31.6 As at 31 December 2016, there has been a criminal lawsuit brought by an individual against the Company accusing the Company for fraud and violation of the Securities and Exchange Act B.E. 2535, without any claim for civil compensation. The case is still pending trial in the court of first instance. Therefore, the Company has not yet set aside any provision for loss in the accounts.

32. Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

32.1 Risk management policy

The Company's financial instruments as stated in the statements of financial position principally comprise cash and cash equivalents, deposits at financial institutions, receivables/payables from clearing house, securities and derivatives business receivables/payables, investments, loans to employees, borrowings from financial institutions and other borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

32.2 Credit risk

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivable from Clearing House, securities and derivatives business receivables and loans to employees as stated in the statements of financial position.

32.3 Interest rate risk

Interest rate risk refers to the risk that the value of financial asset and financial liabilities may change from the market interest rate. However, since most of the Company's financial assets and liabilities will mature in 1 year or has floating interest rate, the Company's interest rate risk is expected to be low.

As at 31 December 2016 and 2015 significant financial assets and liabilities classified by type of interest rates are summarised in the table below.



(Unit: Million Baht)

2016

	Outstanding balances of financial instruments						
	Fixed interest rate which the remaining period before maturity date or end of contract date					Interest rate	
	Floating interest rate			Without interest	Total	Floating interest rate	Fixed interest rate
		Within 1 year	1 - 5 years			% p.a.	% p.a.
<u>Financial assets</u>							
Cash and cash equivalents	434	-	-	4	438	0.05 - 1.00	-
Deposits at financial institutions	-	2	-	-	2	-	1.38
Receivable from Clearing House	-	-	-	468	468	-	-
Securities and derivatives business receivables	6,950	287	-	1,554	8,791	5.19	3.50
Investments	-	12	-	174	186	-	1.42 - 1.52
Loans to employees	70	-	-	-	70	1.50	-
<u>Financial liabilities</u>							
Borrowings from financial institutions	-	1,450	600	-	2,050	-	1.675 - 3.08
Payables to Clearing House	-	-	-	71	71	-	-
Securities and derivatives business payables	-	287	-	2,002	2,289	-	2.50

(Unit: Million Baht)

2015

	Outstanding balances of financial instruments						
	Floating interest rate	Fixed interest rate which the remaining period before maturity date or end of contract date		Without interest	Total	Interest rate	
		Within 1 year	1 - 5 years			Floating	Fixed
						interest rate	interest rate
						% p.a.	% p.a.
<u>Financial assets</u>							
Cash and cash equivalents	1,195	250	-	18	1,463	0.05 - 1.45	1.00
Receivable from Clearing House	-	-	-	252	252	-	-
Securities and derivatives business receivables	6,622	346	-	1,157	8,125	5.38	3.50
Investments	-	537	54	119	710	-	1.42 - 6.50
Loans to employees	77	-	-	-	77	1.50	-
<u>Financial liabilities</u>							
Borrowings from financial institutions	-	1,000	1,300	-	2,300	-	1.93 - 3.08
Payables to Clearing House	-	-	-	306	306	-	-
Securities and derivatives business payables	-	346	-	1,247	1,593	-	2.50
Borrowings	-	896	-	-	896	-	1.85

32.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

Counting from the reporting date, as at 31 December 2016 and 2015, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

	2016					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>						
Cash and cash equivalents	438	-	-	-	-	438
Deposits at financial institutions	-	2	-	-	-	2
Receivable from Clearing House	-	468	-	-	-	468
Securities and derivatives business						
receivables - net	593	1,271	-	-	6,951	8,815
Investments - net	168	12	-	-	6	186
Loans to employees	-	-	11	59	-	70
<u>Financial liabilities</u>						
Borrowings from financial institutions	-	1,450	600	-	-	2,050
Payables to Clearing House	-	71	-	-	-	71
Securities and derivatives business						
payables - net	566	1,728	-	-	-	2,294

(Unit: Million Baht)

	2015					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>						
Cash and cash equivalents	1,463	-	-	-	-	1,463
Receivable from Clearing House	-	252	-	-	-	252
Securities and derivatives business						
receivables - net	727	803	-	-	6,622	8,152
Investments - net	112	591	-	-	7	710
Loans to employees	-	-	8	69	-	77
<u>Financial liabilities</u>						
Borrowings from financial institutions	-	1,000	1,300	-	-	2,300
Payables to Clearing House	-	306	-	-	-	306
Securities and derivatives business						
payables - net	697	900	-	-	-	1,597
Borrowings	-	896	-	-	-	896



32.5 Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

As at 31 December 2016 and 2015, the Company has no liabilities in foreign currency.

32.6 Equity position risk

The Company is exposed to equity position risk, due to the Company has investment in listed securities which will result in fluctuations in revenue or the value of financial assets.

33. Fair value

As of 31 December 2016 and 2015, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	2016			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Held for trade investments				
Equity instruments	68,613	-	-	68,613
Available-for-sale investments				
Unit trusts	-	99,208	-	99,208
	(Unit: Thousand Baht)			
	2015			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Held for trade investments				
Debt instruments	-	56,059	-	56,059
Available-for-sale investments				
Unit trusts	-	112,139	-	112,139

As at 31 December 2016 and 2015, the Company had the financial assets and financial liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

		2016			
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets for which fair value are disclosed					
Cash and cash equivalents	438	438	438	-	-
Deposits at financial institutions	2	2	2	-	-
Receivable from Clearing House	468	468	-	468	-
Securities and derivatives business receivables - net	8,815	8,815	-	8,815	-
Investments	18	18	-	11	7
Loans to employees	70	55	-	-	55
Financial liabilities for which fair value are disclosed					
Borrowings from financial institutions	2,050	2,050	-	2,050	-
Payables to Clearing House	71	71	-	71	-
Securities and derivatives business payables - net	2,294	2,294	-	2,294	-

(Unit: Million Baht)

	2015				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets for which fair value are disclosed					
Cash and cash equivalents	1,463	1,463	1,463	-	-
Receivable from Clearing House	252	252	-	252	-
Securities and derivatives business receivables - net	8,152	8,152	-	8,152	-
Investments	542	542	-	535	7
Loans to employees	77	58	-	-	58
Financial liabilities for which fair value are disclosed					
Borrowings from financial institutions	2,300	2,300	-	2,300	-
Payables to Clearing House	306	306	-	306	-
Securities and derivatives business payables - net	1,597	1,597	-	1,597	-
Borrowings	896	896	-	896	-



The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follow:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, Deposits at financial institutions, Receivable from Clearing House, Securities and derivatives business receivables - net, Payables to Clearing House and Securities and derivatives business payables - net, their carrying amounts in the statement of financial position approximate their fair value.
- b) For investments, their fair value is generally derived from quoted market prices or based on generally accepted pricing models when no market price is available. The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- c) The fair value of unit trusts has been determined by using the net asset value per share as announced by the fund managers. For investment in non-marketable equity securities, their fair value is based on their net book value.
- d) For loans to employees, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- e) For Borrowings from financial institutions and Borrowings carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 22 February 2017.

**Investors can further study the information of
Capital Nomura Securities Public Company Limited
from the Annual Information (Form 56-1) posted in
www.sec.or.th or www.nomuradirect.com**

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