

The top of the page features a large, stylized 'N' logo composed of several overlapping triangles in various shades of red and maroon. The word 'NOMURA' is written in white, bold, uppercase letters in the top right corner.

NOMURA

Capital Nomura Securities Public Company Limited

Annual Report
2017



Contents

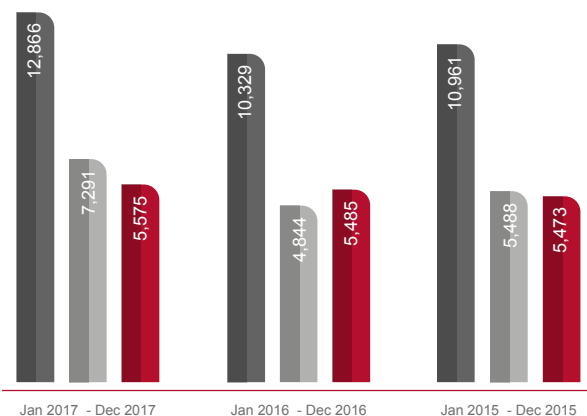
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Financial Highlight

Financial Position

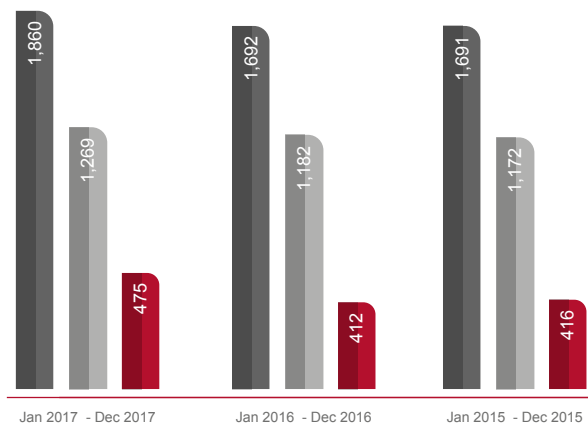
(million Baht)



■ Assets
■ Liabilities
■ Equity

Performance

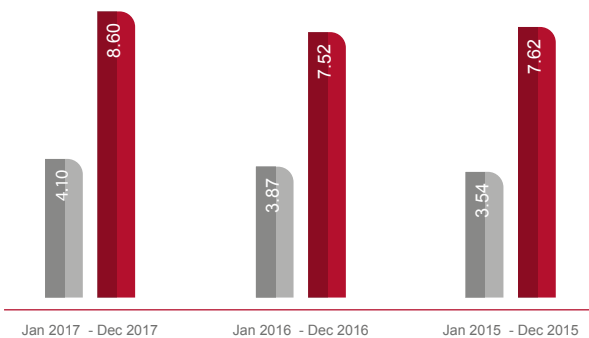
(million Baht)



■ Total Revenues
■ Total Expenses
■ Net Income

Return on Assets & Equity

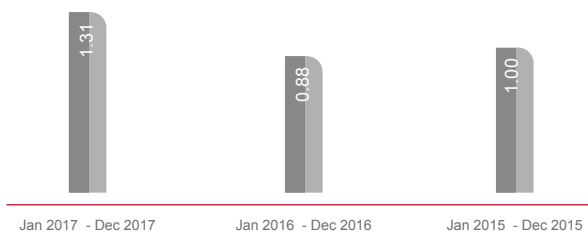
(%)



■ Return on Assets (ROA) ■ Return on Equity (ROE)

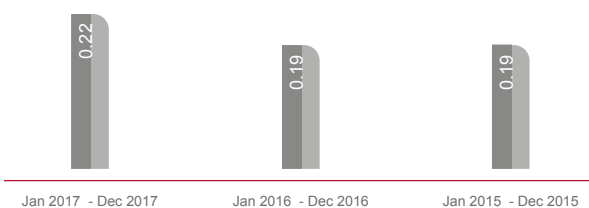
Debt to Equity Ratio

(Time)



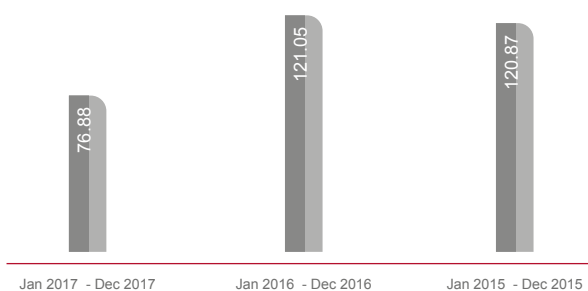
Earnings per share

(Baht)



Net Capital Ratio

(%)



Message from the Chairman



Dear Shareholders,

Investment sentiment in the Stock Exchange of Thailand (“the SET”) during the 1st quarter of 2017 was quite positive with the SET Index rising from 1,542.94 at the end of 2016 to 1,600.79 on January 26, 2017 as a result of the increase in crude oil price which helped attract fund flows into the Thai stock market. The SET Index, however, moved sideways during the 2nd and 3rd quarters because of the listed companies’ earnings and the domestic and global economic uncertainties. Nevertheless, the recovery sign of the global economy led by the United States (US), European Union (EU) and China, which helped create a faster than expected recovery in the Thai exports, together with the improvement of the domestic consumption and public investment, had brought another round of fund flows into the Thai stock market. The SET Index rose continuously during the 4th quarter and hit a peak at 1,763.36 before closing the year at 1,753.71, a 13.66% increase from the end of 2016, with daily average trading value of Baht 50.11 billion, a 4.59% drop from 2016.

In 2017, CNS continued to carefully expand our business focusing on client-base expansion and diversification, together with creating value-added financial and investment products and service differentiation with the following key strategic initiatives for brokerage business;

- Added more channels to share CNS information and news through Line Official: @NomuraDirect and Facebook Page: Nomura Direct, popular social media channels, including Live Broadcasting by CNS analysts through Facebook Live to facilitate clients and create opportunities on client-base expansion.
- Regularly arranged seminars by CNS analysts to share clients, investors, analysts and financial advisors (“FAs”) information, news and financial and investment knowledge.
- Added the “Nomura Dollar Cost Average” (DCA Stock) service for clients in buying stocks on a regular schedule with an auto-settlement with “Auto Trade” function through efin Trade Plus and “Settrade DCA Order” function through Streaming to facilitate clients.
- Added the “Stock Screener” service to facilitate clients to easily select or search stocks upon screening criteria.
- Continued to conduct the “CNS Corporate Access” program where clients, investors, analysts and FAs are able to directly meet top management of the companies listed on the SET and obtain information on or ask about the management’s outlook. Total 59 SET companies participated in this program. CNS also collaborated with the Market for Alternative Investment (“the MAI”) to jointly conduct a special event called “MAI Company Snapshot at Nomura” in order to invite the companies listed on the MAI to join our



“CNS Corporate Access” program. Total 34 MAI companies participated in this event. This program was held at CNS Convention Center, G Floor, Thai Wah Tower, and broadcasted via advanced telecommunication systems to all branches throughout the country.

- Additionally provided research papers of Mid-Small Cap stocks and stocks in the MAI to cover a wider range of securities and meet clients’ needs.
- Created a website <https://cnsup.nomuradirect.com> to be an information exchange center for news update, an investment corner, and activities for benefits of Startup and SMEs, as well as being a channel to promote and share experience of Startup and SMEs (Startup Experience) who participated in the “CNS Startup & SME Access” program last year to become more widely known.
- Continued to develop more FAs and enhance FAs to become Investment Planner (IP) to provide more efficient service. At the end of 2017, CNS had 55 IPs, an increase of 12 IPs from the previous year.
- Continuously expanded the margin loan business with the appropriate risk management to increase the interest income on margin loan and diversify CNS revenue sources. The outstanding of margin loans at the end of 2017 was Baht 8.191 billion, an increase of Baht 1.240 billion or 18% from Baht 6.951 billion at the end of 2016.
- Expanded the block trade business - single stock futures to provide investors more investment alternatives and to diversify CNS’s revenue sources.

The mutual fund selling agent business, under the “Nomura iFund” brand, had a growth in 2017. CNS’s outstanding asset under administration (AUA) at the end of 2017 was Baht 30.483 billion, an increase of Baht 7.509 billion or 33% from Baht 22.974 billion at the end of 2016, with the following key strategic initiatives;

- Added the “Nomura Dollar Cost Average” (DCA Mutual funds) service for clients in buying mutual funds on a regular schedule with an auto-settlement from a regular trading through the “Nomura iFund” program to facilitate clients.
- Provided research papers of mutual funds to meet client’s needs and create opportunities on client-base expansion to CNS’s selling agent business.
- Developed Mobile Application “Nomura iFund” on iOS in the late 2017 to meet investors’ modern lifestyle.

As for the fixed income trading business in 2017, CNS’s market share among securities companies ranked no. 4th in corporate debentures’ trading with the market share of 5.13%, and at the 1st rank among securities companies in bill of exchanges’ trading with the market share of 27.22%.

For the investment banking business in 2017, CNS acted as a lead underwriter for the firm underwriting of Initial Public Offering (IPO): Megachem (Thailand) Public Company Limited with a total value of Baht 189 million. Also, CNS was a co-underwriter for other 9 IPOs. This made a total number of 10 IPOs, out of 46 IPOs in the SET and the MAI. For the fixed income underwriting business, CNS acted as the underwriter for the corporate debentures’ offering totaling 17 deals.

In term of CNS’s performance in 2017, the net profit was Baht 475 million and the earnings per share (EPS) was Baht 0.22, an increase of Baht 63 million or 15% from 2016 where the net profit was Baht 412 million and the EPS was Baht 0.19.

Our strategic initiatives and plans in 2018 will continue to focus on client-base expansion and diversification together with creating value-added financial and investment products and service differentiation. CNS will initiate the “Nomura Wealth Access” program where clients, investors and FAs are able to directly obtain information and investment knowledge in mutual funds from leading asset management companies. CNS will continue to conduct the “CNS Corporate Access” and “CNS Startup & SME Access” programs and to develop quality human resources and services. Further, CNS will develop the Mobile Application “Nomura iFund” on Android operating system and plans to provide a tool and service that helps investors manage their portfolio to meet their investment objective, suitability and target. Moreover, CNS intends to adapt new financial technologies to create value-added products and service to meet clients’ rapidly changing needs. CNS will perform business operations, adhering to the principles of corporate social responsibility, transparency and good corporate governance, anti-bribery and corruption, disciplined financial and appropriate risk management, each of which will be the key factors in creating long-term shareholders and interested persons’ value and sustainable growth to CNS.

Finally, on behalf of the Board of Directors, I would like to express my 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 staff for their contribution and dedication helping to drive sustainable growth and fruitful development of CNS and to maintain our status as “Your Best Investment Partner”.

Board of Directors as of December 31, 2017



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



Mr. Katsuya Imanishi
President



Mr. Nimit Wongjariyakul
Executive Director



Mr. Shinya Yokoyama
Executive Director



Mrs. Chrisana Sae-Leiw
Executive Director



Mr. Philip Wing Lun Chow
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



Dr. Prasit Kanchanasakdichai
Independent Director



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 the 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.

CNS's Vision and Mission

CNS adopted Nomura Group Corporate Philosophy for the Company's business.

Mission

Contributing to Society

The Company helps to enrich society through its expertise in capital markets

Vision

Trusted Partner

As a leading financial institution, the Company aims to be the most trusted partner for its clients

Values

Entrepreneurial Leadership

With passion and courage, the Company continually innovates to meet the needs of its stakeholders

Teamwork

To build the Company's values and 'Deliver Together, the Company promotes diversity and collaboration across divisions and by Nomura Group's regions

Integrity

Personal integrity is paramount to us. The Company acts honestly, fairly and openly.



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 follows;

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. Therefore, the Board of Directors had 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 structure of Credit Department by merging to Risk Management Department for more efficiency.
- 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 where clients, investors, analysts and financial advisors ("FAs") have been able to directly meet top management of the companies listed on the SET and obtain information on or ask about the management's outlook. 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 ("Fitch") assigned CNS with the following credit ratings.

National Long-Term Rating

AA-(tha), similar to the previous year; Outlook "Stable"

National Short-Term Rating

F1+(tha), similar to the previous year

Fitch deemed CNS to be a strategically important subsidiary of the Nomura Group.

- Got the average score for the Corporate Governance Report of Thai Listed Companies 2015 conducted by Thai Institute of Directors Association (“IOD”) at the level “Good”
- Developed more FAs through the “Young Talent Financial Advisor” program to serve CNS’s future business expansion. This program has been continued since 2010.
- Improved 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 a variety of investors’ needs and lifestyles as follows;
 - ➡ 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 service under NomuraDirect service 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 Dollar Cost Average (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 arranged seminars to share investors financial and investment information and knowledge e.g. news, research papers, online registration for account opening and online seminar registration.
- Launched Interactive Voice Response (IVR) system to support clients’ calls to increase clients’ satisfaction. Investors can self-select services upon their needs
- Relocated 11 branches from the branch area of SME Bank to a higher potential area; Ubon Ratchathani Branch, Udonthani Branch, Nakorn Ratchasima Branch, Chiangrai Branch, Chiangmai Branch, Ayutthaya Branch, Saraburi Branch, Nakornsawan Branch, Phuket Branch, Hat 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 Phetchaburi 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)

- Initiated the “CNS Startup & SME Access” program with the aim to be a valuable bridge connecting the Small-and-Medium Enterprises (“SMEs”) and the Creative and Innovative Startup (Startup) entrepreneurs to explore business opportunities in a professional way.
- 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. It is also a space for conducting seminars for clients, investors and FAs and internal meetings.
- On September 29, 2016, Fitch assigned CNS with the following credit ratings.

National Long-Term Rating

AA-(tha), similar to the previous year; Outlook “Stable”

National Short-Term Rating

F1+(tha), similar to the previous year

National Short-Term Rating on unsecured unsubordinated debenture

F1+(tha)

Fitch viewed that NHI had large stakes in CNS, and there was name- and brand-sharing, management integration and histories of support. Fitch believed that there was a high probability of extraordinary support from NHI if required. However, CNS’s ratings are 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 IOD at the level “Very good”, a higher level than the previous year.
- Continued the “CNS Corporate Access” program from 2015 which received 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 more FAs through the “Young Talent Financial Advisor” program to serve CNS’s future business expansion. This program has been continued since 2010.
- Improved online trading applications through various investment channels to support variety investment choices on their own convenient, ease of use and reliable system as follows;

➡ eFin Trade Plus (Auto Trade Function)

Added functions as follows;

- 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 the SET's guidelines

➤ **Streaming Application**

- Added "Streaming for Android" application to meet clients' needs
- Added "Broker Favorites" which allowed investors to simply track stocks price recommended by CNS's analyst
- Added more supporting information for investors' decision making 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 key-in method for opening new account through an online application to support and facilitate new clients

➤ **Asset Allocation**

Added more functions to facilitate clients in their asset allocation as follows;

- Added "Total Asset" page that allowed clients to view all their assets under all products kept with CNS
 - Added "iFund Basket" function to facilitate clients to invest in a diversified investment portfolio in mutual fund
- Operated the 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 3rd 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



Fiscal Year 2017 (Jan 1, 2017 – Dec 31, 2017)

- Continued the "CNS Corporate Access" program from 2015 which received a warm welcome from retail and institutional investors as well as listed companies who saw this program as their benefits in directly providing their information to investors. In 2017, CNS also collaborated with the Market for Alternative Investment ("the MAI") to jointly conduct a special event called "MAI Company Snapshot at Nomura" in order to invite the companies listed on the MAI to join this program. In 2017, there were 59 SET listed companies and 34 MAI companies participated in this program.
- Created a website <https://cnsup.nomuradirect.com> to be an information exchange center for news update, an investment corner, and activities for benefits of Startup and SMEs, as well as being a channel to promote and share experience of Startup and SMEs (Startup Experience) who participated in the "CNS Startup & SME Access" program in 2016 to become more widely known. The scope of the website content consists of the following sections;
 1. News Update: Collecting all news and activities from all Startup and SMEs website for the member.
 2. Startup Experience Providing articles and video clips interviewing the Startup and SMEs entrepreneurs' experience to inspire readers and promote their business to become more widely known
 3. Activity Updating CNS's activities relating to the Startup and SMEs
 4. Investment Corner Providing financial articles; infographic or video clips, for members or general individual for their study, and also a direct contact points of FAs, fundamental analysts or Investment Banking Department
- Established Business and Product Development Department to study feasibility of CNS's new business and product.
- As CNS was one of BAHTNET client, it was in the certifying process to be certified to ISO/IEC 27001 Standard on the important settlement system of the Bank of Thailand, namely BAHTNET. This certification was required by the Bank of Thailand Notification No. SorRorKhor. 4/2560 Re: "Requirements on Information Security Management System for BAHTNET Client Computers". This notification required BAHTNET client computers to be certified by ISO/IEC 27001 which will enhance the security of BAHTNET client computers to ensure the integrity and availability of the service for clients. (CNS was certified to such standard on January 26, 2018 with a 3-year term.)
- On December 7, 2017, Fitch assigned CNS with the following credit ratings.

National Long-Term Rating

Upgraded to AA(thai) from AA-(thai); Outlook "Stable"

National Short-Term Rating

F1+(thai), similar to the previous year

National Short-Term Rating on unsecured unsubordinated debenture

F1+(thai), similar to the previous year

Fitch upgraded CNS's National Long-Term Rating as Fitch viewed that there has been an improvement in the credit profile of the CNS's parent Nomura Holdings, Inc. ("NHI") relative to other entities on the Thai National Ratings scale, which has enhanced its ability to provide support to its Thai subsidiary. CNS's National Long-Term Rating reflected Fitch's view of its strategic importance to NHI due to the following factors;

- ➡ NHI is the majority shareholders with high levels of management control and integration.
- ➡ There was name- and brand-sharing, and history of financial support from NHI.
- ➡ CNS has a well-established franchise and a relatively diverse client base in the Thai securities industry.
- ➡ CNS has been consistently profitable.

CNS's ratings could be impacted by any changes in Fitch's view NHI's propensity to provide extraordinary support. For example, this may be indicated by significant changes in shareholding or in the level of control NHI has in CNS. However, Fitch does not expect any of such changes to affect NHI's propensity to support CNS in the near term.

- Developed more FAs through the "Young Talent Financial Advisor" program to serve CNS's future business expansion. This program has been continued since 2010.
- Got the average score for the Corporate Governance Report of Thai Listed Companies 2017 conducted by IOD at the level "Very good", similar to the previous year.
- Added more channels to share financial and investment information and also improved the policy about social media management to cover more services. This is one of the key activities that can create sustainability to CNS's business. Clients can obtain more information for their decision making through several channels and be self-assured of CNS's online trading applications. Key activities were as follows;

➡ **Seminar Activities**

Arranged 32 financial and investment trainings and seminars in total, on a monthly basis covering equity, derivatives and mutual funds, by internal and external experts, with more than 1,100 participants.

➡ **Line Official: @NomuraDirect**

Line Application is a popular social media channel. CNS, therefore, started using Line Official Account: @NomuraDirect in October 2017 to provide clients' and investors' convenience and easy access to CNS's services and any updates of CNS's financial and investment information. This service had a warm welcome with approximately 2,500 followers in the first month. Currently, there were approximately 6,000 followers.



➡ **Facebook Page: Nomura Direct**

Facebook Page is another popular social media channel that CNS used for another channel to share clients and investors financial and investment information on a regular basis, including Live Broadcasting by CNS analysts.

Clients and investors are also able to drop their inquiries as well as seek more information on CNS's services more conveniently through the Facebook Inbox.

➡ **YouTube Channel: Nomura Direct**

Provided **Demonstration Video Clips** on how to use CNS's website and the online investment both in stocks and mutual funds. This is an educational tool for clients to self-use the online trading application more effectively.

- Improved online trading application to meet customers' need, which based on the concept of "convenient, easy to use and fast" ", the development from the previous year are as follows;

➡ **Website Development**

➤ **Stay signed-on**

After clients log in the applications, they can return to find information on the homepage without logging out. Once they have the information they needed, they can immediately return to the system page. This is to provide more convenient use to stay signed-on.

➤ **Stay NomuraDirect**

Clients can conveniently use either eFin Trade Plus or Streaming applications under the website (www.nomuradirect.com) such as mutual fund trading, deposit/withdrawal transactions, research papers, SBL trading and other functions via the "Nomura" menu on any devices.

➡ **New version of SBL Real Time**

Improved the SBL Real Time program to allow clients to access SBL Real Time service on any online devices and all operating systems to serve the current technology and serve clients' SBL orders more effectively.

➡ **Streaming Application**

Added more functions to meet clients' needs and to bring out comprehensive investment guidelines.

- Added the **"Nomura Dollar Cost Average (DCA)"** function, a service in buying stocks on a regular schedule to facilitate clients and to serve clients' financial planning for their retirement.
- Added the **"Stock Screener"** service to facilitate clients to easily select or search stocks upon screening criteria.

➡ **eFin Trade Plus**

Added the “**Portfolio Management**” function to analyze the quality of stocks in the portfolio, allowing clients to track their investment portfolio risk for their decision making on portfolio adjustment.

- Developed Mobile Application “**Nomura iFund**” on iOS to serve clients’ needs on mutual fund trading through smartphones and facilitate clients who were interested in the investment in mutual funds. CNS also had a plan to continuously develop more functions and services to cover clients’ needs.
- Provided research papers of mutual funds to meet client’s needs and create opportunities on client-base expansion to CNS’s selling agent business.
- Closed 1 branch for more efficiency; Saraburi Branch

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 14, 2017, 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 is an Asia-headquartered financial services group with an integrated global network spanning over 30 countries. Nomura services the needs of individuals, institutions, corporates and governments through its 4 business divisions;

- (1) Retail
- (2) Asset Management
- (3) Wholesale - Global Markets and Investment Banking
- (4) Merchant Banking

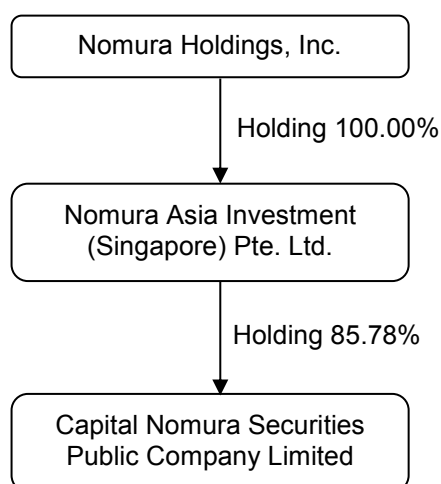
CNS engages in the securities business, mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business and selling agent business, serving retail clients, domestic and 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 14, 2017



Business Profile

CNS conducts the securities business, a broker member No. 14 of the SET and the member of TFEX, having the following main businesses; 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 follows;

Type of Income ¹	Fiscal Year 2017 (Jan 1, 2017- Dec 31, 2017)		Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)		Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)	
	million Baht	%	million Baht	%	million Baht	%
Brokerage fees	819.55	44.07	940.20	55.57	846.99	50.09
Fees and service income	428.60	23.04	261.75	15.47	198.93	11.76
Interest on margin loans	364.46	19.60	356.17	21.05	487.06	28.80
Gain and return on financial instruments	240.27	12.92	121.75	7.20	152.08	8.99
Other income	6.83	0.37	12.00	0.71	6.08	0.36
Total Income	1,859.71	100.00	1,691.87	100.00	1,691.14	100.00

¹ Type of income was changed from the disclosure in 2016 and in 2015 due to the change in the format of the financial statements of securities companies from the implementation of the SEC's Notification No. Sor. Thor. 22/2559 dated June 2, 2016 relating to the format of the financial statements of securities companies. Such notification was effective for fiscal years beginning on or after January 1, 2017. The type of income presented in the new format had no impact on the total income.

Business Profiles

CNS's business profiles are as follows;

1. Securities Brokerage Business

CNS provides securities brokerage services of the securities listed in the SET and the MAI to retail clients, domestic and foreign institutional clients.

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

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

CNS has 3 types of securities trading accounts as follows;



(1.1) Securities Trading Account – Cash Account

Securities trading account – cash account has a three-day settlement cycle (T+3) which clients must settle within a due through an automatic fund transfer only. However, the SET has moved to a two-day settlement and securities delivery cycle (T+2), starting from orders placed on March 2, 2018 to reduce risks across industry and operation costs and also enhance the competitive edge.

Clients can place orders through FAs or 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 FAs or 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, Gold D Futures, Single Stock Futures, Interest Rate Futures, Sector Index 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 FAs or 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.

CNS has assigned Risk Management Department to review securities that clients can place in Block Trade Business - Single Stock Futures.

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 follows;

- 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.

The Board of Executive Directors are authorized to define the investment policy, types of invested debt securities and also relevant internal controls for risk management of CNS's investment in debt securities.

CNS has assigned Risk Management Department to review and monitor that the investment in debt securities has aligned with the defined 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 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 follows;

- 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 FAs or by themselves through online trading applications.

7. Selling Agent Business

CNS engages in selling agent services to all asset management companies (“the AMC”) in Thailand, providing both omnibus account service and selling agent service. The MAIN objectives of this business are to create more opportunities for clients for their investment and risk management as well as the investment in Long Term Equity Funds (LTF) and Retirement Mutual Funds (RMF) for personal tax saving as the AMC has issued and offered various kind of mutual funds with different risks, and also 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 FAs or by themselves through online trading applications. Mutual fund trading Service fees are free of additional charge.

CNS has developed the “Nomura iFund” application, a one stop service through online trading applications, to facilitate clients in the investment in mutual funds with the following functions;

- “Mutual Fund One Stop Trading” Service; To buy, sell and switch mutual funds from all asset management companies in Thailand.
- “Mutual Fund Weekly Research” Service; To obtain a weekly summary of the investment situation and recommendation for each type of mutual funds referring to Morningstar Rating.
- “Performance Comparison” Service; To facilitate clients by a performance comparison for their decision making in the investment in mutual funds that match their investment strategies.
- “Nomura Dollar Cost Average” Service; To provide another channel to create clients’ saving discipline by the investment in mutual funds for their retirement financial planning.
- “Nomura Automatic Stock to Fund” Service; To facilitate clients to seamlessly link their investment in stocks and mutual funds together to gain most benefits.
- “Nomura iFund Basket” Service; To facilitate clients to select their investment in mutual funds match their expected returns and risk appetite.
- “Consolidated Portfolio” Service; To monitor the investment portfolios of the mutual funds of all AMCs by one account.
- “New Initial Public Offering (IPO)” Service; To search new IPO of the mutual funds on daily basis.



Market and Competitive Conditions

CNS aims to be one of the country's leading securities firms providing fully-integrated services with the following marketing policy and competitive condition of 2017.

Securities and Derivatives Brokerage Business

CNS aims to develop FA's knowledge and expertise and the quality of research papers, increase a number of research papers to cover more listed companies and more sectors, and regularly provide clients and investors financial and investment information and news through several channels as well as improve the up-to-date information technology system with security concern. These could help CNS to be more competitive in the provide securities and derivatives brokerage business.

Industry condition

The average daily turnover (inclusive of proprietary trading) of the SET and the MAI declined from Baht 52.53 billion in 2016 to Baht 50.11 billion in 2017 or 5% drop, mainly driven by a lower than expected domestic economic recovery and caused the SET Index to move sideways during the first 8 months of 2017 before the domestic economic recovery had driven the active investment in the last 4 months of 2017.

The SET index rose from 1,542.94 as of December 30, 2016 to 1,753.71 as of December 29, 2017 which was also the highest point of 2017, or 14% increase.

Factors having influenced on securities brokerage business in 2017 were as the followings;

1. Thai economic performance in 2017 and outlook for 2018

Thailand's Gross Domestic Product (GDP) grew by 3.9% in 2017, speeding up from 3.3% in 2016. The stronger economic growth was mainly supported by the acceleration of exports of goods and services and private consumption. Meanwhile, total investment growth softened. The exports of goods and services grew by 5.5% in 2017, substantially stronger than the 2.8% growth in 2016. On domestic front, the private consumption grew by 3.2%, improving from the 3.0% growth in 2016. Total investment growth softened to 0.9% from the 2.8% growth in 2016 in the wake of the decrease in the public investment.

The economic stability in 2017 continued to be positive regarding the inflation rate and current account balance. Headline inflation increased by 0.7% in 2017, slightly accelerating from the 0.2% growth in 2016. Current account registered a strong surplus of US dollars 49.3 billion or 10.8% of GDP, gradually lower than the surplus of 11.7 % of GDP in 2016.

Nomura Group has expected that the Thai economy will expand by 4.0% in 2018, slightly stronger than the 3.9% growth in 2017. The growth will still be supported mainly by the continued expansion of external demand and the improving trend of the total investment. Exports of goods and services is projected to grow by 6.1% in 2018, stronger than the 5.5% growth in 2017, thanks to the favorable growth of the global economy. Total investment will likely expand by 2.3% from the 0.9% growth in 2017 on the back of the improving growth in the public investment expenditure. On stability front, Thai economic stability is forecasted to be sound in 2018 from the forecasted growth of the inflation rate at 1.0%, which is at the Bank of Thailand's lower bound of inflation target range of 1.0% - 4.0% and the strong surplus in current accounts expected at US dollars 44.0 billion or 8.5% of GDP.

2. Earnings of listed companies outlook of 2017

Government spending especially on the infrastructure investment is forecasted to be a main engine to the growth of domestic economy in 2018.

Moreover, CNS expects that Monetary Policy Committee (MPC) will maintain the policy rate at 1.50% because the inflation will be at the Bank of Thailand's lower bound of inflation target range. Meanwhile, Thai economy will keep facing uncertainties from rapid fund inflows due to the continual surplus and the US dollars depreciation which was the impact from the lower holding of US dollars caused by other countries' economic recovery and tight monetary policy implementation. In addition, the current effective interest rate of Thailand is still positive, driving the stronger domestic economic recovery and resulting in the 14.52% growth of the listed companies' earnings per share (EPS) in 2018 to be Baht 112 per share, compared to the 3.49% growth in 2017, which is due to the impact from the impairment on the oil rigs. Also, the growth rate of the listed companies' EPS in 2018 is expected to be higher than the average rate at 9.7% and would drive the investment trend in 2018 to be more active than the previous year.

3. Competition of securities brokerage business

The liberalization of securities business licenses and the liberalization of brokerage fee announced by the SET and the SEC which were effective since 2012 have motivated new broker members to enter into the industry. As a result, the brokerage business continued to encounter an intense competition in 2017 and led to the more distribution of the SET's turnover among broker 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 to maintain client base and motivate new clients. Some brokers initiated to utilize Artificial Intelligence (AI) Technology for trading system and securities advice. However, some brokers used a low-price strategy to attract investors and an employee poaching.



SET Data

	Fiscal Year 2017 Jan 1, 2017 – Dec 31, 2017	Fiscal Year 2016 Jan 1, 2016 – Dec 31, 2016	Change	
			Amount	%
SET Information				
Total Turnover				
Value (billion Baht)	11,652.31	12,259.77	(607.46)	(4.95)
Average Daily Turnover (billion Baht)	47.76	50.24	(2.48)	(4.94)
SET Index (Point)				
High (Close)	1,753.71	1,552.64	201.07	12.95
Low (Close)	1,535.51	1,224.83	310.68	25.37
Close at the end of the year	1,753.71	1,542.94	210.77	13.66
Average Dividend Yield (%)	2.7	3.04	(0.34)	(11.18)
P/E Ratio (Time)	19.06	18.55	0.51	2.75
Market Capitalization (billion Baht)	17,587.43	15,079.27	2,508.16	16.63
Listed Securities				
No. of listed securities	2,083	1,838	245	13.33
No. of listed companies	538	522	16	3.07
No. of newly listed companies	22	11	11	100.00
mai Information				
Total Turnover				
Value (billion Baht)	575.44	556.49	18.95	3.41
Average Daily Turnover (billion Baht)	2.36	2.28	0.08	3.51
mai Index (Point)				
High (Close)	646.02	616.27	29.75	4.83
Low (Close)	531.51	490.09	41.42	8.45
Close at the end of the year	540.37	616.27	(75.90)	(12.32)
Average Dividend Yield (%)	1.42	1.24	0.18	14.52
P/E Ratio (Time)	106.13	63.27	42.86	67.74
Market Capitalization (billion Baht)	338.84	425.36	(86.52)	(20.34)
Listed Securities				
No. of listed securities	203	178	25	14.04
No. of listed companies	150	134	16	11.94
No. of newly listed companies	17	13	4	30.77

Source: Market Statistics from the SET, the figure as of December 29, 2017 (<https://www.set.or.th>)

Top five broker members in term of market share

Top five broker members of brokerage securities firms for the SET and the MAI in 2017 had total market shares in 2017 of 28.48% ranked by total turnover, slightly decreased from 29.13% in 2016. This reflected the more distribution of turnover among the broker members.

Turnover and market share of securities brokerage business

CNS's turnover in 2017 declined from 2016, with the market share in 2017 was 2.76%, declining from 2.98% in 2016, and the similar rank at the 15th compared to 2016. However, there were 2 broker members increasing from 36 broker members in 2016 to 38 broker members in 2017.

Turnover* (million Baht)	Fiscal Year 2017 (Jan 1, 2017- Dec 31, 2017)	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)
- SET**	10,950,103	11,468,572	9,774,699
- CNS**	604,439	683,904	582,227
CNS's market share (%)**	2.76	2.98	2.98
Ranking	15 th	15 th	13 th
No. of broker members in the SET	38	36	36

Source: the SET

* inclusive of the turnover in the SET and the MAI

** exclusive of Proprietary Trading

Turnover classified by types of clients

Considering turnover classified by types of clients, CNS's main client group in 2017 was retail clients with the proportion of 52.13%, continuously decreasing from 2015, followed by foreign clients of 30.51%, continuously increasing from 2015, and domestic institutional clients of 17.36%, continuously increasing from 2015.

Turnover classified by types of clients* (million Baht)	Fiscal Year 2017 (Jan 1, 2017- Dec 31, 2017)		Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)		Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)	
	Amount	%	Amount	%	Amount	%
- Retail clients	315,078	52.13	434,198	63.49	415,095	71.29
- Domestic institutional clients	104,965	17.36	85,625	12.52	54,600	9.39
- Foreign clients	184,396	30.51	164,081	23.99	112,532	19.32
Total**	604,439	100.00	683,904	100.00	582,227	100.00

* inclusive of the turnover the SET and the MAI

** exclusive of Proprietary Trading



Turnover classified by categories

Considering turnover classified by categories, the proportion of the internet trading accounts in 2017 was 35.62%, decreasing from 46.01% in 2016. The remainder of 64.38% was the normal accounts (through FAs), increasing from 53.99% in 2016.

Turnover classified by categories* (million Baht)	Fiscal Year 2017 (Jan 1, 2017- Dec 31, 2017)		Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)		Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)	
	Amount	%	Amount	%	Amount	%
Internet trading						
- Cash account	143,499	23.43	187,407	27.36	163,036	27.99
- Margin account	74,706	12.19	127,751	18.65	94,348	16.20
Total	218,205	35.62	315,158	46.01	257,384	44.19
Normal - through FAs						
- Cash account	379,280	61.92	345,253	50.40	303,414	52.09
- Margin account	15,048	2.46	24,579	3.59	21,686	3.72
Total	394,328	64.38	369,832	53.99	325,100	55.81
Grand Total**	612,533	100.00	684,990	100.00	582,484	100.00

* inclusive of the turnover the SET and the MAI

**exclusive of Proprietary Trading

Turnover classified by type of accounts

Considering turnover classified by type of accounts, the proportion of trading of the cash accounts in 2017 was 85.35%, increasing from 77.76% in 2016. The remainder of 14.65% was the margin accounts, decreasing from 22.24% in 2016.

Turnover classified by type of accounts* (million Baht)	Fiscal Year 2017 (Jan 1, 2017- Dec 31, 2017)		Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)		Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)	
	Amount	%	Amount	%	Amount	%
Cash account						
- Internet trading	143,499	23.43	187,407	27.36	163,036	27.99
- Normal - through financial advisor	379,280	61.92	345,253	50.40	303,414	52.09
Total	522,779	85.35	532,660	77.76	466,450	80.08
Margin account						
- Internet trading	74,706	12.19	127,751	18.65	94,348	16.20
- Normal - through financial advisor	15,048	2.46	24,579	3.59	21,686	3.72
Total	89,754	14.65	152,330	22.24	116,034	19.92
Grand Total**	612,533	100.00	684,990	100.00	582,484	100.00

* inclusive of the turnover the SET and the MAI

** exclusive of Proprietary Trading

Trading Volume and Market share of Derivatives Brokerage Business

CNS's trading volume of derivatives in 2017 increased from 2016 with the market share of 1.32%, increasing from 1.20% in 2016.

Trading Volume of derivatives (Contracts)	Fiscal Year 2017 (Jan 1, 2017- Dec 31, 2017)	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)
- TFEX	78,990,574	69,576,164	48,538,899
- CNS	2,079,826	1,669,343	1,376,829
CNS's market share (%)	1.32	1.20	1.42

Source: TFEX

Financial Advisory Business and Underwriting Business

Industry condition

In 2017, there were 46 newly listed companies with the Initial Public Offering (IPO) totaling Baht 426,349 million, increasing by 170.25% from Baht 157,766 million in 2016 which might be caused by the increasing SET index during 2017 and the 9 large companies being listed in 2017, with total market capital over than Baht 10 billion (calculated from IPO offering prices).

Market share of Financial Advisory Business and Underwriting Business

In 2017, CNS was a financial advisor and lead underwriter for the firm underwriting of the Initial Public Offering ("IPO"): Megachem (Thailand) Public Company Limited with a total value of Baht 189 million. Also, CNS was a co-underwriter for other 9 IPOs which made a total number of 10 IPOs, out of 46 IPOs listed in the SET and the MAI. In addition, CNS was underwriters for 17 corporate debentures.

Fixed Income Trading Business

CNS focuses on providing debt securities upon clients' needs either entrepreneurs who selects to raise funds through debt securities or investors who are interested in investing in debt securities as they see that debt securities could provide higher yield than deposits even there is higher risk.



Industry Condition

2017 was the growth year for the overall debt securities market. The market of debt securities with credit rating expanded compared to the market situation in the past 2-3 years. However, the market of debt securities without credit rating or with the credit rating lower than the investment grade shrank because of the default of private companies' debt securities which affected the debt securities market and investors' confidence although the default rate was quite low when compared to the total market size. Some investors, as a result, delayed investing in debt securities and turned to invest in other securities instead.

However, the default problem which tends to be more clearly solved and the upward trend of the money market rate as well as the SEC's rule improvement in issuing and offering debt securities for sales and intermediaries' roles, may help motivate investors to invest more in the debt securities in 2018.

Market share of Fixed Income Trading Business

CNS focuses on selling quality debt securities with proper interest rate in relation to its risk and good financial status to maintain CNS's market share among leading securities companies in the debt securities market, under the market volatility and the entry of new competitors.

Corporate Debenture

CNS's trading volume of corporate debentures in 2017 was Baht 7,590 million, increasing 6% from Baht 7,166 million in 2016 due to private sectors' more demands in raising funds through corporate debentures to serve their business expansion.

However, when compared the market share among securities companies, CNS's market share in 2017 was 5.13% with the 4th rank, decreasing from 7.73% in 2016 with the 2nd rank, due to more competitors in the fixed income market both from commercial banks and securities companies.

Corporate Debenture	Fiscal Year 2017 (Jan 1, 2017- Dec 31, 2017)	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)
Trading Volume (million Baht)	7,590	7,166	11,842
Ranking	4 nd	2 nd	2 nd
Market Share among securities companies (%)	5.13	7.73	11.57

Source: The Thai Bond Market Association

Bill of Exchange

CNS's trading volume of bill of exchanges in 2017 was Baht 38,823 million, decreasing 10% from Baht 43,035 million in 2016, aligning with the market recession from because of the default of private companies' debt securities during 2017 which affected the debt securities market and clients' confidence who focusing on investing in bill of exchanges.

However, when compared the market share among securities companies, CNS's market share in 2017 was 27.22% with the 1st rank, increasing from 17.77% in 2016 with the 3rd rank since CNS focuses on selling quality bill of exchanges to help increase CNS's market share and maintain client-base under the market recession.

Bill of Exchange	Fiscal Year 2017 (Jan 1, 2017- Dec 31, 2017)	Fiscal Year 2016 (Jan 1, 2016- Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015- Dec 31, 2015)
Trading Volume (million Baht)	38,823	43,035	42,930
Ranking	1 st	3 rd	1 st
Market Share among securities companies (%)	27.22	17.77	20.78

Source: The Thai Bond Market Association

Securities Borrowing and Lending Business

In 2017, the SET announced more securities in the marginable securities list for short selling. In addition to SET100, Exchange Traded Fund (ETF) and underlying securities of ETF, the securities with the 3-month average market capital not less than Baht 5,000 million and the free float not less than 20% of paid-up capital, as set by the SET, were added to the list, effective from July 1, 2017. CNS, accordingly, added such securities in CNS's marginable securities list for short selling with more than 200 securities. This led CNS to be a securities company having a widest range marginable securities list.

In addition, CNS focused on the SBL system improvement for clients to efficiently borrow securities through online trading applications on computers and smartphones.

For 2018, CNS plans to gradually expand client-base on SBL service by focusing on providing clients trainings and seminars to increase their investment literacy by using SBL service such as Block Trade, Arbitrage Trading and Pair Trading and etc.



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.

In 2017, CNS mainly raised funds from the borrowings from domestic financial institutions as the interest rates and tenors were more appropriate and also to maintain good relationship with financial institutions. CNS applied both short-term and long-term borrowings. The short-term borrowings were applied for liquidity management while long-term borrowings were applied for supporting CNS's businesses.

In addition to the short-term borrowings for the liquidity, CNS appraised the demand of funding in all businesses including the upward trend of domestic and foreign interest rate. CNS, therefore, decided to acquire long-term borrowings in 1-year, 2-year and 3-year terms from a commercial bank with the total credit line of Baht 500 million to reduce the interest rate risk.

In 2017, CNS had no funding through borrowings in the form of bill of exchanges. However, to be prepared for other sources of funds, CNS extended the raising fund period for the issuance and offer for sale of the short-term bill of exchanges to another 1 year, from December 8, 2017 to December 7, 2018, with the total amount of not exceeding Baht 1,500 million, having the following credit ratings from Fitch Ratings (Thailand) Limited released on December 7, 2017;

National Long-Term Rating

Upgraded to AA(thai) from AA-(thai); Outlook "Stable"

National Short-Term Rating

F1+(thai), similar to the previous year

National Short-Term Rating on unsecured unsubordinated debenture

F1+(thai), similar to the previous year

As of December 31, 2017, CNS had shareholders' equity of Baht 5,575 million and borrowings of Baht 3,800 million from domestic financial institutions to support CNS's working capital and liquidity. CNS still has an available credit line from domestic and foreign financial institutions as well as related parties.

2. Creditor Policy

The Board of Directors has a policy to fairly and equitably treat all types of creditors. CNS also commits to create creditors' trustworthiness with the following creditor 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 and maintain good relationship 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, 2017, CNS's net liquid capital was Baht 5,045.19 million with a net liquid capital ratio of 76.88% of general liabilities and collateral. This ratio was quite high when compared to 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 fund flows and the investors' confidence on the investment in the SET. Therefore, the situation that the SET becomes highly volatile and discourages the investment may cause a decline in average daily turnover and may consequently have an impact on the revenues from the securities brokerage and derivatives brokerages businesses, CNS's main revenues, as well as the revenues from the investment banking business, especially on the financial advisory business and the underwriting business.

CNS has a policy to restructure its revenue sources by not heavily depending on any lines of businesses. In addition, CNS has an approach to diversify its revenue sources to several businesses 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 and etc. in order to offset the shortfall in the revenues from the securities brokerage and derivatives brokerages businesses as well as the investment banking business which are highly sensitive to the SET's volatility.

The SET's volatility may have an impact on CNS's investment valuation which are equity securities listed in the SET and TFEX. Accordingly, there may be loss on the investment revaluation to the market price.

CNS has the policy not to have a proprietary trading in both equity securities and future contracts, except the investment for the block trade business - single stock futures to fully hedge the holding position of single stock futures

2. Risk from high competition in the securities business

The SET's and the SEC's announcements on the liberalization of securities business licenses and the liberalization of brokerage fee which were effective since 2012, have a direct impact on high competitions among the securities industry from the entry of new securities companies and also the profitability of the whole securities companies as well as

CNS has been aware of such risk and prepared to enhance competitive advantages both in terms of financial positions and business strategies such as diversifying its revenue sources to several businesses, improving quality of research papers, enhancing workflow efficiency to cope with clients' changing needs as well as developing human resources' competencies and quality of service.

3. Risk from changing technology

Changing technology may affect investors' behaviors and also business models such as the Initial Coin Offering (ICO), which may affect the change in fund raising patterns that are no longer in the SET, and the Block Chain transactions, which may affect the brokerage business in the future. In addition, several securities companies initiated to launch their services using Artificial Intelligence (AI) or robots, as well as a variety of financial and investment applications that may affect the competitions or fee rates.

CNS has been studying the feasibility of developing and implementing the innovations and technologies for an efficient delivery of products and services to clients to catch up with other service providers in the industry.

4. Risk from online trading services

According to advanced technology, investors are more likely to key transactions through online trading applications through a variety of tools which may cause the securities companies to have a risk from online trading service.

CNS has a high-amount investment in reliable security systems for online trading services to provide online trading applications and internal systems with security and international standards and to create clients' trust on its service.

5. Risk from the financial advisory business

In providing the financial advisory service, CNS and its clients must be mutually responsible to disclose accurate, sufficient and detailed information to 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 required 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.

6. 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 condition 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.

7. Risk from human resources

The securities business is very sensitive toward the movement of specialist especially FAs. Therefore, CNS emphasizes on the selection of employee based on their competencies required for the



position. Recruitment and selection will be conducted through joint consideration between lines of business and Human Resources Department so as to make the selection transparent and suitable for job placement.

CNS has a policy to determine compensation and benefits based on their roles and responsibilities across all employee levels as well as the SET's rules and sets the compensation and benefits to ensure that the employees receive appropriate, fair and competitive compensation and benefits comparable to other leading companies.

CNS has the Human Resources Development Policy, focusing on employees' trainings covering Code of Ethics, Compliance Manual for Employees, regulatory guidelines, risk management and the Anti Bribery and Corruption Policy as well as relevant laws to the Securities and Exchange Act and the Anti-Money Laundering Act.

CNS conducts personal background checks to prevent hiring of employees with unsatisfactory backgrounds that may cause risk exposures and damages to clients and CNS.

8. Risk from doubtful debts and bad debts

CNS has different receivables from various businesses; brokerage business, securities trading business, service providing and margin loan business. CNS, however, has the similar guidelines to manage risk from doubtful debts and bad debts as follows;

- (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 collaterals 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 regular compliance can reduce the risk from doubtful debts and bad debts.

9. 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. Several 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 has the fixed income trading business and also the margin loan business which helps increase clients' purchasing power and trading liquidity and consequently has an impact on the SET's liquidity. CNS, therefore, needs to seek sufficient and appropriate funds to serve its demand in working capital.

CNS has a funding policy concerning the domestic and global financial conditions, risk from interest rate and foreign exchange rate, a 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 funding flexibility and business relationship.

In case of the borrowings in foreign currency, CNS has a policy to fully hedge a risk from foreign exchange rate.

2. Risk from interest rate

To operate the business, CNS applies its own capital and both short-term and long-term borrowings from several financial institutions. The changes in interest rate shall affect CNS's costs of fund. CNS, therefore, considers the proportions of short-term and long-term borrowings to align with its business operation.

CNS invests in the investment in debt securities to support the fixed income trading business which shall be affected by the changes in interest rate and there might be loss on the investment revaluation to be a market value. CNS, consequently, sets a risk management policy on the fixed income trading business by defining the level of the credit ratings that CNS can invest in the debt securities as well as considering the issuers' financial positions, 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 14, 2017, 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. In addition, this may have an impact on being listed company in the SET.

As of the latest book closing date on March 14, 2017, 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.

As CNS was not able to meet such free float requirement, CNS had paid additional annual fees to the SET by approximately Baht 0.9 million in 2017.

Legal Disputes

As of December 31, 2017, CNS had no legal disputes which have negative effect on its existing assets, the value of which is higher than 5% of its shareholders' equity, or materially affect its business operation. However, on March 16, 2018, the Court of First Instance issued a verdict on CNS to pay a fine of Baht 120,000 in respect of the offence of fraud, but dismissed the charges in respect of violation of the Securities and Exchange Act B.E. 2535 (1992). By the recommendation of its outside counsels, CNS will appeal the said decision to the Court of Appeal. Therefore, CNS 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	
NOMURA DIRECT:	+66(0) 2638 5500	
Website:	https://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: https://www.nomuradirect.com/startup_access/th/index.aspx
<https://cnsup.nomuradirect.com>

Branch

Bangkok Region

Bangna Branch:	589/111 Central City Tower 1 Office, 19 th Floor, Bangna-Trad Road, Bangna, 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, Borommaratchachonnani 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, 2 nd Floor, A205, Phetkasem Road, Laksong, Bangkhae, Bangkok 10160 Telephone: +66(0) 2638 5280 +66(0) 2287 6280 Facsimile: +66(0) 2421-6025

Remark:

*** Nomura Service Center*



Northeastern Region

Khon Kaen Branch*:	999, Sri Chant Road, Nai Mueang, Muang, Khon Kaen 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 Thongyai Road, Mak Khaeng, Muang, 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, Mittraphap Road, Nai Muang, Muang, Nakhonratchasima 30000 Telephone: +66(0) 4424 8526 +66(0) 4424 8527 Facsimile: +66(0) 4424 8528
Ubon Ratchathani Branch**:	15/4 Ubonsquare, Room F101B/C, Thammavithee 4 Road, Nai Muang, Muang, Ubon Ratchathani 34000 Telephone: +66(0) 4531 5326 +66(0) 4531 5327 Facsimile: +66(0) 4531 5328

Northern Region

Chiangrai Branch*:	353/19 Moo 4, Rim Kok, Muang, Chiangrai 57100 Telephone: +66(0) 5371 1972 +66(0) 5371 1973 Facsimile: +66(0) 5371 1974
Chiangmai Branch*:	30 Punna Place, Room 5, 1 st Floor, Nimmanhaemin Road, Soi 6, Suthep, Muang, 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*:	<p>Ayutthaya City Park, Room GC-11, 126 Moo 3, Asia Road, Klong Suan Plu, Ayutthaya, Ayutthaya 13000</p> <p>Telephone: +66(0) 3580 1920 +66(0) 3580 1921</p> <p>Facsimile: +66(0) 3580 1922</p>
Nakornsawan Branch*:	<p>26/3-4, Vitheethep Citywalk Room 2F003-004, 2nd Floor, Suchada Road, Pak Nam Pho, Muang, Nakornsawan, 60000</p> <p>Telephone: +66(0) 5622 3947 +66(0) 5622 3948</p> <p>Facsimile: +66(0) 5622 3949</p>

Southern Region

Phuket Branch*:	<p>262/9 Yaowarat Road, Talat Yai, Muang, Phuket 83000</p> <p>Telephone: +66(0) 7621 4422 +66(0) 7621 4423</p> <p>Facsimile: +66(0) 7621 4424</p>
Hat Yai Branch*:	<p>2 Soi 19, Phetkasem Road, Hat Yai, Hat Yai, Songkhla 90110</p> <p>Telephone: +66(0) 7422 1542 +66(0) 7422 1543</p> <p>Facsimile: +66(0) 7422 1544</p>

Eastern Region

Rayong Branch**:	<p>TSK Park, 351-351/1 Sukhumvit Road, Noenpra, Muang, Rayong 21000</p> <p>Telephone: +66(0) 3802 0030 +66(0) 3802 0031</p> <p>Facsimile: +66(0) 3802 0032</p>
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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 14, 2017, CNS's shares were held by foreigners in total of 86.09% of CNS's registered and paid-up capital.

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

The Thai NVDR Company Limited, which is a subsidiary wholly owned by the SET, issues Non-Voting Depository Right ("NVDR") of CNS's shares.

As of December 29, 2017, there were the NVDR of CNS's shares totaling 6,899,201 units or 0.32% of CNS's paid-up capital, a decrease of 1,169,755 units or 14% from the NVDR as of December 30, 2016 at 8,068,956 units or 0.38% of CNS's paid-up capital.
(Source: <https://www.set.or.th/set/nvdroutstanding.do>)

The NVDR holders shall 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.
(<https://www.set.or.th/set/nvdroutstanding.do>)



Shareholders

1. Major Shareholder List

(A) Top Shareholders

Top Shareholders listed on the Shareholder Register as of the latest book closing date of March 14, 2017 was as follows;

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	1.66
3. Mrs. Khuntong Udommahuntisuk	20,000,000	0.93
4. Mr. Mongkol Udompetcharaporn	16,788,800	0.78
5. Mr. Chatri Sophonpanich	14,193,000	0.66
6. Mr. Peera Patamavorakulchai	13,592,400	0.63
7. Mr. Rabil Sophonpanich	13,563,000	0.63
Total shareholders with shareholding exceeding 0.5%	1,958,352,631	91.07
Total shareholders with shareholding not exceeding 0.5%	192,116,369	8.93
Grand Total	2,150,469,000	100.00

¹ Investors can check the latest top shareholders from CNS's website (www.nomuradirect.com) within 7 days prior to the date of the Annual General Meeting of Shareholders.

² Nomura Asia Investment (Singapore) Pte. Ltd. was incorporated in Singapore, wholly owned (100%) by Nomura Holdings, Inc.^{3,4} This information was based on the disclosure of the organizational structure of Nomura Holdings, Inc. in the annual information (SEC Filings: Form 20-F) of Nomura Holdings, Inc. as of March 31, 2017.
(Source: <http://www.nomuraholdings.com/investor/library/sec/>)

³ The securities information of Nomura Holdings, Inc. as of September 30, 2017, which was the latest disclosure in the website of Nomura Holdings, Inc., was as follows;
(Source: <http://www.nomuraholdings.com/investor/shareholders>)

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	385,315
Trading unit	100 shares

⁴ 10 top shareholders of Nomura Holdings, Inc. as of September 30, 2017⁵ which was the latest disclosure in the website of Nomura Holdings, Inc., was as follows;
(Source: <http://www.nomuraholdings.com/investor/shareholders/stock.html>)

Major Shareholders' Name	Shares Held (thousand shares)	Percentage to Issued Shares (%)
1. Japan Trustee Services Bank, Ltd. (Trust Account)	171,478	4.48
2. The Master Trust Bank of Japan, Ltd. (Trust Account)	158,607	4.14
3. Japan Trustee Services Bank, Ltd. (Trust Account 5)	67,221	1.75
4. STATE STREET BANK WEST CLIENT-TREATY 505234	58,644	1.53
5. Japan Trustee Services Bank, Ltd. (Trust Account 1)	55,242	1.44
6. Japan Trustee Services Bank, Ltd. (Trust Account 2)	53,808	1.40
7. Japan Trustee Services Bank, Ltd. (Trust Account 7)	48,654	1.27
8. STATE STREET BANK AND TRUST COMPANY 505225	42,718	1.11
9. JP MORGAN CHASE BANK 385151	42,315	1.10
10. Barclays PLC	42,101	1.10
Grand Total	740,788	19.32

⁵ As of September 30, 2017, Nomura Holdings, Inc. had 336,080 thousand shares of treasury stock which was not included in the above top shareholder list.

(Source: <http://www.nomuraholdings.com/investor/shareholders/stock.html>)

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

As of the latest book closing date on March 14, 2017, 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.

As of December 31, 2017, 3 management representatives were appointed as CNS's directors as follows;

Director Name	Position	Type of Management
1. Mr. Katsuya Imanishi	President	Executive Director
2. Mr. Shinya Yokoyama	Executive Director	Executive Director
3. Mr. Philip Wing Lun Chow	Director	Non-Executive Director

Remark:

The Board of Directors' Meeting No. 14/2560 held on December 15, 2017 resolved to elect Mr. Shinichi Mizuno to be CNS's Director, as a replacement director of Mr. Takeshi Nishida who resigned from the position of CNS's director with effect from December 14, 2017.

Mr. Shinichi Mizuno was approved by the SEC on January 25, 2018 and CNS submitted the registration of the change in director with the Ministry of Commerce on January 26, 2018. However, the Board of Directors' Meeting No. 3/2561 held on March 19, 2018 acknowledged the resignation of Mr. Shinichi Mizuno from the position of CNS's director with effect from March 16, 2018. As a result, CNS had 10 board members since March 16, 2018.

The Board of Directors has been considering nominating a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Shinichi Mizuno.



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.

Other Securities

1. Convertible Securities

CNS did not issue any convertible securities.

2. Debt Securities

CNS did not issue any short-term bill of exchanges in 2017.

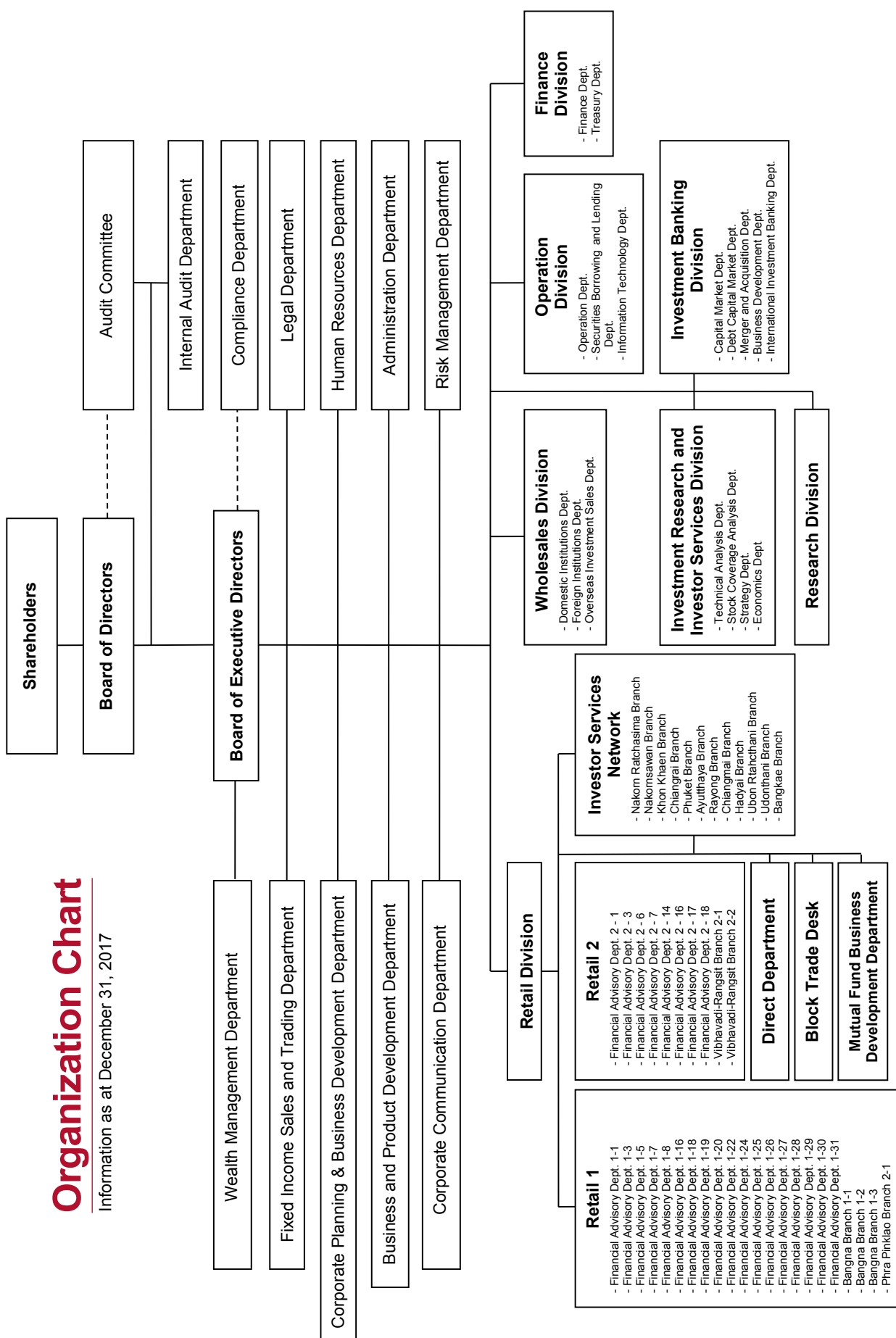
Dividend Policy

CNS has a dividend policy at least 60% of its net profit on an annual basis, except for cases when CNS needs more funds 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	Fiscal Year 2016 (Jan 2016 - Dec 2016)	Fiscal Year 2015 (Jan 2015 - Dec 2015)	Fiscal Year 2014 (Jan 2014 - Dec 2014)	Fiscal Year 2013 (Jan 2013 - Dec 2013)	Fiscal Year 2012 (Jan 2012 - Dec 2012)
Dividend payment per share (Baht)	0.18	0.18	0.18	0.17	0.16
Dividend announcement (million Baht)	387.08	387.08	387.08	365.58	114.69
Net profit (million Baht)	412.18	415.96	428.75	394.04	187.99
Dividend payout ratio (%)	93.91	93.06	90.28	92.78	61.01



Management Structure

Board of Directors

As of December 31, 2017, for the effectiveness of the Board of Directors' performance, CNS had 10 board members consisting of; 5 Executive Directors, 1 Non-Executive Directors and 4 Independent Directors, as follows;

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. Katsuya Imanishi	President	Executive Director
3. Mr. Nimit Wongjariyakul	Executive Director	Executive Director
4. Mr. Shinya Yokoyama	Executive Director	Executive Director
5. Mrs. Chrisana Sae-Leiw	Executive Director	Executive Director
6. Mr. Philip Wing Lun Chow	Director	Non-Executive Director
7. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	Independent Director
8. Col. Ruangsub Kovindha	Audit Committee and Independent Director	Independent Director
9. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	Independent Director
10. Dr. Prasit Kanchanasakdichai	Independent Director	Independent Director

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

Remark:

The Board of Directors' Meeting No. 14/2560 held on December 15, 2017 resolved to elect Mr. Shinichi Mizuno to be CNS's Director, as a replacement director of Mr. Takeshi Nishida who resigned from the position of CNS's director with effect from December 14, 2017.

Mr. Shinichi Mizuno was approved by the SEC on January 25, 2018 and CNS submitted the registration of the change in director with the Ministry of Commerce on January 26, 2018. However, the Board of Directors' Meeting No. 3/2561 held on March 19, 2018 acknowledged the resignation of Mr. Shinichi Mizuno from the position of CNS's director with effect from March 16, 2018. As a result, CNS had 10 board members since March 16, 2018.

The Board of Directors has been considering nominating a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Shinichi Mizuno.



Shareholding in CNS of the directors and their spouse and underage children

Director Name	Position	Shares Held (shares)		
		As of December 31, 2016	As of December 31, 2017	Change
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
2. Mr. Katsuya Imanishi	President	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
3. Mr. Nimit Wongjariyakul	Executive Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
4. Mr. Shinya Yokoyama	Executive Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
5. Mrs. Chrisana Sae-Leiw	Executive Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
6. Mr. Philip Wing Lun Chow	Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
7. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
8. Col. Ruangsub Kovindha	Audit Committee and Independent Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
9. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-

Shareholding in CNS of the directors and their spouse and underage children (Continued)

Director Name	Position	Shares Held (shares)		
		As of December 31, 2016	As of December 31, 2017	Change
10. Dr. Prasit Kanchanasakdichai	Audit Committee and Independent Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
Grand Total		-	-	-

A Number of the Board of Directors' Meetings and the Attendance by Individual Members in 2017

Director Name	Position	Number of Meetings/ Attendance	%
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	14/14	100
2. Mr. Takahito Nakamura ¹	President	3/3	100
3. Mr. Katsuya Imanishi ²	President	9/9	100
4. Mr. Nimit Wongjariyakul	Executive Director	14/14	100
5. Mr. Naoki Sugaya ³	Executive Director	8/8	100
6. Mr. Shinya Yokoyama ⁴	Executive Director	5/5	100
7. Mrs. Chrisana Sae-Leiw	Executive Director	14/14	100
8. Mr. Jiro Yamaguchi ^{5,6}	Director	3/1	33
9. Mr. Takeshi Nishida ^{7,8,9}	Director	8/6	75
10. Mr. Philip Wing Lun Chow ¹⁰	Director	14/10	71
11. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	14/14	100
12. Col. Ruangsub Kovindha ¹¹	Audit Committee and Independent Director	14/13	93
13. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	14/14	100
14. Dr. Prasit Kanchanasakdichai ¹²	Independent Director	14/13	93

¹ The Board of Directors' Meeting No. 3/2560 held on March 15, 2017 acknowledged the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director, Executive Director and President and also the authorized director signing on behalf of CNS, with effect from March 31, 2017.

² The Board of Directors' Meeting No. 4/2560 held on April 3, 2017 resolved to elect Mr. Katsuya Imanishi to be CNS's director, Executive Director and President and also the authorized director signing on behalf of CNS, as a replacement director of Mr. Takahito Nakamura. He was approved by the SEC on April 19, 2017 and CNS submitted the registration of the change in director with the Ministry of Commerce on April 20, 2017. However, he started performing his directorship since May 9, 2017, the granted date of his work permit.

³ The Board of Directors' Meeting No. 8/2560 held on July 18, 2017 acknowledged the resignation of Mr. Naoki Sugaya, Executive Director, from the position of CNS's director, Executive Director and the authorized director signing on behalf of CNS, with effect from July 21, 2017.



- ⁴ The Board of Directors' Meeting No. 9/2560 held on July 24, 2017 resolved to elect Mr. Shinya Yokoyama to be CNS's director, Executive Director and the authorized director signing on behalf of CNS, as a replacement director of Mr. Naoki Sugaya. He was approved by the SEC on August 3, 2017 and CNS submitted the registration of the change in director with the Ministry of Commerce on August 7, 2017. However, he started performing his directorship since August 21, 2017, the granted date of his work permit.
- ⁵ Mr. Jiro Yamaguchi had other important engagements so he could not attend the Board of Directors' Meeting No. 1/2560 and No. 3/2560.
- ⁶ The Board of Directors' Meeting No. 3/2560 held on March 15, 2017 acknowledged the resignation of Mr. Jiro Yamaguchi from the position of CNS's director, with effect from March 31, 2017.
- ⁷ The Board of Directors' Meeting No. 4/2560 held on April 3, 2017 and the Annual General Meeting of Shareholders No. 1/2560 held on April 26, 2017 resolved to elect Mr. Takeshi Nishida to be CNS's director, as a replacement director of Mr. Jiro Yamaguchi. He was approved by the SEC on May 2, 2017 and CNS submitted the registration of the change in director with the Ministry of Commerce on May 4, 2017.
- ⁸ Mr. Takeshi Nishida had other important engagements so he could not attend the Board of Directors' Meeting No. 8/2560 and No. 10/2560.
- ⁹ The Board of Directors' Meeting No. 13/2560 held on November 8, 2017 acknowledged the resignation of Mr. Takeshi Nishida from the position of CNS's director, with effect from December 14, 2017.
- ¹⁰ Mr. Philip Wing Lun Chow had other important engagements so he could not attend the Board of Directors' Meeting No. 1/2560, No. 4/2560 No. 8/2560 and No. 9/2560.
- ¹¹ Col. Ruangsub Kovindha had other important engagement so he could not attend the Board of Directors' Meeting No. 11/2560.
- ¹² Dr. Prasit Kanchanasakdichai had other important engagement so he could not attend the Board of Directors' Meeting No. 1/2560.

Management

As of December 31, 2017, CNS had 7 members of Management according to the SEC's notification as follows;

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. Katsuya Imanishi	President	Executive Director
3. Mr. Nimit Wongjariyakul	Executive Director	Executive Director
4. Mr. Shinya Yokoyama	Executive Director	Executive Director
5. Mrs. Chrisana Sae-Leiw	Executive Director	Executive Director
6. Mrs. Krittika Tharamart	Director of Retail Sales Division 2	Executive Officer
7. Miss Kridsana Kulpanyalert	Division Head of Finance Division	Executive Officer

Shareholding in CNS of the management and their spouse and underage children

Director Name	Position	Shares Held (shares)		
		As of December 31, 2016	As of December 31, 2017	Change
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
2. Mr. Katsuya Imanishi	President	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
3. Mr. Nimit Wongjariyakul	Executive Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
4. Mr. Shinya Yokoyama	Executive Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
5. Mrs. Chrisana Sae-Leiw	Executive Director	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
6. Mrs. Krittika Tharamart	Director of Retail Sales Division 2	800,000	800,000	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	800,000	800,000	-
7. Miss Kridsana Kulpanyalert	Division Head of Finance Division	-	-	-
	- spouse	-	-	-
	- underage children	-	-	-
	Total	-	-	-
Grand 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, having the qualifications, roles and responsibilities as disclosed in the section "Profile of Directors, Management, Controllers and Company Secretary" with the education background and training experiences in performing her duties of the Company Secretary as follows;

Education Background

- Master of Business Administration, Thammasat University
- Bachelor of Accounting, Thammasat University

Training Experience

- Company Secretary Program (CSP), 2015, Thai Institute of Directors Association (IOD)
- Company Reporting Program (CRP), 2015, Thai Institute of Directors Association (IOD)
- Effective Minute Taking Program (EMT), 2015, Thai Institute of Directors Association (IOD)
- Board Reporting Program (BRP), 2015, Thai Institute of Directors Association (IOD)

Directors' and Management's Remuneration

1. Monetary Remuneration

(A) Directors' Remuneration

The Board of Directors has a policy to propose the Shareholders' Meeting the appropriate and reasonable rate of directors' and Audit Committee's remuneration to align with the below factors.

1. Duties and responsibilities of each director
2. Director's and Audit Committee's remuneration rate paid by other companies in the same industry
3. Director's and Audit Committee's remuneration rate paid by other listed companies
4. Other related factors

CNS considers the director's annual remuneration following to the resolution of the Annual General Meeting of Shareholders as follows;

1. Director's annual remuneration

considered from the performance of the previous, calculated proportionately to the term of annual remuneration.

2. Meeting allowance for the year

Paid to each Independent Director attending the board meetings.

3. Audit Committee's annual remuneration

calculated proportionately to the term of annual remuneration

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

CNS paid the directors' remunerations in 2017 following to the resolution of the Annual General Meeting of Shareholders No. 1/2560 held on April 26, 2017 totaling Baht 4,470,000 with the following details;

1. Director's annual remuneration considered from the performance of the year ended December 31, 2016 (the previous year) were calculated proportionately to the term of annual remuneration.
 1. Chairman of the Board of Directors 250,000 Baht annually
 2. Each Executive Director 220,000 Baht annually
 3. Each Independent Director 260,000 Baht annually
 4. Each other Non-Executive Director 220,000 Baht annually



2. Meeting allowance for each Independent Director attending the board meetings for the year ended December 31, 2017 were paid at the rate of Baht 20,000 per meeting.
3. Audit Committee's annual remuneration for the year ended December 31, 2017 were calculated proportionately to the term of annual remuneration as below.

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

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. Takahito Nakamura ¹	President	220,000	-	-	220,000
3. Mr. Katsuya Imanishi ²	President	-	-	-	-
4. Mr. Nimit Wongjariyakul	Executive Director	220,000	-	-	220,000
5. Mr. Naoki Sugaya ³	Executive Director	220,000	-	-	220,000
6. Mr. Shinya Yokoyama ⁴	Executive Director	-	-	-	-
7. Mrs. Chrisana Sae-Leiw	Executive Director	220,000	-	-	220,000
8. Mr. Jiro Yamaguchi ^{5,6}	Director	220,000	-	-	220,000
9. Mr. Takeshi Nishida ^{7,8,9}	Director	-	-	-	-
10. Mr. Philip Wing Lun Chow ¹⁰	Director	220,000	-	-	220,000
11. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	260,000	280,000	300,000	840,000
12. Col. Ruangsub Kovindha ¹¹	Audit Committee and Independent Director	260,000	260,000	240,000	760,000
13. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	260,000	280,000	240,000	780,000
14. Dr. Prasit Kanchanasakdichai ¹²	Independent Director	260,000	260,000	-	520,000
Total		2,610,000	1,080,000	780,000	4,470,000

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

¹ The Board of Directors' Meeting No. 3/2560 held on March 15, 2017 acknowledged the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director, Executive Director and President and also the authorized director signing on behalf of CNS, with effect from March 31, 2017.

² The Board of Directors' Meeting No. 4/2560 held on April 3, 2017 resolved to elect Mr. Katsuya Imanishi to be CNS's director, Executive Director and President and also the authorized director signing on behalf of CNS, as a replacement director of Mr. Takahito Nakamura. He was approved by the SEC on April 19, 2017 and CNS submitted the registration of the change in director with the Ministry of Commerce on April 20, 2017. However, he started performing his directorship since May 9, 2017, the granted date of his work permit.

³ The Board of Directors' Meeting No. 8/2560 held on July 18, 2017 acknowledged the resignation of Mr. Naoki Sugaya, Executive Director, from the position of CNS's director, Executive Director and the authorized director signing on behalf of CNS, with effect from July 21, 2017.

⁴ The Board of Directors' Meeting No. 9/2560 held on July 24, 2017 resolved to elect Mr. Shinya Yokoyama to be CNS's director, Executive Director and the authorized director signing on behalf of CNS, as a replacement director of Mr. Naoki Sugaya. He was approved by the SEC on August 3, 2017 and CNS submitted the registration of the change in director with the Ministry of

- ⁴ The Board of Directors' Meeting No. 9/2560 held on July 24, 2017 resolved to elect Mr. Shinya Yokoyama to be CNS's director, Executive Director and the authorized director signing on behalf of CNS, as a replacement director of Mr. Naoki Sugaya. He was approved by the SEC on August 3, 2017 and CNS submitted the registration of the change in director with the Ministry of Commerce on August 7, 2017. However, he started performing his directorship since August 21, 2017, the granted date of his work permit.
- ⁵ Mr. Jiro Yamaguchi had other important engagements so he could not attend the Board of Directors' Meeting No. 1/2560 and No. 3/2560.
- ⁶ The Board of Directors' Meeting No. 3/2560 held on March 15, 2017 acknowledged the resignation of Mr. Jiro Yamaguchi from the position of CNS's director, with effect from March 31, 2017.
- ⁷ The Board of Directors' Meeting No. 4/2560 held on April 3, 2017 and the Annual General Meeting of Shareholders No. 1/2560 held on April 26, 2017 resolved to elect Mr. Takeshi Nishida to be CNS's director, as a replacement director of Mr. Jiro Yamaguchi. He was approved by the SEC on May 2, 2017 and CNS submitted the registration of the change in director with the Ministry of Commerce on May 4, 2017.
- ⁸ Mr. Takeshi Nishida had other important engagements so he could not attend the Board of Directors' Meeting No. 8/2560 and No. 10/2560.
- ⁹ The Board of Directors' Meeting No. 13/2560 held on November 8, 2017 acknowledged the resignation of Mr. Takeshi Nishida from the position of CNS's director, with effect from December 14, 2017.
- ¹⁰ Mr. Philip Wing Lun Chow had other important engagements so he could not attend the Board of Directors' Meeting No. 1/2560, No. 4/2560 No. 8/2560 and No. 9/2560.
- ¹¹ Col. Ruangsub Kovindha had other important engagement so he could not attend the Board of Directors' Meeting No. 11/2560.
- ¹² Dr. Prasit Kanchanasakdichai had other important engagement so he could not attend the Board of Directors' Meeting No. 1/2560.

(B) Management's Remuneration

Management's remuneration are remuneration of salary, bonus and other benefits paid to Executive Directors and executive officers based on their duties and responsibilities, performance, and CNS's performance of the previous year, in comparison with their peers' remuneration rate paid by other companies in the same industry, as well as other employees' benefit such as provident fund contributions, group insurance (life, accidental and medical insurance), staff loan, social security fund contributions and annual medical checkup and etc.

In 2017, CNS paid management's remuneration in total amount of Baht 99,951,274 with the following detail;

Management's remuneration (Baht)	Fiscal Year 2017 (Jan 1, 2017 – Dec 31, 2017)
Salary and Bonus	76,727,124
Provident fund contributions	3,392,928
Social security fund contributions and other benefits	19,831,222
Grand Total	99,951,274

Remark: The above remuneration was paid to 7 Executive Directors (inclusive of 2 resigned Executive Directors during the year) and 2 executive officers.



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. CNS's employees and Thai Executive Directors are able to voluntarily join this program. The Fund is currently managed by TISCO Asset Management Limited. The payment of fund contributions upon a member termination will be in accordance with the fund rules.

Such provident fund consists of;

- **Member contribution** – the member is eligible to contribute at the rate of 5% or 7% or 10% or 15% of basic salary. Any changes of the contribution rate will be in accordance with the condition and method defined by the employer committee of the fund.
- **Employer contribution** – The employer contributes in compliance with the condition of the fund article but not exceeding 10% of basic salary.

In 2017, CNS paid management's provident fund contributions in total amount of Baht 3.39 million.

Human Resources

1. Total Headcount

As of December 31, 2017, CNS had 544 employees with the following details;

Line	Headcount	Total Headcount
Executive Directors		5
Business Lines		379
Brokerage Division		
Retail	275	
Direct Department	17	
Investor Services Network	40	
Block Trade Desk	3	
Mutual Fund Business Development Department	8	
Wholesales Division	12	
Investment Banking Division	16	
Fixed Income Sales and Trading Department	7	
Wealth Management Department	1	
Back Offices		160
Grand Total		544

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, performance, and CNS's performance of the previous year, as well as other employees' benefit such as provident fund contributions, group insurance (life, accidental and medical insurance), staff loan, social security fund contributions and annual medical checkup and etc.

In 2017, CNS paid employees' remuneration in total amount of Baht 637,501,421 with the following detail;

Employees' remuneration (Baht)	Fiscal Year 2017 (Jan 1, 2017 – Dec 31, 2017)
Salary and Bonus	531,785,242
Provident fund contributions	23,415,620
Social security fund contributions and other benefits	82,300,559
Grand Total	637,501,421



4. Employee Development Policy

CNS recognizes the importance of human resource development, which is a valuable asset to drive the organization to success and sustainable growth. CNS, therefore, has a policy to continually promote the employee development in both professional knowledge in various fields and general knowledge as well as a variety of skills. CNS focuses to develop all employees at all levels and lines appropriate for enhancing their potential in relation to their positions by providing training and seminars by experienced and competent internal and external speakers, such as legal knowledge, regulatory compliance, financial and accounting standards, consultative selling skills, securities analysis, information technology standards and ISO standard and etc. The development also includes management capabilities to empower all employees to efficiently and effectively respond to CNS's strategies and goals to support the future growth of CNS.

CNS develops all employees by providing core training courses so that employees can well perform in line with corporate culture such as new employee orientation, trainings of product and service knowledge, systems and applications. CNS also provides trainings to support employees to attain professional qualifications in the securities business such as Investment Consultant (IC) Investment Planner (IP) licenses and etc.

CNS has a variety of approaches to develop employees such as encouraging employees to gain their knowledge through several channels; CNS's intranet, Facebook Page: Nomura Direct, Line Official: @NomuraDirect, the experiences' video training, supervisors' coaching, on-the-job training, domestic and overseas company visit, knowledge sharing among colleagues as well as learning among management and staff.

In 2017, CNS encouraged employees to attend trainings for their knowledge and skill development in total of 175 courses with 981 hours, with the annual average employee training hour at approximately 2 hours per headcount. The total employee development costs were Baht 1,467,976. Detail of the employee development was as follows;

Type of training	Numbers of courses	Numbers of training hours
Internal training	125	415
External training	50	566
Total	175	981

Profile of Directors, Management, Controllers and Company Secretary

Profile of Directors, Management, Controllers and Company Secretary as of December 31, 2017

Mr. Suthep Peetakanont

Age: 56 years, Position: Chairman of the Board of Directors and Chairman of the Board of Executive Directors and Authorized Director signing on behalf of CNS

First appointed on December 18, 2009

Latest appointed on April 26, 2017

Education Background / Training Experience

- Master of Business Administration, University of Missouri - Kansas City, U.S.A
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd.
- Big Data, 2017, Apichai Suriyachuengrungruangkit
- 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, 2017)

Sep 2011 – Present	Chairman of the Board of Directors and Chairman of the Board of Executive Director, 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

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. Katsuya Imanishi

Age: 41 years, Position: President and Authorized Director signing on behalf of CNS

First appointed on April 3, 2017

Approved by the SEC on April 19, 2017

Granted for a work permit on May 9, 2017

Education Background / Training Experience

- Bachelor of Arts in Political Science and Economics, Waseda University, Japan
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.

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, 2017)

May 2017 – Present	President, Capital Nomura Securities Public Company Limited
Apr 2016 – Mar 2017	Executive Director, Financial Institutions Department, Nomura Securities Co., Ltd.
Apr 2014 – Mar 2016	Branch Manager, Shimonoseki branch, Nomura Securities Co., Ltd.

Position in other firms in the previous year

Executive Director, Financial Institutions Department, Nomura Securities 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. Nimit Wongjariyakul

Age: 53 years, Position: Executive Director and Authorized Director signing on behalf of CNS

First appointed on December 17, 2007

Latest appointed on April 29, 2015

Education Background / Training Experience

- Master of Engineering, Pennsylvania State University, U.S.A.
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- Big Data, 2017, Apichai Suriyachuengrungruangkit
- Financial Advisors' Code of Conduct Updates on Related Guidelines, 2017, Association of Thai Securities Companies (ASCO) – Investment Banking Club
- Impact from Accounting Changes and Survey Result of the Implementation on New Format of Audit Report, 2017, Association of Thai Securities Companies (ASCO) – Investment Banking Club
- Updates on Issuing and Selling Rules of Debt Securities and Standard Practices in Debt Securities Market, 2017, Association of Thai Securities Companies (ASCO) – Investment Banking Club
- Valuation and Analysis on Leasing, Hire Purchases, and Construction Businesses 2017, Association of Thai Securities Companies (ASCO) – Investment Banking Club
- 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, 2017)

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. Shinya Yokoyama

Age: 52 years, Position: Executive Director and Authorized Director signing on behalf of CNS

First appointed on July 24, 2017

Approved by the SEC on August 3, 2017

Granted for a work permit on August 21, 2017

Education Background / Training Experience

- Bachelor of Law, Hokkaido University, Japan
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- Corporate Governance for Capital Market Intermediaries (CGI), 2017, 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, 2017)

Aug 2017 – Present	Executive Director, Capital Nomura Securities Public Company Limited
May 2011 – Jul 2017	Executive Director, Investor Relations Department, Nomura Holdings, Inc.

Position in other firms in the previous year

Executive Director, Investor Relations Department, Nomura Holdings, Inc.

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: 57 years, Position: Executive Director and Authorized Director signing on behalf of CNS

First appointed on June 1, 2009

Latest appointed on April 29, 2015

Education Background / Training Experience

- Bachelor of Science, Southern Adventist University, U.S.A.
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd
- Big Data, 2017, Apichai Suriyachuengrungruangkit
- Performance Management Based Individual KPIs, 2017, Arporn Puvitayaphan, Ph.D
- Leadership Program 24, 2017, Capital Market Academy
- 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, 2017)

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: 55 years, Position: Director

First appointed 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
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- 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, 2017)

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 –



Mrs. Wattanee Phanachet

Age: 80 years, Position: Chairperson of the Audit Committee and Independent Director

First appointed on October 16, 1998

Latest appointed on April 25, 2016

Education Background / Training Experience

- Master of Accounting, University of Alabama, U.S.A.
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- The Flagship Summit: Future Fast - Forward, 2017, Chulalongkorn Business School
- Significant Tax Benefits in 2017, 2017, Chulalongkorn Business School Alumni
- The New, COSO 2017 ERM Framework, 2017, Thammasat Business School
- Big Data, 2017, Apichai Suriyachuengrungruangkit
- Revenue from Contracts with Customers, 2017, Chulalongkorn Business School
- 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, 2017)

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: 65 years, Position: Audit Committee and Independent Director

First appointed on January 18, 2002

Latest appointed on April 26, 2017

Education Background / Training Experience

- Bachelor of Science in Engineering, University of Alabama, U.S.A.
- AC Hot Update, Preparation for New CG for Sustainability, 2017, Federation of Accounting Professions (FAP)
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- Big Data, 2017, Apichai Suriyachuengrungruangkit
- 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, 2017)

Jan 2002 – Present	Audit Committee and Independent Director, Capital Nomura Securities Public Company Limited
Mar 2017 – Present	Director, Any Cloud Co., Ltd.
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, Any Cloud Co., Ltd.
 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: 57 years, Position: Audit Committee and Independent Director

First appointed on March 10, 1998

Latest appointed on April 26, 2017

Education Background / Training Experience

- Master of Business Administration, University of Wisconsin Madison, U.S.A.
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- Big Data, 2017, Apichai Suriyachuengrungrangkit
- 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, 2017)

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

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: 53 years, Position: Independent Director

First appointed on December 16, 2010

Latest appointed 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.
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- 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, 2017)

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: 57 years, Position: Director of Retail Division 2

First appointed on May 1, 2009

Education Background / Training Experience

- Bachelor of Education, Phranakhon Rajabhat University
- Performance Management Based Individual KPIs, 2017, Arporn Puvitayaphan, Ph.D
- 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, 2017)

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: 55 years, Position: Company Secretary* and Division Head of Finance Division

First appointed as the Company Secretary on March 22, 2013

Education Background / Training Experience

- Master of Business Administration, Thammasat University
- Bachelor of Accounting, Thammasat University
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- Big Data, 2017, Apichai Suriyachuengrungruangkit
- Performance Management Based Individual KPIs, 2017, Arporn Puvitayaphan, Ph.D
- TFRS 9 Updates on Securities Business, 2017, The Office of Securities and Exchange Commission (SEC)
- New Format of Auditor Report, 2017, Department of Business Development (DBD)
- 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, 2017)

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

According to the 2017 Corporate Governance Report of Thai Listed Companies conducted by Thai Institute of Directors Association (IOD), CNS got the assessment results with the average score at the level "Very Good", a same level as the previous year.

In the early of 2017, the SEC required listed companies to adopt "the Corporate Governance Code for listed companies 2017 ("CG Code")" to replace "the Principles of Good Corporate Governance 2012 ("CG Principles")" issued by the SET, with effect from 2018. An acknowledgement of the Board of Directors on the CG Code Principles is required to be recorded as a resolution in the minutes of the board meeting and to be disclosed in the Annual Report and the Annual Information (Form 56-1) for the year ended December 31, 2017 onwards. The Board of Directors, therefore, acknowledged the CG Code Principles and realized their role as governing body to create sustainable business value to CNS according to the Board of Directors' meeting No. 11/2560 held on September 22, 2017.

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 2017, CNS had no breach of the SET's and the SEC's rules and regulations.

2017 was the fourth year that the SET had 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" level, similar to the previous 3 years (2014-2016) while the majority of the members got the evaluation in "B+" level.

(Source: the SET's letter No. Kor Sor. 37/2560 Re: Submit the evaluation result of compliance monitoring reviews in the Rewards & Punishment Project for the year 2016, dated May 31, 2017)

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 consisting 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 Committees as follows;

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

1. To encourage all staff / clients / partners / third parties 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.
2. To be a safe channel for staff / clients / partners / third parties and they can be confidently accessed for advice regarding to the compliance of Anti-Bribery and Corruption Policy.

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.

Guideline

- The staff or clients or partners or third parties ("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 the Audit Committee /
Head of Compliance Department / Head of Internal Audit Department /
Head of Human Resources Department / Head of Legal Department**

**Capital Nomura Securities Public Company Limited
Compliance Department
25 Bangkok Insurance Building, 15th – 17th Floor, South Sathorn Road,
Thungmahamek, Sathorn, Bangkok 10120
Telephone: 66 (0) 2287 6860-5**

- The Company shall not perform any unfair treatment against any whistleblower. In case of staff, the Company will not change his/her position, duties and responsibilities or work place, or suspend, threat, harass, terminate the employment or create any other unfair treatment against such whistleblower. For the clients / partners / third parties, 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.
- Any 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 makes an inaccurate report, in case of staff, shall be liable to disciplinary actions in accordance with the Rule of Employment. Clients / partners / third parties who make 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 prior to giving 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 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
 - (1) Potential erosion of the Company's capital base due to unexpected losses from business operations
 - (2) Potential lack of access funds due to deterioration of the Company's creditworthiness or deterioration in market conditions
 - (3) Potential failure of revenues to cover expenses due to deterioration of earnings environment or deterioration of efficiency or effectiveness of business operations
 - (4) Potential reputation and financial loss of the Company arising from Fraud, Bribery and Corruption leading to regulatory breach.

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

The Committee can appoint additional member(s), or invite other person(s) with specific knowledge in order to contribute comments appropriately on other aspects relating to risk recommendations and risk treatment.

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, enforcing, and reviewing risk management policies
 - (2) Establishing and Operating risk management processes
 - (3) Verifying the effectiveness of risk management methods
 - (4) Reviewing and considering the Risk Assessment results including RCSA and Fraud, Bribery and Corruption risk assessment
 - (5) Enhancing awareness of Operational risk management
 - (6) Providing education and training on risk mitigation
 - (7) 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 earnings 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 earnings 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 earnings 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 earnings and capital such as staff's Fraud, Bribery and Corruption, 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 earnings 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-Bribery and Corruption Policy

Capital Nomura Securities Public Company Limited

1. Overview

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. CNS expects its Employees to comply with all such laws, rules and regulations and to be neither involved with bribery nor corrupt activities. CNS prohibits the offer, arrangement or acceptance on its own behalf of any form of bribe, regardless of whether that bribe is paid directly or indirectly by a third party to either a Public Official or any other individual. CNS’ employees need to be mindful that the offer of an inducement (which need not necessarily take the form of money) to do something which is dishonest, illegal or a breach of trust in order to give another individual or entity a commercial advantage, may also be seen to be a bribe. Gifts or entertainment offered by employees to clients, prospective clients, vendors or consultants, which although not illegal in many jurisdictions, may similarly be seen as a bribe or inducement particularly if that gift or entertainment is excessive in value, are offered to Public Officials, and/or is provided before the tender or bid (or equivalent) for a particular business or transactional opportunity. In this regard, CNS has formulated the written “Anti-Bribery and Corruption Policy” as an apparent guideline in conducting business and sustainable development.

The purpose of this Policy is to ensure that CNS does not become involved in the use of bribery whilst at the same time demonstrates CNS’ commitment to the elimination of bribery. In addition, it also assists CNS in making a positive contribution in the jurisdictions in which it does business by assisting in improving business standards of honesty, integrity, transparency and accountability.

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

2. Anti-Bribery and Corruption Policy

CNS employees 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’ directors, management and employees including agents acting on behalf of CNS. Any violations of the Anti-Bribery and Corruption Policy or any actions considered as a breach of the Anti-Bribery and Corruption Policy, the violators shall be subject to penalties as stipulated by Rule of Employment.

3. Definition

Corruption involves dishonest or preferential use of power or position which has the result of one person or organization being advantaged over another.

Bribe is defined as the intentional offer, promise, payment, arranging for the payment, transfer or receipt of anything of value, whether directly or indirectly, to or from private entities, government authorities, public officials as well as any persons or entities, for their actions or refrain from acting in breach of performance of official or fiduciary duties, or in breach of contractual or other obligations.

Bribery is defined as offering, giving, receiving, soliciting, or arranging for the giving, transfer or receipt of anything of value, whether directly or indirectly, to or from any person, for the purpose of influencing that person to perform or refrain from performing official, contractual or fiduciary duties, such that an improper advantage is created. The act of offering or giving anything of value includes promising or authorizing to offer or give.

Anything of value refers to any advantage, whether in financial, kind or any other form, which benefits the recipient and includes, but is not limited to: money, loans, fees, stock, contractual rights or interest, real estate, personal property or other interests arising from business relationships, gifts, meals, entertainment, contributions or donations made at the suggestion or direction of a Public Official, a client, another employee, or any other individual, travel and travel related expenses, below-market discounts, refunds, rebates, preferential treatment in the provision of, or preferential access to, business opportunities, goods or services that do not have a commercially reasonable justification, or other improper inducements. Anything of value can also mean an offer of employment to, or at the suggestion or direction of, a Public Official, a client, another employee, or any other individual.

CNS employee(s) or Employee(s) means any each salaried employee, directors, management, employees, agent acting on behalf of CNS, each person (whether salaried or non-salaried) working on a short-term or long-term contract direct with CNS or individuals on secondment or transfer from other companies including interns.

Public Official is

- Any person holding a legislative, administrative or judicial office of a country, whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority;
- Any person exercising a public function for a country, including for a public agency or public enterprise;
 - Any official or agent of a public international organization; or,
 - A member of a Royal Family (ruling or non-ruling) including a Sultanate or Kingdom.

Public international organization means an organization whose members are any of the following:

- Countries or territories;
- Governments of countries or territories;
- Other public international organizations; or
- A mixture of the above



For the purposes of this Policy, the following would be defined as “**Government**”, and an employee of a Government would be considered a Public Official:

- A state-owned enterprise 100% owned by a government;
- A government ministry, statutory board, agency or affiliated body.
- Supranational organizations (such as Central Bank, Regulators, Exchanges, IMF, UN, World Bank); and,
- Any other entity or agency that exercises a public function for or on behalf of any country or territory.

An individual would be considered a Public Official even if he/she is retired from, discharged from, or had relinquished, the public function for whatever reasons, if he/she may still have significant influence by virtue of the previous position. In determining this, it is necessary to consider if the individual or his/her family members still maintain influential political links.

4. Duties and Responsibilities

1. The Board of Executive Directors and Board of Directors undertake their duties and responsibilities to approve the Anti-Bribery and 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-Bribery and Corruption Policy.
2. 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-bribery and corruption.
3. 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-Bribery and 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 employees shall strictly comply with the Anti-Bribery and Corruption Policy and all related CNS' policies. Any violations of the Anti-Bribery and Corruption Policy or any actions considered as a breach of the Anti-Bribery and Corruption Policy, the violators shall be subject to penalties as stipulated by Rule of Employment.
5. CNS employees shall not neglect to notify CNS any likelihood or actions of corruption related to CNS through the communication channels as specified in Whistleblowing Policy.

5. Use of Third Parties: Intermediaries and Agents

Due care must be exercised by CNS when selecting and dealing with intermediaries or agents to either: (i) solicit new business; or (ii) support efforts to retain existing business. Appropriate due diligence on all third party intermediaries or agents must be carried out prior to entering into any relevant contract or engagement with the third party, and prior approval obtained from appropriate senior management.

5.1 Procedures

Responsible department must perform reasonable due diligence when engaging third party intermediaries or agents in the situations described above. Whilst the exact level of due diligence that should be carried out may depend upon the person, entity and country involved, reasonable due diligence must be completed by Legal Department before engaging or entering into any agreement or understanding with the third party, so that CNS obtains assurance that they are reputable and no concerns have come to light with regards to bribery and corruption.

5.2 Agreement by the Third Party

All arrangements with third parties covered above must include a written agreement from the third party that they will not engage in bribery whether it be directly or indirectly. Typically this requirement is met by CNS adding an appropriate clause in the relevant contract with the third party.

6. Facilitation payments

Facilitation payments involve the giving of very small amounts of money – which, in certain jurisdictions, are commonly paid (typically to Public Officials) – in order to ensure the successful completion of certain routine administrative tasks, for example, the granting of an entry visa.

This Policy prohibits the passing of any form of facilitation payment made either directly by an employee or indirectly by a third party on behalf of CNS or a CNS employee. Where a facilitation payment is made inadvertently by a CNS employee in the normal course of duties, or where an employee was under threats to make such a payment or had concerns for their personal safety, the matter should be reported to Supervisor and Compliance Department, as soon as possible after the payment has been made, who will provide further guidance and advice.

7. Gifts and Entertainment

The Gift and Entertainment Policy has specific requirements in place for the giving or receiving of gifts and/or client entertainment including guidance on the monetary thresholds above which approval comply with Expense / Payment Authorization Policy would be required. Where gifts or entertainment are directed towards former or current Public Officials, BoED's approval is required in every case.

8. Charitable and Philanthropic Donations

In general, the giving of charitable or philanthropic donations by CNS entities is permitted, however donations made either directly or indirectly to charities, philanthropic or other causes used to disguise a bribe or transfer or anything of value to, or for, the benefit of a Public Official or any other individual are prohibited.



9. Political Donations

In general, employees may make personal political contributions, either directly or through corporation-sponsored or other political action committees, providing they are permitted by local legislation. Political donations made in exchange for obtaining or retaining business or other improper advantage for the benefit of CNS entities, employee or any other person including a Public Official, are prohibited in any circumstance.

10. Procurement

No CNS Entities or Employee may solicit, offer, pay or receive, or arrange for the payment of bribes in any form either directly or indirectly in connection with any commercial transaction or relationship where CNS is a party. Where CNS invites bids for tenders (either competitively or non-competitively) from external suppliers for goods and/or services, suppliers may not engage in bribery, collusive practices or any other form of corruption in order to obtain or retain business. Suppliers of products or services should not be taken into consideration by CNS if they seek to extort bribes either directly or indirectly from CNS.

11. Client Risk

Certain clients identified during the due diligence or enhanced due diligence process (either through initial client take-on or through on-going client checks) may potentially represent a greater degree of risk for CNS. Such due diligence or enhanced due diligence findings may include the identification of adverse publicly available information from credible sources that calls into question a client's activities regarding corruption, or, indeed, that indicates that prosecutions or actions have been taken by law enforcement, regulatory or governmental bodies into such activities.

If such information has been identified upon account opening process, CNS will refuse to establish a business transaction with that client. However, if such information has been identified during the on-going due diligence, the matter should be referred to the Anti Money Laundering Committee (AMLC) for investigation and consideration.

11.1 Politically Exposed Person Risk

As part of Know Your Customer (KYC) Procedures, it is a requirement to identify whether any clients or relevant principals associated with the client are, or ever have been, Politically Exposed Persons ("PEPs"). Relationships with PEPs represent increased risks due to the possibility that individuals holding such positions may misuse their power and influence for personal gain and advantage or for the personal gain or advantage for their family and/or close associates. Such individuals may also use their families or close associates to conceal funds or assets that have been mis-appropriated either as a result of abuse of their official position or as a result from bribery and corruption.

PEPs are always considered as a high-risk customer which require one executive director to sign-off in each case. In addition, for those PEPs, extra attention needs to be paid to ensure that any account activity is consistent with legitimate or expected transactions or activity. CNS also has in place a process to undertake daily screening of all client data and associated principals in order to identify any new PEP relationships.

11.2 Transaction Risk

As with all financial institutions, there is a risk that CNS may be misused by its clients to further their own acts or corruption, for example by: (i) a client directing or collecting funds through CNS for the purpose of paying a bribe; (ii) a client receiving a bribe and depositing it with CNS; or, (iii) the laundering of a bribe payment. In most cases, and without further information, it may be impossible for CNS to distinguish between accounts and transactions associated with such corruption and those accounts and transactions that have a legal and sound commercial basis.

CNS has developed the process and procedures to identify and detect suspicious transactions or activities and could immediately report when the suspicious transaction was found. Where a suspicious transaction has been identified, a suspicious transaction report (STR) should be submitted to AMLC for review and investigation. If AMLC has agreed to report the transaction, the report should be submitted to Anti-Money Laundering Office (AMLO) within 7 days.

12. Employees Connected to Public Officials, Clients or CNS Employees

Whilst employment of family members and close associates of Public Officials, clients or CNS employees is neither prohibited nor undesirable, particular care needs to be exercised (for the benefit of both the particular individual as well as for CNS) to prevent suggestions of corruption, conflict of interest or other impropriety in connection with any such employment including permanent hire, graduate scheme, internships, temporary or other roles.

13. Books and Records

Employees must ensure that corporate books and records (which include virtually all forms of business documentation) accurately and fairly reflect, in reasonable detail, all transactions and dispositions of assets. No undisclosed or unrecorded fund or asset may be established or maintained for any purpose.

14. Guidelines

1. Any actions taken under the Anti-Bribery and Corruption Policy shall be complied in accordance with the guidelines specified in CNS' Compliance Manual, Code of Ethics of Nomura Group, Employee Regulations, Good Corporate Governance Policy, Gifts, Entertainment and Expenses policies including any future regulations and guidelines formulated by CNS. CNS has communicated to its Employees to strictly comply with CNS' the Anti-Bribery and Corruption Policy and related guidelines.
2. CNS has Gifts and Entertainment Policy and Expenses/ Payment Authorization to stakeholders. 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 Gifts and Entertainment Policy.
3. CNS has clearly defined Personnel Management to align with the Anti-Bribery and Corruption Policy which includes Recruitment, Training, Performance Appraisal, Remuneration as well as Employee Promotions.



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' 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' Whistleblowing Policy.
6. The Anti-Bribery and Corruption Policy has been publicly disclosed and communicated to CNS employees, customers and public through CNS' internal and external communication channels.

15. Review

Violations of the laws that this Policy reflects can have serious legal and reputational repercussions for CNS and its employees. Reports of offers or solicitations of bribes, suspected acts of bribery and potential violations of this Policy, may be made to Legal Department immediately to determine whether the relationship constitutes such a violation and whether any regulatory filings or reports, including suspicious activity reports, need to be filed with the appropriate law enforcement or regulatory authority. Employees may also satisfy their reporting obligation by making such a report through CNS' Whistle Blowing Telephone Line (as detailed on the Whistle Blowing Policy).

The Policy must be reviewed and where necessary revised at least every 12 months by Risk Management Department (RMD) to ensure the alignment with the changes of business, rules, regulations and legal requirements.

16. Alteration and Abolition

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

17. Training

Risk Management Department and Human Resources Department will ensure that regular training on bribery and corruption is provided to employees working in applicable departments where necessary. Appropriate records of attendance will be maintained in accordance with CNS' record keeping requirements. Bribery and Corruption training is also a component of CNS' new hires and on-going training.

18. Effective Date

This version of the Policy is effective from December 12, 2017.

Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) Policy

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 & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF). 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

CNS as a financial institution is required to have in place a Policy for Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF). 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 & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF).

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 & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) 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 counter-terrorism and proliferation of weapons of mass destruction financing, 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 counter-terrorism and proliferation of weapons of mass destruction financing 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 counter-terrorism and proliferation of weapons of mass destruction financing, 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 counter-terrorism and proliferation of weapons of mass destruction financing 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 counter-terrorism and proliferation of weapons of mass destruction financing.

- 5.1 CNS has in place risk assessment on money laundering and counter-terrorism and proliferation of weapons of mass destruction financing 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 counter-terrorism and proliferation of weapons of mass destruction financing.
- 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 counter-terrorism and proliferation of weapons of mass destruction financing 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 databases 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 counter-terrorism and proliferation of weapons of mass destruction financing under the policy prescribed by AMLO.

Disclosure of the implementation of the Good Corporate Governance Policy

In 2017, CNS implemented the Good Corporate Governance Policy, in line with Principles of Good Corporate Governance for listed companies defined by the SET, covering 5 categories as follows;

Section 1 Right of Shareholders

1. Shareholders' meeting

In 2017, CNS held the Annual General Meeting ("the AGM") of Shareholders No. 1/2560 held on Wednesday, April 26, 2017 with the following detail;

- CNS encouraged and support all shareholders, including institutional ones to attend the AGM by arranging the meeting in the manner that could support the equitable treatment to all shareholders and allowing any shareholders who could not the AGM in appointing their proxies to attend the shareholders' meeting and cast their votes as well as providing a list of 2 independent directors with independence and no interest in the agendas for shareholders' options to appoint their proxies.
- The AGM was held at CNS Convention Center, 21/3, Thai Wah Tower, G Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok, located next to its head office to facilitate all shareholders, including institutional ones, in participating and exercising their rights in the AGM. CNS also provided shareholders the notice of the AGM which included the date, time, venue, 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 key supporting information for each agenda item. The notice of summoning to attend the AGM No. 1/2560 were provided to shareholders with the following important documents;
 - (1) A copy of the Minutes of the Annual General Meeting of Shareholders No. 1/2559
 - (2) Name lists and biographies of the Company's Directors retired by rotation who were proposed to the Shareholders' Meeting to be re-elected to be the Company's Directors for another term
 - (3) Name list and biography of the Company's Director who was proposed to be elected to be the Company's Director as a replacement of a resigned director
 - (4) Registration and Proxy Procedure
 - (5) Name lists and biographies of Independent Directors, proposed by the Company to serve as proxy for shareholders
 - (6) Qualification / definition of the Company's Independent Director
 - (7) The Company's Articles of Association relating to Shareholders' Meeting
 - (8) Map of the meeting location for the Annual General Meeting of Shareholders (CNS Convention Center)
 - (9) Proxy forms
 - (10) Annual Report 2016



- CNS published the notice of the AGM on its website (www.nomuradirect.com) on April 5, 2017, 21 days before the AGM date.

CNS could not publish the notice of the AGM by 28 days before the AGM date since CNS took some time to consider nominating a person, who is qualified and not subject to prohibition by law, as a replacement director of the director who resigned from CNS with effect from March 31, 2017 for a further proposal to the AGM No.1/2560.

- 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. CNS also provided shareholders the rights to ask and receive answers from the Board of Directors in the AGM.

2. Procedures on the shareholders' meeting date

In 2017, CNS held the Annual General Meeting ("the AGM") of Shareholders No. 1/2560 held on Wednesday, April 26, 2017 with the following detail of the procedures on the AGM date;

- 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.
- CNS required all board members and the Chairman of each committee as well as top management in Finance Division, external auditors and a legal advisor to attend the AGM to clarify and answer questions from attended shareholders. The following attendees were recorded in the minutes of the AGM.
 - ➡ all 11 board members (no absent board member)
 - ➡ the Chairman of the Board of Executive Directors
 - ➡ the Chairperson of the Audit Committee
 - ➡ the Chairman of the Marginable Securities Committee
 - ➡ the Chairman of the Risk Management Committee
 - ➡ the Chairman of the Anti-Money Laundering Committee
 - ➡ the Chairman of the Credit Review Committee
 - ➡ Top management in Finance Division
 - ➡ Head of Finance Division
 - ➡ the external auditors from EY Office Limited
 - ➡ 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 staff. CNS also recorded this appointment in the minutes of the AGM.
- CNS 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 consisting of approving, dissenting, and abstaining votes were reported to the AGM right after the agenda ended before moving on to the next agenda.

- 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

In 2017, CNS held the Annual General Meeting ("the AGM") of Shareholders No. 1/2560 held on Wednesday, April 26, 2017 with the following detail of the writing and releasing of the minutes of the AGM;

- CNS's company secretary prepared the minutes of the AGM. The minutes of the voting and counting procedures informed 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 consisting of approving, dissenting, and abstaining votes as well as list of board members who attended the AGM. The AGM had no absent board member.
- CNS published the resolution of the AGM on its website (www.nomuradirect.com) on April 26, 2017.
- CNS published the minutes of the AGM on its website (www.nomuradirect.com) on May 11, 2017.

Section 2 Equitable Treatment of Shareholders

1. Release of information before the shareholders' meeting

In 2017, CNS held the Annual General Meeting ("the AGM") of Shareholders No. 1/2560 held on Wednesday, April 26, 2017 with the following detail of the Release of information before the AGM;

- The notice of the AGM both in Thai and English was released to the SET and shareholders for their information of the AGM schedule, including the 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 key supporting information for each agenda item. CNS also published the notice of the AGM on its website (www.nomuradirect.com) on April 5, 2017, or 21 days before the AGM date.
- CNS could not publish the notice of the AGM by 28 days before the AGM date since CNS took some time to consider nominating a person, who is qualified and not subject to prohibition by law, as a replacement director of the director who resigned from CNS with effect from March 31, 2017 for a further proposal to the AGM No.1/2560.
- CNS informed the AGM of shareholders' voting procedure and rights as well as vote counting procedures for each agenda item.



2. Protection of minor shareholders

In 2017, CNS held the Annual General Meeting (“the AGM”) of Shareholders No. 1/2560 held on Wednesday, April 26, 2017 with the following detail of the protection of minor shareholders;

- CNS conducted the AGM 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

In 2017, there was no trading transaction of CNS share by CNS’s Directors and Management by using insider information for abusive self-dealing. In addition, CNS conducted the following 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 required directors and management to report their shareholding in CNS in the monthly board meetings and when there is a change.
- The information of the shareholding in CNS at the end of 2017 of directors and their spouse and underage children, and also, of management and their spouse and underage children as well as the change in their shareholding in CNS during 2017 were disclosed in the section “Management Structure”.

4. Conflicts of interest by directors

In 2017, there was no interested director and connected person attended the board meetings in considering the agendas of connected transactions. The non-attendance was also recorded in the minutes of board meetings. In addition, CNS conducted the following activities in relation to Conflicts of interest by directors;

- CNS has the Connected Transactions Policy and the Supplemental Guidelines to the Connected Transaction Policy, reviewed and amended during 2017, shown as the amendment no. 1, 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 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 “the Connected Transactions Policy”.

- The Board of Directors requires directors or management to report their shareholding in CNS in the monthly board meetings and when there is a change in order to immediately report their interests, as interested directors and connected persons, 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 the board meetings in considering the agendas of connected transactions.

Section 3 Role of Stakeholders

1. Policies affecting stakeholders

In 2017, CNS defines policies affecting stakeholders as follows;

- 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 key 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-Bribery and Corruption Policy as an apparent guideline in conducting business for sustainable development and also discloses The Anti-Bribery and Corruption Policy on its website (www.nomuradirect.com) and required to be reviewed and amended as appropriate at least every 12 months to comply with changes in business, rules and regulations as well as requirements and laws. Please see further detail in the section "the Anti-Bribery and 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, 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, 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 defines the Whistleblowing Policy, a channel that stakeholders can report their opinions, complaint or issues within the whistleblowing scopes to CNS and also publishes the Whistleblowing Policy on its website (www.nomuradirect.com). Please see further detail in the section "the Whistleblowing Policy".



- CNS provides a clean, good and safe working environment to create good sanitation for employees as well as defines the Safety, Occupational Health and Environment Policy as follows;

Safety, Occupational Health and Environment Policy

Capital Nomura Securities Public Company Limited (“CNS” or “the Company”) recognizes the importance of safety, occupational health and environment which will affect all employees, including the community and society. Everyone’s work affects the environment and that it is its responsibility to discharge the assigned duty with environment concern. Therefore, CNS has set up the Safety, Occupational Health and Environment Policy details are as follows.

1. All employees must take into account of their own safety, colleagues, company’s asset throughout the operation and well aware of the environment impacts from our operation by reducing the use of energy, protect natural resources and environmental.
 2. All employees must maintain cleanliness and the orderliness of the workplace and improve the operation to suit the environment continuously and consistently.
 3. All employees have the right to offer feedback on improving the working environment and safety. All employees shall not ignore in the event of any accident that affects safety and hygiene in the workplace by helping those who are affected quickly and in full capacity and also provide support on finding out the cause and develop preventive measures to prevent repetition of accident.
 4. All employees must strictly comply with the rule of safety, occupational health and environment and may be punished for any breach following to CNS’s rules.
 5. CNS is committed to continuously improving safety, occupational health and environment.
 6. The Company will provide proper resources including budget, time, personnel and relevant sources in the implementation according to the safety, occupational health and environment management system.
- CNS defines 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 emphasized on the social and environmental treatment in everywhere CNS conducts its business. Please see the further implementation detail as described in the section “Corporate Social Responsibility for Sustainability Development”.
 - CNS has a policy to respect the following rights and benefit of all stakeholders as follows;
 - **Shareholders:** CNS emphasizes to conduct its business fairly and transparently to create good performance and sustainable growth of its profit 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".

- ➡ **Clients:** CNS emphasizes to provide its services with client centricity by providing a variety of quality financial and investment products and service upon 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 appropriate compensation. CNS also provides a clean, good and safe working environment and encourages its employees at all level and all lines to develop in both professional skills and general knowledge for their career progress as well as encourages team spirit.
- ➡ **Industry:** CNS emphasizes on the equitable and fair treatment to other companies in the industry, conducting its business adhering to designated agreements and agreements by members and competing within the framework of relevant rules, laws and regulations. CNS will kindly cooperate to the industry to improve the efficiency of the Thai capital market.
- ➡ **Society:** CNS emphasizes on the environmental awareness, social assistance, the religion preservation, the guidelines on anti-bribery and corruption, including activities encouraging its employees to strictly comply with laws and regulations.
- ➡ **Business partners:** CNS emphasizes on the fair treatment to business partners and maintains good relationship with its business partners.
- ➡ **Creditors:** CNS emphasizes on the equitable and fair treatment to its creditors. CNS also engages to conduct its business to create its creditors' trust.
- ➡ **Authorities:** CNS emphasizes on the strict compliance with relevant rules, regulations and laws and the good cooperation with the authorities.

2. Disclosure of Policies and Report of Corporate social responsibilities for sustainable growth

CNS publishes its latest relevant key information and policies both in Thai and English for stakeholders' acknowledgement on its website (www.nomuradirect.com) under the menu "About us > Company Profile > Investor Relations" for the convenient access of its stakeholders. CNS also publishes key policies including the Code of Ethics of Nomura Group on its intranet for its employees' acknowledgement and compliance. In addition, CNS publishes key information regulated by the SET both in Thai and English on the SET's website.

CNS conducts the annual employees' affirmation program of the Code of Ethics of Nomura Group through its intranet.

CNS 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".



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 2017, CNS published its relevant key information both in Thai and English on its website (www.nomuradirect.com) under the menu “About us > Company Profile > Investor Relations”, covering the following documents;

- Annual statements (Form 56-1)
- Annual report
- A list of directors and management
- Shareholding structure
- Corporate background
- Business profile
- Good Corporate Governance Policy
- Code of Ethics of Nomura Group
- Whistleblowing Policy
- Risk Management Policy
- Anti-Bribery and Corruption Policy
- Anti-Money Laundering & Combating the Financing of Terrorism Policy
- Report of Corporate social responsibilities for sustainable growth
- Company Articles of Association
- Company Memorandum
- Audit Committee Charter
- Roles and responsibilities and Qualification of the Board
- Connected Transactions Policy
- Supplemental Guideline - Connected Transactions Policy – Amended No. 1
- Quarterly financial statements and management discussion and analysis
- Year-end financial statements and management discussion and analysis
- A notice and minutes of the shareholders’ meeting
- Resolutions of the Board of Directors’ meeting regarding important agenda items
- A contact of investor relations providing its significant information, answering questions and being a communication channel to communicate with all stakeholders as follows;

Investor relations

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

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 the following documents;

- the report of Audit Committee
- the report of the Board of Directors' responsibility for financial statements,
- the independent auditors' report,
- the audit fees and non-audit fees paid to external auditors
- the roles, duties and responsibilities of the Board of Directors and other committees
- a number of the meetings of each committee and the attendance by individual members
- the directors' and management's remuneration both forms and detail of remuneration
- the key financial ratios
- the yearly financial statements and management discussion and analysis

Section 5 Responsibility of the Board

1. Board structure

CNS's board structure as of December 31, 2017 was as follows;

- CNS had 10 directors being experienced in the securities business for a long time.
 - ➡ 8 males and 2 females
 - ➡ consisting of 3 directors from internal management, 3 directors as management representatives from Nomura Group and 4 Independent Directors who comment on the performance of the management independently. CNS had a number of independent directors in line with the SEC's requirement that a number of independent directors must be at least or 1/3 of the total number of directors and at least 3 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 agrees that all 4 independent directors' qualification has met the qualification specified by the SEC and the SET and is appropriate for CNS.
- The Board of Directors agrees that that a number, proportion and qualification of the Board of Directors as described above has been appropriate considering the size of the Company and balancing of management authority with a wide range of educational background and experience that are benefits for CNS's growth of business.
- The Chairman of the Board of Directors has capability and experience in CNS for a long time although he is not an independent director which is not in line with the Good Corporate Governance Policy. CNS has continuously conducted its business in compliance with the Good Corporate Governance Policy as ever. In addition, CNS's management decision is based on the



resolution of the 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 the Board of Directors shall perform his job under the resolution of Board of Executive Directors in transparent, fair, equitable and prudent manner for the utmost benefit to all stakeholders. Each Executive Director has an authority within the scope of the Board of Executive Directors.

- 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 No. 1/2560 held on April 26, 2017, the Board of Directors, exclusive of the nominated directors considered and agreed that there were 4 directors who have to retire by rotation in 2017, including the resigned director who resigned on March 31, 2017 while the remaining director term was less than 2 months.

According to the Company 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. Therefore, the Board of Directors, exclusive of the interested directors, considered that those 3 directors as below were knowledgeable and capable with strong determination in performing their jobs as the Company's directors and during the past period, their actions were taken in good faith and to the best interest of the Company and the shareholders. The Board of Directors then resolved to propose the AGM No. 1/2560 to re-elect those former 3 directors to be the Company's directors for another term and also resolved to elect a new director to be the Company's director as a replacement of the resigned director.

- 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 2017, no directors was appointed exceeding 5 board seats in listed companies and no Executive Director was appointed exceeding 2 board seats in different sectors of listed companies. Therefore, a number and the nature of business that an individual director holds board positions would not affect their performance as CNS's directors. The individual director can perform their duties with sufficient time.

- The Board of Directors assigns the company secretary to serve the Board of Directors 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 defines committees for the effectiveness of its business as follows;

- Committees
 - (A) Board of Directors
 - (B) Board of Executive Directors
 - (C) Audit Committee
 - (D) Credit Review Committee
 - (E) Marginable Securities Committee
 - (F) Risk Management Committee
 - (G) 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.
- Please see further detail of each committee's meetings as described in the section "Other Good Governance Practices"
- CNS has no Remuneration Committee and Nomination Committee. The Board of Executive Directors performs the function of Remuneration Committee and Nomination Committee as follows;

➡ Payment criteria and form of directors' and management's remuneration

The Board of Executive Directors is responsible for considering the payment criteria and form of directors' 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 of each committees meeting as described in the section "Directors' and Management's Remuneration".

➡ Nomination of directors and management, selecting qualified candidates

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

- CNS defines clear roles and responsibilities of each committee. 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 mission, vision and core value as proposed by the Board of Executive Directors and continually communicate to directors, managements and staff for their acknowledgement of CNS's operation plan, reporting of any problems and brainstorming for solutions through the monthly staff meetings and internal communication systems. This is the mechanism to monitor and assess performance of each operating unit to achieve its plan.
- The Board of Directors realizes their roles, duties and responsibilities in encouraging the 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 as follows;
 - ➡ The Good Corporate Governance Policy is defined. Please see further detail in the section "Good Corporate Governance Policy".
 - ➡ The Anti-Bribery and Corruption Policy is defined. Please see further detail in the section "Anti-Bribery and Corruption Policy".
 - ➡ The Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) Policy is defined. Please see further detail in the section "Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) Policy"
 - ➡ The Code of Ethics of Nomura Group is adopted. Please see further detail in the section "Code of Ethics of Nomura Group".
 - ➡ Compliance Department is assigned to strictly monitor its compliance with the regulators' rules, regulations and requirements.
- The Board of Directors emphasizes to thoroughly considers any conflicts of interest to prevent connected persons from exploiting their positions for personal interests as follows;
 - ➡ The Connected Transactions Policy and the Supplemental Guideline - Connected Transactions Policy – Amended No. 1 are defined. Please see further detail in the section "Connected Transactions Policy".
 - ➡ All connected transactions must be made based on the best interests of CNS and must be in compliance with the SET's and the SEC's rules and regulations.
 - ➡ Directors or management are required to report their shareholding in CNS in the monthly board meetings and when there is a change in order to immediately report their interests as interested directors and connected persons, to be in compliance with the SET's and the SEC's regulations, to the board meetings before the consideration of the agendas of connected transactions.
 - ➡ Interested directors are not allowed to attend and vote in the agendas of connected transactions.
 - ➡ In 2017, no interested director 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 as follows;
 - ➡ Internal Audit Department is assigned 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.
 - ➡ 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 results to CNS's Audit Committee and Board of Directors.
- The Board of Directors realizes the importance of the risk management as follows;
 - ➡ Risk Management Committee is established to define the Risk Management Policy. Please see further detail in the section "Risk Management Policy".
 - ➡ Risk Management Department is established to perform its duties in identifying relevant risks of each operating unit.
 - ➡ The risk assessment of the internal control is required at least once a year.
 - ➡ The Board of Directors provides a recommendation to improve the efficiency and effectiveness of the risk management.
 - ➡ 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".
 - ➡ The Board of Directors provides opinion of the internal control and risk assessment. Please see further detail of the internal control and risk assessment in the section "Internal Control and Risk Assessment".
- The Board of Directors defines the Whistleblowing Policy, a channel that stakeholders can report their opinions, complaint or issues to CNS within the whistleblowing scopes.

In 2017, the Board of Directors also conducted the following actions to be in compliance with the Good Corporate Governance Policy;

- Acknowledged the 2016 Risk Self-Assessment Result on January 30, 2017
- Acknowledged the 2016 Board Assessment and Board Self-Assessment on January 30, 2017
- Acknowledged the 2016 Compliance Monitoring Result on February 22, 2017
- Reviewed and approved the 2017 Good Corporate Governance Policy on February 22, 2017 to align with CNS's businesses.
- Acknowledged the 2017 Affirmation of Code of Ethics on March 15, 2017



- Acknowledged the enforcement of the Act and unanimously resolved to set up the policy and preventive measures in order to refrain from any violations of relevant laws, rules and regulations on April 26, 2017
- Reviewed and approved the 2018 Investment Policy on August 28, 2017 to align with CNS's businesses.
- Reviewed and approved the Connected Transactions Policy and the Supplemental Guideline - Connected Transactions Policy – Amended No. 1 on October 30, 2017 to align with CNS's businesses.
- Reviewed and approved the Connected Transactions Policy and the Supplemental Guideline - Connected Transactions Policy – Amended No. 1 on October 30, 2017 to align with CNS's businesses.
- Reviewed and approved the latest mission, vision, core values on December 15, 2017 to align with CNS's businesses.
- Reviewed and approved the following policies on December 15, 2017 to align with CNS's businesses.
 - ➡ Anti-Bribery and Corruption Policy
 - ➡ Risk Management Policy
 - ➡ Gift and Entertainment Policy
 - ➡ Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) Policy
 - ➡ Subordinate Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) Policy
- Acknowledged the 2017 Risk Self-Assessment Result and Fraud, Bribery and Corruption Risk Assessment Result on December 15, 2017.

4. Board meetings

In 2017, CNS schedules the board meetings with the following detail;

- CNS scheduled 14 board meetings on monthly basis.
- The Board of Directors shall jointly set tentative board meeting date, time and venue in advance of one year to ensure that all directors can attend the meetings.
- 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.
- The Chairman of the Board of Directors can call for extraordinary meeting to consider urgent matter as necessary.
- 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.
- The Board of Directors invited independent legal advisors from professional consultants to provide the opinions on CNS's court case and booked as its expense.
- The Chairman of the board meetings appropriately allocated the board meeting time for management to complete their presentation and for directors for their comprehensive discussion. He 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.
- Non-Executive Directors arranged their meeting without the attendance of Executive Directors on December 15, 2017. Their meeting outcomes was reported to the board meeting in January 2018.

Please see further details of the board meeting attendance in the section "Board of Directors".

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 the following 6 factors for the Board Assessment and Board Self-Assessment for 2017;

- (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 2017 were higher than 2016. 10 board members participated in the assessment for 2017. The average scores of the assessment were as follows;

The Board Assessment

The average scores of the Board Assessment for 2017 was 99.23%, increasing by 3.04% from 96.20% in 2016. The highest score was on the factor (5) Relationship with management at 100%, increasing from 96.36% in 2016. The lowest score was on the factor (2) Roles and responsibilities of the board at 98.45%, increasing from 94.70% in 2016.

The Board Self-Assessment

The average scores of the Board Self-Assessment for 2017 was 98.90 rose by 3.06% from 95.84% in 2016. The highest score was on the factor (1) Structure and characteristics of the board at 100.00%, increasing from 97.73% in 2016. The lowest score was on the factor (2) Roles and responsibilities of the board at 96.56%, increasing from 93.18% in 2016.

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 of salary, bonus and other benefits based on their duties and responsibilities, performance, and CNS's performance of the previous year, in comparison with their peers' remuneration rate paid by other companies in the same industry, as well as other employees' benefit such as provident fund contributions, group insurance (life, accidental and medical insurance), staff loan, social security fund contributions and annual medical checkup and etc.

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 at 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. CNS also arranges in-house training sessions for its employees, conducted by relevant resources and also invites special experts to be guest speakers.

In 2017, 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 has a policy to encourage its directors to attend trainings for their continuous performance development especially on the courses in performing their directorship.
- CNS requires 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 its business, service, policy and significant operating procedures which shall help fasten newly appointed directors to understand its 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 2017, there were 2 newly directors appointed during the year. They were completely provided the director’s handbook, a brief presentation related to its business, service, policy and significant operating procedures.



Committees

CNS defines committees for the effectiveness of its business as follows;

- (A) Board of Directors
- (B) Board of Executive Directors
- (C) Audit Committee
- (D) Credit Review Committee
- (E) Marginable Securities Committee
- (F) Risk Management Committee
- (G) Anti-Money Laundering Committee

Each committee has clear scopes of authorities and responsibilities as well as working procedures as follows;

(A) Board of Directors

As of December 31, 2017, for the effectiveness of the board performance, CNS had 10 board members consisting of; 5 Executive Directors, 1 Non-Executive Directors and 4 Independent Directors, as follows;

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. Katsuya Imanishi	President	Executive Director
3. Mr. Nimit Wongjariyakul	Executive Director	Executive Director
4. Mr. Shinya Yokoyama	Executive Director	Executive Director
5. Mrs. Chrisana Sae-Leiw	Executive Director	Executive Director
6. Mr. Philip Wing Lun Chow	Director	Non-Executive Director
7. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee and Independent Director	Independent Director
8. Col. Ruangsub Kovindha	Audit Committee and Independent Director	Independent Director
9. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	Independent Director
10. Dr. Prasit Kanchanasakdichai	Independent Director	Independent Director

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

Remark:

The Board of Directors' Meeting No. 14/2560 held on December 15, 2017 resolved to elect Mr. Shinichi Mizuno to be CNS's Director, as a replacement director of Mr. Takeshi Nishida who resigned from the position of CNS's director with effect from December 14, 2017.

Mr. Shinichi Mizuno was approved by the SEC on January 25, 2018 and CNS submitted the registration of the change in director with the Ministry of Commerce on January 26, 2018. However, the Board of Directors' Meeting No. 3/2561 held on March 19, 2018 acknowledged the resignation of Mr. Shinichi Mizuno from the position of CNS's director with effect from March 16, 2018. As a result, CNS had 10 board members since March 16, 2018.

The Board of Directors has been considering nominating a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Shinichi Mizuno.

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. Katsuya Imanishi | President |
| 3. | Mr. Nimit Wongjariyakul | Executive Director |
| 4. | Mr. Shinya Yokoyama | 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.

Authorities and Duties of the Board of Directors

1. To perform their duties with integrity and prudence in the best interests of the Company, 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, 2017, CNS had 4 Independent Directors, in line with the SEC's requirement that the Independent Directors must be at least 1/3 of the total directors and not less than 3 persons as follows;

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, 2017, CNS had 5 members of the Board of Executive Directors as follows;

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. Katsuya Imanishi	President	Executive Director
3. Mr. Nimit Wongjariyakul	Executive Director	Executive Director
4. Mr. Shinya Yokoyama	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.

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 2017, CNS had 3 members of the Audit Committee who were also the Independent Directors as follows;

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, Head of Internal Audit Department, 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)**.
 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, 2017, 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
7. To consider in the approval of the list and the limits of underlying stocks that CNS allows clients to trade single stock futures on the block trade business.

(E) Marginable Securities Committee

As of December 31, 2017, 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, 2017, CNS had 6 members of the Risk Management Committee, consisting of;

Position	Type of Director
1. Executive Director	Chief Risk Officer
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

The Committee can appoint additional member(s), or invite other person(s) with specific knowledge in order to contribute comments appropriately on other aspects relating to risk recommendations and risk treatment.

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.

Authorities and Duties of Risk Management Committee

1. To establish, enforce and review risk management policies.
2. To establish and operate risk management processes.
3. To verify the effectiveness of risk management methods.
4. To review and consider the Risk Assessment results including Risk and Control Self Assessment (RCSA) and Fraud, Bribery and Corruption risk assessment
5. To enhance awareness of Operational risk management.
6. To provide education and training on risk mitigation.
7. To report the Risk Assessment results to the Board of Executive Directors and Board of Directors.



(G) Anti-Money Laundering Committee (AMLC)

As of December 31, 2017, 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.

At least three fourth of the members must be present to form quorum of the meeting.

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

1. To consider the AML/CTPF policy and subordinate policy including procedures development and implementation of Anti-Money Laundering program. All policies and procedures shall be proposed for BOED's approval.
2. To review the AML/CTPF policy including Anti-Money Laundering procedures annually basis.
3. To maintain up to date Anti-Money Laundering Laws and regulations and revised policies from time to time.
4. To consider a suspicious transaction reporting of our clients before sending to Anti-Money Laundering Office (AMLO).
5. To make CNS'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 Anti-Money Laundering Laws. Training for all staffs relating to Anti-Money Laundering 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 1% 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 1% 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, 2017, CNS had 3 management representatives of Nomura Group represented the major shareholder as the followings;

Director Name	Position	Type of Director
1. Mr.Katsuya Imanishi	President	Executive Director
2. Mr.Shinya Yokoyama	Executive Director	Executive Director
3. Mr.Philip Wing Lun Chow	Director	Non-Executive Director

Remark:

The Board of Directors' Meeting No. 14/2560 held on December 15, 2017 resolved to elect Mr. Shinichi Mizuno to be CNS's Director, as a replacement director of Mr. Takeshi Nishida who resigned from the position of CNS's director with effect from December 14, 2017.

Mr. Shinichi Mizuno was approved by the SEC on January 25, 2018 and CNS submitted the registration of the change in director with the Ministry of Commerce on January 26, 2018. As a result, CNS had 4 management representatives of Nomura Group represented the major shareholder since January 26, 2018. However, the Board of Directors' Meeting No. 3/2561 held on March 19, 2018 acknowledged the resignation of Mr. Shinichi Mizuno from the position of CNS's director with effect from March 16, 2018. Therefore, CNS had 3 management representatives of Nomura Group represented the major shareholder since March 16, 2018.

The Board of Directors has been considering nominating a person, who is qualified and not subject to prohibition by law, as a replacement director of Mr. Shinichi Mizuno.

Supervision over Performance of Subsidiaries and Affiliated Companies

CNS had neither subsidiaries nor affiliated companies.

Monitoring the use of and access to inside information

CNS defines the policy on inside information and disclose to its employees, management and directors for their acknowledgement.

CNS discloses such policy in its intranet for all employees to study and understand. CNS also emphasizes all employees to realize and comply with such policy by regularly providing them trainings and e-mail reminders.

In case any employees are found of breaching such rule, CNS will further investigate and impose the control measurement to ensure there will be no misconduct or breaching such the rules.

For the compliance of 2017, 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. 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, staff in the Compliance Department and staff in the Investment Banking (IB) Division, 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 rendered the audit service from EY Office Limited, having the audit fee for the fiscal year 2017 in total of Baht 1,400,000. (Remark: CNS had no subsidiaries.)

(2) Non-Audit Fee

CNS rendered the tax service from EY Office Limited, having the tax fee in 2017 in total of Baht 255,000.

Other Good Governance Practices

Number of the Audit Committee's Meetings and the Attendance by Individual Members in 2017

Director Name	Type of Director	Number of Meetings/Attendance
1. Mrs. Wattanee Phanachet	Chairperson of the Audit Committee	7/7
2. Col. Ruangsub Kovindha	Audit Committee	7/6
3. Mr. Prasert Virasathienpornkul	Audit Committee	7/7

In the Audit Committee Meeting No. 6/2560 held on November 8, 2017 for the consideration of the financial statements for the fiscal year 2017, the Audit Committee had the meeting with the external auditor independently without the presence of CNS's management.

Number of issues considered by the Credit Review Committee and the Issues considered by Individual Members in 2017

Name	Position	Number of Meetings/Issue Considered
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	257/255
2. Mr. Takahito Nakamura ¹	President	55/55
3. Mr. Katsuya Imanishi ²	President	178/160
4. Mr. Nimit Wongjariyakul	Executive Director	257/245
5. Mr. Naoki Sugaya ³	Executive Director	132/121
6. Mr. Shinya Yokoyama ⁴	Executive Director	116/106
7. Mrs. Chrisana Sae-Leiw	Executive Director	257/216

¹ The Board of Directors' Meeting No. 3/2560 held on March 15, 2017 acknowledged the resignation of Mr. Takahito Nakamura, President, from the position of CNS's director, Executive Director and President and also the authorized director signing on behalf of CNS, with effect from March 31, 2017.

² The Board of Directors' Meeting No. 4/2560 held on April 3, 2017 resolved to elect Mr. Katsuya Imanishi to be CNS's director, Executive Director and President and also the authorized director signing on behalf of CNS, as a replacement director of Mr. Takahito Nakamura. He was approved by the SEC on April 19, 2017 and CNS submitted the registration of the change in director with the Ministry of Commerce on April 20, 2017. However, he started performing his directorship since May 9, 2017, the granted date of his work permit.

³ The Board of Directors' Meeting No. 8/2560 held on July 18, 2017 acknowledged the resignation of Mr. Naoki Sugaya, Executive Director, from the position of CNS's director, Executive Director and the authorized director signing on behalf of CNS, with effect from July 21, 2017.

⁴ The Board of Directors' Meeting No. 9/2560 held on July 24, 2017 resolved to elect Mr. Shinya Yokoyama to be CNS's director, Executive Director and the authorized director signing on behalf of CNS, as a replacement director of Mr. Naoki Sugaya. He was approved by the SEC on August 3, 2017 and CNS submitted the registration of the change in director with the Ministry of Commerce on August 7, 2017. However, he started performing his directorship since August 21, 2017, the granted date of his work permit.


Number of the Marginable Securities Committee's Meetings and the Attendance by Individual Members in 2017

Position	Type of Director	Number of Meetings/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

Number of the Risk Management Committee's Meetings and the Attendance by Individual Members in 2017

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

Number of the Anti-Money Laundering Committee's Meetings and the Attendance by Individual Members in 2017

Position	Type of Director	Number of Meetings/Attendance
1. Executive Director	Member	9/9
2. Representative of Legal Department	Chairman	9/9
3. Representative of Compliance Department	Member	9/9
4. Representative of Risk Management Department	Member	9/9

Corporate Social Responsibility for Sustainability Development

Corporate Social Responsibility for Sustainability Development

Capital Nomura Securities Public Company Limited

Capital Nomura Securities Public Company Limited (“the Company” or “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 the Corporate Social Responsibility for Sustainability Development by following 8 principles regarding the guideline set by the Stock Exchange of Thailand (“the SET”) as follows;

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.

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.

2. Anti-Bribery and Corruption Policy

CNS formulates the written “Anti-Bribery and 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 review the Anti-Bribery and Corruption Policy annually to ensure its alignment with the changes of business, rules, regulations and legal requirements. CNS also conducts an annual training to share knowledge and understanding on the guidelines with efficiency and transparency which are able to create stakeholders’ trust and utmost benefits for CNS, employees and shareholders.



3. Human Rights

CNS has a policy to respect human rights of individuals and sets its guidelines as follows:

- Non-Discrimination: CNS realizes the importance of human dignity, rights and liberty. CNS shall not discriminate people on the basis of gender, race, religion, society, nationality, economic or social status.
- CNS sets its policies and guidelines with regard to human rights of individuals
- 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 has a policy to conduct 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 liberty 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 its sustainable growth.

CNS focuses on its services with the "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 its 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 its financial and investment products and services regarding the international standards under the principles of clients' satisfaction as follows;

(1) Recognition and understanding of clients' needs

With "Customer Centricity Principles", CNS concerns its clients' needs as priority. CNS requires clients to do the Suitability Test to know its clients and for the benefit in providing clients suitable investment advices for their decision making and risk appetite.

(2) Human resources development

- CNS has a policy to recruit competent and experienced people to match with their working positions. However, CNS also has a policy to develop inexperienced talents to be trained and developed to be qualified financial advisors for their service in providing appropriate investment advices to clients.
- CNS has a policy to develop employees' competencies and skills by providing employees trainings for their working knowledge and own benefits. CNS also provides financial advisors trainings of financial and investment products and services regularly for the benefit of their investment advices to clients.
- CNS targets all employees to possess high standard of knowledge and professional capability in order to provide competent services to its clients for the best interests of clients, shareholders and stakeholders.

(3) Financial and investment products and services innovation

- CNS has a policy to provide financial advisors as well as clients opportunities to meet top management of listed companies in the SET to obtain information and query from top management of listed companies to supports their investment decisions. Meanwhile, listed companies are able to share their history and information to investors.
- CNS has a policy to regularly provide clients financial and investment knowledge through its seminars to develop clients' potential. CNS also has a policy to promptly communicate information and news having the impacts to clients.
- CNS has a policy to provide accurate research papers to meet investors' needs.
- CNS has a policy to provide clients a variety of investment tools to support clients' smooth investment execution.

(4) Business ethics awareness

- CNS has a policy to provide clients only reliable, transparent and accurate information, both in written and verbally on behalf of CNS.
- CNS has a policy to comply with the requirements of the Office of Securities and Exchange Commission (the SEC) and the SET.



- CNS has a policy to considerably examine 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 has a policy to keep 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 and has a policy 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 has a policy to regularly communicate with clients through several channels based on clients' needs for their acknowledgement of reliable and updated information as well as their rights and benefits provided by CNS.
- CNS has a policy to perform hearings to clients' comments and complaints.

6. Environmental Responsibility

CNS has a clear policy concerning environmental and social responsibility by 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 having no impact to environment and people health.
- (3) Focus on the safety, occupational health and environment
- (4) Focus on the importance of saving the global resources by using emails for internal communication and communication between CNS and clients. CNS also encourages clients to use e-dividend and e-confirmation services which helps facilitate delivering messages to clients. Clients can timely get dividend and obtain their investment information, without losing their documents, as well as save their resources to go to banks.
- (5) Develop management policy and create an organization culture concerning environmental care by saving resources and energy (Reduce and Reuse)

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 has a policy to promote social activities in 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 strengthen Thai fundamental society.

8. Innovation from social and environment responsibility activity

CNS has a policy 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. CNS focuses on the importance on the allocation and management of the information technology resources, which also covers the resource allocation for the business operation.



Disclosure of the implementation of CNS on the corporate social responsibility for sustainability development

In 2017, there were key activities following 8 principles regarding the guideline set by the SET as follows;

1. Business ethics awareness

In 2017, CNS got the average score for the Corporate Governance Report of Thai Listed Companies 2017 conducted by IOD at the level "Very Good", a same level as the previous year.

In addition, CNS participated in the "Nomura Founding Principles and Corporate Ethics Day" event 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 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, 2017 participated in this event.

2. Anti-Bribery and Corruption Policy

In 2015, CNS became a CAC-Certified Company, a full member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) on July 10, 2015.

In December 2015, CNS reviewed and revised "Anti-Bribery and Corruption Policy" by changing the policy title from "Anti-Corruption Policy" to "Anti-Bribery and Corruption Policy" as well as revising some contents to be in line with Nomura AEJ's Anti-Bribery and Corruption Measures. CNS also arranged an annual training for all employees' acknowledgement and understanding of such policy in December 2015.

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

3. Human Rights

In 2017 operations, CNS had no breaching action on human rights, fundamental rights and freedoms of individuals or discriminations to all employees at all level and also all individuals contacted with CNS.

4. Fairness and Labor Practices

In 2017 operations, CNS treated all employees as a policy to conduct its business with fairness and in compliance with Labor law as follows.

- CNS did not employ forced labors or child labors and also prohibited a person who is under 18 years old to perform or work in a hazardous place.
- CNS paid wage, compensation and fringe benefits to staffs in compliance with labor law with fairness and accuracy.

- CNS treated 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.
- CNS respected employee's rights and liberty and prohibits any actions that cause harm to employees neither physically nor psychologically including threats of any kind.

5. Client Responsibility

In 2017, CNS aimed to create mutual benefits to clients and continues to develop its financial and investment products and services regarding the international standards by arranging the following key operations;

(1) Recognition and understanding of clients' needs

CNS requires clients to do the Suitability Test and also provides the system which will control clients' investment to align with their suitability score for the benefit of financial advisors in providing clients suitable investment advices leading to their decision making, aligning with their risk appetite.

(2) Human resources development

- CNS recruited competent and experienced people to match with their working positions.
- CNS developed inexperienced talents through "Young Talent Financial Advisor" Program to be qualified financial advisors by providing them relevant trainings.
- CNS continually promoted the employee development in both professional knowledge in various fields and general knowledge as well as a variety of skills. CNS focuses to develop all employees at all levels and lines appropriate for enhancing their potential in relation to their positions by providing training and seminars by experienced and competent internal and external speakers, such as legal knowledge, regulatory compliance, financial and accounting standards, consultative selling skills, securities analysis, information technology standards and ISO standard and etc. The development also includes management capabilities to empower all employees to efficiently and effectively respond to CNS's strategies and goals to support the future growth of CNS.

CNS develops all employees by providing core training courses so that employees can well perform in line with corporate culture such as new employee orientation, trainings of product and service knowledge, systems and applications. CNS also provides trainings to support employees to attain professional qualifications in the securities business such as Investment Consultant (IC) Investment Planner (IP) licenses and etc.

CNS has a variety of approaches to develop employees such as encouraging employees to gain their knowledge through several channels; CNS's intranet, Facebook Page: Nomura Direct, Line Official: @NomuraDirect, the experiences' video training, supervisors' coaching, on-the-job training, domestic and overseas company visit, knowledge sharing among colleagues as well as learning among management and staff.



In 2017, CNS encouraged employees to attend trainings for their knowledge and skill development in total of 175 courses with 981 hours, with the annual average employee training hour at approximately 2 hours per headcount. The total employee development costs were Baht 1,467,976.

(3) Financial and investment products and services innovation

- CNS arranged the CNS Corporate Access program, where clients, investors, analysts and FAs to directly meet top management of the companies listed on the SET and the MAI and obtain information on or ask about the management's outlook. In 2017, total 59 SET companies and 34 MAI companies participated in this program.
- CNS arranged 32 trainings and seminars in total, with more than 1,100 participants, to provide clients financial and investment information and knowledges by internal and external experts covering equity, derivatives and mutual funds, for clients' development and literacy. CNS also timely communicates to clients about their relevant investment information.
- CNS provides research papers to meet clients' needs and is aware of the information accuracy.
- CNS provides clients a variety of investment tools for clients' continuous trading.

(4) Business ethics awareness

- CNS provides clients only reliable, transparent and accurate information, both in written and verbally on behalf of CNS.
- CNS complies with the requirements of the SEC and the SET.
- 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 persons. (Need to know basis)
- CNS conducts its business with clients with fairness and integrity and complies with the requirements and conditions stated in the agreement and relevant rules and regulations.

(5) Communication between CNS and clients

- CNS continually communicates with clients through its website (www.nomuradirect.com), e-mail and monthly newsletter to provide information, news, its seminar, trading application improvement as well as reminders of clients' right and benefits provided by CNS and their securities
- CNS performs hearings to clients' comments and complaints.

6. Environmental Responsibility

- CNS strictly follows rules and regulation about environment by developing operation standard to conform to environmental regulation.
- CNS supports green products and services having no impact to environment and people health.
- CNS participated in "Earth Hour Project 2017" by encouraging its employees to turn off the light and electrical appliances for 1 hour during 8.30 p.m. - 9.30 p.m. on Saturday, March 25, 2017 to create environmental care in correspondent to other countries. Employees were also encouraged to dress by recycle materials to create the awareness of the global warming to employees of CNS and other companies in the same building.
- CNS provides the safety, occupational health and environment in every area that CNS conducts its business, such as installing ventilating fan in the copying machine area and etc.
- CNS encouraged its employees to participate in the 2017 fire drill of Bangkok Insurance Building (CNS's head office location) held on December 8, 2017. 95% of total employees presented on that day participated in this event.
- CNS focused on the importance of reducing paper usage to save the global 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.

7. Corporate Social Responsibility

In 2017, CNS participated in corporate social responsibility through the following key activities;



Educational Activities

CNS believes that the education is a foundation for the country's development and success. Also, realizes the importance of the education in financial and investment plan to help people in planning their future for their quality life after retirement.

In 2017, CNS process the activities as the following;

- **The seminar “How to save the money” by the SET and Bangkok City Library**

On July 29, 2017, CNS join the seminar “How to save money” organized by the collaboration of the SET and the Bangkok City Library to encourage people to invest for their savings. This seminar was arranged at the Bangkok City Library, Bangkok. There were 80 participants attended this seminar.

- **Nomura Classroom Roadshow**

In 2017, CNS arranged the Nomura Classroom Roadshow program to raise the awareness regarding the appropriate money saving tools such as equity, mutual funds, LTF/RMF and etc. for students and company officers around Bangkok as follows;

- On September 21, 2017, CNS organized the “Time to be a millionaire” event for officers of the GFPT Co., Ltd. to provide them knowledge about the money saving plan, practical tips on saving allocation and money saving tools. There were approximately 100 participants attended this event
- On October 6, 2017, CNS organized the “Nomura Classroom Roadshow @KU” event to provide the Kasetsart University students and staff financial and investment knowledge and encourage them to have a good understanding in financial and investment management as well as an effective money allocation and the good practical investment. There were approximately 80 participants attended this event.

- **CU-CNS Joint Seminar 2017**

On November 11, 2017, CNS co-operated with Chulalongkorn University to arrange the investment seminar in the topic “Fintech and Future of financial services in Japan and Asia” for the students of the MABE: The Master of Arts Program in Business and Managerial Economics, Chulalongkorn University, by inviting Mr. Yuta Seki, Senior Managing Director, Nomura Institute of Capital Markets Research, to be the speaker. The seminar was held at Chulalongkorn University. There were approximately 70 students attended this seminar.

- **CNS Corporate Access**

This program has been held since 2016, allowing clients, investors, analysts and FAs to directly meet top management of the companies listed on the SET and obtain information on or ask about the management's outlook. In 2017, total 59 SET companies participated in this program.

In 2017, CNS also collaborated with the Market for Alternative Investment (“the MAI”) to jointly conduct a special event called “MAI Company Snapshot at Nomura” in order to invite the companies listed on the MAI to join this program. Total 34 MAI companies participated in this event.

- **Development of <http://cnsup.nomuradirect.com>**

In 2017, CNS kept going to develop the CNS Startup and SME Access program to cumulative the progressive, also to steer the country toward Thailand 4.0, the Thai government policy. Therefore, CNS has been developing the website <https://cnsup.nomuradirect.com>, focusing on building the connection between the Startup and SMEs entrepreneurs, developing the channel for exchanging Startup and SMEs news update, cooperate with providing the business management knowledge to the Startup and SMEs entrepreneurs for sustainable growth of their business. The objectives of the website are as follows;

1. To be news center for exchange news update and the channel to promote Startup and SMEs business.
2. To build the exclusive community where all business alliances could have opportunities to exchange ideas and experiences.
3. To offer fundamental knowledge for Startups and SMEs on financial accounting and business regulations which contributes to sustainable business growth.
4. To support the access to funding resource for Startups and SMEs entrepreneurs

The detail of the website are as follows;

The website name, <https://cnsup.nomuradirect.com> comes from the acronym “CNS” or Capital Nomura Securities PCL., the company name.

Moreover, the letters C N S are also transmitted the idea of the website under the theme : “Creating” “Networking” and “Success”

Creating	Creating the new idea to develop Startup and SMEs business
Networking	Connect the network in between Startup and SMEs entrepreneurs, to make the opportunities to doing business
Success	To be a learning center for the member about investment and business doing contribute to the sustainable success

Merging with the word “up” which comes from the part of the word “Startup”, in addition; it reflects the wish of the company to be the enhancer of Startup and SMEs business contribute to the sustainable growth.



The scope of the website content consists of the following sections;

News Update	Collecting all news and activities from all Startup and SMEs website for the member.
Startup Experience	Providing articles and video clips interviewing the Startup and SMEs entrepreneurs' experience to inspire readers and promote their business to become more widely known
Activity	Updating CNS's activities relating to the Startup and SMEs
Investment Corner	Providing financial articles; infographic or video clips, for members or general individual for their study, and also a direct contact points of FAs, fundamental analysts or Investment Banking Department

Social Activities

CNS realizes the importance of promoting the employees' roles in participation of social activities. CNS aims to encourage all employees to apparently realize CSR in public. Also, it can build relationship between employees for their unity and co-goal in the workplace.

In 2017, employees and CNS jointly participated in the following activities;

- **Doing good deed as tribute to the late King Bhumibhol.**

In order to pay respect to the late King Bhumibol Adulyadej who had passed away on October 13, 2016, CNS's management and employees joined the hand to held activities doing good deed as tribute to the late King Bhumibhol Adulyadej with the following detail;

- ➡ CNS's management and employees attended the merit ceremony dedicated to the late King Bhumibol Adulyadej after 100 days of his pass away at Bangkok Insurance Building, South Sathorn Road, on January 20, 2018.
- ➡ CNS's management and employees attended the co-hosted religious ceremonies of monks delivering special prayers at Dusit Mahaprasart Throne Hall, Royal Grand Palace on April 25, 2017.
- ➡ CNS's management and employees together made 5,000 of artificial flowers called "Dararat" to be used during the royal cremation to express their gratitude towards the beloved monarch and perform good deeds in his honor.

- **Supporting the disables**

CNS realizes that the disables are not social burdens but one of key potential driver for society, economy and the country with no difference from general people. Therefore, held the "Demonstration and Visiting Hydroponics farm" activity to support the disabled farmers to have good career and to be able to take care their families and well as to encourage their human right and equality and create the good attitude toward them. The activity was held on August 26, 2017 at Nonthaburi Province. There were 14 employees participated in this activity.

- **Supporting agricultural products**

CNS realizes the importance of agriculture which is the main occupation of Thailand. CNS, therefore, supports the use of agricultural products, such as organic rice and coffee sets, as a gift for CNS's clients and patronages. This is to promote the reducing use of chemical which is unfriendly to human health and environment and also to help increase the farmers' income as well as reduce social and economic gap.

8. **Innovation from social and environment responsibility activity**

- CNS provides the following online trading applications to cover clients' investment needs 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 the service and information nationwide and worldwide.
 - ➡ eFin Trade Plus trading application on personal computers and mobile devices
 - ➡ Streaming trading application on personal computers and mobile devices
 - ➡ SBL Real Time trading application on personal computers
 - ➡ Nomura iFund trading application on personal computers and mobile devices
 - ➡ Nomura iGlobal trading application on personal computers
- CNS defines the single password to facilitate clients. Clients can use the single password to log in CNS's online trading applications.



Internal Control and Risk Assessment

Summary of the overview s of the Internal Control and Risk Management

CNS realizes the importance of the 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 consisting of 5 areas as follows;

Control Environment

CNS encourages directors, management and all employees to realize the importance of internal control and has established organizational standard to support effective internal controls of the 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 directors' and management's decision makings.

The minutes of the board meetings 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 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. 17/2560, held on December 15, 2017, the Board of Directors and the Audit Committee acknowledged the 2017 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. CNS provides sufficient personnel for supporting the efficient compliance. In addition, the internal control system for monitoring the operation is adequate to prevent CNS'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, CNS establishes 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 its Head of Internal Audit Department.

The Audit Committee has considered that Mrs. Parichart Khantasima has internal audit experience in securities business, understands CNS'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 its Head of Compliance Department.

Profile of Internal Audit and Compliance Departments

Profile of CNS's Head of Internal Audit and Compliance Departments as of December 31, 2017

Mrs. Parichart Khantasima

Age: 53 years, Position: Department Head of Internal Audit Department

Education Background / Training Experience

- Master Degree in MPA Project Management and Public Policy, National Institute of Development Administration
- Bachelor Degree in BBA (Accounting), Ramkamhaeng University
- Performance Management Based Individual KPIs, 2017, Arporn Puvitayaphan, Ph.D
- Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance, 2017, The Stock Exchange of Thailand
- Information Security Management Systems: Internal Auditor (ISO/IEC 27001:2013), 2017, BSI Training Academy
- ASCO Compliance Training Program, 2017, Association of Thai Securities Companies (ASCO)
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance

Work experience (information as of December 31, 2017)

2015 – Present	Internal Audit Department, Capital Nomura Securities Public Company Limited
2012 – 2015	Compliance and Internal Audit Department, RHB OSK Securities PLC
2009 – 2012	Compliance and Risk Management, One Asset Management
2006 – 2009	Compliance and Risk Management, Finansa Asset Management
1989 – 2006	Internal Audit Department, Capital Nomura Securities Public Company Limited

Head of Internal Audit Department's duties are as follows:

Internal Audit is responsible for the audit of the organization, report to the Audit Committee and management. The roles and responsibilities are as follows.

1. To evaluate the effectiveness and efficiency of risk management, control and governance and anti-corruption systems in the context of both current and potential future risks.
2. To review system that may have a significant impact on the operations and reporting, to ensure compliance with policies, procedures, and the related law and regulations.
3. Review the appropriateness of asset custody, including ensuring the existing of asset,
4. Review the adequacy and appropriateness of the company's internal controls in order to maintain the control process appropriately
5. Review and advocate for the development of a more effective system to continuously and consistently.
6. Perform other tasks related to the audit, as assigned by the Audit Committee or management.



Miss Penphun Palungvitvatana

Age: 58 years, Position: Department Head of Compliance Department

Education Background / Training Experience

- Master Degree in MBA (Finance), Thammasat University
- Bachelor Degree in BBA (Accounting), Assumption University
- Diploma in English and Thai Translation, Thammasat University
- Performance Management Based Individual KPIs, 2017, Arporn Puvitayaphan, Ph.D
- Information Security Management Systems: Internal Auditor (ISO/IEC 27001:2013), 2017, BSI Training Academy
- Bond Regulatory Updates, 2017, The Thai Bond Market Association (ThaiBMA)
- National e-Payment Roadmap – Benefits to securities companies, 2016, Anuchit Anuchitanukul, Ph.D., Advisor to the Minister of Finance

Work experience (information as of December 31, 2017)

Nov 2015 – Present	Compliance Department, Capital Nomura Securities Public Company Limited
2008 – 2015	Compliance & Internal Audit Department, Capital Nomura Securities Public Company Limited
1999 – 2008	Compliance Department, Capital Nomura Securities Public Company Limited
1992 – 1999	Compliance & Internal Audit Department, United Securities PLC
1985 – 1992	Bank Supervision and examination, Bank of Thailand

Head of Compliance Department's duties are as follows:

1. Regulations
 - Prepare Compliance Manual together with gathering and studying related rules and regulations, giving advices or suggestions to related staff, in order to comply with the rules specified by authorities.
 - Arrange knowledge training to staff, for better understanding of related rules specified by both authorities and the company, as well as inform staff when related laws and rules are changed.
2. Monitoring and Supervision
 - Supervise the staff's operation, to comply with rules of both the authorities and the company.
 - Inform result of examination or review to related staff and his/her department head, in case of his/her operation not complying the authorities' rules or the company's procedure, and ask the staff for clarification. Then, the report shall be summarized to the Board of Executive Directors and the Board of Directors for acknowledgment and consideration.
 - Identify and assess factor and risk that may cause non-compliance by CNS as necessary and appropriate, as well as of when the company develops any new business activity. Then, any respective solution shall be proposed.
 - Specify client's complaint procedure, associated with following up facts and reporting the result to the Board of Executive Directors for further consideration.
3. Reporting
 - Report the result of compliance's issues to the Board of Directors.
 - Prepare and propose annual compliance report to the Board of Directors, then send such report to related regulators.
 - Coordinate with relevant departments and report to the Board of Directors on significant amendment of rules and regulations.
 - Report CNS's punishment to staff who does not comply with related rules and regulations to the SEC and the SET.

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, Chairperson of Audit Committee, Col. Ruangsub Kovindha and Mr. Prasert Virasathienpornkul, members of the Audit Committee. All members of the Audit Committee possess the qualification required by the Office of Securities and Exchange Commission. Department Head of Internal Audit Department was the secretary to the Audit Committee.

During the fiscal year from January 1, 2017 to December 31, 2017, the Audit Committee held 7 meetings, one member of the Audit Committee could not attend the meeting no. 3/2560. For other 6 meetings, all members of the Audit Committee attended. The Audit Committee performed their duties assigned by CNS. The significant issues were 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 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, the SET's 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 the SET's and the SEC's 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 CNS's external auditor. CNS has had appropriate internal control system and complied 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 conduct 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 General Meeting of Shareholders to appoint EY Office Limited by any one of Ms. Ratana Jala, and/or Ms. Rachada Yongsawadvanich and/or Ms. Wanwilai Phetsang to be CNS's external auditor for the fiscal year ended December 31, 2018.

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

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	Unlimited transaction value	-	-	-
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		-	-	-
1.3 Supporting normal business transaction with general trading conditions whose value of consideration cannot be calculated from assets or underlying value		-	-	-
1.4 Normal business transaction or supporting normal business transaction without general trading conditions.	≤ 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	✓	✓	-
	≤ 1 million Baht or ≤ 0.03% 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 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	✓	✓	✓
	≤ 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	✓	✓	-

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 -



Supplemental Guideline: Connected Transactions Policy

Capital Nomura Securities Public Company Limited

Overview

This Supplemental Guideline: Connected Transactions Policy (Guideline) sets out a set of guidelines, in principle, to be used by the Investment Banking Division (IBD), and/or any other concerned functions, in their reviewing and consideration of proposals for Capital Nomura Securities PCL (CNS) to enter into dealings or transactions (Connected Transactions) with its Connected Persons including other Nomura group companies.

The objective of this Guideline (as a supplement to the Connected Transaction Policy) is to ensure that the spirit and provisions of the Connected Transactions Policy are properly observed and so that CNS is able to demonstrate that dealings or transactions between it and other Nomura group companies and/or its Connected Persons are entered into on an 'arms-length basis' and that such dealings or transactions carry General Trading Conditions in accordance with the relevant rules and regulations under Thai law.

The terms "Connected Transactions", "Connected Persons", and "General Trading Conditions" shall have the same meaning as defined in the Connected Transaction Policy.

Guidelines

Directors, executives or related persons of CNS may enter into a Connected Transaction with CNS or its subsidiaries if such Connected Transaction is approved by resolution of the general meeting of shareholders of CNS unless such Connected Transaction could be categorised as a Connected Transaction entered on an 'arms-length basis'.

In determining whether a proposed Connected Transaction will be entered into on an 'arms-length basis' and carries General Trading Conditions, the following principles as outlined below may be taken into consideration as may be applicable and relevant to each particular proposed Connected Transaction:

Principle 1 – Arms-Length Benchmarks

The following benchmarks should be taken into consideration for each type of transactions as may be applicable and relevant

(a) In case of transactions which can normally be entered into with other independent parties

If the transactions can normally be entered into between CNS and other independent parties and the terms and conditions relating to the products and services in the transaction and pricing can be clearly determined, the terms and conditions of the Connected Transactions which would be considered on an arms-length basis must be those terms and conditions which do not differ from those used in the transactions entered with other independent parties. For example, brokerage fees charged to a Nomura group company should not differ from those charged to other institutional investors.

(b) In case of transactions which can only be entered into with connected persons

CNS should determine if the terms and conditions of the products and services including pricing can be clearly determined. Market benchmarks can be used for this purpose. For this type of transaction, the terms and conditions which would be considered on an arms-length basis must be those terms and conditions which do not differ from the market benchmarks.

(c) In case of transactions which can also be entered into with other independent parties but no market benchmarks are available

This is the case where such Connected Transactions have specific terms and conditions of products and services and no benchmarks can be identified for the purpose of comparison. In such case, CNS should be able to demonstrate that in order to establish an arm's length basis the gross profit margin from and the terms and conditions of the Connected Transactions will not be different from those of the transactions with independent parties.

As a benchmark for consideration if a transaction is entered into on the basis of the arms-length basis, the benchmark for a transaction should not limit only to the considerations, but should be considered with respect to other terms and conditions which are the normal terms and conditions for a transaction, i.e., considerations, credit term, payment options.

Principle 2 – Contribution

The respective contributions of each party to a proposed Connected Transaction should be assessed, taking into consideration:

- staffing contribution in terms of seniority, expertise and time commitment
- relative credit for deal origination
- client relationship(s) contributing to the mandate and the transaction
- expenses that are not reimbursable by the client in the transaction
- degree of participation in sales/distribution of securities

Principle 3 – Risks Undertaken

The respective risks undertaken by each party should also be assessed, taking into consideration:

- legal obligations undertaken to the client in the proposed Connected Transaction and any other relevant parties
- any regulatory roles and responsibilities undertaken
- capital usage
- regulatory/licensing requirement to use a specific entity
- legal exposure to investors and other third parties
- exposure to credit or market risks



Connected Transactions

For the fiscal year ended December 31, 2017, 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 2017 was Baht 5,075. 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 2017 was Baht 38,179. 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 2017 was Baht 61,986,522. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients.

4. CNS entered into the agreement with Dr. Prasit Kanchanasakdichai, CNS's Independent Director 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 2017 was Baht 2,563. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients.

5. 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 2017 was Baht 16,004,438. The service fee was based on actual costs plus 10% of margin.

6. 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 2017 was Baht 18,681,564. The service fee was based on actual costs plus 10% of margin.

7. 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 2017 was Baht 2,667,063. 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.

8. 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 2017 was Baht 18,214. The fee was the same rate as CNS charged to other clients.

9. 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 2017 was Baht 174,888. The fee was the same rate as CNS charged to other clients.

10. 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 2017 was Baht 6,092,400 as service rendered within the scope and volume of work assigned.

11. 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 2017 was Baht 8,262,271 as service rendered within the scope and volume of work assigned.

12. 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 2017 was Baht 5,350,130. The service fee was based on actual costs plus 10% of margin net with the brokerage commission received.

13. CNS received fee income from late delivery from INSTINET for the late delivery securities.

The fee received for fiscal year 2017 was Baht 1,071,171. The Fee was the normal rate as CNS charged to other clients.

14. 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 2017 was Baht 244,389 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 2017 was Baht 2,184,579. 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 2017 was Baht 33,641. 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 2017 was Baht 218,250. 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 2017 was Baht 436,500. 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.

5. CNS paid Service fees from trading fixed income in foreign currency to NSL for trading fixed income in foreign currency.

The fee paid for the fiscal year 2017 was Baht 134,275. The fee was the proportionate rate of income received from trading fixed income in foreign currency which was the same rate paid to others who were not related to CNS.

6. CNS paid Service fees from trading fixed income in foreign currency to NIHK for trading fixed income in foreign currency.

The fee paid for the fiscal year 2017 was Baht 268,549. The fee was the proportionate rate of income received from trading fixed income in foreign currency 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 2017 was Baht 4,373. 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.

Details of Connected Transactions

For the year ended December 31, 2017 and 2016, Capital Nomura Securities Public Company Limited ("the Company") has connected transactions with the related companies and connected persons as follows;

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2017	For the year ended December 31, 2016	
1. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Agency Agreement which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	5,075	161,045	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients.
2. Capital Nomura Securities Public Company Limited and Nomura International Plc.	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura International Plc.	Agency Agreement which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	38,179	447,429	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients.
3. Capital Nomura Securities Public Company Limited and Instinet Pacific Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Instinet Pacific Limited	Agency Agreement which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	61,986,522	69,910,984	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients.
4. Capital Nomura Securities Public Company Limited and Dr. Prasit Kanchanasakdichai	Dr. Prasit Kanchanasakdichai is the independent director of the Company	Agency Agreement which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	2,563	1,722	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients.



Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2017	For the year ended December 31, 2016	
5. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Investors Business Support Agreement which the Company provided services and received fee in return	1 year	16,004,438	15,612,403	The service fee was calculated by reference to the actual cost plus 10% margin.
6. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Service agreement which the Company provided information of international investment banking	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	18,681,564	17,860,000	The service fee was calculated by reference to the actual cost plus 10% margin.
7. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Introducing Broker Agreement which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	2,667,063	2,478,854	The service fee was calculated based on actual executed transactions of our referred customers and at the rate as indicated in the agreement referred to the similar business.
8. Capital Nomura Securities Public Company Limited and Nomura International Plc.	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura International Plc.	Global Master Securities Lending Agreement which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 15 days written notice to other party	18,214	773,812	At normal rate charged to other clients
9. Capital Nomura Securities Public Company Limited and Instinet Pacific Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Instinet Pacific Limited	Global Master Securities Lending Agreement which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 15 days written notice to other party	174,888	143,265	At normal rate charged to other clients

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2017	For the year ended December 31, 2016	
10. Capital Nomura Securities Public Company Limited and Nomura Securities Co., Ltd.	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Securities Co., Ltd.	The Company provided services as required by Nomura Securities Co., Ltd. in support of Nomura Securities Co., Ltd.'s financial advisory services to client. The Company provided services and received fee in return.	Depend on the pre-determined period of each assignment	6,092,400	6,414,400	The service fee was the contract rate determined by extent and amount of work assigned.
11. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura International (Hong Kong) Limited	The Company provided services as required by Nomura International (Hong Kong) Limited in support of Nomura International (Hong Kong) Limited's financial advisory services to client. The Company provided services and received fee in return.	Depend on the pre-determined period of each assignment	8,262,271	1,460,631	The service fee was the contract rate determined by extent and amount of work assigned.
12. Capital Nomura Securities Public Company Limited and Nomura Securities Singapore Pte. Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Securities Singapore Pte. Limited and Nomura Singapore Limited	Agreement for Provision of Securities Trading and Research Services which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	5,350,130	12,134,976	The service fee was calculated by reference to the actual cost plus 10% margin net with the brokerage commission received. The service fee was received only from Normura Singapore Limited
13. Capital Nomura Securities Public Company Limited and Instinet Pacific Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Instinet Pacific Limited	Other fee from from late delivery securities	-	1,071,171	223,768	At normal rate charged to other clients



Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2017	For the year ended December 31, 2016	
14. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura International (Hong Kong) Limited	Other fee from the introduction of potential individual clients in Thailand who were interested in debenture products of Nomura Group	-	244,389	145,671	The service rendered within the scope and volume of work assigned.
15. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Other fee from the introduction of potential individual clients in Thailand who were interested in debenture products of Nomura Group	-	-	43,367	The service rendered within the scope and volume of work assigned.
16. Capital Nomura Securities Public Company Limited and United Information Highway Co., Ltd.	The Company's director is the managing director of United Information Highway Co., Ltd.	Hi-Speed Circuit Service Agreement. The Company received the hi-speed circuit service and paid fee for service	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	2,184,579	2,271,263	The service fee was at the same rate charged to other clients without dependent interest.
17. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Agreement for execution of securities trading orders that listed in foreign securities market which the Company received service and paid fee for service	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	33,641	35,524	The service fee was calculated based on trade volume and the referential rate charged by others without dependent interest.

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2017	For the year ended December 31, 2016	
18. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura International (Hong Kong) Limited	Referral fee paid for introducing customers in Thailand for underwriting business in debt securities.	-	218,250	368,034	The fee was the proportionate rate of underwriting fee received from clients which was the same rate paid to others non related parties.
19. Capital Nomura Securities Public Company Limited and Nomura Securities Co., Ltd.	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Securities Co., Ltd.	Referral fee paid for introducing customers in Thailand for underwriting business in debt securities.	-	436,500	736,069	The fee was the proportionate rate of underwriting fee received from clients which was the same rate paid to others non related parties.
20. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Service fees from trading fixed income in foreign currency to Nomura Singapore Limited	-	134,275	-	The fee was the proportionate rate of income received from trading fixed income in foreign currency which was the same rate paid to others non related parties.
21. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura International (Hong Kong) Limited	Service fees from trading fixed income in foreign currency to Nomura International (Hong Kong) Limited	-	268,549	-	The fee was the proportionate rate of income received from trading fixed income in foreign currency which was the same rate paid to others non related parties.
22. Capital Nomura Securities Public Company Limited and Mrs. Chrisana Sae-Leiw	Mrs. Chrisana Sae-Leiw is the executive director of the Company	Loan agreement (Housing Loan)	Not over than 100 months	4,373	8,975	The interest rate was the same rate as the Company charged to other Company's staffs.



Outstanding balance of connected transactions as of December 31, 2017 and 2016

Transaction	Related companies / persons	Presented in Financial Statements as	December 31, 2017	December 31, 2016
Agency Agreement	Instinet Pacific Limited	Securities business receivable	192,013,129	266,180,657
Agency Agreement	Instinet Pacific Limited	Securities business payable	196,984,091	175,193,161
Global Master Securities Lending Agreement	Instinet Pacific Limited	Securities business receivable	-	19,200,000
Global Master Securities Lending Agreement	Instinet Pacific Limited	Securities business payable	-	19,091,870
Investors Business Support Agreement	Nomura Singapore Limited	Other assets	1,264,438	1,312,403
Introducing Broker Agreement	Nomura Singapore Limited	Other assets	668,001	439,139
Agreement for Provision of Securities Trading and Research Services	Nomura Securities Singapore Pte. Ltd and Nomura Singapore Limited	Other assets	15,030,871	-
Service Agreement-International investment banking	Nomura Singapore Limited	Other assets	1,300,000	1,760,000
Agency Agreement	Nomura Singapore Limited	Other assets	108,782	818,172
Agency Agreement	Instinet Pacific Limited	Other liabilities	15,030,871	-
Other fee received from referral	Nomura International (Hong Kong) Limited	Other assets	-	69,874
Global Master Securities Lending Agreement	Nomura International Plc.	Other assets	-	18,216
Global Master Securities Lending Agreement	Instinet Pacific Limited	Other assets	11,048	21,430
Loans to Employee	Mrs. Chrisana Sae-Leiw	Other assets	129,134	436,697
Others – Reimbursement	Nomura Holdings, Inc.	Other assets	48,344	-
Others – Reimbursement	Instinet Pacific Limited	Other assets	-	74,472
Others – Reimbursement	Nomura Securities Co., Ltd	Other assets	579,750	592,709

Necessity and soundness of connected transactions

In case the Company enters into any connected transactions with related companies or related persons, the Company will consider the necessity and soundness to enter into such agreements for connected transactions based on the Company's best interest.

Approval procedures or measures of connected transactions

The Board of Directors requires the Company to comply with the Stock Exchange of Thailand's and the Securities and Exchange Commission's regulations.

Policy or outlook for future connected transactions

The Company has the Connected Transactions Policy. Connected transactions shall be considered for the best interests of the Company.

Key Financial Ratios

Financial Ratio	Fiscal Year 2017 (Jan 1, 2017 – Dec 31, 2017)	Fiscal Year 2016 (Jan 1, 2016 – Dec 31, 2016)	Fiscal Year 2015 (Jan 1, 2015 – Dec 31, 2015)
<u>Profitability Ratio</u>			
Gross Profit Margin (%)	81.34	84.02	84.55
Net Profit Margin (%)	25.57	24.36	24.60
Return on Equity (%)	8.60	7.52	7.62
Return on Investment (%)	55.61	22.62 ¹	15.87
<u>Efficiency Ratio</u>			
Return on Assets (%)	4.10	3.87	3.54
Assets Turnover (times)	0.16	0.16	0.14
<u>Financial Ratio</u>			
Liquidity Assets on debt (times)	0.24	0.30	0.68
Asset Income on debt (times)	3.04	4.57	3.20
Liquidity Assets on Total Assets (%)	6.98	5.98	19.77
Asset Income on Total Assets (%)	89.77	90.81 ¹	93.43
Debt/Equity (times)	1.31	0.88	1.00
Dividend Pay-Out (%)	N/A	93.91	93.06
<u>Other Ratios</u>			
Investment in Securities to Assets (%)	4.85	1.82 ¹	6.48
Net Capital Ratio (%) (calculation was based on the SEC's requirement.)	76.88	121.05	120.87
<u>Data Per Share</u>			
Book Value (Baht)	2.59	2.55	2.55
Profit for the period (Baht)	0.22	0.19	0.19
Dividend (Baht)	N/A	0.18	0.18
<u>Growth Rate</u>			
Total Assets (%)	24.56	(5.76)	(12.80)
Total Liabilities (%)	50.52	(11.73)	(22.97)
Income from Sales and Services (%)	10.30	(0.31)	3.01
Operating Expenses (%)	1.13	0.19	2.59
Profit for the period (%)	15.35	(0.91)	(2.98)

¹ The figure was changed from the disclosure in 2016 due to the change in the format of the financial statements of securities companies from the implementation of the SEC's Notification No. Sor. Thor. 22/2559 dated June 2, 2016 Re: The format of the financial statements of securities companies.



Management Discussion and Analysis

Overview of Business Operations and Significant Changes

CNS's overview of the business operations in 2017 was as follows;

For the securities brokerage and derivatives brokerage businesses, the turnover of the SET for the first 8 months of 2017 dropped, from a slower than expected recovery in the domestic economy, while resumed to grow during the last 4 months of 2017 due to the domestic economic recovery. This resulted in the decrease of average daily turnover of 2017 (inclusive of proprietary trading) only 5% from 2016. Consequently, CNS's securities brokerage and derivatives brokerage businesses in 2017 in the overall dropped from 2016. Together with the higher competition in securities business both in commission rate and employee poaching, CNS's market share dropped from 2.98% in 2016 to 2.76% in 2017. CNS, however, kept focusing on creating value-added financial and investment products and service differentiation, such as providing trainings and seminars in various topics to provide clients, investors and FA financial and investment literacy, enhancing human resource and systems, developing and improving trading applications to catch up with the technology changes to serve clients' needs, and increasing a number of research papers to cover more listed companies and more sectors, as well as expanding financial and investment information distribution channels to popular social media such as Facebook Page: Nomura Direct, Line Official: @NomuraDirect and YouTube Channel: NomuraDirect to serve clients' modern lifestyle and to expand client-base and etc.

CNS's block trade business – single stock futures had a continuous growth in 2017. The investment in listed equity securities at the end of 2017 was Baht 610 million, an increase of Baht 541 million or 784% from Baht 69 million at the end of 2016.

CNS's margin loan business slightly decreased in the first half of 2017 from the stagnant market condition, causing the decreasing clients' demands for margin loan. In the second half of 2017, CNS tried to encourage the margin loan business together with the appropriate risk management to diversify CNS's revenue sources and reduce the margin interest rate, following to the decreasing money market rate, to be competitive. The outstanding margin loan balance, as a result, gradually increased during the second half of 2017, and ended 2017 at Baht 8,191 million, an increase of Baht 1,240 million or 18% from Baht 6,951 million at the end of 2016.

CNS's investment banking business in 2017 in the overall remained stable when compared to 2016 as the income from Equity Capital Market (ECM) Department dropped from the slower than expected recovery in the domestic economy causing the listing postponement of some clients while the income from Merger & Acquisition (M&A) Department grew from the cooperation with Nomura Group. The income from Debt Capital Market (DCM) Department also grew from the low market interest rate causing more clients' demand to raise funds through debt securities.

CNS's fixed income trading business in 2017 shrank from 2016. The market of debt securities with credit rating expanded compared to the market situation in the past 2-3 years. However, the market of debt securities without credit rating or with the credit rating lower than the investment grade shrank because of the default of some private companies' debt securities which affected the debt securities market and investors' confidence although the default rate was quite low when compared to the total market size. In addition, more number of service providers from both banks and securities companies caused CNS's a lower market share in the corporate debenture market among securities companies than 2016. Nevertheless, the market share in the bill of exchange market among securities companies increased from 2016 as CNS had focused on selling quality bill of exchanges with proper interest rate in relation to its risk and good financial status.

CNS's securities borrowing and lending business in 2017 was stable when compared to 2016, aligning to the market condition. However, CNS still focused on the system improvement for clients to efficiently borrow securities through online trading applications to improve service quality and draw attention from clients to use this service more.

CNS's selling agent business under brand "Nomura iFund" in 2017 had a growth from 2016. CNS's outstanding asset under administration (AUA) at the end of 2017 was Baht 30.483 billion, an increase of Baht 7.509 billion or 33% from Baht 22.974 billion at the end of 2016. The growth was driven by CNS's efforts in continuously creating value-added service during the last 2-3 years including developing the Mobile Application "Nomura iFund" on iOS to serve clients' needs to conveniently and effectively trade mutual funds through smartphones, developing several functions such as "Nomura Dollar Cost Average", "Nomura Auto Stock to Fund" and "Nomura iFund Basket" functions and providing research papers on mutual funds to serve clients' needs as well as providing clients, investors and FAs trainings and seminars to educate them about the mutual fund investment literacy. CNS also continued to use a distribution channel by direct sales agents.

In conclusion, 2017 was volatile in term of economic and investment conditions, affected by various domestic and global factors and from the higher competition in securities business reflected by the liberalization of securities business licenses and brokerage fee. As a result, the performance of the securities brokerage and derivatives brokerage businesses significantly dropped while the investment banking business grew at a low pace. However, the selling agent business and margin loan business significantly grew which were key factors for CNS to be able to make profit under the uncertainties of the economic and investment condition. In addition, CNS also earned more from the block trade business – single stock futures. CNS also got profit from selling other investment - non-listed company with no relation to CNS's business and being held for a long time. CNS's performance of 2017 ended at Baht 475 million, higher than Baht 412 million in 2016, which reflected the success of the strategy in revenue diversification as well as the strategy in creating value-added financial and investment products and service differentiation. Such strategies have been implemented for several years to keep clients' satisfaction and create sustainable growth to CNS in the long run.



1. Overview of CNS's Performance

CNS's overall performance for the fiscal year 2017 was rather good. For the fiscal year 2017, the net profit was Baht 475 million, and the earnings per share was Baht 0.22, increasing by Baht 63 million or 15% from the fiscal year 2016 where the net profit was Baht 412 million, and the earnings per share was Baht 0.19.

The net profit increased, mainly because the increase of total income was higher than the increase of total expenses. Total income increased by Baht 168 million or 10%, from Baht 1,692 million in 2016 to Baht 1,860 million in 2017. In the meanwhile, total expenses increased by Baht 88 million or 7%, from Baht 1,181 million in 2016 to Baht 1,269 million in 2017.

Total income increased, mainly driven by the increase of the income from the selling agent business and gain from selling other investment that being held for a long time. While the income from securities brokerage and derivatives brokerage businesses and the fixed income trading business decreased. The margin loan business, investment banking business and securities borrowing and lending business remained stable.

Total expenses increased, mainly driven by the increase of the fee and service expenses due to the increase of the income from the selling agent business, and the increase of other expenses due to the increase of depreciation, repair and maintenance and software amortization. However, personnel expenses and financial costs decreased.

As a result, the profitability ratio for the fiscal year 2017 were as follows;

- Gross profit margin ratio dropped from 84.02% in 2016 to 81.34% in 2017 because the increasing rate of total income was lower than the increasing rate of total fees and service expenses and financial cost.
- Net profit margin ratio rose from 24.36% in 2016 to 25.57% in 2017.
- Return on equity ratio rose from 7.52% in 2016 to 8.60% in 2017
- Return on asset ratio rose from 3.87% in 2016 to 4.10% in 2017.

In conclusion, CNS continued to maintain its 2017 profitability to be higher than 2016, which partly driven by the success strategy of its diversification of revenue sources. The income from the securities brokerage and derivatives brokerage businesses, however, significantly decreased due to the decrease of the SET's turnover and higher competition in securities business. The income from the margin loan business and the selling agent business, which CNS operated for several years, played more significant roles to CNS, resulted from the management's vision on the opportunities of these businesses and their well preparedness for securities business risk and changes. As a result, CNS was able to maintain its profitability and competitiveness at a certain level under the volatile economic and investment conditions and the higher competition in securities business.

Total revenues for the fiscal year 2017 increased by Baht 168 million when compared to the fiscal year 2016

Brokerage fees

Brokerage fees for the fiscal year 2017 decreased by Baht 120 million or 13%, from Baht 940 million in 2016 to Baht 820 million in 2017.

Brokerage fees decreased mainly driven by the decrease of the SET's and the MAI's average daily turnover (exclusive of proprietary trading) by 5% from Baht 47.00 billion in 2016 to Baht 44.88 billion in 2017. At present, the security brokerage business has encountered the high competition due to the increase of broker members and the personnel scarcity as well as the competition in fee commission rate

The decrease of brokerage fees as mentioned above caused the drop of brokerage fees to total income ratio from 55.57% in 2016 to 44.07% in 2017.

Fees and service income

Fees and service income for the fiscal year 2017 increased by Baht 167 million or 64%, from Baht 262 million in 2016 to Baht 429 million in 2017.

Fees and service income increased mainly driven by the increase of the income from the selling agent business with an outstanding growth in 2017 due to CNS's efforts to expand such business by expanding client-base and by adding a distribution channel of direct sales agents in the past 2 years. However, the financial advisory business and the securities borrowing and lending business remained stable when compared to 2016.

The increase of fees and service income as mentioned above drove the growth of the fees and service income to total income ratio from 15.47% in 2016 to 23.04% in 2017.

Interest on margin loans

Interest on margin loans for the fiscal year 2017 increased by Baht 8 million or 2%, from Baht 356 million in 2016 to Baht 364 million in 2017, mainly driven by the growth of the margin loan business since the 2nd half of 2017 from domestic economic recovery.

However, even the interest on margin loans increased as mentioned above, but the interest on margin loans to total income ratio dropped from 21.05% in 2016 to 19.60% in 2017 because the total income sharply increased in 2017.

The outstanding margin loan increased by Baht 1,240 million or 18%, from Baht 6,951 million at the end of 2016 to Baht 8,191 million at the end of 2017 due to the domestic economic recovery in the 4th quarter of 2017.



Gain and return on financial instruments

Gain and return on financial instruments for the fiscal year 2017 increased by Baht 118 million or 97%, from Baht 122 million in 2016 to Baht 240 million in 2017.

In 2017, the income from the fixed income trading business decreased, mainly driven by the lower demand from clients due to the default of private companies' debt securities. However, the income from the block trade business – single stock futures, which started in late of 2016, sharply increased. Due to the growth of this business, CNS invested in single stock futures and underlying securities to hedge with holding of single stock futures. The income of this business was reflected in the price, resulting in the increase in gain on trading securities. Besides, CNS got profit from selling other investment - non-listed company with no relation to CNS's business and being held for a long time.

The increase of gain and return on financial instruments as mentioned above caused the growth of the gain and return on financial instruments to total income ratio from 7.20% in 2016 to 12.92% in 2017.

Other income

Other income for the fiscal year 2017 decreased by Baht 5 million or 43%, from Baht 12 million in 2016 to Baht 7 million in 2017, mainly driven by the selling of fully-depreciated assets regarding useful lives in 2016, but there was no transaction in 2017.

The decrease of other income as mentioned above caused the slight drop of the other income to total income ratio from 0.71% in 2016 to 0.37% in 2017.

Total expenses for the fiscal year 2017 increased by Baht 88 million when compared to the fiscal year 2016

Personnel expenses

Personnel expenses for the fiscal year 2017 decreased by Baht 7 million or 1%, from Baht 649 million in 2016 to Baht 642 million in 2017, mainly driven by the decrease of brokerage incentive which was in line with the decrease of trading volume in the securities and derivative brokerage business.

Fees and service expenses

Fees and service expenses for the fiscal year 2017 increased by Baht 83 million or 46%, from Baht 181 million in 2016 to Baht 264 million in 2017, mainly driven by the increase of fee and service expenses fee which was in line with the growth of the selling agent business.

Financial costs

Financial costs for the fiscal year 2017 decreased by Baht 5 million or 6%, from Baht 87 million in 2016 to Baht 82 million in 2017, mainly driven by the maturity of CNS's bill of exchange in 2016, and there was no rollover in 2017. However, the average of borrowings for supporting CNS's working capital in 2017 was at the same level with 2016. As a result, the interest paid for the borrowings from financial institutions slightly decreased when compared to 2016.

Bad debt and doubtful accounts

CNS got bad debt and doubtful accounts for the fiscal year 2017 in amount of Baht 0.6 million, due to the allowance for doubtful accounts set up to set aside the defaulted investment in the fixed income mutual fund due to the default of some private debt securities.

In the late of 2016, there was an error transaction from selling agent business which CNS recognized as the investment in term-fund for 6-month period. Unfortunately, at the beginning of 2017, some portion of the private debt securities invested by such funds were default. Therefore, CNS set up allowance for doubtful accounts on such portion in full. On maturity of the fund during the 2nd quarter of 2017, CNS redeemed the funds and the remaining balance was the default portion of the private debt securities with full allowance for doubtful accounts.

Other expenses

Other expenses for the fiscal year 2017 increased by Baht 17 million or 7%, from Baht 264 million in 2016 to Baht 281 million in 2017, mainly driven by the increase of repair and maintenance, depreciation, software amortization from changing computer devices to align with technology changes.

**Income tax**

Income tax for the fiscal year 2017 increased by Baht 16 million or 17%, from Baht 99 million in 2016 to Baht 115 million in 2017 from the increase of the profit before income tax as mentioned above. The corporate income tax rate of 2017 was 20%, a same rate as 2016.

2. Overview of CNS's Financial Position

Overview of Financial Position and Significant Changes in the fiscal year 2017

CNS still focused on the diversification of revenue sources in 2017 to drive CNS's sustainable growth. Although the brokerage business dropped due to the SET's volatility and the fixed income trading business also dropped due to the fixed income market uncertainty, affected by the default of private companies' debt securities and causing the lower demand of the working capital for serving this business, CNS saw an opportunity to expand its margin loan business and block trade business – single stock futures in the mid-2017. CNS then put an effort to push these businesses for a growth in the 2nd half of 2017 with an aim of the client-base expansion and the diversification of revenue sources to sustainably boost up its revenue in long run.

In the 4th quarter of 2017, CNS's margin loan business and block trade business – single stock futures continuously got a good feedback from clients which resulted in the increasing demand in its working capital. Therefore, around the end of 2017, CNS raised more funds from the short-term borrowings, continuing to 2018 to serve the growth of these businesses.

Overview of CNS's Financial Position as of December 31, 2017 was as follows:

Total assets increased by Baht 2,537 million or 25%, from Baht 10,329 million in 2016 to Baht 12,866 million in 2017 from the increase of the net investment and the credit balances receivables. The securities business receivables increased due to the higher trading volume during the end of 2017. The balance of the total assets at the end of 2017 was mainly the net securities and derivatives business receivables or 83% of the total assets.

Total liabilities increased by Baht 2,447 million or 51%, from Baht 4,844 million in 2016 to Baht 7,291 million in 2017, mainly driven by the increase of the borrowings and the net securities business payables which mainly driven by the higher trading volume during the end of 2017. The balance of the total liabilities at the end of 2017 was mainly the borrowings from financial institutions or 52% of the total liabilities.

Total equity increased by Baht 90 million or 2%, from Baht 5,485 million in 2016 to Baht 5,575 million in 2017, mainly driven by the net profit for year 2017.

As a result, debt on equity ratio rose from 0.88 times in 2016 to 1.31 times in 2017 from the increase of the borrowings. Such debt on equity ratio was low and had no impact on the compliance with the debt covenant. Net book value increased by Baht 0.04 per share from Baht 2.55 per share at the end of 2016 to Baht 2.59 per share at the end of 2017. The funding was monitored to be in compliance with the funding policy and the risk management policy and also with appropriate funding costs.

CNS had high financial liquidity. Net liquid capital as of December 31, 2017 at Baht 5,045.19 million, while net liquid capital rule (NCR) ratio was 76.88% of general liabilities and collateral which was 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 company with a strong financial position and a high financial stability.



Total assets as of December 31, 2017 increased by Baht 2,537 million when compared to December 31, 2016

Cash and cash equivalents

Cash and cash equivalents decreased by Baht 158 million or 36% from Baht 438 million at the end of 2016 to Baht 280 million at the end of 2017, mainly driven by the additional investment in the block trade business – single stock futures during the end of 2017.

Receivables from Clearing House and broker-dealers, and net securities and derivatives business receivables

Receivables from Clearing House and broker-dealers, and net securities and derivatives business receivables increased by Baht 2,197 million or 24%, from Baht 9,284 million at the end of 2016 to Baht 11,481 million at the end of 2017, mainly driven by the increase of the credit balances receivables by Baht 1,240 million from Baht 6,951 million at the end of 2016 to Baht 8,191 million at the end of 2017 due to the growth of the margin loan business in the 2nd half of 2017, as mentioned earlier, and the SET's high turnover during the last 3 working days of 2017. As result, the outstanding of receivables from Clearing House and broker-dealers and the net securities and derivative business receivables at the end of 2017 were high.

At the end of 2017, CNS classified its securities business receivables including related interest receivables in the total balance of Baht 10,709 million which was classified as normal by Baht 10,700 million, as substandard by Baht 2 million and as doubtful by Baht 7 million. At the end of 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. CNS fully set the allowance for doubtful accounts.

Net investments

Net investments increased by Baht 436 million or 232%, from Baht 188 million at the end of 2016 to Baht 624 million at the end of 2017, mainly driven by the growth of the block trade business – single stock futures in 2017, which was started during the end of 2016.

The ending balance of 2017 was mainly the listed equity securities to hedge with holding position of the block trade business – single stock futures which classified as trading securities.

Net premises and equipment

Net premises and equipment decreased by Baht 15 million or 12%, from Baht 130 million at the end of 2016 to Baht 115 million at the end of 2017, mainly driven by the depreciation.

Total liabilities as of December 31, 2017 decreased by Baht 2,447 million when compared to December 31, 2016

Borrowings from financial institutions

Borrowings from financial institutions increased by Baht 1,750 million or 85%, from Baht 2,050 million at the end of 2016 to Baht 3,800 million at the end of 2017 to serve with the demand in working capital to serve the growth of Margin Loan Business and Block Trade Business – Single Stock Futures.

The ending balance of 2017 consisted of the short-term borrowings of Baht 2,950 million and the long-term borrowings of Baht 300 million which was in line with the funding policy and the risk management policy.

Payables to Clearing House and broker-dealers and Securities and derivatives business payable

Payables to Clearing House and broker-dealers and securities and derivatives business payable increased by Baht 655 million or 28%, from Baht 2,365 million at the end of 2016 to Baht 3,020 million at the end of 2017, mainly driven by the SET's higher turnover during the end of 2017.

Provisions for long-term employee benefits

Provisions for long-term employee benefits increased by Baht 8 million or 9%, from Baht 92 million at the end of 2016 to Baht 100 million at the end of 2017, mainly driven by the provisions for long-term employee benefits recognized in 2017.

Other liabilities

Other liabilities increased by Baht 51 million or 19%, from Baht 267 million at the end of 2016 to Baht 318 million at the end of 2017, mainly driven by the increase of accrued personnel expenses, accrued expenses and other operating expenses.



Total equity as of December 31, 2017 increased by Baht 90 million when compared to December 31, 2016

Total equity increased by Baht 90 million or 2%, from Baht 5,485 million at the end of 2016 to Baht 5,575 million at the end of 2017, mainly driven by the following factors;

- Retained earnings increased by Baht 475 million from the performance for the fiscal year 2017.
- Other components of equity – revaluation surplus (deficit) on investments increasingly changed by Baht 2 million.
- Retained earnings decreased by Baht 387 million, mainly driven by the dividend paid in 2017 for the performance for the fiscal year 2016 as approved by the Annual General Meeting of Shareholders No. 1/2560 held on April 26, 2017.

The performance for the fiscal year 2017 was appropriated to be the statutory reserves of Baht 24 million, however, such amount of the statutory reserves had no impact on the retained earnings at the end of 2017.

Factors or Influences on Future Financial Position and Performance

Local and global economic, social and political conditions are major factors which materially affect CNS's financial status and performance, such as;

- The government's stimulus package, infrastructure project and tourism promotion
- Economic growth rate of Thailand, counter parties and other countries
- The upward trend of minimum wage driven by the government's policy
- Thailand's political conditions and new general election roadmap
- Social condition changing into the aging society in years
- The government and private sectors' effort to encourage public sector to be aware of financial planning for retirement by providing omni channel training of the financial and investment literacy
- The global economic condition especially of the United States ("US") and People Republic of China including many areas such as;
 - ➡ USA's tax reform which is expected to drive the economic growth
 - ➡ Upward trend of US's federal reserve interest rate
 - ➡ Monetary policies of Bank of Japan (BOJ) and European Central Bank (ECB)
 - ➡ Trend of crude oil price in the global market
 - ➡ Depreciation trend of US Dollar
 - ➡ Natural disasters

Those factors may impact the interest rate change, fund flows to emerging countries in Asia, saving by public sector, investment need in both equity and debt securities, private sector's investment demand, business direction, profitability of listed companies and confidence of domestic and foreign investors. In addition, the financial technology from both Fin Tech and Startup might disrupt performance of listed companies and securities companies.

Regarding the industry condition, the regulator's policies 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 and resulted in the higher competition both in brokerage fee rates and personnel scarcity. Financial technology ("Fin Tech") also plays more roles. Investors prefer trading through mobile devices which may impact CNS's operation plan and performance. Therefore, securities companies must adjust their strategies to maintain their profitability and competitiveness as well as develop their products to meet new requirements of investors in terms of trading application development and differentiation, higher service quality and efficiency, human resource development, omni service distribution channel. In addition, the innovation is taken into account to cope with the technology changes.

Over the past years, CNS has run its business strategies by the diversification of revenue sources (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 products and services through (1) the ongoing development in personnel competencies (2) the ongoing improvement of products and (3) the ongoing improvement of enhancement of its online trading applications to facilitate clients and to serve lifestyles of investors in the current age.



In the past 2-3 years, CNS has initiated CNS Convention Center at G Floor, Thai Wah Tower to be a center for CNS's activities and meetings as well as trainings and seminars to provide clients and investors financial and investment information and literacy. The trainings and seminars are efficiently broadcasted through advanced telecommunication system to all branches throughout the country to create the highest benefits to all clients at head office and all branches throughout the country. Further, CNS has made an important differentiation by initiating the CNS Corporate Access program where clients, investors, analysts and FAs are able to meet top management of the companies listed on the SET and obtain information on or ask about the management's outlook. This is to promote and support as well as share investors and FAs financial and investment information with high-quality. This program had a warm welcome. CNS has also initiated the CNS Startup & SME Access program to establish literacy to improve capability, business network, provide accessibility to other funding sources than commercial banks and financial institutions, promote listing in the SET and other supporting activities to promote and develop the Startup and SMEs entrepreneurs. In addition, CNS initiated economics analyst reports.

In 2017, CNS had still carefully expanded its business using strategic initiatives focusing on client-base expansion and diversification, together with creating value-added and financial and investment products and service differentiation, such as continuing the CNS Corporate Access program which got kind cooperation from top management of the companies listed on the SET and warm welcome from clients. CNS initiated to conduct a special event under this program, called "MAI Company Snapshot at Nomura" to cover the companies listed on the MAI as well. Further, CNS strengthened the CNS Startup & SME Access program by creating Facebook Page: CNS Up and a website, <https://cnsup.nomuradirect.com> and to be an information exchange center for news update, an investment corner, and activities for benefits of Startup and SMEs, as well as being a channel to promote and share experience of Startup and SMEs (Startup Experience) who participated in this program in 2016 to become more widely known. CNS also expanded distribution channel of financial and investment information via Line Official: @NomuraDirect and Facebook Page: Nomura Direct. In addition, CNS initiated to prepare research papers of mutual funds to support investors' investment decision making and encourage clients to diversify risk to align with economic and liquidity conditions and their suitability to prepare for the social changes towards the aging society in Thailand.

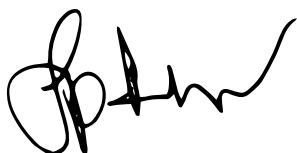
For the strategies to be implemented in 2018, CNS still proceeds its business with the diversification of revenue sources as well as focuses on client-base expansion and diversification, together with creating value-added and financial and investment products and service differentiation. CNS will continue the CNS Corporate Access and the CNS Startup & SME Access programs to continuously share clients and investors financial and investment information. CNS also plans to develop quality human resources and services and improve quality and efficiency of various systems including trading applications as well as expand omni service distribution channel to align with technology changes. CNS will continue to provide consistent trainings and seminars to share financial and investment literacy and invest in the innovation to provide advanced full services as well as do its business feasibility study to search for new potential business opportunity to serve the rapid changes of clients' needs nowadays.

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 Annual Report of 2017. 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, 2017 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



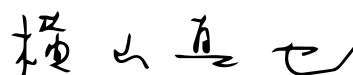
Mr. Katsuya Imanishi

President



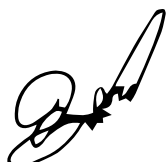
Mr. Nimit Wongjariyakul

Executive Director



Mr. Shinya Yokoyama

Executive Director



Mrs. Chrisana Sae-Leiw

Executive Director



Independent Auditor's Report

To the Shareholders of Capital Nomura Securities Public Company Limited

Report on Audit of Financial Statements

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 2017, 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 2017, 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 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.

Emphasis of matters

I draw attention to Note 33 to the financial statements regarding a subsequent event after the reporting period that the Company received a letter from a government agency to hold all collateral of a credit balance receivable. The Company is in the process of requesting permission to sell the collateral to settle the debt and this is in accordance with the principle and conditions of the Securities and Exchange Act B.E. 2535. My opinion is not modified in respect of this matter.

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 responded to each matter are described 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 820 million and Baht 364 million, respectively, representing 44 percent and 20 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 margin loans is charged at rates that are adjusted periodically based on market conditions. 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, I addressed the correct measurement and occurrence of brokerage fees and interest on margin loans as a key audit matter.

Key audit procedures I performed were as follows. Assessed, and tested on a sample basis, the Company's internal controls relevant to the recognition of brokerage fees and interest on margin loans, including information and technology system controls relevant to the calculation of brokerage fees and interest on margin loans. I also tested, on a sample basis, the brokerage fee rates, interest rates, calculation and account recording. In addition, I performed substantive analytical procedures relating to the brokerage fees and interest on margin loans.



2. Allowance for doubtful accounts for securities and derivatives business receivables

As discussed in Note 8 to the financial statements, the allowance for doubtful accounts for securities and derivatives business receivables is determined through consideration of the status of accounts receivables and the value of the collateral. The estimation of the allowance for doubtful accounts for securities and derivatives business receivables is significant because the significance of the amount of the receivables to the Company's financial statements, with securities and derivatives business receivables amounting to Baht 10,702 million as at 31 December 2017, representing 83 percent of the Company's total assets. Therefore, I addressed the adequacy of the allowance for doubtful accounts for such receivables as a key audit matter.

Key audit procedures I performed were as follows:

- Assessed, and tested on a sample basis, 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. I also assessed the Company's method applied to the determination and calculation of the allowance, and compared the Company's policy with regulatory requirements and 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 status of outstanding debts, valuation of collateral, debt collection made after the period-end date 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.

I am responsible for the audit resulting in this independent auditor's report



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 23 February 2018


Capital Nomura Securities Public Company Limited
Statements of financial position
As at 31 December 2017

		(Unit: Baht)	
	Note	2017	2016
Assets			
Cash and cash equivalents	6	280,286,527	437,956,441
Receivables from Clearing House and broker-dealers	7	778,929,544	468,496,984
Securities and derivatives business receivables	8	10,701,902,950	8,815,483,132
Investments	10	624,254,089	187,825,383
Premises and equipment	11	115,390,413	130,475,813
Intangible assets	12	12,927,428	12,698,110
Deferred tax assets	13	72,761,438	68,648,193
Other assets	14	279,708,424	207,619,757
Total assets		12,866,160,813	10,329,203,813

The accompanying notes are an integral part of the financial statements.

Capital Nomura Securities Public Company Limited
Statements of financial position (Continued)
As at 31 December 2017

		(Unit: Baht)	
	Note	2017	2016
Liabilities and equity			
Liabilities			
Borrowings from financial institutions	15	3,800,000,000	2,050,000,000
Payables to Clearing House and broker-dealers	16	642,983,634	70,837,244
Securities and derivatives business payables	17	2,376,692,900	2,294,226,023
Corporate income tax payables		53,217,273	69,559,737
Provisions for long-term employee benefits	18	100,043,281	92,068,141
Other liabilities	19	318,085,120	267,248,112
Total liabilities		7,291,022,208	4,843,939,257
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 and treasury stock		2,133,320,850	2,133,320,850
Retained earnings			
Appropriated - statutory reserve	20	178,800,000	155,000,000
- general reserve		215,000,000	215,000,000
Unappropriated		897,521,441	832,966,523
Other components of equity - revaluation surplus	10.3		
(deficit) on investments		27,314	(1,491,817)
Total equity		5,575,138,605	5,485,264,556
Total liabilities and equity		12,866,160,813	10,329,203,813

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 2017

		(Unit: Baht)	
	Note	2017	2016
Profit or loss:			
Revenue			
Brokerage fees	22	819,549,414	940,197,201
Fees and service income	23, 28	428,600,278	261,749,539
Interest on margin loans		364,453,661	356,173,144
Gain and return on financial instruments	24	240,270,046	121,751,421
Other income		6,831,994	12,002,597
Total revenue		1,859,705,393	1,691,873,902
Expenses			
Personnel expenses		641,971,421	648,923,132
Fees and services expenses		263,592,804	180,924,218
Financial costs		82,088,345	87,499,367
Bad debt and doubtful accounts		635,344	-
Other expenses		281,068,626	263,805,014
Total expenses		1,269,356,540	1,181,151,731
Profit before income tax		590,348,853	510,722,171
Income tax	13	(114,909,515)	(98,539,096)
Profit for the year		475,439,338	412,183,075

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 2017

		(Unit: Baht)	
	Note	2017	2016
Other comprehensive income:			
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods:			
Gain (loss) on change in value of			
available-for-sale investments		1,898,914	(3,282,680)
Income tax relating to gain (loss) on change			
in value of available-for-sale investments	13	(379,783)	656,536
Net other comprehensive income to be reclassified			
to profit or loss in subsequent periods		1,519,131	(2,626,144)
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial Loss		-	(12,766,738)
Income tax relating to actuarial loss	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		1,519,131	(12,839,534)
Total comprehensive income for the year		476,958,469	399,343,541
Basic earnings per share	26		
Profit for the year		0.22	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 2017

(Unit: Baht)							
	Premium on			Retained earnings		Other components	
	Issued and paid-up share capital	share capital and treasury stock	Appropriated		Unappropriated	of equity - revaluation surplus (deficit) on investments	Total
			Statutory reserve	General reserve			
Balance - as at 1 January 2016	2,150,469,000	2,133,320,850	134,300,000	215,000,000	838,781,258	1,134,327	5,473,005,435
Profit for the year	-	-	-	-	412,183,075	-	412,183,075
Other comprehensive income (loss) for the year	-	-	-	-	(10,213,390)	(2,626,144)	(12,839,534)
Total comprehensive income for the year	-	-	-	-	401,969,685	(2,626,144)	399,343,541
Dividend paid (Note 27)	-	-	-	-	(387,084,420)	-	(387,084,420)
Statutory reserve (Note 20)	-	-	20,700,000	-	(20,700,000)	-	-
Balance - as at 31 December 2016	2,150,469,000	2,133,320,850	155,000,000	215,000,000	832,966,523	(1,491,817)	5,485,264,556
Balance - as at 1 January 2017	2,150,469,000	2,133,320,850	155,000,000	215,000,000	832,966,523	(1,491,817)	5,485,264,556
Profit for the year	-	-	-	-	475,439,338	-	475,439,338
Other comprehensive income (loss) for the year	-	-	-	-	-	1,519,131	1,519,131
Total comprehensive income for the year	-	-	-	-	475,439,338	1,519,131	476,958,469
Dividend paid (Note 27)	-	-	-	-	(387,084,420)	-	(387,084,420)
Statutory reserve (Note 20)	-	-	23,800,000	-	(23,800,000)	-	-
Balance - as at 31 December 2017	2,150,469,000	2,133,320,850	178,800,000	215,000,000	897,521,441	27,314	5,575,138,605

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 2017

	(Unit: Baht)	
	2017	2016
Cash flows from operating activities		
Profit before income tax	590,348,853	510,722,171
Adjustments to reconcile profit before income tax		
to net cash provided by (paid from) operating activities		
Depreciation and amortisation	47,302,021	39,366,460
Doubtful accounts	635,344	-
Loss on revaluation of investments	(15,339,630)	(29,121)
Gain on disposal securities	(135,287,644)	(157,791)
(Gain) loss on disposal and written-off equipment	385,835	(6,278,754)
(Gain) loss on derivatives/exchange rate	7,996,507	(703,929)
Financial costs	82,088,345	87,499,367
Interest and dividend income	(57,556,281)	(68,386,100)
Interest income from margin loans	(364,453,661)	(356,173,144)
Others interest income	(1,345,223)	(1,464,817)
Long-term employee benefits	8,569,875	8,358,055
Income from operating activities before changes		
in operating assets and liabilities	163,344,341	212,752,397
Operating assets (increase) decrease		
Receivables from Clearing House and broker-dealers	(318,429,067)	(215,562,359)
Securities and derivatives business receivables	(1,882,276,947)	(666,427,499)
Trading securities	(525,682,210)	(12,524,190)
Other assets	(73,401,308)	3,852,399
Operating liabilities increase (decrease)		
Borrowings from financial institutions	1,750,000,000	(250,000,000)
Payables to Clearing House and broker-dealers	572,146,390	(235,155,597)
Securities and derivatives business payables	83,026,464	697,733,029
Borrowings	-	(895,568,661)
Provision for long-term employee benefits	(594,735)	(1,116,350)
Other liabilities	51,541,034	22,720,133
Cash received from (paid for) operating activities	(180,326,038)	(1,339,296,698)

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 2017

	(Unit: Baht)	
	2017	2016
Cash received from dividend	2,306,040	-
Cash paid for interest expenses (included other financial costs)	(83,086,444)	(91,369,203)
Cash received from interest	15,449,138	29,514,064
Cash received from interest on margin loans	359,677,718	359,186,807
Cash received from other interest	1,149,054	1,423,961
Cash paid for income tax	(135,745,007)	(92,453,004)
Net cash used in operating activities	(20,575,539)	(1,132,994,073)
Cash flows from investing activities		
Cash paid for purchase of available-for-sale securities	(6,432,575)	(510,243)
Cash received from disposal of available-for-sale securities	105,994,233	10,316,763
Net cash received from held-to maturity debt securities	2,750,050	526,293,081
Cash received from disposal of other investment	136,766,631	-
Cash paid for acquisition of equipment	(27,988,162)	(77,225,454)
Cash received from sales of equipment	35,327	6,753,305
Cash paid for acquisition of intangible assets	(3,893,735)	(8,448,638)
Cash received from interest	42,066,725	30,399,014
Cash received from dividend	691,551	7,094,220
Net cash from investing activities	249,990,045	494,672,048
Cash flows from financing activities		
Dividends paid	(387,084,420)	(387,084,420)
Net cash used in financing activities	(387,084,420)	(387,084,420)
Net decrease in cash and cash equivalents	(157,669,914)	(1,025,406,445)
Cash and cash equivalents at the beginning of the year	437,956,441	1,463,362,886
Cash and cash equivalents at the end of the year	280,286,527	437,956,441

Supplemental cash flows information

Non-cash transactions

Accounts payable for purchase of fixed assets and intangible assets	-	225,515
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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 2017****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 2017, the Company has 17 branches including a headquarter, 16 branches in Bangkok and up country.

2. Basis of the preparation of the financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the presentation of the financial statement has been made in compliance with requirement of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies (version 2), No. Sor. Thor. 22/2559 dated 2 June 2016.

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

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment 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 adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

3.2 Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company believe that the revised financial reporting standards 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 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 base on the close price quoted on the Stock Exchange of Thailand of the last working day of the year.

The Company adjust the balance of securities borrowing payables for which the borrowed securities have been sold short based on the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the year. The change in value are recorded 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 and broker-dealers

Receivables from/payables to Clearing House and broker-dealers 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 period 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 categorized within the fair value hierarchy into three levels based on categories 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 estimations. 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 sets 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 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)	
	2017	2016
Cash	71,050	75,000
Current deposits and saving deposits	948,631,231	905,966,518
Promissory notes at call	170,000,000	363,000,000
Total cash and cash equivalents	1,118,702,281	1,269,041,518
Less: Deposits for customers' account	(838,415,754)	(831,085,077)
Cash and cash equivalents	280,286,527	437,956,441

7. Receivables from Clearing House and broker-dealers

	(Unit: Baht)	
	2017	2016
Receivables from Clearing House		
Equity and debt securities	743,722,273	460,332,699
Derivatives	99,899,467	62,912,397
Receivables from foreign companies	-	2,480,662
Total receivables from Clearing House and broker-dealers	843,621,740	525,725,758
Less: Receivables from Clearing House for customers' accounts	(64,692,196)	(57,228,774)
Receivables from Clearing House and broker-dealers	778,929,544	468,496,984

8. Securities and derivatives business receivables

	(Unit: Baht)	
	2017	2016
<u>Securities business receivables</u>		
Cash accounts	1,750,002,229	1,240,159,799
Credit balances receivables	8,190,550,970	6,950,679,593
Guaranteed deposit receivables	388,315,119	306,918,817
Receivables under securities borrowing and lending business	335,069,442	286,731,826
Other receivables	9,282,668	6,311,825
Total securities business receivables	10,673,220,428	8,790,801,860
Add: Accrued interest receivables	35,325,931	30,547,717
Less: Allowance for doubtful accounts	(6,970,741)	(6,335,398)
Net securities business receivables	10,701,575,618	8,815,014,179
<u>Derivatives business receivables</u>		
Derivatives business receivables	327,332	468,953
Total derivatives business receivables	327,332	468,953
Net securities and derivatives business receivables	10,701,902,950	8,815,483,132



8.1 As at 31 December 2017, the Company has securities business receivables of approximately Baht 7 million on which the recognition of income on an accrual basis has been suspended (31 December 2016: Baht 6 million).

8.2 As at 31 December 2017 and 2016, 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. The classification is as follows:

(Unit: Thousand Baht)

	2017		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	10,699,565	-	10,699,565
Substandard	2,338	-	2,338
Doubtful	6,971	(6,971)	-
Total	10,708,874	(6,971)	10,701,903

(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

8.3 As at 31 December 2017, guaranteed deposit receivables of approximately Baht 388 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 335 million (31 December 2016: Baht 307 million and Baht 287 million, respectively).

8.4 Allowance for doubtful accounts

(Unit: Thousand Baht)

	For the years ended 31 December	
	2017	2016
Balance - beginning of the year	6,335	6,335
Change during the year	636	-
Balance - end of the year	6,971	6,335

9. Derivative assets/liabilities

The Company have futures contracts, derivatives held for trading, which are cash settlement. Real exposure is a difference between cost of futures contracts and underlying assets level on settlement date, fair value of outstanding futures contracts as at the end of period included in "Receivables from Clearing House and broker-dealers". As at 31 December 2017, the fair values of derivative assets and liabilities - futures contracts are Baht 7 million and Baht 14 million, respectively. (31 December 2016, the fair values of derivative assets - futures contracts are Baht 1 million.) Nominal amount of futures contracts are Baht 606 million. (31 December 2016: Baht 70 million).

10. Investments

10.1 Classify by type of investments

(Unit: Baht)

	2017		2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<u>Trading securities</u>				
Listed equity securities	594,081,460	609,604,340	68,399,250	68,612,500
Total	594,081,460	609,604,340	68,399,250	68,612,500
Add: Allowance for revaluation	15,522,880		213,250	
Net trading securities	609,604,340		68,612,500	
<u>Available-for-sale securities</u>				
Listed equity securities	-	-	30,210	-
Unit trusts	1,531,880	1,566,023	101,072,525	99,207,753
Total	1,531,880	1,566,023	101,102,735	99,207,753
Add (Less): Allowance for revaluation	34,143		(1,864,772)	
Less: Allowance for impairment	-		(30,210)	
Net available-for-sale securities	1,566,023		99,207,753	
<u>Held-to-maturity debt securities</u>				
Time deposits with maturity date more than 3 months from acquisition date	-		100,000,000	
Deposits subject to restriction	1,622,060		1,600,000	
Treasury bill	2,572,906,919		2,714,668,006	
Total	2,574,528,979		2,816,268,006	
Less: Investments for customer's accounts	(2,566,417,121)		(2,802,734,744)	
Net held-to-maturity debt securities	8,111,858		13,533,262	
<u>Other investments</u>				
Non-marketable equity securities	14,195,460		15,665,250	
Less: Allowance for impairment	(9,223,592)		(9,193,382)	
Net other investments	4,971,868		6,471,868	
Net investments	<u>624,254,089</u>		<u>187,825,383</u>	



10.2 Debt securities classified by remaining periods to maturity

As at 31 December 2017 and 2016, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

	(Unit: Baht)			
	2017			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Deposits subject to restriction	1,622,060	-	-	1,622,060
Treasury bill	2,572,906,919	-	-	2,572,906,919
Less: Investments for customer's accounts	(2,566,417,121)	-	-	(2,566,417,121)
Total investments in held-to-maturity debt securities	8,111,858	-	-	8,111,858
	(Unit: Baht)			
	2016			
	Due within			
	Within 1 year	Total	Over 5 years	Total
Held-to-maturity debt securities				
Time deposits with maturity date more than 3 months from acquisition date	100,000,000	-	-	100,000,000
Deposits subject to restriction	1,600,000	-	-	1,600,000
Treasury bill	2,714,668,006	-	-	2,714,668,006
Less: Investments for customer's accounts	(2,802,734,744)	-	-	(2,802,734,744)
Total investments in held-to-maturity debt securities	13,533,262	-	-	13,533,262

10.3 Other components of equity - revaluation surplus (deficit) on investments

	(Unit: Baht)	
	For the years ended 31 December	
	2017	2016
Balance - beginning of the year	(1,491,817)	1,134,327
Changes during the year from		
Revaluation	1,919,927	(3,124,889)
Disposal	(21,013)	(157,791)
Deferred income tax	(379,783)	656,536
Balance - end of the year	27,314	(1,491,817)

11. Premises and equipment

(Unit: Baht)

	For the year ended 31 December 2017					Total
	Condominium units	Office equipment	Furniture and fixtures	Motor Vehicles	Work in progress	
Cost						
1 January 2017	22,704,701	276,718,908	165,247,487	23,911,946	-	488,583,042
Additions	-	27,694,091	68,555	-	-	27,762,646
Disposals/write-off	-	(252,432)	(992,864)	-	-	(1,245,296)
31 December 2017	22,704,701	304,160,567	164,323,178	23,911,946	-	515,100,392
Accumulated depreciation						
1 January 2017	18,441,571	211,621,585	125,058,410	2,985,663	-	358,107,229
Depreciation for the year	-	28,658,306	10,866,191	2,902,388	-	42,426,885
Depreciation on disposal /write-off	-	(232,669)	(591,466)	-	-	(824,135)
31 December 2017	18,441,571	240,047,222	135,333,135	5,888,051	-	399,709,979
Net book value						
31 December 2017	4,263,130	64,113,345	28,990,043	18,023,895	-	115,390,413
Depreciation for the year ended 31 December 2017						42,426,885

(Unit: Baht)

	For the year ended 31 December 2016					Total
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	
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
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 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

As at 31 December 2017, 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 314 million (31 December 2016: Baht 304 million).



12. Intangible assets

(Unit: Baht)

For the year ended 31 December 2017						
	Remaining amortisation period	Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the year
Computer software	0 - 4.84 years	22,582,992	858,173	-	-	23,441,165
Software in progress		2,557,097	3,111,496	-	(75,935)	5,592,658
Total intangible assets		25,140,089	3,969,669	-	(75,935)	29,033,823
Less: Accumulated amortisation		(12,441,979)	-	(3,664,416)	-	(16,106,395)
Net intangible assets		12,698,110	3,969,669	(3,664,416)	(75,935)	12,927,428
Amortisation expenses for the year ended 31 December 2017						3,664,416

(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

13. Deferred tax assets/liabilities and income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2017	2016
Current income tax:		
Current income tax charge for the year	119,380,665	102,557,714
Adjustment in respect of income tax of prior year	21,878	(20,785)
Deferred tax:		
Relating to origination and reversal of temporary differences	(4,493,028)	(3,997,833)
Income tax expense reported in the statement of comprehensive income	114,909,515	98,539,096

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2017	2016
Deferred tax relating to gain (loss) on re-measuring available-for-sale investments	(379,783)	656,536
Deferred tax relating to actuarial loss	-	2,553,348
	(379,783)	3,209,884



Reconciliation between income tax expenses and the product of accounting profit and the applicable tax rates for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2017	2016
Accounting profit before tax	590,348,853	510,722,171
Applicable tax rates	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rates	118,069,770	102,144,434
Adjustment in respect of income tax of prior year	21,878	(20,785)
Effects of:		
Non-deductible expense	859,271	1,059,651
Non-taxable income	(431,668)	(1,591,029)
Additional expense deductions allowed	(3,609,736)	(3,053,175)
Total	(3,182,133)	(3,584,553)
Income tax expenses reported in the statement of comprehensive income	114,909,515	98,539,096

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	2017	2016
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	1,409,028	1,321,959
Provisions for long-term employee benefits	20,008,656	18,413,628
Accrued employee expenses	34,381,365	33,939,907
Others	11,095,267	7,815,370
Total deferred tax assets	74,309,275	68,905,823
Deferred tax liabilities		
Others	(1,547,837)	(257,630)
Total deferred tax liabilities	(1,547,837)	(257,630)
Net deferred tax assets	72,761,438	68,648,193

14. Other assets

	(Unit: Baht)	
	2017	2016
Loans to employees	66,492,734	70,277,129
Contribution for Securities Clearing Fund	70,707,767	60,533,229
Prepaid expenses	41,097,827	21,097,990
Deposits	17,802,281	17,823,086
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	1,339,892	1,431,814
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	50,460,936	11,004,215
Others	11,806,987	5,452,294
Total other assets	279,708,424	207,619,757

15. Borrowings from financial institutions

As at 31 December 2017 and 2016, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

		(Unit: Thousand Baht)			
		2017			
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
Promissory notes	1.675 - 1.990	550,000	2,150,000	-	2,700,000
Borrowings					
Borrowings (THB)	1.644 - 3.080	-	800,000	300,000	1,100,000
Total borrowings from financial institutions		550,000	2,950,000	300,000	3,800,000

		(Unit: Thousand Baht)			
		2016			
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
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



As at 31 December 2017, the above borrowings of Baht 1,100 million (31 December 2016: Baht 1,300 million) are borrowings from domestic bank and 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 and broker-dealers

	(Unit: Baht)	
	2017	2016
Payables to Clearing House		
Equity and debt securities	641,073,800	70,323,678
Derivatives	1,830,928	513,566
Payables from foreign companies	78,906	-
Total payables to Clearing House and broker-dealers	642,983,634	70,837,244

17. Securities and derivatives business payables

	(Unit: Baht)	
	2017	2016
<u>Securities business payables</u>		
Cash accounts	1,673,626,103	1,723,064,392
Guarantee deposit payables	350,302,854	279,565,098
Payable under securities borrowing and lending business	347,719,442	286,731,826
Total securities business payables	2,371,648,399	2,289,361,316
Accrued interest payables	2,688,082	3,217,670
Total securities business payables	2,374,336,481	2,292,578,986
<u>Derivatives business payables</u>		
Derivatives business payables	2,356,419	1,647,037
Total derivatives business payables	2,356,419	1,647,037
Net securities and derivatives business payables	2,376,692,900	2,294,226,023

18. Provisions for long-term employee benefits

Provision for long-term employee benefits, which are compensations on employees' retirement, are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2017	2016
Provisions for long-term employee benefits at beginning of year	92,068,141	72,059,699
Included in profit or loss:		
Current service cost	6,548,127	5,989,128
Interest cost	2,021,748	2,368,926
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	(594,735)	(1,116,350)
Provisions for long-term employee benefits at end of year	100,043,281	92,068,141

Long-term employee benefit expenses included in the profit or loss are as follows:

	(Unit: Baht)	
	2017	2016
Current service cost	6,548,127	5,989,128
Interest cost	2,021,748	2,368,926
Total expense recognised in profit or loss	8,569,875	8,358,054

The Company has no obligation relating to long-term employee benefits expected to be paid to its employees in the next one year.

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit was 17 years.



Significant actuarial assumptions are summarised below:

	2017	2016
Discount rate	2.10 - 2.16 percent per annum	2.10 - 2.16 percent per annum
Salary increase rate	5 - 7 percent per annum	5 - 7 percent per annum
Average turnover rate	3 - 25 percent per annum based on employee's year of services	3 - 25 percent per annum based on employee's year of services

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Million Baht)

	2017		2016	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4.7)	5.0	(4.6)	5.0
Salary increase rate	5.1	(4.8)	4.6	(4.3)

(Unit: Million Baht)

	2017		2016	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Average turnover rate	(3.8)	4.1	(3.3)	3.6

19. Other liabilities

(Unit: Baht)

	2017	2016
Accrued employee expenses	186,202,993	171,777,398
Accrued interest expenses	12,367,363	12,845,874
Accrued expenses	72,918,175	49,629,035
Others	46,596,589	32,995,805
Total other liabilities	<u>318,085,120</u>	<u>267,248,112</u>

20. 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 2017, the Company allotted profit of Baht 23.8 million to the statutory reserve (31 December 2016: Baht 20.7 million).

21. 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.

22. Brokerage fee income

	(Unit: Baht)	
	For the years ended 31 December	
	2017	2016
Brokerage fee from securities business	772,900,472	873,314,149
Brokerage fee from derivatives business	46,648,942	66,883,052
Total brokerage fees income	819,549,414	940,197,201

23. Fees and service income

	(Unit: Baht)	
	For the years ended 31 December	
	2017	2016
Underwriting fee	29,776,916	34,295,817
Financial advisory	16,030,203	9,754,795
Selling agent	301,090,190	135,519,590
Securities borrowing and lending	24,072,367	25,765,376
Business support	54,390,803	53,482,409
Others	3,239,799	2,931,552
Total fees and service income	428,600,278	261,749,539

24. Gain and return on financial instruments

	(Unit: Baht)	
	For the years ended 31 December	
	2017	2016
Gain on securities	192,748,953	52,327,450
Gain (loss) on derivatives	(10,035,188)	1,037,871
Interest and dividend	57,556,281	68,386,100
Total gain and return on financial instruments	240,270,046	121,751,421



25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E 2530. Both the employees and the Company contribute to the fund monthly 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.

During the year 2017, the Company contributed Baht 26.8 million to the fund (2016: Baht 26.2 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".

26. 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.

27. 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 2016	The annual ordinary meeting of the Company's shareholders No. 1/2560 on 26 April 2017	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 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)

28. 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)
	2017	2016	Pricing policies (for the year 2017)
<u>Transactions occurred during the years</u>			
Brokerage fees income			
- Nomura Singapore Limited	5,075	161,045	At normal rate charged to other clients
- Nomura International Plc.	38,179	447,429	At normal rate charged to other clients
- Instinet Pacific Limited	61,986,522	69,910,984	At normal rate charged to other clients
- Director	2,563	1,722	At normal rate charged to other clients
Fees income from business support services			
- Nomura Singapore Limited	16,004,438	15,612,403	At actual costs plus a margin of 10 percent
Fees income from international investment banking services			
- Nomura Singapore Limited	18,681,564	17,860,000	At actual costs plus a margin of 10 percent
Fees income from introducing broker			
- Nomura Singapore Limited	2,667,063	2,478,854	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business



	For the years ended 31 December		(Unit: Baht)
	2017	2016	Pricing policies (for the year 2017)
<u>Transactions occurred during the year</u>			
(continued)			
Fee income from securities borrowing and lending			
- Nomura International Plc.	18,214	773,812	At normal rate charged to other clients
- Instinet Pacific Limited	174,888	143,265	At normal rate charged to other clients
Fees income from other services			
- Nomura Securities Co., Ltd.	6,092,400	6,414,400	At the contract rate determined by extent and amount of work assigned
- Nomura International (Hong Kong) Limited	8,262,271	1,460,631	At the contract rate determined by extent and amount of work assigned
Fees income from securities trading and research			
- Nomura Singapore Limited	5,350,130	12,134,976	At actual costs plus a margin of 10 percent net with the brokerage commission received
Fee income from late delivery			
- Instinet Pacific Limited	1,071,171	223,768	At normal rate charged to other clients
Other income			
- Nomura International (Hong Kong) Limited	244,389	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.	2,184,579	2,271,263	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading			
- Nomura Singapore Limited	33,641	35,524	Calculated base on trade volume and at the referential rate charged by others without dependent interest

	For the years ended 31 December		(Unit: Baht)
	2017	2016	Pricing policies (for the year 2017)
<u>Transactions occurred during the year</u>			
(continued)			
Referral Fees			
- Nomura International (Hong Kong) Limited	218,250	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.	436,500	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
Service fees from trading fixed income in foreign currency			
- Nomura Singapore Limited	134,275	-	Calculated base on the proportionate rate of income received from trading fixed income in foreign currency
- Nomura International (Hong Kong) Limited	268,549	-	Calculated base on the proportionate rate of income received from trading fixed income in foreign currency
Interest income from loans to employees			
- Director	4,373	8,975	At the same rate charged to other Company's staffs



As at 31 December 2017 and 2016, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	2017	2016
Securities business receivables		
- Instinet Pacific Limited	192,013,129	285,380,657
Other assets - accrued income receivables		
- Nomura International (Hong Kong) Limited	-	69,874
- Nomura Singapore Limited	18,263,310	3,511,542
Other assets - loan to employees		
- Director	129,134	436,697
Other assets - Securities borrowing and Lending receivables		
- Nomura International Plc.	-	18,216
- Instinet Pacific Limited	11,048	21,430
Other assets - others		
- Instinet Pacific Limited	-	74,472
- Nomura Singapore Limited	108,782	818,172
- Nomura Securities Co., Ltd.	579,750	592,709
- Nomura Holdings Inc.	48,344	-
Securities business payables		
- Instinet Pacific Limited	196,984,091	194,285,031
Other payables - others		
- Instinet Pacific Limited	15,030,871	-

Management's remuneration

During the years ended 31 December 2017 and 2016, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)	
	For the years ended 31 December	
	2017	2016
Short-term employee benefits	95,151,143	94,157,988
Post-employment benefits	4,800,131	5,275,584
	99,951,274	99,433,572

29. 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.

The following tables present revenue and profit and total assets information regarding the Company's operating segments as at 31 December 2017 and 2016, and for the years ended 31 December 2017 and 2016 of the Company by segment.

(Unit: Million Baht)

	For the years ended 31 December									
	Securities business segment		Investments banking segment		Fixed income segment		Other segments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total revenue	1,133	1,112	74	70	50	64	26	20	1,283	1,266
Segment operating income	338	392	31	18	18	32	14	6	401	448
Unallocated income (expenses)										
Interest on margin loans									364	356
Gain and return on financial instruments									207	63
Other income									7	12
Financial costs									(82)	(87)
Personnel expenses and other expenses									(307)	(281)
Income tax									(115)	(99)
Profit for the year									475	412



(Unit: Million Baht)

	As at 31 December									
	Securities and		Investments banking		Fixed income		Other segments		Total	
	derivatives brokerage		segment		segment		segment		segment	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Premises and equipment - net									115	130
Unallocated assets									12,751	10,199
Total assets									12,866	10,329

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 ended 31 December 2017 and 2016, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

30. Commitments and contingent liabilities

As at 31 December 2017 and 2016, the Company has the following outstanding commitments and contingent liabilities.

- 30.1** 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)	
	2017	2016
Within 1 year	35	54
In 1-2 years	17	26
Over 2 years	11	20

- 30.2** 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.

- 30.3** 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.

30.4 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 25,000 per annum and the maximum total fee is Baht 10,000,000 per annum.

30.5 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 25,000 per annum and the maximum total fee is Baht 1,000,000 per annum.

30.6 As at 31 December 2017, 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.

31. 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.

31.1 Risk management policy

The Company's financial instruments principally comprise cash and cash equivalents, receivables/payables from clearing house and broker-dealers, securities and derivatives business receivables/payables, investments, loans to employees and borrowings from financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.

31.2 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.



31.3 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 2017 and 2016 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

2017							
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 interest rate	Fixed interest rate
						% p.a.	% p.a.
<u>Financial assets</u>							
Cash and cash equivalents	280	-	-	-	280	0.05 - 1.00	-
Receivable from Clearing House and broker-dealers	-	-	-	779	779	-	-
Securities and derivatives business receivables	8,191	335	-	2,148	10,674	5.06 - 6.06	3.50
Investments	-	8	-	616	624	-	1.14 - 1.45
Loans to employees	66	-	-	-	66	1.50	-
<u>Financial liabilities</u>							
Borrowings from financial institutions	550	2,950	300	-	3,800	1.70	1.64 - 3.08
Payables to Clearing House and broker-dealers	-	-	-	643	643	-	-
Securities and derivatives business payables	-	348	-	2,024	2,372	-	2.50

(Unit: Million Baht)

2016

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	
						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	-
Receivable from Clearing House and broker-dealers	-	-	-	468	468	-	-
Securities and derivatives business receivables	6,950	287	-	1,554	8,791	5.19 - 6.19	3.50
Investments	-	14	-	174	188	-	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 and broker-dealers	-	-	-	71	71	-	-
Securities and derivatives business payables	-	287	-	2,002	2,289	-	2.50



31.4 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 2017 and 2016, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

	2017					
	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	280	-	-	-	-	280
Receivable from Clearing House and broker-dealers	-	779	-	-	-	779
Securities and derivatives business receivables	723	1,786	2	-	8,191	10,702
Investments	611	8	-	-	5	624
Loans to employees	-	1	9	56	-	66
<u>Financial liabilities</u>						
Borrowings from financial institutions						
Payables to Clearing House and broker-dealers	550	2,950	300	-	-	3,800
Securities and derivatives business payables	-	643	-	-	-	643
Borrowings	698	1,679	-	-	-	2,377

(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
Receivable from Clearing House and broker-dealers	-	468	-	-	-	468
Securities and derivatives business receivables	593	1,271	-	-	6,951	8,815
Investments	168	14	-	-	6	188
Loans to employees	-	-	11	59	-	70
<u>Financial liabilities</u>						
Borrowings from financial institutions	-	1,450	600	-	-	2,050
Payables to Clearing House and broker-dealers	-	71	-	-	-	71
Securities and derivatives business payables	566	1,728	-	-	-	2,294

31.5 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 2017 and 2016, the Company has no liabilities in foreign currency.

31.6 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.

32. Fair value

As of 31 December 2017 and 2016, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	2017			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Held for trade investments				
Equity instruments	609,604	-	-	609,604
Available-for-sale investments				
Unit trusts	-	1,566	-	1,566
	(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



As at 31 December 2017 and 2016, 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)

	2017				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value					
Cash and cash equivalents	280	280	280	-	-
Receivable from Clearing House and broker-dealers	779	779	-	779	-
Securities and derivatives business receivables	10,702	10,702	-	10,702	-
Investments	13	13	2	6	5
Loans to employees	66	52	-	-	52

Financial liabilities for which fair value are disclosed

Borrowings from financial institutions	3,800	3,800	-	3,800	-
Payables to Clearing House and broker-dealers	643	643	-	643	-
Securities and derivatives business payables - net	2,377	2,377	-	2,377	-

(Unit: Million Baht)

	2016				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value					
Cash and cash equivalents	438	438	438	-	-
Receivable from Clearing House and broker-dealers	468	468	-	468	-
Securities and derivatives business receivables	8,815	8,815	-	8,815	-
Investments	20	20	2	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 and broker-dealers	71	71	-	71	-
Securities and derivatives business payables	2,294	2,294	-	2,294	-

Valuation techniques and inputs used for fair value measurement

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, Receivable from Clearing House and broker-dealers, Securities and derivatives business receivables, Payables to Clearing House and broker-dealers and Securities and derivatives business payables, 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 under welfare program, 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.

33. Subsequence event

On 23 January 2018, the Company received a letter from a government agency to hold all collateral of a credit balance receivable with a balance of Baht 431 million as of 31 December 2017. The collateral is valued at Baht 667 million. The Company is in the process of requesting permission to sell the collateral to settle the debt and this is in accordance with the principles and conditions of the Securities and Exchange Act B.E. 2535. The management believes that the Company will be able to sell the collateral and will not incur any loss since the collateral value as of 23 January 2018 is higher than the outstanding debt.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 23 February 2018.

**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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