

Capital Nomura Securities Public Company Limited

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# Annual Report *2018*

# Contents

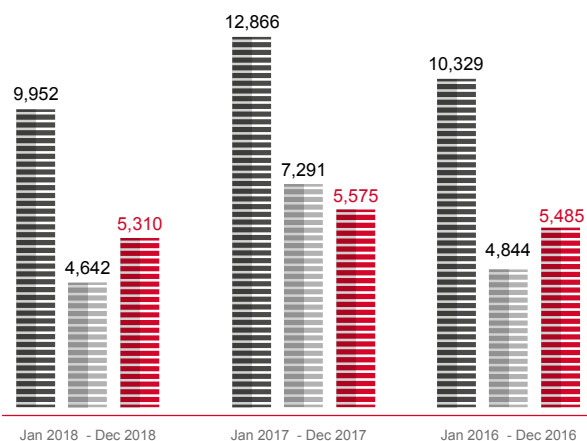
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# Financial Highlight

## Financial Position

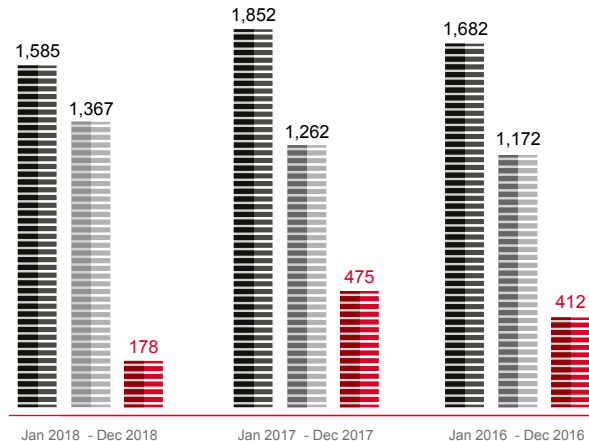
(million Baht)



■ Assets  
■ Liabilities  
■ Equity

## Performance

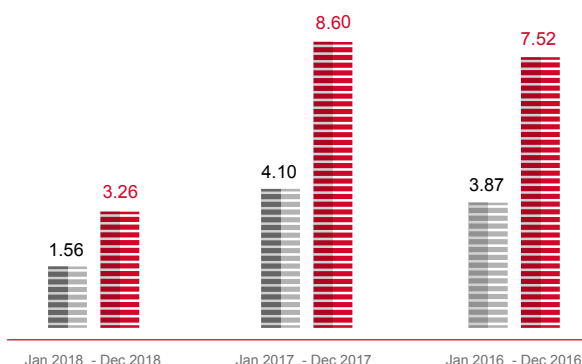
(million Baht)



■ Total Revenues  
■ Total Expenses  
■ Net Income

## Return on Assets & Equity

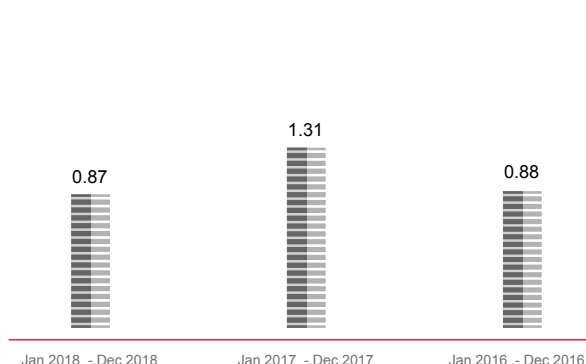
(%)



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

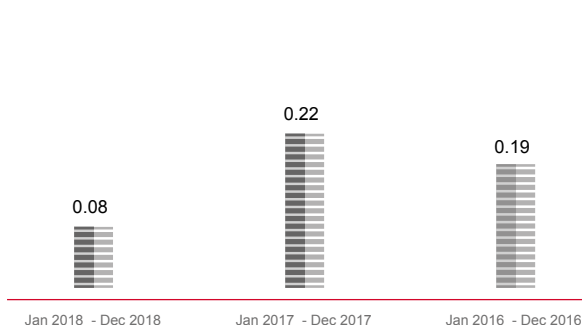
## Debt to Equity Ratio

(Time)



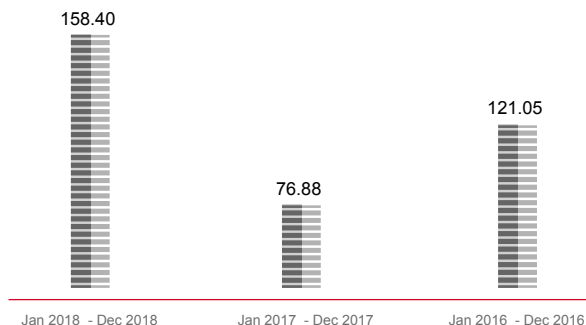
## Earnings per share

(Baht)



## Net Capital Ratio

(%)



## Message from the Chairman

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### Dear Shareholders,

Bullish sentiment dominated the Thai stock market during the first two months of 2018, with the SET Index rising from 1,753.71 at the end of 2017 to the peak of 1,852.51 on 27 February 2018 as a result of the increase in crude oil prices and the favourable recovery of the Thai economy in the first half of 2018. The sentiment, however, started to be affected by several interest rate increases in the USA and the tax policy on international trade between the USA and its counterparts, which consequently created pressure upon the global economic growth and resulted in fund outflow by foreign investors throughout the year 2018 of approximately Baht 287 billion. The SET Index weakened for the rest of the year and closed at 1,563.88 on 28 December 2018, or a decline of 10.82% from the end of 2017.

Amidst the volatile market sentiment of 2018, CNS continued to carefully operate our business by focusing on client-based expansion and diversification, together with creating different value-added financial and investment products and services from the following key strategic initiatives for the Brokerage business:

- Improved our news and information communication channels such as Line Official: @nomuradirect and Facebook Page: Nomura Direct, including the live broadcast by our analysts via Facebook Live, so the channels altogether can make an effective investment knowledge hub and also allow CNS to present up-to-date information and issues to investors.
- Enhanced the "Online Application Form" by providing account opening status checking feature, which aimed to facilitate and save customers' time in account opening.
- Developed the "Block Trade Simulation" program to facilitate clients who invest in Block Trade – Single Stock Futures.
- Recruited new Financial Advisors ("FA") through Young Talent Financial Advisor project and continued to improve the FAs' capability to become Investment Planners ("IPs") so as to provide greater efficient services to our customers. At the end of 2018, CNS had 72 IPs, an increase of 20 IPs from the previous year.
- Started the "Nomura Stock DCA" (Dollar Cost Averaging) as an alternative for clients' consistent investment.

- Established the Private Wealth Department (PWD) to expand the client base and services for high-net-worth individual investors.
- Continued to conduct the “CNS Corporate Access” programme for the 4th year consecutively and collaborate with the Market for Alternative Investment (“mai”) in jointly organizing a special event called “mai Company Snapshot at Nomura” for 2 consecutive years. CNS has been receiving warm feedback from both retail and institutional investors, as well as listed companies who benefited from the direct sharing of their information to investors. In total, 4 SET companies participated and 12 mai companies did so in this programme.
- Arranged the “Nomura Classroom Roadshow” event in which our analysts, product specialists and FAs provided the interested investors and staff from the participating organizations with knowledge of suitable investments.

For the Mutual Fund Selling Agent business, under the “Nomura iFund” brand, CNS experienced a continuous growth in 2018. CNS’s assets under administration (AUA) at the end of 2018 was Baht 32.003 billion, an increase of Baht 1.52 billion or 5% approximately from Baht 30.483 billion at the end of 2017, with the following key strategic initiatives put forward:

- Initiated an online service for clients to place subscribing, redeeming or switching orders via mobile application on both iOS and Android. The clients can also access information on mutual funds by themselves with effectiveness and convenience.
- Organized the “Nomura Wealth Access” seminar and broadcast it live to Facebook Live. Experts from asset management companies were invited to educate our clients and FAs in mutual funds on a monthly basis.
- Participated in the DCA campaign of the SET to promote awareness of the DCA method in mutual fund investment, leading to the higher use of this service via Nomura iFund.

As for the Fixed Income business, the activity slowed down from the year 2017. In the debt securities underwriting business, CNS was engaged to act as the lead arranger of 10 corporate debenture (CD) issuance. For the sales and trading business, CNS’s market share among the securities companies was ranked 9th in CD, with the market share of 2.82%, and 2nd in bills of exchanges (BE), with the market share of 19.70%, decreasing from the 2017’s figure.

For the Investment Banking business, in the previous year CNS was the lead underwriter for the firm underwritings of the initial public offering (“IPO”) of M Vision Public Company Limited and North East Rubber Public Company Limited, with the total value of Baht 1,681 million. Also, CNS was the co-underwriter for the other 3 IPOs, which made the total number of 5 IPOs, out of all 23 IPOs listed in the SET and the mai.

In terms of CNS’s performance in 2018, the net profit was Baht 177.52 million, and the earnings per share (EPS) was Baht 0.08, a decrease of Baht 297.92 million or 62.66% from 2017, while the net profit in the previous year had been Baht 475.44 million, with the EPS of Baht 0.22.

Our strategic initiatives and plans in 2019 will continue to focus on client-based expansion and diversification, together with creating added-value to the diverse financial and investment products and services. CNS will aim to inform and educate investors to become fully aware of the necessity and benefits of the asset allocation that matches their risk tolerance and investment objectives, including the launch of “Nomura iWealth”, a service that provides advice on mutual fund asset allocation portfolio management that is responsive to the changes of circumstances, clients’ need and suitability, which the clients can utilize either online or through the FAs. CNS will also emphasize the need to educate our clients and investors on retirement financial planning in response to the forthcoming aging society.

Moreover, CNS intends to adapt new financial technologies to create added-value to the products and services to meet clients’ rapidly changing need. CNS will perform business operations by adhering to the principles of corporate social and environmental responsibility, transparency and good corporate governance, anti-bribery and corruption, disciplined financial and appropriate risk management, each of which will be the key factor in creating long-term value to the shareholders and stakeholders that will foster the sustainable growth of 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 in 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, 2018



**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



**Mr. Yuji Hibino**  
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

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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 has 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, developments and business profile in the previous 3 fiscal years were as follows;

### ***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 Financial Advisor (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.
- Recruited 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 stop 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) but less fund needed. 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 3<sup>rd</sup> 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 retailed 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-(tha); Outlook “Stable”

**National Short-Term Rating**

F1+(tha), similar to the previous year

**National Short-Term Rating on unsecured unsubordinated debenture**

F1+(tha), 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 on 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.

- Recruited 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 and investors can obtain more information for their decision making through several channels matching with investors lifestyle 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 as 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 including securities analysis. 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 saving money service through investment in stocks on a regular schedule to facilitate clients and to also 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.

### ➡ **Nomura iFund**

Added Nomura iFund Basket function, a tool for asset allocation as per investment plan. Clients can choose investment product based on their expected return and risk appetite.

- 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

***Fiscal Year 2018 (Jan 1, 2018 – Dec 31, 2018)***

- Continued the 4<sup>th</sup> year of "CNS Corporate Access" program since year 2015, also continued the 2<sup>nd</sup> year of the activity: "MAI Company Snapshot at Nomura" since 2017. The program was success and has been well received from retail and institutional investors as well as listed companies. In 2018, there were 4 SET listed companies and 12 MAI companies participated in this program.
- Continued the 2<sup>nd</sup> year of the website: [cnsup.nomuradirect.com](http://cnsup.nomuradirect.com) and improved the content in website by adding more content about "Aging Society". CNS viewed that it would be useful to provide information for Startup and SMEs to develop products serving the growing aging society.
- Arranged the "Nomura Classroom Roadshow" event in which our analysts, product specialists and FAs provided knowledge of suitable investments and savings to the interested investors and staff from the participating organizations.
- CNS has been certified to ISO/IEC 27001 Standard of BAHTNET system on January 26, 2018, as 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 and also get assessment every year. At the end of 2018, CNS has passed the assessment of ISO/IEC 27001 Standard of BAHTNET system for another year.
- On September 25, 2018, Fitch assigned CNS with the following credit ratings.

**National Long-Term Rating**

AA(thai), similar to the previous year; 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 announced unchanged for the National Long-Term Rating, Short-Term Rating and National Short-Term Rating on unsecured unsubordinated debenture. The ratings are reflected Fitch's view as following:

- ➡ CNS is a strategically important subsidiary of Nomura Holdings, Inc. (NHI)
- ➡ The Nomura group controls CNS through its 85.8% ownership. NHI has consistently provided CNS with operational and management support and allow CNS to share the parent's brand.
- ➡ CNS has a long operation history in Thailand and has built up a sound presence in the local securities industry.



- ➡ Due to competitive pressure in securities sector, Fitch believes that more established firms, including CNS, are better positioned to manage with this competitive environment.
- ➡ Fitch expects CNS's underlying performance to be broadly stable, and it has shown the ability to remain profitable through the cycle.
- Increase the promoting channel for website [cnsup.nomuradirect.com](http://cnsup.nomuradirect.com) through online channel especially social network in website Facebook. Using the Facebook page name CNS Up with the 899 Likes and 913 followers.
- Recruited new Financial Advisors (FAs) through Young Talent Financial Advisor project and continued to improve the FAs' capability to become Investment Planners ("IPs) so as to provide greater efficient services to our customers. At the end of 2018, CNS had 72 IPs and increase of 20 IPs from the previous year.
- Got the average score for the Corporate Governance Report of Thai Listed Companies 2018 conducted by IOD at the level "Very good", similar to the previous year.
- Improved our news and information communication channels by providing financial information and investment knowledge including the live broadcast by our analysts via social online, continuously from 2017. So the channels altogether can make an effective investment knowledge hub and also allow CNS to present up-to-date information and issues to investors. Key activities were as follows;

#### ➡ **Seminar Activities**

Organized seminar & activities, which helped customers to access the information and connect more closely with our speakers and analysts via online channels (such as seminar online and/or Facebook Live) while reduced offline seminar to 28 times and increased total attendances up to 822 persons.

#### ➡ **Line Official: @NomuraDirect**

At the end of 2018, the followers of Line Application doubly increased from 6,000 followers at the end of 2017 to 12,165 followers. The main messages sent out are analysis from Investment Research and Investor Services (IRIS), news and events of CNS.

#### ➡ **Facebook Page: Nomura Direct**

CNS increased interest by providing more frequent information including financial and investment knowledge, especially Live (live broadcasting) via Facebook Page: NomuraDirect every Monday - Friday at 10:30 a.m. hosted by IRIS analysts. This channel received warmly welcomed and created interaction with customers and investors. This was an alternative way to communicate and publicize various activities or promotions rapidly to wide audiences. Viewers can submit questions and/or any queries to the company via inbox through Facebook Page.



## ➡ **YouTube Channel: Nomura Direct**

Increased live sharing (live broadcast) from Facebook to the YouTube Channel: NomuraDirect. Customers and investors can watch both programs via Facebook and YouTube simultaneously. The customers can rerun the clip if they were not convenient to see live. In addition, there are 2 uploaded routined lists; Pak Mood Pra Den Ron (ปากมุดประเด็นร้อน) and Ru Rob Rueng Long Toon (รู้รอบเรื่องลงทุน) at this channel.

- Developed online trading system to meet the needs of customers based on the concept "Convenient, friendly and fast" with further development from the previous year by:

### **1. Added new service namely "NOMURA Stock DCA"**

Nomura Stock Dollar Cost Average (DCA) had been developed in order to support retail customers who want to do savings through investment in stock. With a minimum investment of only Baht 1,000, they can choose to buy stocks in SET High Dividend (SETHD) by themselves via internet system.

### **2. Website enhancement to support "Social Content"**

- ➡ Edited website content to get better rank in search results from google and search engines and be able to share content properly.
- ➡ Added more interesting content in website with new topic "Investor Guide".
- ➡ Added statistical data of clients' usage to create database for further analysis.

### **3. Website enhancement to support "Mobile Trend"**

Edited website content to serve mobile uses by analyzing usage statistics and adjusting the page to display the results fit for mobile devices.

- Developed the "Block Trade Simulation" program to facilitate customers who invest in Block Trade – Single Stock Futures
- Established the Private Wealth Department – PWD to expand the client base and services for high-net-worth individual investors.
- Enhanced "Online Application Form" by improving the entry system for online account opening and status checking to facilitate and save time in opening accounts for customers.
- Developed the automated system to support the increasing number of transactions and online services such as automated filling information for account opening and requests and switching function to different asset management companies ("the AMC"). Clients can do the transaction more convenient and rapid.
- Initiated an online service for clients to place orders to buy, redeem or switch via mobile application on both iOS and Android. The clients can access information on mutual funds by themselves with effectiveness and convenience.

- Organized the “Nomura Wealth Access” seminar and broadcast via Facebook Live by inviting Experts from the AMC to educate clients and FA in mutual funds on a monthly basis.
- Participated in the DCA campaign offered by the SET to promote awareness of the DCA method in mutual fund investment, leading to the higher use of this service via Nomura iFund.
- Closed 1 branch for more efficiency; Ubon Ratchathani 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 20, 2018, 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

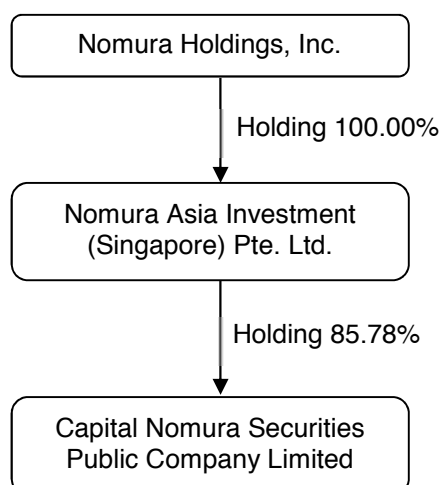
CNS engages in the securities business, mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business and selling agent business, serving retail clients, domestic and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

CNS independently operates its business, without materially relying on client introduction or funding from Nomura Group, but have cooperation in business operations.

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 20, 2018***



## 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 <sup>1</sup>              | Fiscal Year 2018<br>(Jan 1, 2018-<br>Dec 31, 2018) |               | Fiscal Year 2017<br>(Jan 1, 2017-<br>Dec 31, 2017) |               | Fiscal Year 2016<br>(Jan 1, 2016-<br>Dec 31, 2016) |               |
|--|--|---------------|--|---------------|--|---------------|
|  | million Baht                                       | %             | million Baht                                       | %             | million Baht                                       | %             |
| Brokerage fees <sup>2</sup>              | 730.83   | 46.12         | 812.78   | 43.88         | 931.13   | 55.35         |
| Fees and service income                  | 385.96   | 24.36         | 428.60   | 23.14         | 261.75   | 15.56         |
| Interest on margin loans <sup>2</sup>    | 367.03   | 23.16         | 363.88   | 19.64         | 355.61   | 21.14         |
| Gain and return on financial instruments | 88.12  | 5.56          | 240.27   | 12.97         | 121.75   | 7.24          |
| Other income                             | 12.68  | 0.80          | 6.83   | 0.37          | 12.00  | 0.71          |
| <b>Total Income</b>                      | <b>1,584.62</b>                                    | <b>100.00</b> | <b>1,852.36</b>                                    | <b>100.00</b> | <b>1,682.24</b>                                    | <b>100.00</b> |

<sup>1</sup> Type of income 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 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.

<sup>2</sup> The figures of brokerage fees and interest on margin loans were changed due to the reclassification for the disclosure in 2018. However, the reclassification had impact on the total income but no impact on the net profit.

## **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 and mobile application.

CNS has 3 types of securities trading accounts as follows;

#### **(1.1) Securities Trading Account – Cash Account**

Securities trading account – cash account has a Two-day settlement cycle (T+2) which clients must settle within a due through an automatic fund transfer only. (The SET has moved from a three-day settlement and securities delivery cycle (T+3), 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 SET's liquidity. To place the first order, clients have to place either cash or securities at the amount not less than initial margin requirement of the purchased amount as determined in the Marginable Securities List.

The initial margin required for each security 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. The interest would be calculated on daily basis from both cash balance and credit balance and clients will receive interest if interest from cash balance is higher than from margin loan. On vice versa, the client will be charged if interest from margin loan is higher than from cash balance.

### ***(1.3) Overseas 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.

CNS requires clients to place cash with CNS in full amount prior to place order as requested by the SEC.

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, Gold Online 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 derivative orders through FAs or by themselves through online trading applications and mobile application.

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 equity securities or short selling the borrowed underlying securities to hedge such positions.

CNS has assigned Risk Management Department to periodically 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;

- Fund raising through Debt Capital Markets
- 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) for Fixed Income trading services in both primary and secondary market to retail clients and domestic institutional clients. CNS have internal guidelines for account opening as well as set up the credit limit to each client based on requirement and potential volume of transactions. CNS also have proprietary trading to do dealing of fixed income products.

The Board of Executive Directors are set up the investment policy, types of debt securities, debt holding period and internal controls for risk management of CNS's investment in debt securities. Risk Management Department monitors and controls the investment portfolio in accordance with the investment policy approval.

## **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 and mobile application.



## 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 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” on mobile application, a full-service through online trading applications, to facilitate clients in the mutual funds investment with the following functions;

- To buy, sell and switch mutual funds among all asset management companies in Thailand.
- Mutual Fund Weekly Research is a weekly summary of the investment situation and recommendation for each type of mutual funds with reference to Morningstar Rating.
- Performance Comparison is a service to facilitate client in choosing good performance fund fit to their suitability or interest.
- “Nomura Dollar Cost Average” Service; To provide another channel to facilitate clients who would like to do saving through the investment in mutual funds and 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 the highest 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 the AMCs in one account.
- “New Initial Public Offering (IPO)” Service; To search new IPO of the mutual funds on daily basis.

## Market and Competitive Conditions

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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 2018.

### 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 securities and derivatives brokerage business.

### *Industry condition*

The average daily turnover (inclusive of proprietary trading) of the SET and the mai increased from Baht 50.11 billion in 2017 to Baht 57.67 billion in 2018 or 15.09% increase, mainly affected by several interest rate increases in the USA and the tax policy on international trade between the USA and its counterparts, which consequently created concern over the global economic growth and resulted in fund outflow by foreign investors throughout the year 2018 of approximately Baht 2.87 million. The SET Index moved up during the first 1-2 months of 2018 before declined in the last of 10 months of 2018 and reflected the high volatility of the SET index.

The SET index declined from 1,753.71 as of December 29, 2017 to 1,563.88 as of December 28, 2018 or 10.82% decrease.

***Factors having influenced on securities brokerage business in 2018 were as the followings;***

#### **1. Thai Economic performance in 2018 and outlook for 2019**

Thailand's Gross Domestic Product (GDP) increased by 4.3% in 2018, speeding up from the 3.9% growth in 2017. The stronger economic growth was mainly supported by the continuous expansion of both private consumption expenditure and total investment as well as the favorable expansion of exports of goods and services. Private consumption expenditure grew by 4.6%, improving from the 3.2% growth in 2017. Total investment increased by 3.4%, accelerating from the 0.9% growth in 2017. The exports of goods and services rose by 3.3% in 2018, compared with the 5.5% growth in 2017.

The economic stability in 2018 continued to be positive regarding the inflation rate and current account balance. Headline inflation increased by 1.1% in 2018, accelerating from the 0.7% growth in 2017 but still within the Bank of Thailand's target range of 1.0 – 4.0%. Current account registered a favourable surplus of 34.5 billion US dollars or 6.8% of GDP, compared with the surplus of 11.0 % of GDP in 2017.

Nomura has expected that Thai economy will expand by 3.7% in 2019, supported mainly by the domestic demand. Private consumption expenditure will increase favorably by 4.0%, compared to the 4.6% growth in 2018. Total investment will expand by 3.1%, compared with the 3.4% growth in 2018. On stability front, Thailand's economic stability is forecasted to be sound in 2019. The inflation rate will increase by 1.0%, which is in the Bank of Thailand's inflation target range of 1.0% - 4.0% and the current account surplus is expected to be strong at 32.3 billion US dollars or 6.2% of GDP.

## **2. Earnings of listed companies outlook of 2019**

CNS forecasts that domestic consumption, private investment and government spending especially the infrastructure investment will be the main engine to drive the growth of domestic economy in 2019.

Moreover, CNS expects that Monetary Policy Committee (MPC) will maintain the policy rate at 1.75% because the inflation will possibly be at the Bank of Thailand's lower bound of inflation target range due to the declining trend of oil price from 2018. 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 while the interest rate in USA is possibly maintained after continuously increase with twin deficit status in USA. In addition, the current effective interest rate of Thailand is still positive, driving the strong domestic economic recovery and resulting in the growth of the listed companies' earnings per share (EPS) in 2019 to be Baht 116 per share or growth at 8.4%, compared to the 7% growth in 2018, which was the impact from the inventory loss of refinery sector in the last Q4/2018. Also, the general election in 2019 should strengthen the investors' confidence and investment direction should be continuously recovered.

## **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 2018 and led to the more distribution of the SET's turnover among broker members.

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 acquire new clients. Some brokers initiated to utilize Artificial Intelligence (AI) Technology for securities trading system and advice. However, some brokers used a low-price strategy to attract investors and an employee poaching.

## SET Data

|                                       | Fiscal Year 2018<br>(Jan 1, 2018 – Dec 31, 2018) | Fiscal Year 2017<br>(Jan 1, 2017 – Dec 31, 2017) | Change     |         |
|---------------------------------------|--|--|------------|---------|
|                                       |  |  | Amount     | %       |
| SET Information                       |  |  |            |         |
| <i><b>Total Turnover</b></i>          |  |  |            |         |
| Value (billion Baht)                  | 13,820.22  | 11,652.31  | 2,167.91   | 18.60   |
| Average Daily Turnover (billion Baht) | 56.41  | 47.76  | 8.65       | 18.11   |
| <i><b>SET Index (Point)</b></i>       |  |  |            |         |
| High (Close)                          | 1,838.96   | 1,753.71   | 85.25      | 4.86    |
| Low (Close)                           | 1,548.37   | 1,535.51   | 12.86      | 0.84    |
| Close at the end of the year          | 1,563.88   | 1,753.71   | (189.83)   | (10.82) |
| Average Dividend Yield (%)            | 3.22   | 2.70   | 0.52       | 19.26   |
| P/E Ratio (Time)                      | 14.75  | 19.06  | (4.31)     | (22.61) |
| Market Capitalization (billion Baht)  | 15,978.25  | 17,587.43  | (1,609.18) | (9.15)  |
| <i><b>Listed Securities</b></i>       |  |  |            |         |
| No. of listed securities              | 2,296  | 2,052  | 244        | 11.89   |
| No. of listed companies               | 545  | 538  | 7          | 1.30    |
| No. of newly listed companies         | 8  | 22   | (14)       | (63.64) |
| mai Information                       |  |  |            |         |
| <i><b>Total Turnover</b></i>          |  |  |            |         |
| Value (billion Baht)                  | 309.86   | 575.44   | (265.58)   | (46.15) |
| Average Daily Turnover (billion Baht) | 1.26   | 2.36   | (1.10)     | (46.61) |
| <i><b>mai Index (Point)</b></i>       |  |  |            |         |
| High (Close)                          | 540.74   | 646.02   | (105.28)   | (16.30) |
| Low (Close)                           | 353.72   | 531.51   | (177.79)   | (33.45) |
| Close at the end of the year          | 356.44   | 540.37   | (183.93)   | (34.04) |
| Average Dividend Yield (%)            | 2.09   | 1.42   | 0.67       | 47.18   |
| P/E Ratio (Time)                      | 44.30  | 106.13   | (61.83)    | (58.26) |
| Market Capitalization (billion Baht)  | 240.82   | 338.84   | (98.02)    | (28.93) |
| <i><b>Listed Securities</b></i>       |  |  |            |         |
| No. of listed securities              | 203  | 203  | -          | -       |
| No. of listed companies               | 159  | 150  | 9          | 6.00    |
| No. of newly listed companies         | 11   | 17   | (6)        | (35.29) |

Source: Market Statistics from the SET, the figure as of December 28, 2018 (<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 2018 had total market shares in 2018 of 28.93% ranked by total turnover, slightly increased from 28.48% in 2017.

### **Turnover and market share of securities brokerage business**

CNS's turnover in 2018 decreased from 2017, with the market share in 2018 was 2.24%, declining from 2.76% in 2017, with the rank at the 21<sup>st</sup> which declined from 2017 with the 15<sup>th</sup> rank out of total 38 broker members

| Turnover*<br>(million Baht)      | Fiscal Year 2018<br>(Jan 1, 2018-<br>Dec 31, 2018) | Fiscal Year 2017<br>(Jan 1, 2017-<br>Dec 31, 2017) | Fiscal Year 2016<br>(Jan 1, 2016-<br>Dec 31, 2016) |
|----------------------------------|--|--|--|
| - SET**                          | 12,395,247   | 10,950,103   | 11,468,572   |
| - CNS**                          | 556,151  | 604,439  | 683,904  |
| <b>CNS's market share (%)**</b>  | <b>2.24</b>  | <b>2.76</b>  | <b>2.98</b>  |
| Ranking                          | 21 <sup>st</sup>                                   | 15 <sup>th</sup>                                   | 15 <sup>th</sup>                                   |
| No. of broker members in the SET | 38   | 38   | 38   |

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 2018 was retail clients with the proportion of 48.46%, continuously decreasing from 2016, followed by foreign clients of 33.27%, continuously increasing from 2016, and domestic institutional clients of 18.27%, continuously increasing from 2016.

| Turnover classified by<br>types of clients*<br>(million Baht) | Fiscal Year 2018<br>(Jan 1, 2018-<br>Dec 31, 2018) |               | Fiscal Year 2017<br>(Jan 1, 2017-<br>Dec 31, 2017) |               | Fiscal Year 2016<br>(Jan 1, 2016-<br>Dec 31, 2016) |               |
|---|--|---------------|--|---------------|--|---------------|
|   | Amount   | %             | Amount   | %             | Amount   | %             |
| - Retail clients  | 269,525  | 48.46         | 315,078  | 52.13         | 434,198  | 63.49         |
| - Domestic institutional clients                              | 101,608  | 18.27         | 104,965  | 17.36         | 85,625   | 12.52         |
| - Foreign clients   | 185,018  | 33.27         | 184,396  | 30.51         | 164,081  | 23.99         |
| <b>Total**</b>  | <b>556,151</b>                                     | <b>100.00</b> | <b>604,439</b>                                     | <b>100.00</b> | <b>683,904</b>                                     | <b>100.00</b> |

\* 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 2018 was 31.93%, decreasing from 35.62% in 2017. The remainder of 68.07% was the normal accounts (through FAs), increasing from 64.38% in 2017.

| Turnover classified by categories*<br>(million Baht) | Fiscal Year 2018<br>(Jan 1, 2018-<br>Dec 31, 2018) |        | Fiscal Year 2017<br>(Jan 1, 2017-<br>Dec 31, 2017) |        | Fiscal Year 2016<br>(Jan 1, 2016-<br>Dec 31, 2016) |        |
|--|--|--------|--|--------|--|--------|
|  | Amount   | %      | Amount   | %      | Amount   | %      |
| <b>Internet trading</b>                              |  |        |  |        |  |        |
| - Cash account                                       | 121,041  | 20.94  | 143,499  | 23.43  | 187,407  | 27.36  |
| - Margin account                                     | 63,519   | 10.99  | 74,706   | 12.19  | 127,751  | 18.65  |
| <b>Total</b>   | 184,560  | 31.93  | 218,205  | 35.62  | 315,158  | 46.01  |
| <b>Normal - through FAs</b>                          |  |        |  |        |  |        |
| - Cash account                                       | 377,781  | 65.37  | 379,280  | 61.92  | 345,253  | 50.40  |
| - Margin account                                     | 15,618   | 2.70   | 15,048   | 2.46   | 24,579   | 3.59   |
| <b>Total</b>   | 393,399  | 68.07  | 394,328  | 64.38  | 369,832  | 53.99  |
| <b>Grand Total**</b>                                 | 577,959  | 100.00 | 612,533  | 100.00 | 684,990  | 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 2018 was 86.31%, increasing from 85.35% in 2017. The remainder of 13.69% was the margin accounts, decreasing from 14.65% in 2017.

| Turnover classified by<br>type of accounts*<br>(million Baht) | Fiscal Year 2018<br>(Jan 1, 2018-<br>Dec 31, 2018) |        | Fiscal Year 2017<br>(Jan 1, 2017-<br>Dec 31, 2017) |        | Fiscal Year 2016<br>(Jan 1, 2016-<br>Dec 31, 2016) |        |
|---|--|--------|--|--------|--|--------|
|   | Amount   | %      | Amount   | %      | Amount   | %      |
| <b>Cash account</b>   |  |        |  |        |  |        |
| - Internet trading  | 121,041  | 20.94  | 143,499  | 23.43  | 187,407  | 27.36  |
| - Normal - through financial advisor                          | 377,781  | 65.37  | 379,280  | 61.92  | 345,253  | 50.40  |
| <b>Total</b>  | 498,822  | 86.31  | 522,779  | 85.35  | 532,660  | 77.76  |
| <b>Margin account</b>   |  |        |  |        |  |        |
| - Internet trading  | 63,519   | 10.99  | 74,706   | 12.19  | 127,751  | 18.65  |
| - Normal - through financial advisor                          | 15,618   | 2.70   | 15,048   | 2.46   | 24,579   | 3.59   |
| <b>Total</b>  | 79,137   | 13.69  | 89,754   | 14.65  | 152,330  | 22.24  |
| <b>Grand Total**</b>  | 577,959  | 100.00 | 612,533  | 100.00 | 684,990  | 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 2018 increased from 2017 with the market share of 1.84%, increasing from 1.32% in 2017.

| Trading Volume of derivatives (Contracts) | Fiscal Year 2018<br>(Jan 1, 2018-<br>Dec 31, 2018) | Fiscal Year 2017<br>(Jan 1, 2017-<br>Dec 31, 2017) | Fiscal Year 2016<br>(Jan 1, 2016-<br>Dec 31, 2016) |
|---|--|--|--|
| - TFEX                                    | 104,422,200  | 78,990,574   | 69,576,164   |
| - CNS                                     | 3,852,916  | 2,079,826  | 1,669,343  |
| <b>CNS's market share (%)</b>             | <b>1.84</b>  | <b>1.32</b>  | <b>1.20</b>  |

Source: TFEX

### **Financial Advisory Business and Underwriting Business**

#### **Industry condition**

In 2018, there were 23 newly listed companies with the Initial Public Offering (IPO) totaling Baht 183,141 million, decreasing by 57.04% from Baht 426,349 million in 2017 which might be caused by the 9 large companies being listed in 2017, while 1 large company being listed in 2018 with total market capital over than Baht 10 billion (calculated from IPO offering prices).

#### **Market share of Financial Advisory Business and Underwriting Business**

In 2018, CNS was a lead underwriter for the firms underwriting of the Initial Public Offering ("IPO"): M Vision Public Company Limited and NorthEast Rubber Public Company Limited with the total value of Baht 1,681 million. Also, CNS was a co-underwriter for other 3 IPOs which made a total number of 5 IPOs, out of 23 IPOs listed in the SET and the mai. In addition, CNS was engaged to act as the lead arranger of 10 corporate debentures (CD).

### **Fixed Income Trading Business**

CNS focuses to be a leading securities company who provide full service of fixed income trading business for retail and institutional client including offer to sell quality debt securities suitable to clients' need. CNS will analyze clients' suitability to ensure that the offered debt securities is proper and clients understand the transaction and related risk.

### ***Industry Condition***

Thai Bond market in total grew with total market value of Thai bond market at the end of 2018 was Baht 12,566,882 million with Government bond accounted for the most proportion. While the long term corporate bond issuance was Baht 849,501 million. The total outstanding value of long term corporate bond increased 11% to Baht 3,032,121 million, while the total outstanding value of short term corporate bond decreased by 23% compared to 2017.

In 2018, SEC's revised the debt securities issuing regulations to enhance investor protection and to fit the market situation and current investors' need. SEC aimed to position debt securities as an important funding alternative.

### ***Market share of Fixed Income Trading Business***

CNS focuses on selling quality debt securities with proper interest rate relating to 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 2018 was Baht 3,141 million, decreasing from Baht 7,590 million in 2017 due to market expectation for interest hike.

However, when compared to other company in the securities sector, CNS's market share in 2018 was 2.82%, ranking at no. 9<sup>th</sup>, decreasing from 5.13% in 2017 with was ranking at no. 4<sup>th</sup>, this was due to more competitors in the fixed income market both from commercial banks and securities companies, together with forecast of potential interest increase, cause the customers' investment slowed down.

| <b>Corporate Debenture</b>                  | <b>Fiscal Year 2018<br/>(Jan 1, 2018-<br/>Dec 31, 2018)</b> | <b>Fiscal Year 2017<br/>(Jan 1, 2017-<br/>Dec 31, 2017)</b> | <b>Fiscal Year 2016<br/>(Jan 1, 2016-<br/>Dec 31, 2016)</b> |
|---|---|---|---|
| Trading Volume (million Baht)               | 3,141   | 7,590   | 7,166   |
| Ranking                                     | 9 <sup>th</sup>   | 4 <sup>th</sup>   | 2 <sup>nd</sup>   |
| Market Share among securities companies (%) | 2.82  | 5.13  | 7.73  |

Source: The Thai Bond Market Association



## **Bill of Exchange**

CNS's trading volume of bill of exchanges in 2018 was Baht 25,948 million, decreasing from Baht 38,823 million in 2017, aligning with the market recession from the default of private debt securities during 2017-2018 which affected the confidence of client focusing in investing in bill of exchanges.

However, when compared to other company in the securities sector, CNS's market share in 2018 was 19.70%, ranking at no. 2<sup>nd</sup>, decreasing from 27.22% in 2017 possibly due to the default of private companies' debt securities during 2017-2018 which affected the clients' confidence, cause the customers' investment slowed down.

| <b>Bill of Exchange</b>                     | <b>Fiscal Year 2018<br/>(Jan 1, 2018-<br/>Dec 31, 2018)</b> | <b>Fiscal Year 2017<br/>(Jan 1, 2017-<br/>Dec 31, 2017)</b> | <b>Fiscal Year 2016<br/>(Jan 1, 2016-<br/>Dec 31, 2016)</b> |
|---|---|---|---|
| Trading Volume (million Baht)               | 25,948  | 38,823  | 43,035  |
| Ranking                                     | 2 <sup>nd</sup>   | 1 <sup>st</sup>   | 3 <sup>rd</sup>   |
| Market Share among securities companies (%) | 19.70   | 27.22   | 17.77   |

Source: The Thai Bond Market Association

## **Securities Borrowing and Lending Business**

In 2018, the volatile market in the Stock Exchange of Thailand turned investors to increasingly borrow securities for short selling. Furthermore, the SET announced the commencement of shorten settlement period with the SET within 2 business days after trade date (T+2) instead of 3 business days after trade date (T+3). This caused other securities companies needed to sign the SBL agreement with CNS to borrow securities for covering their fail trade settlement with the SET. These led CNS gaining more volume of securities borrowing and lending, market share of short selling, and revenue of SBL business.

In addition, CNS continually focused on the SBL system improvement to promptly and efficiently support clients borrowing securities through online trading platform.

For 2019, 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

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## 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.

For such funding, CNS raise funds from both short-term and long-term borrowings to align with liquidity, financial conditions and financial costs. CNS has a policy to consider several sources of funds to create flexibility in funding and maintain 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 2018, CNS considered sources of financing for working capital from market competition status and trend to revise interest rate up, CNS borrowed short term fund from domestic financial institution with tenors of no longer than 1 year for liquidity management and business support.

In addition, CNS had funding through borrowings in form of bill of exchanges with 6 months tenor for amount of Baht 300 million in 2018. It is contributed to Asset Management Company. This method will be used as the other source of fund for CNS in the future. Currently, CNS is preparing all company data to get approval for the issuance and offer for sale of the short-term bill of exchanges from SEC. It will be extended the raising fund period for another 2 years, with the total amount of not exceeding Baht 1,500 million, having the following credit ratings from Fitch Ratings (Thailand) Limited released on September 25, 2018.

### **National Long-Term Rating**

AA(thai), similar to the previous year; 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, 2018, CNS had shareholders' equity of Baht 5,310 million, debt issued and other borrowing of Baht 300 million and borrowings from financial institution of Baht 1,250 million which was from domestic financial institutions and promissory notes 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, 2018, CNS's net liquid capital was Baht 4,984.84 million with a net liquid capital ratio of 158.40% of general liabilities and collateral. This ratio was quite high when compared to the SEC's minimum requirements.

# Risk Factors

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## 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 which will be fully hedged 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.

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, also providing information, knowledge and news through several channels including social media to easily access, 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 being listed 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, performance evaluation and consideration of ability to pay 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 about financial and investment knowledge and service quality 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.

CNS has Succession Planning Policy for successor preparation to prevent the shortage of important position which cause of company operational risk as well as encouraging the talent employees who have capability and potential to be progressed in their career path.

## **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**

To engage 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 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 20, 2018, 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 20, 2018, 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 unable to meet such free float requirement, CNS had paid additional annual fees to the SET by approximately Baht 1.2 million in 2018.

## Legal Disputes

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1) On 23 January 2018, the Company received an order from a government agency ordering the Company to hold all collateral belonged to a certain credit balance client. On 3 May 2018, the Company received an order from the same government agency which released part of the share collateral. As of 31 December 2018, the credit balance receivable was Baht 106 million with the total collateral value of Baht 206 million approximately, which has still been frozen under the order. The Company has already filed a civil lawsuit to claim for the whole receivable amount from the client, while the client answered and counter-claimed that the Company was not entitled to file the case and asked for compensation. Nonetheless, the management, by the Company's external counsel's legal opinion, considered that the counter-claim is defensible and the possibility to get additional loss is remote. Also, the Company has petitioned the court to release such collateral in accordance with the relevant laws. For prudence reason, the Company classified such account balance as substandard and set up the allowance for doubtful account for this case at Baht 106 million. The Company believed that the provision is sufficient and appropriate.

2) As at 31 December 2018, there have been criminal and civil lawsuits brought by an individual against the Company.

In the criminal case, on 16 March 2018, the Court of First Instance sentenced the Company to pay a fine of Baht 120,000 for the fraud offence. The Company disagrees with the findings and the judgment, and has already filed an appeal with the appeal court on 13 September 2018. The Court of First Instance dismissed the charges in respect of the Securities and Exchange Act B.E. 2535 (1992) violation. The Plaintiff appealed for the charges. On 5 November 2018, the Company filed the answer/response to the Plaintiff's appeal. The case is not final.

In the civil case, on 30 October 2018, the same Plaintiff filed a civil complaint against the Company and the other 3 Defendants for tort and damages claim. The Company submitted the answer to the Plaintiff's civil complaint on 18 February 2019 and also on the same date submitted the petition to request the court to temporarily suspend the civil case until the criminal case is final according to the law, as this civil case has the same ground as that in the above criminal case. The Civil Court accepted the Company's answer and ordered to temporarily suspend the civil case until the criminal case is final. The possibility to get additional loss is remote.

## General Information

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**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<sup>th</sup>-17<sup>th</sup> 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) 2081 2000

**Facsimile:** +66(0) 2081 2001

**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) 2081 2200

## **Branch**

### **Bangkok Region**

|                                  |   |
|----------------------------------|---|
| <b>Bangna Branch:</b>            | 589/111 Central City Tower 1 Office, 19 <sup>th</sup> Floor, Bangna-Trad Road, Bangna, Bangkok 10260<br>Telephone: +66(0) 2725 8600<br>Facsimile: +66(0) 2745 6220 +66(0) 2745 6221   |
| <b>Phra-Pinklao Branch:</b>      | 7/129 Central Plaza Pinklao Office Building, 9 <sup>th</sup> Floor, Room 902, Borommaratchachonnani Road, Arun-Amarin, Bangkok Noi, Bangkok 10700<br>Telephone: +66(0) 2638 5950 +66(0) 2081 2950<br>Facsimile: +66(0) 2884 9064 +66(0) 2884 9067 |
| <b>Vibhavadi-Rangsit Branch:</b> | 123 Suntowers Building B, 23 <sup>rd</sup> Floor, Unit B-2304, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900<br>Telephone: +66(0) 2638 5920 +66(0) 2081 2920<br>Facsimile: +66(0) 2617 7800  |
| <b>Bangkhae Branch**:</b>        | 1871 Victoria Gardens, 2 <sup>nd</sup> Floor, A205, Phetkasem Road, Laksong, Bangkhae, Bangkok 10160<br>Telephone: +66(0) 2638 5280 +66(0) 2081 2280<br>Facsimile: +66(0) 2421-6025   |

### **Northeastern Region**

|                                  |   |
|----------------------------------|---|
| <b>Khon Kaen Branch*:</b>        | 109 Hugz Mall Tower, Room 207, 2 <sup>nd</sup> Floor, Sri Chant Rd., Nai Mueang, Muang, Khon Khaen 40000<br>Telephone: +66(0) 4300 9628 +66(0) 4300 9629<br>Facsimile: +66(0) 4300 9630                       |
| <b>Udonthani Branch*:</b>        | UD Town, Room N203 THE NEXT ZONE, 2 <sup>nd</sup> Floor, 88 Thongyai Road, Mak Khaeng, Muang, Udonthani 41000<br>Telephone: +66(0) 4213 6174 +66(0) 4213 6175<br>Facsimile: +66(0) 4213 6176                  |
| <b>Nakhonratchasima Branch*:</b> | 1184 Hip Park Community Mall, Room 26 Zone C, 2 <sup>nd</sup> Floor, Mittraphap Road, Nai Muang, Muang, Nakhonratchasima 30000<br>Telephone: +66(0) 4424 8526 +66(0) 4424 8527<br>Facsimile: +66(0) 4424 8528 |

Remark:

\*\* Nomura Service Center

### **Northern Region**

|                           |   |
|---------------------------|---|
| <b>Chiangrai Branch*:</b> | 353/19 Moo 4, Rim Kok, Muang, Chiangrai 57100<br>Telephone: +66(0) 5371 1972      +66(0) 5371 1973<br>Facsimile: +66(0) 5371 1974   |
| <b>Chiangmai Branch*:</b> | 30 Punna Place, Room 5, 1 <sup>st</sup> Floor, Nimmanhaemin Road, Soi 6, Suthep, Muang, Chiangmai 50200<br>Telephone: +66(0) 5321 0834      +66(0) 5321 0835<br>Facsimile: +66(0) 5321 0841 |

### **Central Region**

|                             |   |
|-----------------------------|---|
| <b>Ayutthaya Branch*:</b>   | Ayutthaya City Park, Room GC-11, 126 Moo 3, Asia Road, Klong Suan Plu, Ayutthaya, Ayutthaya 13000<br>Telephone: +66(0) 3580 1920      +66(0) 3580 1921<br>Facsimile: +66(0) 3580 1922                       |
| <b>Nakornsawan Branch*:</b> | 26/3-4, Vitheethap Citywalk Room 2F003-004, 2 <sup>nd</sup> Floor, Suchada Road, Pak Nam Pho, Muang, Nakornsawan, 60000<br>Telephone: +66(0) 5622 3947      +66(0) 5622 3948<br>Facsimile: +66(0) 5622 3949 |

### **Southern Region**

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

### **Eastern Region**

|                         |  |
|-------------------------|--|
| <b>Rayong Branch**:</b> | TSK Park, 351-351/1 Sukhumvit Road, Noenpra, Muang, Rayong 21000<br>Telephone: +66(0) 3802 0030      +66(0) 3802 0031<br>Facsimile: +66(0) 3802 0032 |
|-------------------------|--|

*Remark:*

*\* Nomura Learning Center*

*\*\* Nomura Service Center*

## ***Other References***

### **Share Registrar**

#### **Thailand Securities Depository Company Limited**

The Stock Exchange of Thailand Building,  
93 14<sup>th</sup> floor, Ratchadaphisek Road, 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***

33<sup>rd</sup> 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

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### 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 20, 2018, CNS's shares were held by foreigners in total of 86.08% of CNS's registered and paid-up capital.

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

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 28, 2018, there were the NVDR of CNS's shares totaling 4,916,000 units or 0.23% of CNS's paid-up capital, a decrease of 1,983,201 units or 28.75% from the NVDR as of December 29, 2017 at 6,899,201 units or 0.32% 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 20, 2018 was as follows;**

| Major Shareholders' Name <sup>1</sup>                          | Shares Held (shares) | Holding Percentage (%) |
|--|----------------------|------------------------|
| 1. Nomura Asia Investment (Singapore) Pte. Ltd. <sup>2</sup>   | 1,844,659,931        | 85.78                  |
| 2. Mr. Wachira Tayanaraporn                                    | 35,555,500           | 1.65                   |
| 3. Mrs. Khuntong Udommahuntisuk                                | 20,000,000           | 0.93                   |
| 4. Mr. Mongkol Udompetcharaporn                                | 17,688,000           | 0.82                   |
| 5. Mr. Chatri Sophonpanich                                     | 14,193,000           | 0.66                   |
| 6. Mr. Rabil Sophonpanich                                      | 13,563,000           | 0.63                   |
| <b>Total shareholders with shareholding exceeding 0.5%</b>     | <b>1,945,659,431</b> | <b>90.47</b>           |
| <b>Total shareholders with shareholding not exceeding 0.5%</b> | <b>204,809,569</b>   | <b>9.53</b>            |
| <b>Grand Total</b>   | <b>2,150,469,000</b> | <b>100.00</b>          |

<sup>1</sup> Investors can check the latest top shareholders from CNS's website ([www.nomuradirect.com](http://www.nomuradirect.com)) within 7 days prior to the date of the Annual General Meeting of Shareholders.

<sup>2</sup> Nomura Asia Investment (Singapore) Pte. Ltd. was incorporated in Singapore, wholly owned (100%) by Nomura Holdings, Inc.<sup>3, 4</sup> 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, 2018. (Source: <http://www.nomuraholdings.com/investor/library/sec/>)

<sup>3</sup> The securities information of Nomura Holdings, Inc. as of September 30, 2018, which was the latest disclosure in the website of Nomura Holdings, Inc., was as follows;

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

|                               |   |
|-------------------------------|---|
| <b>Listing</b>                | 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. |
| <b>Issued Shares</b>          | Common Stock: 3,493,562,601 shares (As at December 17, 2018)  |
| <b>Number of shareholders</b> | 381,508   |
| <b>Trading unit</b>           | 100 shares  |

<sup>4</sup> 10 top shareholders of Nomura Holdings, Inc. as of September 30, 2018<sup>5</sup> 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<br>(thousand<br>shares) | Percentage<br>to Issued<br>Shares (%) |
|--|-------------------------------------|---------------------------------------|
| 1. The Master Trust Bank of Japan, Ltd. (Trust Account)  | 164,188                             | 4.50                                  |
| 2. Japan Trustee Services Bank, Ltd. (Trust Account)   | 160,636                             | 4.40                                  |
| 3. Japan Trustee Services Bank, Ltd. (Trust Account 5)   | 68,356                              | 1.87                                  |
| 4. JP MORGAN CHASE BANK 385151   | 61,455                              | 1.68                                  |
| 5. STATE STREET BANK WEST CLIENT-TREATY 505234   | 54,935                              | 1.50                                  |
| 6. NORTHERN TRUST CO.(AVFC) RE SILCHESTER<br>INTERNATIONAL INVESTORS INTERNATIONAL VALUE<br>EQUITY TRUST | 54,140                              | 1.48                                  |
| 7. Japan Trustee Services Bank, Ltd. (Trust Account 1)   | 48,045                              | 1.31                                  |
| 8. Japan Trustee Services Bank, Ltd. (Trust Account 2)   | 47,313                              | 1.29                                  |
| 9. SSBTC CLIENT OMNIBUS ACCOUNT  | 47,050                              | 1.29                                  |
| 10. Japan Trustee Services Bank, Ltd. (Trust Account 7)  | 45,493                              | 1.24                                  |
| <b>Grand Total</b>   | <b>751,611</b>                      | <b>20.56</b>                          |

<sup>5</sup> As of September 30, 2018, Nomura Holdings, Inc. had 260,740 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 20, 2018, 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, 2018, 4 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. Yuji Hibino          | Director           | Non-Executive Director |
| 4. Mr. Philip Wing Lun Chow | Director           | Non-Executive Director |

Remark:

The Board of Directors' Meeting No. 4/2561 held on April 27, 2018 resolved to elect Mr. Yuji Hibino to be CNS's Director, as a replacement director of Mr. Shinichi Mizuno who resigned from the position of CNS's director with effect from March 16, 2018.

Mr. Yuji Hibino was approved by the SEC on May 3, 2018 and CNS submitted the registration of the change in director with the Ministry of Commerce on May 10, 2018. As a result, CNS had 11 board members since May 10, 2018.

## 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 has issued 6 months short term bill of exchange in amount of Baht 300 million in 2018.

## 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.

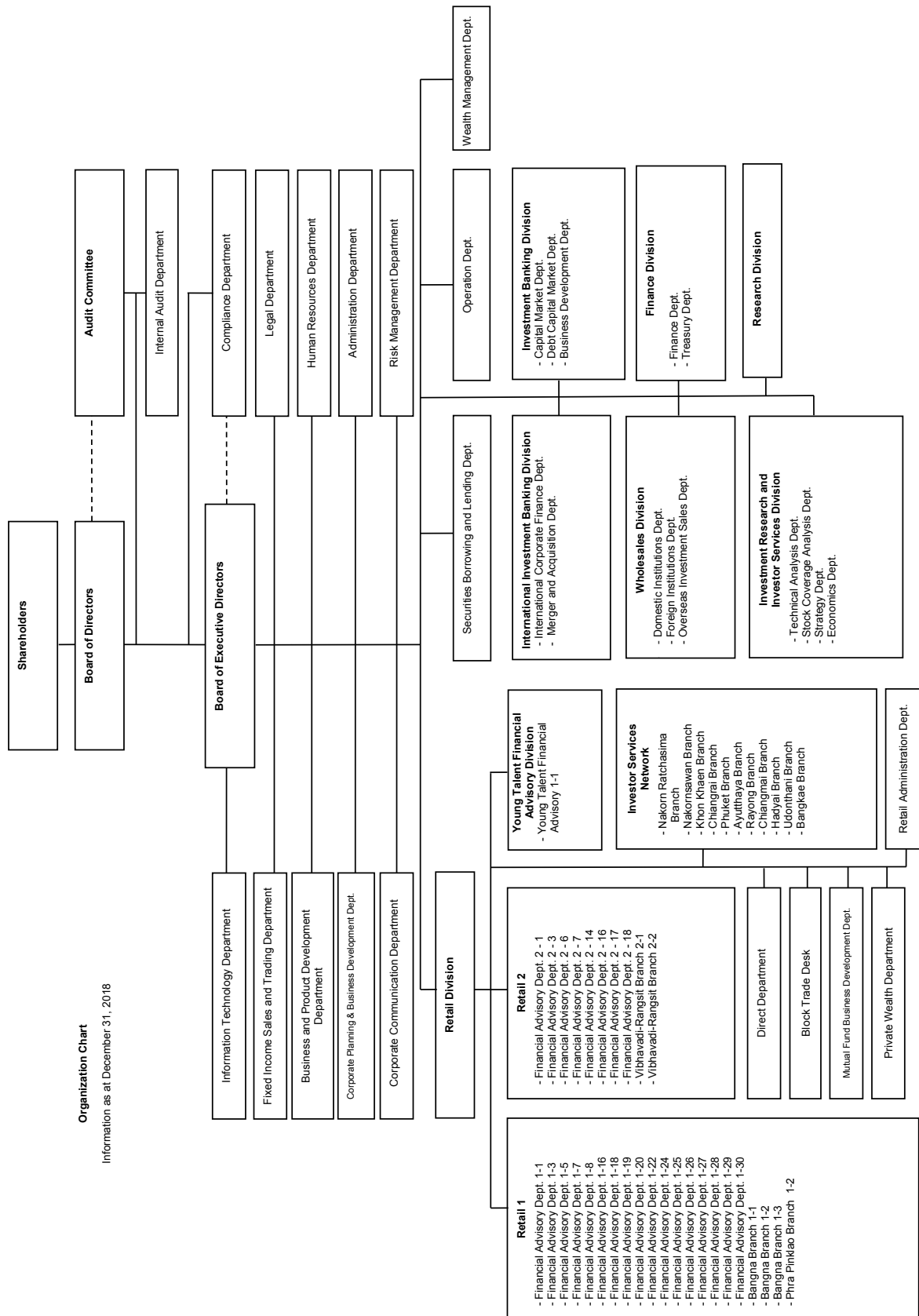
### Historical data of dividend payments over the previous 5 fiscal years

| Dividend payment for Fiscal Year     | Fiscal<br>Year 2017<br>(Jan 2017-<br>Dec 2017) | Fiscal<br>Year 2016<br>(Jan 2016-<br>Dec 2016) | Fiscal<br>Year 2015<br>(Jan 2015-<br>Dec 2015) | Fiscal<br>Year 2014<br>(Jan 2014-<br>Dec 2014) | Fiscal<br>Year 2013<br>(Jan 2013-<br>Dec 2013) |
|--------------------------------------|--|--|--|--|--|
| Dividend payment per share (Baht)    | 0.21   | 0.18   | 0.18   | 0.18   | 0.17   |
| Dividend announcement (million Baht) | 451.60   | 387.08   | 387.08   | 387.08   | 365.58   |
| Net profit (million Baht)            | 475.44   | 412.18   | 415.96   | 428.75   | 394.04   |
| Dividend payout ratio (%)            | 94.99  | 93.91  | 93.06  | 90.28  | 92.78  |

# Organization Chart

## Organization Chart

Information as at December 31, 2018



## Management Structure

### Board of Directors

As of December 31, 2018, for the effectiveness of the Board of Directors' performance, CNS had 11 board members consisting of; 5 Executive Directors, 2 Non-Executive Directors and 4 Independent Directors, as 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 <sup>1</sup> | Executive Director  | Executive Director     |
| 4. Mr. Shinya Yokoyama                  | Executive Director  | Executive Director     |
| 5. Mrs. Chrisana Sae-Leiw               | Executive Director  | Executive Director     |
| 6. Mr. Yuji Hibino <sup>2</sup>         | Director  | Non-Executive Director |
| 7. Mr. Philip Wing Lun Chow             | Director  | Non-Executive Director |
| 8. Mrs. Wattanee Phanachet              | Chairperson of the Audit Committee and Independent Director                         | Independent Director   |
| 9. Col. Ruangsub Kovindha               | Audit Committee and Independent Director  | Independent Director   |
| 10. Mr. Prasert Virasathienpornkul      | Audit Committee and Independent Director  | Independent Director   |
| 11. Dr. Prasit Kanchanasakdichai        | Independent Director  | Independent Director   |

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

Remark:

<sup>1</sup> The resignation of Mr. Nimit Wongjariyakul from position of CNS's director with effect on March 7, 2019, the Board of Directors' Meeting No.3/2562 held on March 15, 2019 resolved to elect Associate Professor Dr. Danuja Kunpanitchakit, who is qualified and does not possess any prohibited characteristics by law, as replacement of Mr.Nimit Wongjariyakul and as an Independent Director, effective upon the approval of the Securities and Exchange Commission ("SEC") and the completion of the director registration with the Ministry of Commerce.

<sup>2</sup> The Board of Directors' Meeting No. 4/2561 held on April 27, 2018 resolved to elect Mr. Yuji Hibino to be CNS's Director, as a replacement director of Mr. Shinichi Mizuno who resigned from the position of CNS's director with effect from March 16, 2018.

Mr. Yuji Hibino was approved by the SEC on May 3, 2018 and CNS submitted the registration of the change in director with the Ministry of Commerce on May 10, 2018. As a result, CNS had 11 board members since May 10, 2018.

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

| Director Name               | Position  | Shares Held (shares)    |                         |        |
|-----------------------------|---|-------------------------|-------------------------|--------|
|                             |   | As of December 31, 2017 | As of December 31, 2018 | Change |
| 1. Mr. Suthep Peetakanont   | Chairman of the Board of Directors and Chairman of the Board of Executive Directors | -                       | -                       | -      |
|                             | - spouse  | -                       | -                       | -      |
|                             | - underage children   | -                       | -                       | -      |
|                             | <b>Total</b>  | -                       | -                       | -      |
| 2. Mr. Katsuya Imanishi     | President   | -                       | -                       | -      |
|                             | - spouse  | -                       | -                       | -      |
|                             | - underage children   | -                       | -                       | -      |
|                             | <b>Total</b>  | -                       | -                       | -      |
| 3. Mr. Nimit Wongjariyakul  | Executive Director  | -                       | -                       | -      |
|                             | - spouse  | -                       | -                       | -      |
|                             | - underage children   | -                       | -                       | -      |
|                             | <b>Total</b>  | -                       | -                       | -      |
| 4. Mr. Shinya Yokoyama      | Executive Director  | -                       | -                       | -      |
|                             | - spouse  | -                       | -                       | -      |
|                             | - underage children   | -                       | -                       | -      |
|                             | <b>Total</b>  | -                       | -                       | -      |
| 5. Mrs. Chrisana Sae-Leiw   | Executive Director  | -                       | -                       | -      |
|                             | - spouse  | -                       | -                       | -      |
|                             | - underage children   | -                       | -                       | -      |
|                             | <b>Total</b>  | -                       | -                       | -      |
| 6. Mr. Yuji Hibino          | Director  | -                       | -                       | -      |
|                             | - spouse  | -                       | -                       | -      |
|                             | - underage children   | -                       | -                       | -      |
|                             | <b>Total</b>  | -                       | -                       | -      |
| 7. Mr. Philip Wing Lun Chow | Director  | -                       | -                       | -      |
|                             | - spouse  | -                       | -                       | -      |
|                             | - underage children   | -                       | -                       | -      |
|                             | <b>Total</b>  | -                       | -                       | -      |
| 8. Mrs. Wattanee Phanachet  | Chairperson of the Audit Committee and Independent Director                         | -                       | -                       | -      |
|                             | - spouse  | -                       | -                       | -      |
|                             | - underage children   | -                       | -                       | -      |
|                             | <b>Total</b>  | -                       | -                       | -      |

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

| Director Name                      | Position                                 | Shares Held (shares)    |                         |        |
|------------------------------------|--|-------------------------|-------------------------|--------|
|                                    |  | As of December 31, 2017 | As of December 31, 2018 | Change |
| 9. Col. Ruangsub Kovindha          | Audit Committee and Independent Director | -                       | -                       | -      |
|                                    | - spouse                                 | -                       | -                       | -      |
|                                    | - underage children                      | -                       | -                       | -      |
|                                    | <b>Total</b>                             | -                       | -                       | -      |
| 10. Mr. Prasert Virasathienpornkul | Audit Committee and Independent Director | -                       | -                       | -      |
|                                    | - spouse                                 | -                       | -                       | -      |
|                                    | - underage children                      | -                       | -                       | -      |
|                                    | <b>Total</b>                             | -                       | -                       | -      |
| 11. Dr. Prasit Kanchanasakdichai   | Independent Director                     | -                       | -                       | -      |
|                                    | - spouse                                 | -                       | -                       | -      |
|                                    | - underage children                      | -                       | -                       | -      |
|                                    | <b>Total</b>                             | -                       | -                       | -      |
| <b>Grand Total</b>                 |  | -                       | -                       | -      |

**A Number of the Board of Directors' Meetings and the Attendance by Individual Members in 2018**

| 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 | 12/12                          | 100 |
| 2. Mr. Katsuya Imanishi                  | President   | 12/12                          | 100 |
| 3. Mr. Nimit Wongjariyakul               | Executive Director  | 12/12                          | 100 |
| 4. Mr. Shinya Yokoyama                   | Executive Director  | 12/12                          | 100 |
| 5. Mrs. Chrisana Sae-Leiw                | Executive Director  | 12/12                          | 100 |
| 6. Mr. Shinichi Mizuno                   | Director  | 1/1                            | 100 |
| 7. Mr. Yuji Hibino <sup>1</sup>          | Director  | 8/7                            | 88  |
| 8. Mr. Philip Wing Lun Chow <sup>2</sup> | Director  | 12/11                          | 92  |
| 9. Mrs. Wattanee Phanachet               | Chairperson of the Audit Committee and Independent Director                         | 12/12                          | 100 |
| 10. Col. Ruangsub Kovindha               | Audit Committee and Independent Director  | 12/12                          | 100 |
| 11. Mr. Prasert Virasathienpornkul       | Audit Committee and Independent Director  | 12/12                          | 100 |
| 12. Dr. Prasit Kanchanasakdichai         | Independent Director  | 12/12                          | 100 |

<sup>1</sup> Mr. Yuji Hibino had an urgent engagement so he could not attend the Board of Directors' Meeting No. 10/2561.

<sup>2</sup> Mr. Philip Wing Lun Chow had an urgent engagement so he could not attend the Board of Directors' Meeting No. 3/2561.



## Management

As of December 31, 2018, CNS had 11 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 <sup>1</sup>        | Executive Director   | Executive Director and the person taking the highest responsibility in finance and accounting |
| 5. Mrs. Chrisana Sae-Leiw                  | Executive Director   | Executive Director  |
| 6. Mr. Somchai Thongchai                   | Managing Director – International Investment Banking Division  | Executive Officer   |
| 7. Mr. Natthapon Lohachitpitak             | Chief Information Officer  | Executive Officer   |
| 8. Mrs. Krittika Tharamart                 | Director of Retail Sales Division 2  | Executive Officer   |
| 9. Miss Kridsana Kulpanyalert <sup>1</sup> | Division Head of Finance Division  | Executive Officer and the person supervising accounting                                       |
| 10. Mr. Toshihisa Shimoda                  | Division Head of Investment Banking Division / Department Head- Corporate Planning and Business Development Department | Executive Officer   |
| 11. Mr. Somchai Wongkittikraiwan           | YTFA Division Head   | Executive Officer   |

<sup>1</sup> The Board of Executive Directors Meeting No. 17/2561 on October 10, 2018 resolved to appoint Mr. Shinya Yokoyama to be Chief Finance Officer and Miss Kridsana Kulpanyalert as Chief Accountant.

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

| Director Name                  | Position  | Shares Held (shares)    |                         |        |
|--------------------------------|---|-------------------------|-------------------------|--------|
|                                |   | As of December 31, 2017 | As of December 31, 2018 | Change |
| 1. Mr. Suthep Peetakanont      | Chairman of the Board of Directors and Chairman of the Board of Executive Directors | -                       | -                       | -      |
|                                | - spouse  | -                       | -                       | -      |
|                                | - underage children   | -                       | -                       | -      |
|                                | <b>Total</b>  | -                       | -                       | -      |
| 2. Mr. Katsuya Imanishi        | President   | -                       | -                       | -      |
|                                | - spouse  | -                       | -                       | -      |
|                                | - underage children   | -                       | -                       | -      |
|                                | <b>Total</b>  | -                       | -                       | -      |
| 3. Mr. Nimit Wongjariyakul     | Executive Director  | -                       | -                       | -      |
|                                | - spouse  | -                       | -                       | -      |
|                                | - underage children   | -                       | -                       | -      |
|                                | <b>Total</b>  | -                       | -                       | -      |
| 4. Mr. Shinya Yokoyama         | Executive Director  | -                       | -                       | -      |
|                                | - spouse  | -                       | -                       | -      |
|                                | - underage children   | -                       | -                       | -      |
|                                | <b>Total</b>  | -                       | -                       | -      |
| 5. Mrs. Chrisana Sae-Leiw      | Executive Director  | -                       | -                       | -      |
|                                | - spouse  | -                       | -                       | -      |
|                                | - underage children   | -                       | -                       | -      |
|                                | <b>Total</b>  | -                       | -                       | -      |
| 6. Mr. Somchai Thongchai       | Managing Director – International Investment Banking Division                       | -                       | -                       | -      |
|                                | - spouse  | -                       | -                       | -      |
|                                | - underage children   | -                       | -                       | -      |
|                                | <b>Total</b>  | -                       | -                       | -      |
| 7. Mr. Natthapon Lohachitpitak | Chief Information Officer   | -                       | -                       | -      |
|                                | - spouse  | -                       | -                       | -      |
|                                | - underage children   | -                       | -                       | -      |
|                                | <b>Total</b>  | -                       | -                       | -      |

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

| Director Name                           | Position  | Shares Held (shares)          |                               |          |
|---|---|-------------------------------|-------------------------------|----------|
|   |   | As of<br>December<br>31, 2017 | As of<br>December<br>31, 2018 | Change   |
| <b>8. Mrs. Krittika Tharamart</b>       | Director of Retail Sales Division 2   | 800,000                       | 800,000                       | -        |
|   | - spouse  | -                             | -                             | -        |
|   | - underage children   | -                             | -                             | -        |
|   | <b>Total</b>  | <b>800,000</b>                | <b>800,000</b>                | <b>-</b> |
| <b>9. Miss Kridsana Kulpanyalert</b>    | Division Head of Finance Division   | -                             | -                             | -        |
|   | - spouse  | -                             | -                             | -        |
|   | - underage children   | -                             | -                             | -        |
|   | <b>Total</b>  | <b>-</b>                      | <b>-</b>                      | <b>-</b> |
| <b>10. Mr. Toshihisa Shimoda</b>        | Division Head of Investment Banking<br>Division/ Department Head-Corporate<br>Planning and Business Development<br>Department | -                             | -                             | -        |
|   | - spouse  | -                             | -                             | -        |
|   | - underage children   | -                             | -                             | -        |
|   | <b>Total</b>  | <b>-</b>                      | <b>-</b>                      | <b>-</b> |
| <b>11. Mr. Somchai Wongkittikraiwan</b> | YTFA Division Head  | -                             | -                             | -        |
|   | - spouse  | -                             | -                             | -        |
|   | - underage children   | -                             | -                             | -        |
|   | <b>Total</b>  | <b>-</b>                      | <b>-</b>                      | <b>-</b> |
| <b>Grand Total</b>                      |   | <b>800,000</b>                | <b>800,000</b>                | <b>-</b> |

## **Company Secretary and the person assigned to take direct responsibility for supervising accounting**

- **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, the person taking the highest responsibility in finance and accounting (Chief Financial Officer: CFO), the person supervising accounting (Chief Accountant) 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)

- **The person supervising accounting**

The Board of Directors resolved to appoint Miss Kridsana Kulpanyalert, Division Head of Finance Division, as CNS' s Chief Accountant since October 10, 2018, having the qualifications, roles and responsibilities as disclosed in the section “Profile of Directors, Management, Controllers, the person taking the highest responsibility in finance and accounting (Chief Financial Officer: CFO), the person supervising accounting (Chief Accountant) and Company Secretary”

## 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 2018 following to the resolution of the Annual General Meeting of Shareholders No. 1/2561 held on April 27, 2018 totaling Baht 4,336,466 with the following details;

1. Director's annual remuneration considered from the performance of the year ended December 31, 2017 (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, 2018 were paid at the rate of Baht 20,000 per meeting.
3. Audit Committee's annual remuneration for the year ended December 31, 2018 were calculated proportionately to the term of annual remuneration as below.
  1. Chairperson of the Audit Committee 320,000 Baht annually
  2. Each other member of the Audit Committee 260,000 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 <sup>1</sup> | President   | 53,644                         | -                 | -                                     | 53,644           |
| 3. Mr. Katsuya Imanishi <sup>2</sup>  | President   | 142,849                        | -                 | -                                     | 142,849          |
| 4. Mr. Nimit Wongjariyakul            | Executive Director  | 220,000                        | -                 | -                                     | 220,000          |
| 5. Mr. Naoki Sugaya <sup>3</sup>      | Executive Director  | 121,151                        | -                 | -                                     | 121,151          |
| 6. Mr. Shinya Yokoyama <sup>4</sup>   | Executive Director  | 80,164                         | -                 | -                                     | 80,164           |
| 7. Mrs. Chrisana Sae-Leiw             | Executive Director  | 220,000                        | -                 | -                                     | 220,000          |
| 8. Mr. Jiro Yamaguchi <sup>5</sup>    | Director  | 53,644                         | -                 | -                                     | 53,644           |
| 9. Mr. Takeshi Nishida <sup>6,7</sup> | Director  | 135,014                        | -                 | -                                     | 135,014          |
| 10. Mr. Philip Wing Lun Chow          | Director  | 220,000                        | -                 | -                                     | 220,000          |
| 11. Mrs. Wattanee Phanachet           | Chairperson of the Audit Committee and Independent Director                         | 260,000                        | 240,000           | 320,000                               | 820,000          |
| 12. Col. Ruangsub Kovindha            | Audit Committee and Independent Director  | 260,000                        | 240,000           | 260,000                               | 760,000          |
| 13. Mr. Prasert Virasathienpornkul    | Audit Committee and Independent Director  | 260,000                        | 240,000           | 260,000                               | 760,000          |
| 14. Dr. Prasit Kanchanasakdichai      | Independent Director  | 260,000                        | 240,000           | -                                     | 500,000          |
| <b>Total</b>                          |   | <b>2,536,466</b>               | <b>960,000</b>    | <b>840,000</b>                        | <b>4,336,466</b> |

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

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

- <sup>4</sup> 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.
- <sup>5</sup> The Board of Directors' Meeting No. 3/2560 held on March 15, 2017 acknowledged the resignation of Mr. Jiro Yamaguchi, Director, from the position of CNS's director, with effect from March 31, 2017.
- <sup>6</sup> 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.
- <sup>7</sup> The Board of Directors' Meeting No. 13/2560 held on November 8, 2017 acknowledged the resignation of Mr. Takeshi Nishida, Director, from the position of CNS's director, with effect from December 14, 2017.

## **(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 2018, CNS paid management's remuneration in total amount of Baht 104,357,786 with the following detail;

| <b>Management's remuneration (Baht)</b>               | <b>Fiscal Year 2018<br/>(Jan 1, 2018 – Dec 31, 2018)</b> |
|---|--|
| Salary and Bonus                                      | 82,336,473   |
| Provident fund contributions                          | 3,956,916  |
| Social security fund contributions and other benefits | 18,064,397   |
| <b>Grand Total</b>                                    | <b>104,357,786</b>                                       |

Remark: The above remuneration was paid to 5 Executive Directors and 6 Executive Officers which inclusive of 1 new Executive Officer and 3 promoted Executive Officers during the year.

## 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 2018, CNS paid management's provident fund contributions in total amount of Baht 3.96 million.



## Human Resources

### 1. Total Headcount

As of December 31, 2018, CNS had 542 employees with the following details;

| Line  | Headcount | Total Headcount |
|---|-----------|-----------------|
| <b>Executive Directors</b>                  |           | <b>5</b>        |
| <b>Business Lines</b>                       |           | <b>358</b>      |
| Brokerage Division                          |           |                 |
| Retail                                      | 258       |                 |
| Direct Department                           | 16        |                 |
| Investor Services Network                   | 35        |                 |
| Block Trade Desk                            | 3         |                 |
| Mutual Fund Business Development Department | 13        |                 |
| Wholesales Division                         | 11        |                 |
| Investment Banking Division                 | 16        |                 |
| Fixed Income Sales and Trading Department   | 5         |                 |
| Wealth Management Department                | 1         |                 |
| <b>Back Offices</b>                         |           | <b>179</b>      |
| <b>Grand Total</b>                          |           | <b>542</b>      |

### 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 2018, CNS paid employees' remuneration in total amount of Baht 647,147,131 with the following detail;

| Employees' remuneration (Baht)                        | Fiscal Year 2018<br>(Jan 1, 2018 – Dec 31, 2018) |
|---|--|
| Salary and Bonus                                      | 514,360,904                                      |
| Provident fund contributions                          | 23,410,334                                       |
| Social security fund contributions and other benefits | 109,375,893                                      |
| <b>Grand Total</b>                                    | <b>647,147,131</b>                               |

#### 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 2018, CNS encouraged employees to attend trainings for their knowledge and skill development in total of 99 courses with 1,011 hours, with the annual average employee training hour at approximately 1.87 hours per headcount. The total employee development costs were Baht 1,593,400. Detail of the employee development was as follows;

| Type of training  | Numbers of courses | Numbers of training hours |
|-------------------|--------------------|---------------------------|
| Internal training | 57                 | 496                       |
| External training | 42                 | 515                       |
| <b>Total</b>      | <b>99</b>          | <b>1,011</b>              |

## Profile of Directors, Management, Controllers, the person taking the highest responsibility in finance and accounting (Chief Financial Officer: CFO), the person supervising accounting (Chief Accountant) and Company Secretary

**Profile of Directors, Management, Controllers, the person taking the highest responsibility in finance and accounting (Chief Financial Officer: CFO), the person supervising accounting (Chief Accountant) and Company Secretary as of December 31, 2018**

### **Mr. Suthep Peetakanont**

Age: 57 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
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd.
- Big Data, 2017, Apichai Sakulsureeyadej
- 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, Investment Analysts Association (IAA)
- Trading TFEX SET 50 Index Futures and Gold Futures with strategies, 2014, Investment Analysts Association (IAA)
- Technical Fundamentals Analysis in industry group, 2014, Investment Analysts Association (IAA)
- Asset Allocation strategies (Bank Deposit, Gold, Mutual Funds, Stock, Bond), 2014, Investment Analysts Association (IAA)
- 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, 2018)**

|                    |  |
|--------------------|--|
| 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 Public Company Limited   |
| 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 Public Company Limited

**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: 42 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
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- 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, 2018)**

|                     |  |
|---------------------|--|
| 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**

– None –

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

– None –

**Mr. Nimit Wongjariyakul**

Age: 54 years, Position: Executive Director and Authorized Director signing on behalf of CNS

First appointed on December 17, 2007

Latest appointed on April 27, 2018

**Education Background / Training Experience**

- Master of Engineering, Pennsylvania State University, U.S.A.
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- Big Data, 2017, Apichai Sakulsureeyadej
- 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, 2018)**

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 –

Remark: Mr. Nimit Wongjariyakul resigned from the position of CNS's director, Executive Director and the authorized director signing on behalf of CNS with effective on March 7, 2019

**Mr. Shinya Yokoyama**

Age: 53 years, Position: Executive Director and Authorized Director signing on behalf of CNS and the highest responsibility in finance and accounting (Chief Financial Officer: CFO)

First appointed on July 24, 2017

Latest appointed on April 27, 2018

Appointed as the highest responsibility in finance and accounting (Chief Financial Officer: CFO) on October 10, 2018

**Education Background / Training Experience**

- Bachelor of Law, Hokkaido University, Japan
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- 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, 2018)**

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**

– None –

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

– None –

**Mrs. Chrisana Sae-Leiw**

Age: 58 years, Position: Executive Director and Authorized Director signing on behalf of CNS

First appointed on June 1, 2009

Latest appointed on April 27, 2018

**Education Background / Training Experience**

- Bachelor of Science, Southern Adventist University, U.S.A.
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- Board Matters and Trends (BMT), 2018, Thai Institute of Directors Association (IOD)
- คราสรหนี้และกองทุนรวมที่มีความเสี่ยงสูงหรือมีความซับซ้อน, Complex Products : Bond and Mutual Fund (P2), 2018, ASCO Training Institute (ATI)
- สัญญาซื้อขายล่วงหน้า, Complex Products : Derivatives (P3), 2018, ASCO Training Institute (ATI)
- เจาะเทคนิคการทำหน้าที่ของผู้แนะนำการลงทุน, Techniques for acting as investment advisor, 2018, ASCO Training Institute (ATI)
- โอกาสการลงทุนใหม่ในยุค Opportunity for investment in Fintech Era, 2018, ASCO Training Institute (ATI)
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd
- Big Data, 2017, Apichai Sakulsureeyadej
- 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 Co., Ltd
- 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, 2018)**

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



**Mrs. Chrisana Sae-Leiw (continued)**

**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. Yuji Hibino**

Age: 52 years, Position: Director

First appointed on April 27, 2018

Approved by The Office of the Securities and Exchange Commission (SEC) on May 3, 2018

**Education Background / Training Experience**

- Bachelor of Arts in Economics, Keio University, Japan
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline 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, 2018)**

|                     |  |
|---------------------|--|
| May 2018 – Present  | Director, Capital Nomura Securities Public Company Limited.  |
| Apr 2018 – Present  | Senior Managing Director, Retail Division Wealth Management Business and Asia Strategy (Deputy), Nomura Securities Co., Ltd. |
| Apr 2017 – Mar 2018 | Senior Managing Director, Human Resources, Nomura Securities Co., Ltd.   |
| Apr 2017 – Mar 2018 | Senior Managing Director, Human Resources, Nomura Holding, Inc.  |
| Apr 2015 – Mar 2017 | Managing Director, Retail Strategy Department, Nomura Securities Co., Ltd.   |
| Aug 2012 – Mar 2015 | Head of Numazu Branch Office, Nomura Securities Co., Ltd.  |

**Position in other firms in the previous year**

Senior Managing Director, Retail Division Wealth Management Business and Asia Strategy (Deputy), 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. Philip Wing Lun Chow**

Age: 56 years, Position: Director

First appointed on April 29, 2015

Latest appointed on April 27, 2018

**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
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- 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, 2018)**

|                    |  |
|--------------------|--|
| 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: 81 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.
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- Board Matters and Trends (BMT), 2018, Thai Institute of Directors Association (IOD)
- 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 Sakulsureeyadej
- 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, 2018)**

|                    |   |
|--------------------|---|
| Oct 1998 – Present | Chairperson of the Audit Committee and Independent Director, Capital Nomura Securities Public Company Limited |
| 2007 – 2018        | Audit Committee and Independent Director, Esso (Thailand) Public Company Limited                              |
| 1999 – 2013        | Audit Committee and Independent Director, Thai Poly Acrylic Public Company Limited                            |

**Position in other firms in the previous year**

Audit Committee and Independent Director, Esso (Thailand) Public Company Limited

**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: 66 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.
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- 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 Sakulsureeyadej
- 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
- Received the award “Role model of the Information and Communication Technology Business Sector”, 2010, Foundation of Science and Technology Council of Thailand
- 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, 2018)**

|                    |  |
|--------------------|--|
| Jan 2002 – Present | Audit Committee and Independent Director, Capital Nomura Securities Public Company Limited |
| Nov 2018 – Present | Director, Brainergy Co.,Ltd.   |
| Jan 2018 – Present | Chief Executive Officer, United Information Highway 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 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.   |
| 2017 – 2018        | Director, Any Cloud Co., Ltd.  |
| 2007 – 2018        | Director, I Secure Co.,Ltd.  |
| 2000 – 2017        | Managing Director, United Information Highway Co., Ltd.                                    |

**Col. Ruangsub Kovindha (continued)**

**Position in other firms in the previous year**

Director, Brainergy Co.,Ltd.  
 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 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.  
 Chief Executive Officer, 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: 58 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.
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- Big Data, 2017, Apichai Sakulsureeyadej
- 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, 2018)**

|                    |   |
|--------------------|---|
| 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 Public Company Limited |
| 2010 – 2016        | Audit Committee and Independent Director, Kantana Group Public Company Limited  |
| 2014 – 2016        | Chairman of the Board of Directors, Chairman of the Audit Committee and Independent Director, Master Ad Public Company Limited  |
| 2003 – 2013        | Chairman of the Audit Committee and Independent Director, Master Ad 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 –

**Dr. Prasit Kanchanasakdichai**

Age: 54 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.
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- 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, 2018)**

|                    |  |
|--------------------|--|
| Dec 2010 – Present | Independent Director, Capital Nomura Securities Public Company Limited |
| Nov 2015 – Present | President, Thailand Iron works Public Company Limited                  |
| 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 Public Company Limited  |
| Sep 2003 – Present | Managing Director, C.M. Manufacturing Co., Ltd.                        |

**Position in other firms in the previous year**

President, Thailand Iron works Public Company Limited  
 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 Public Company Limited  
 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 –



**Mr. Somchai Thongchai**

Age: 40 years, Position: Managing Director, International Investment Banking Division

First appointed on Apr 9, 2018

**Education Background / Training Experience**

- Bachelor of Accountancy, Chulalongkorn University
- Directors Certification Program (DCP), 2014, 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, 2018)**

|                     |   |
|---------------------|---|
| Apr 2018 – Present  | Managing Director, International Investment Banking Division,<br>Capital Nomura Securities Public Company Limited |
| Feb 2017 – Present  | Non-Executive Director, Blackbriar Co., Ltd.  |
| Jan 2018 – Mar 2018 | Country Head, Corporate Finance, PricewaterhouseCoopers ABAS Ltd.   |
| Feb 2017 – Dec 2017 | Managing Director, CLSA Securities (Thailand) Ltd.  |
| Mar 2012 – Jan 2017 | CEO & Managing Director, Barclays Capital Securities (Thailand) Ltd.  |

**Position in other firms in the previous year**

Non-Executive Director, Blackbriar 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. Natthapon Lohachitpitak**

Age: 42 years, Position: Chief Information Officer

First appointed on May 1, 2018

**Education Background / Training Experience**

- Master of Science in Information Technology, Assumption University of Thailand
- Bachelor of Science in Information Technology, Assumption University of Thailand
- Process Innovation Management and Industry Transformation, 2018, Thailand Productivity Institute
- Good IT Governance: Risk Management and Data Responsibility, 2018, The Office of the Securities and Exchange Commission (SEC) and BSA I The Software Alliance
- IT Governance and Cyber Resilience Program, 2018, Thai Institute of Directors Association (IOD)
- Performance Management Based Individual KPIs, 2017, Arporn Puvitayaphan, Ph.D.

**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, 2018)**

|                     |   |
|---------------------|---|
| May 2018 – Present  | Chief Information Officer, Information Technology Department,<br>Capital Nomura Securities Public Company Limited |
| Jan 2004 – Apr 2018 | Department Head, Information Technology Department,<br>Capital Nomura Securities Public Company Limited           |

**Position in other firms in the previous year**

– None –

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

– None –

**Mrs. Krittika Tharamart**

Age: 58 years, Position: Director of Retail Division 2

First appointed on May 1, 2009

**Education Background / Training Experience**

- Bachelor of Education, Phranakhon Rajabhat University
- ตราสารหนี้และกองทุนรวมที่มีความเสี่ยงสูงหรือมีความซับซ้อน, Complex Products : Bond and Mutual Fund (P2), 2018, ASCO Training Institute (ATI)
- สัญญาซื้อขายล่วงหน้า, Complex Products : Derivatives (P3), 2018, ASCO Training Institute (ATI)
- เจาะเทคนิคการทำหน้าที่ของผู้แนะนำการลงทุน The technique of acting as investment advisor, 2018, ASCO Training Institute (ATI)
- โอกาสการลงทุนใหม่ในยุค Fintech, Opportunity for investment in Fintech Era, 2018, ASCO Training Institute (ATI)
- Certified Financial Planner (CFP) Module 5–Tax and Estate Planning, 2018, Thai Professional Finance Academy
- เตรียมปรับพอร์ตตราสารหนี้ พร้อมรับมือดอกเบี้ยขาขึ้น, Prepare to adjust the bond portfolio for the upward interest, 2018, The Thai Bond Market Association and The Stock Exchange of Thailand
- การขอต่ออายุใบอนุญาตเป็นนายหน้าประกันชีวิต ครั้งที่ 1 Renewal of a life insurance broker license No.1, 2018, Thai Insurance Brokers Association and Thailand Insurance Institute
- 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)
- นโยบายขับเคลื่อนเศรษฐกิจและทิศทางการพลังงานไทย, The policy to drive economic and Thai energy direction, 2015, The Stock Exchange of Thailand (SET)
- SEC Working Papers Forum ครั้งที่ 1 “การเปิดเผยข้อมูล M&A เร็วช้า มีผลอย่างไรและคุณภาพของข้อมูลทางบัญชีดีขึ้นหรือไม่ภายหลังการใช้ IFRS ในจีนและอินเดีย” SEC Working Papers Forum No.1 “How has the effect of disclosure M&A information timely? And the quality of accounting has improved or not after using IFRS in China and India?”, 2015, The Office of the Securities and Exchange Commission (SEC)
- Global Investment Seminar Series: Portfolio for All Season”, 2015, Kasikorn Asset Management Co.,Ltd.
- Certified Financial Planner (CFP) Module 1–Foundation of Financial & Tax Planning, 2015, ASCO Training Institute (ATI)
- Dynamic Growth of Asia, 2014, TMB Asset Management Co., Ltd.
- โอกาสและความท้าทายสู่การเป็นผู้อาวุโสในการลงทุน (IP) Opportunity and Challenge for Investment Planner (IP), 2014, Thailand Securities Institute (TSI)
- SEC Working Papers Forum ครั้งที่ 3 “สำรวจสุขภาพบริษัทจดทะเบียน” SEC Working Papers Forum No.3 “Health Survey of listed companies”, 2014, Kasetsart University and The Office of the Securities and Exchange Commission (SEC)
- SEC Working Papers Forum ครั้งที่ 2 “ซื้อหุ้นคูปอง” SEC Working Papers Forum No.2 “Buy bond Stock”, 2014, Thammasat Business School and The Office of the Securities and Exchange Commission (SEC)
- หุ้นกู้: ทางเลือกยุคดอกเบี้ยต่ำ ถูกใจผู้ลงทุน Bonds: Choice for issuers and investors in down interest Era, 2014, The Thai Bond Market Association
- 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)

**Mrs. Krittika Tharamart (continued)**

**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, 2018)**

|                     |  |
|---------------------|--|
| 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,<br>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: 56 years, Position: Company Secretary\* and Division Head of Finance Division and the person supervising accounting (Chief Accountant)\*\*

First appointed as the Company Secretary on March 22, 2013

Appointed as the person supervising accounting (Chief Accountant) on Oct 10, 2018

#### **Education Background / Training Experience**

- Master of Business Administration, Thammasat University
- Bachelor of Accounting, Thammasat University
- โครงการพัฒนาความรู้ต่อเนื่องทางวิชาชีพโดยการศึกษาด้วยตนเอง (Self-Study CPD) ครั้งที่ 2/2561 (ชุดที่ 3)  
จำนวนชั่วโมงบัญชี 20 ชั่วโมง Professional knowledge development project by Self-Study CPD No.2/2018 (Series 3), 20 hours of accounting hours, 2018, Federation of Accounting Professions
- การทำ Financial Projection เพื่อประเมินมูลค่าบริษัท Financial Projection to evaluate the company, 12 hours of accounting hours, 2018, The Stock Exchange of Thailand (SET)
- ประเด็นที่เกิดจากการใช้มาตรฐานการรายงานทางการเงินสำหรับกิจการที่ไม่ได้เสียสาธารณะ จำนวนชั่วโมงบัญชี 6 ชั่วโมง Issues arising from the use of Thai Financial Reporting Standards for Non-Publicly Accountable Entities (TFRS for NPAEs), 6 hours of accounting hours, 2018, Federation of Accounting Professions
- Next Crisis? วิกฤตหนี้โลก Next Crisis? World debt crisis, 2018, The Stock Exchange of Thailand (SET) and Investment Analysts Association (IAA)
- How Big Data and Digital Technology can transform your business, 2018, Asama Kulvanitchaiyanunt, Ph.D., Coraline Co., Ltd.
- CVC กลยุทธ์การลงทุนรูปแบบใหม่ จุดประกาย Innovation ก้าวทันโลกธุรกิจ CVC new investment strategy, spark innovation to catch up with the business world, 2018, The Stock Exchange of Thailand (SET)
- เตรียมความพร้อม...รองรับการเปลี่ยนแปลงมาตรฐานการรายงานทางการเงินเกี่ยวกับเครื่องมือทางการเงิน, Preparing for support change in Thai Financial Reporting Standards (TFRS) regarding financial instruments, 2018, The Stock Exchange of Thailand (SET)
- Anti-Corruption and AMLO, 2017, Surasak Suthamcharu, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- Big Data, 2017, Apichai Sakulsureeyadej
- Performance Management Based Individual KPIs, 2017, Arporn Puvitayaphan, Ph.D
- TFRS 9 Updates on Securities Business, 2017, The Office of the 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), 2014, 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, 2018)**

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

**Miss Kridsana Kulpanyalert (continued)**

**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

\*\* The person supervising accounting (Chief Accountant) is an accountant who meets the qualifications and conditions specified by the notification of the Department of Business Development (DBD).

**Mr. Toshihisa Shimoda**

Age: 38 years, Position: Division Head of Investment Banking Division and Department Head of Corporate Planning and Business Development

First appointed on Jul 1, 2018

**Education Background / Training Experience**

- Bachelor of Management, Gakushuin University, Japan

**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, 2018)**

|                     |   |
|---------------------|---|
| Jul 2018 – Present  | Division Head, Investment Banking Division, Capital Nomura Securities Public Company Limited                      |
| Dec 2014 – Present  | Department Head, Corporate Planning and Business Development,<br>Capital Nomura Securities Public Company Limited |
| Jul 2016 – Jun 2018 | Department Head, Investment Banking, 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. Somchai Wongkittikraiwan**

Age: 43 years, Position: Division Head of Young Talent Financial Advisory Division

First appointed on Sep 1, 2018

**Education Background / Training Experience**

- Bachelor of Science, Thammasat University
- Process Innovation Management and Industry Transformation, 2018, The Stock Exchange of Thailand (SET)
- Leadership Mastery with NLP, 2018, Rong Jirayutat and Danaiya Tang-u-thaisuk, Ph.D
- Performance Management Based Individual KPIs, 2017, Arporn Puvitayaphan, Ph.D

**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, 2018)**

|                     |  |
|---------------------|--|
| Sep 2018 – Present  | Division Head, Young Talent Financial Advisory Division,<br>Capital Nomura Securities Public Company Limited       |
| Jan 2015 – Aug 2018 | Department Head, Financial Advisory Department 1-31,<br>Capital Nomura Securities Public Company Limited           |
| Feb 2014 – Dec 2014 | Deputy Department Head, Financial Advisory Department 1-31,<br>Capital Nomura Securities Public Company Limited    |
| Feb 2013 – Jan 2014 | Assistant Department Head, Financial Advisory Department 1-31,<br>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 –



## 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](http://www.nomuradirect.com)) for stakeholders under the menu "About us > Company Profile > Investor Relations > About us".

According to the 2018 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.

However, in 2018 CNS reviewed and amended the CNS's Good Corporate Governance Policy in compliance with the Corporate Governance Code for Listed Companies 2017: "CG Code" which focused on the board's accountability and responsibility. On December 14, 2018, CNS's Good Corporate Governance Policy 2019 was approved by the Board of Directors.

### ***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 2018, CNS had no breach of the SET's and the SEC's rules and regulations.

2018 was the fifth 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 got the evaluation in "A" level, similar to the previous 4 years (2014-2017) while the majority of the members got the evaluation in "B+" level.

(Source: the SET's letter No. Kor Sor. 24/2561 Re: Submit the evaluation result of compliance monitoring reviews in the Rewards & Punishment Project for the year 2017, dated Jun 15, 2018)

## Disclosure of the implementation of the Good Corporate Governance Policy

In 2018, 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 2018, CNS held the Annual General Meeting ("the AGM") of Shareholders No. 1/2561 held on April 27, 2018 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 attend the AGM in appointing their proxies to attend the shareholders' meeting and cast their votes as well as providing a list of 4 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. 1/2561 was provided to shareholders with the following important documents;
  - (1) A copy of the Minutes of the Annual General Meeting of Shareholders No. 1/2560
  - (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) Registration and Proxy Procedure
  - (4) Name lists and biographies of Independent Directors, proposed by the Company to serve as proxy for shareholders
  - (5) Qualification / definition of the Company's Independent Director
  - (6) The Company's Articles of Association relating to Shareholders' Meeting
  - (7) Map of the meeting location for the Annual General Meeting of Shareholders No. 1/2561 (CNS Convention Center)
  - (8) Proxy forms
  - (9) Annual Report 2017
- CNS published the notice of the AGM on its website ([www.nomuradirect.com](http://www.nomuradirect.com)) on March 26, 2018, 32 days before the AGM date, in compliance with the Good Corporate Governance Practice requiring 28 days in advance.

- CNS did not do any actions that limit or violate shareholders' rights stated by law such as 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 2018, CNS held the Annual General Meeting ("the AGM") of Shareholders No. 1/2561 on Friday, April 27, 2018 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 10 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 an 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 2018, CNS held the Annual General Meeting ("the AGM") of Shareholders No. 1/2561 held on Friday, April 27, 2018 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 recorded 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](http://www.nomuradirect.com)) on April 27, 2018.
- CNS published the minutes of the AGM on its website ([www.nomuradirect.com](http://www.nomuradirect.com)) on May 10, 2018, within 14 days in compliance with the law and regulations.

## **Section 2 Equitable Treatment of Shareholders**

### **1. Release of information before the shareholders' meeting**

In 2018, CNS held the Annual General Meeting ("the AGM") of Shareholders No. 1/2561 held on Friday, April 27, 2018 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](http://www.nomuradirect.com)) on March 26, 2018, 32 days before the AGM date, in compliance with the Good Corporate Governance Practice requiring 28 days in advance.
- 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 2018, CNS held the Annual General Meeting ("the AGM") of Shareholders No. 1/2561 held on Friday, April 27, 2018 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 2018, 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 2018 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 2018 were disclosed in the section "Management Structure".

### **4. Conflicts of interest by directors**

In 2018, there was no interested director and connected person attending 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 during 2018, 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 details in the section "the Connected Transactions Policy" on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
- The Board of Directors requires directors and 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 the 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 2018, 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](http://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 details of the Code of Ethics in the section "Code of Ethics of Nomura Group" on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
- 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 in February.
- 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](http://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 details in the section "the Anti-Bribery and Corruption Policy" on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
- CNS has written procedures in handling client's complaint. Clients can submit their complaint to Compliance Department at Telephone No. 02-081-2860-5 or via postal mail or its website ([www.nomuradirect.com](http://www.nomuradirect.com)). When there is any client complaint, Compliance Department shall find the fact 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 preventive measures to detect 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](http://www.nomuradirect.com)). Please see further details in the section "the Whistleblowing Policy" on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
- 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 which had been reviewed during 2018 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 be 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 accidents that affect 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 details as described in the section “Corporate Social Responsibility for Sustainability Development”.
  - CNS has a policy to respect the 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 details of shareholders’ rights as described in the section “Section 1 Right of Shareholders” in Good Corporate Governance Policy, on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
    - ➡ **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 Responsibility for Sustainability Development

CNS publishes its latest relevant key information and policies both in Thai and English for stakeholders' acknowledgement on its website ([www.nomuradirect.com](http://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 responsibility for sustainability development in the annual report. Please see further details as described in the section "Corporate Social Responsibility for Sustainability Development".



## 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 2018, CNS published its relevant key information, in compliance with by the SET's and the SEC's guidelines, rules and regulations, both in Thai and English on its website ([www.nomuradirect.com](http://www.nomuradirect.com)) under the menu "About us > Company Profile > Investor Relations", covering the following documents;

- Shareholding structure
- Annual report
- A list of directors and management
- Annual statements (Form 56-1)
- Corporate background
- Vision and Mission
- Business profile
- Good Corporate Governance Policy
- Code of Ethics
- Announcement of Anti-Bribery and Corruption Policy
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy
- Corporate Social Responsibility for Sustainability Development Policy
- Disclosure of the implementation of the Corporate Social Responsibility for Sustainability Development Policy
- Risk Management Policy
- Company Articles of Association
- Company Memorandum
- Audit Committee Charter
- Roles and responsibilities and Qualification of the Board
- Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) Policy
- 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 requested 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, 2018 was as follows;

- CNS had 11 directors being experienced in the securities business for a long time.
  - ➡ 9 males and 2 females
  - ➡ Consisting of 3 directors from internal management, 4 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 one-third of the total number of directors and at least 3 directors.
  - ➡ Please see further details of each director's qualification, experience, training and development profile as described in the section "Profile of Directors, Management, Controllers, the person taking the highest responsibility in finance and accounting (Chief Financial Officer: CFO), the person supervising accounting (Chief Accountant) 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, but also be the Chairman of the Board of Executive Directors 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 who are members of the Board of 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 role under the resolution of the Board of Executive Directors with transparent, fair, equitable and prudent manner for the utmost benefit to all stakeholders. Each Executive Director has an authority within the scope delegated by the Board of 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. 1/2561 held on April 27, 2018, the Board of Directors, exclusive of the nominated directors considered and agreed that there were 4 directors who had to retire by rotation in 2018.

- 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 2018, no directors were 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 considered that the Company's Independent Director holding the position more than 9 years still expressed opinions and made decisions independently, impartially and objectivity with the best interests of the Company and all shareholders.
- 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, the person taking the highest responsibility in finance and accounting (Chief Financial Officer: CFO), the person supervising accounting (Chief Accountant) and Company Secretary".

## 2. Committees

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

- Committees
  - (A) Board of Executive Directors
  - (B) Audit Committee
  - (C) Credit Review Committee
  - (D) Marginable Securities Committee
  - (E) Risk Management Committee
  - (F) 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 gathering the information and proposes to the Board of Directors for consideration and approval as follows;

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

The Board of Executive Directors is responsible for gathering the information related to 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 gathering the information and proposes to the Board of Directors to consider and nominate qualified candidates suitable for being directors and propose to the shareholders' meeting for approval.

## 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 details in the section "Good Corporate Governance Policy" on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
  - ➡ The Anti-Bribery and Corruption Policy is defined. Please see further details in the section "Anti-Bribery and Corruption Policy" on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
  - ➡ The Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) Policy is defined. Please see further details in the section "Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) Policy" on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
  - ➡ The Code of Ethics of Nomura Group is adopted. Please see further details in the section "Code of Ethics of Nomura Group" on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
  - ➡ Compliance Department is assigned to strictly monitor the operation in 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 get approved from the Board of Directors or AGM 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 2018, 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, who is independent, is assigned 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 details in the section “Risk Management Policy” on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).
  - ➡ 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.
  - ➡ The Board of Directors provides opinion of the internal control and risk assessment annually. Please see further detail of the 2018 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. Please see further details in the section “Whistleblowing Policy” on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).

In 2018, the Board of Directors also conducted the following actions to be in compliance with the Good Corporate Governance Policy;

- Acknowledged the 2017 Board Assessment and Board Self-Assessment on January 19, 2018
- Acknowledged the 2017 Corporate Governance Report of Thai Listed Companies on January 19, 2018
- Acknowledged the 2017 Compliance Monitoring Result on February 23, 2018
- Reviewed and approved the 2018 Good Corporate Governance Policy on February 23, 2018 to align with CNS's businesses.
- Reviewed and approved the Corporate Social Responsibility for Sustainability Development Policy on February 23, 2018 to align with CNS's businesses.
- Approved the Safety, Occupational Health and Environment Policy on February 23, 2018 to align with CNS's businesses.
- Reviewed and approved the Anti-Money Laundering & Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) Policy, including subordinate policy on February 23, 2018 to align with CNS's businesses.
- Acknowledged the 2018 Affirmation of Code of Ethics on February 23, 2018
- Reviewed and approved the 2018 Risk Management Policy on June 22, 2018 to align with CNS's businesses.
- Acknowledged the assessment of the AGM Shareholders No.1/2561 meeting by Thai Investors Association (TIA) on August 27, 2018
- Acknowledged the 2018 Corporate Governance Report of Thai Listed Companies on November 12, 2018
- Reviewed and approved the 2019 Investment Policy on December 14, 2018 to align with CNS's businesses.

- Reviewed and approved the mission, vision and CNS's core values on December 14, 2018 to align with CNS's businesses.
- Reviewed and approved the 2019 following policies on December 14, 2018 to align with CNS's businesses.
  - ➡ Anti-Bribery and Corruption Policy
  - ➡ The Code of Ethics of Nomura Group
  - ➡ Corporate Social Responsibility for Sustainability Development Policy
  - ➡ The Connected Transactions Policy
  - ➡ The Supplemental Guideline - Connected Transactions Policy – Amended No.1
  - ➡ The Safety, Occupational Health and Environment Policy
  - ➡ The Whistleblowing 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
  - ➡ The New Product Policy
- Acknowledged the 2018 Risk Self-Assessment Result and Fraud, Bribery and Corruption Risk Assessment Result on December 14, 2018.
- Reviewed and approved the 2019 Good Corporate Governance Policy on December 14, 2018 in compliance with the Corporate Governance Code for Listed Companies 2017 of the SEC and align with CNS's businesses.

#### **4. Board meetings**

In 2018, CNS scheduled the board meetings with the following detail;

- CNS scheduled 12 board meetings on monthly basis.
- The Board of Directors shall jointly set tentative board meeting date, time and venue in advance for the whole year to ensure that all directors can attend the meetings.
- Each member of the Board of Directors can freely propose agenda to the Board of Directors's meeting while the Board of Executive Directors jointly with independent director will set the 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 business 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 November 12, 2018. Their meeting outcomes was reported to the board meeting in November 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 2018;

- (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 2018 were lower than 2017. 11 board members participated in the assessment for 2018. The average scores of the assessment were as follows;

### **The Board Assessment**

The average scores of the Board Assessment for 2018 was 97.87%, decreasing by 1.36% from 99.23% in 2017. The highest score was on the factor (3) the board meeting at 100%, increasing from 98.75% in 2017. And the lowest score was on the factor (2) Roles and responsibilities of the board at 97.09%, decreasing from 98.45% in 2017.

### **The Board Self-Assessment**

The average scores of the Board Self-Assessment for 2018 was 97.29% downed by 1.61% from 98.90% in 2017. The highest score was on the factor (3) the board meeting at 99.15%, increasing from 99.06% in 2017. And the lowest score was on the factor (6) self-development of the board and management at 96.36%, decreasing from 99.00% in 2017.

Each director can freely propose any board development to CNS for their continuous performance development as an individual and the whole Board of Directors.



## 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 details 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 2018, 75% of total directors attended the courses in performing their directorship. Please see further details of each director's training and development profile as described in the section "Profile of Directors, Management, Controllers, the person taking the highest responsibility in finance and accounting (Chief Financial Officer: CFO), the person supervising accounting (Chief Accountant) 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 2018, 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, 2018, for the effectiveness of the board performance, CNS had 11 board members consisting of; 5 Executive Directors, 2 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. Yuji Hibino                 | Director  | Non-Executive Director |
| 7. Mr. Philip Wing Lun Chow        | Director  | Non-Executive Director |
| 8. Mrs. Wattanee Phanachet         | Chairperson of the Audit Committee and Independent Director                         | Independent Director   |
| 9. Col. Ruangsub Kovindha          | Audit Committee and Independent Director  | Independent Director   |
| 10. Mr. Prasert Virasathienpornkul | Audit Committee and Independent Director  | Independent Director   |
| 11. Dr. Prasit Kanchanasakdichai   | Independent Director  | Independent Director   |

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

#### Remark:

The Board of Directors' Meeting No. 4/2561 held on April 27, 2018 resolved to elect Mr. Yuji Hibino to be CNS's Director, as a replacement director of Mr. Shinichi Mizuno who resigned from the position of CNS's director with effect from March 16, 2018. Mr. Yuji Hibino was approved by the SEC on May 3, 2018 and CNS submitted the registration of the change in director with the Ministry of Commerce on May 10, 2018. As a result, CNS had 11 board members since May 10, 2018.

**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<br>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.

Mr. Nimit Wongjariyakul resigned from the position of CNS's director with effective on March 7, 2019. As a result, the authorized directors signing on behalf of CNS and binding CNS with CNS's seal were 2 out of 4 of the above list with effective on March 7, 2019.

***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, 2018, CNS had 4 Independent Directors, in line with the SEC's requirement that the Independent Directors must be at least one-third 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 as 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, 2018, 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.

Mr. Nimit Wongjariyakul resigned from the position of CNS's director with effective on March 7, 2019. As a result, the authorized directors signing on behalf of CNS and binding CNS with CNS's seal were 2 out of 4 of the above list with effective on March 7, 2019.

## 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 2018, 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. Napalai Suntives, 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 - 2018    | 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 Company's financial reporting that it is accurate and adequate.
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 unit's independence, as well as to approve the appointment, transfer and dismissal of the Head of Internal Audit Department.
3. To review with the management of the Company, and to ensure the Company institutes and maintains, adequate systems for related to Risk Assessment, and Risk Management and the monitoring of such risks.
4. To review the Company's compliance with the SEC's law, the regulation of Stock Exchange of Thailand (SET), and the laws relating to the Company's business.
5. To consider, select and propose the Board of Directors for the appointment or dismissal of a qualified person who is independent as the external auditor of the Company, recommend his/her remuneration.

The Audit Committee shall meet privately with the external auditor at least once a year without the management team being present.

6. To review all fraud risk related to assets misappropriation, corruption and fraudulent financial statements.
7. To consider connected transactions or transactions that may lead to conflicts of interests, to comply with all SET regulations and other related laws and regulations in order to ensure that the aforementioned transactions are reasonable and maximizes benefit to the Company.
8. To prepare the Audit Committee's report to be disclosed in the Company's Annual Report which is signed by the Chairman of the Audit Committee and comprises of the following information:
  - An opinion on the accuracy, completeness and creditability of the Company's financial report,
  - An opinion on the adequacy of the Company's internal control system,
  - An opinion on the compliance with the SEC's laws, and SET's regulations or other laws related to the Company's business,
  - An opinion on the suitability of the external auditor,
  - An opinion on the transactions that may lead to conflicts of interests,
  - the number of the Audit Committee meetings, and the attendance of each member of the Audit Committee,
  - An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
  - Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.

9. To inspect / or to make arrangements for the investigation of any suspicious incidents reported by the Company's external auditor, which involve any the Director of the Company, any member of the Company's Management or any person who is responsible for the Company's operation committing or potentially committing an offence under the Securities and Exchange Act and to report the result of the preliminary investigation to the Office of the SEC and the external auditor of the Company within thirty days after being informed by the external auditor.

The Audit Committee is authorized to investigate any activity within the responsibility of the Committee and can seek any information it requires from any employee of the Company or the Company's affiliates, or the Company's external auditor as appropriate. All of the Company's employees are directed to co-operate with such requests. In addition, the Audit Committee is authorized to seek external professional advice where it considers necessary.

10. To investigate any matter brought to the Audit Committee's attention within the scope of its duties, and perform any other act as assigned by the Board of Directors with the consent of the Audit Committee.
11. To ensure the existence of adequate "whistle-blowing" policies and procedures.
12. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit:
  - 1) A transaction which causes a conflict of interest;
  - 2) Any fraud, irregularity, or material defect in an internal control system; or
  - 3) An infringement of the law on securities and exchange, the SET's regulations, or any law relating to the Company's business.

If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Office of the SEC or the SET.

13. To review the Company's compliance with private sector's anti-corruption and certification programs, including the Collective Action Coalition Against Corruption's Self-Evaluation Tool.

#### **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, 2018, 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.

However, the Chairman of the Risk Committee has been the Chairman of the Credit Review Committee instead of the Chairman of the Board of Executive Directors since March 1, 2019.

**Authorities and Duties of the Credit Review Committee**

1. To set up the standard practice 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 guideline.
3. To set measures of credit risk control or consider any other issues relating to the credit facilities including collateral concentration limit.
4. To appoint member of Marginable Securities Committee and term of reference for Marginable Securities Committee.
5. To approve the Marginable Securities List proposed by the Marginable Securities Committee.
6. To approve the list and concentration limits of underlying stocks that the Company allows the customers to trade single stock futures on Block Trade business.
7. To approve non-cash collateral list and concentration limits that the Company allows the customers to place as collateral on TFEX business.
8. To consider monthly interest rates and fees consisting of interest rate for margin loan, interest rate for cash balance, interest rate for block trade including SBL Borrowing fee and SBL Lending fee.
9. To approve the request as stated in the guideline that it requires the approval by the Credit Review Committee.

**(E) Marginable Securities Committee**

As of December 31, 2018, 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 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 securities and margin levels suitable for the domestic economy and brokerage business, and make proposal to Credit Review Committee.
2. To periodically review Marginable Securities List and initial margin rate based on the assigned and requested basis, and propose the reviewed list to 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, 2018, 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 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 Co-Department Head                 | Committee                 |
| 7. Risk Management Co-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. 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.

**(G) Anti-Money Laundering Committee (AMLC)**

As of December 31, 2018, CNS had 7 members of the Anti-Money Laundering Committee (AMLC) from 4 divisions, consisting of;

| Position   | Type of Director    |
|--|---------------------|
| 1. Executive Director                            | Member              |
| 2. Representatives of Legal Department           | Chairman and Member |
| 3. Representatives of Compliance Department      | Member              |
| 4. Representatives of Risk Management Department | Member              |

However, the representative of compliance department has been the chairman of the AMLC Committee instead of the representative of legal department since March 1, 2019.

## **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 Office regarding number and qualification of the Independent Directors.

- (1) CNS must have Independent Directors at least one third of the board size, and in any cases, the number shall not be fewer than three.
- (2) Each Independent Director shall have the below qualifications.
  1. holding no more than one percent of the total voting shares of the Company, its parent company, subsidiary, associate company, major shareholder or controlling person of the Company, including shares held by the connected persons of such independent director.
  2. not being or having been an executive director, employee, staff, advisor earning regular monthly salary or the controlling person of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended for at least two years prior to the date of filing the application with the SEC Office. In this regard, such prohibited characteristics shall exclude the case where an independent director used to be a government official or advisor of a governmental agency, which is a major shareholder or the controlling person of the Company.
  3. not being a person who is related by blood or legal registration as father, mother, spouse, sibling and child, including spouse of child, other directors, executives, major shareholders, controlling person or person to be nominated as director, executive or controlling person of the Company or its subsidiary.
  4. not having or having had a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person in a manner that may interfere with independent discretion, which includes not being or having been a significant shareholder or the controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, unless such foregoing relationships have ended for at least two years prior to the date of filing the application with the SEC Office.

The business relationship under Paragraph 1 shall include normal business transactions, rental or lease of real estate, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or the counterparty being subject to indebtedness payable to the other party in an amount starting from three percent of the net tangible assets of the Company or from twenty million baht or more, whichever amount is lower. In this regard, the calculation of such indebtedness shall be in accordance with the method for calculating the value of related party transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Execution of Related Party Transactions, *mutatis mutandis*. In any case, the consideration of such indebtedness shall include the indebtedness incurred during the period of one year to the date of establishing the business relationship with the related person.

5. not being or having been an auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the audit firm which employs the auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, unless the foregoing relationship has ended for not less than two years prior to the date of filing the application with the SEC Office.

6. not being or having been a provider of professional services, which includes serving as a legal advisor or financial advisor being paid with a service fee of more than two million baht per year by the Company, its parent company, subsidiary, associated company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of such provider of professional services, unless the foregoing relationship has ended for not less than two years prior to the date of filing the application with the SEC Office.
7. not being a director who is appointed as the representative of directors of the Company, major shareholder, or shareholder who is a connected person of a majority shareholder.
8. not undertaking any business of the same nature and in significant competition with the business of the Company or its subsidiary, or not being a significant partner in a partnership, or an executive director, employee, staff, advisor earning regular monthly salary, or holding more than one percent of the voting shares of another company that undertakes a business of the same nature and in significant competition with the business of the Company or its subsidiary.
9. not having any other characteristics that cause the inability to express independent opinions on the business operation of the Company.

## **(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 the executives.

#### (5) Number of directors from Major Shareholders

As of December 31, 2018, CNS had 4 directors who were representatives of Nomura Group, 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. Yuji Hibino          | Director           | Non-Executive Director |
| 4. Mr. Philip Wing Lun Chow | Director           | Non-Executive Director |

#### Remark:

The Board of Directors' Meeting No. 4/2561 held on April 27, 2018 resolved to elect Mr. Yuji Hibino to be CNS's Director, as a replacement director of Mr. Shinichi Mizuno who resigned from the position of CNS's director with effect from March 16, 2018.

Mr. Yuji Hibino was approved by the SEC on May 3, 2018 and CNS submitted the registration of the change in director with the Ministry of Commerce on May 10, 2018. As a result, the Board of Directors has comprised of 11 directors since May 10, 2018.

### 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 2018, 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. All Staff is prohibited from securities/bonds subscription which CNS is on the process to provide services such as financial advisor, underwriter, debt securities issuer and dealer services, although it's non-listed products.
8. All Staff and other related persons who involved in CNS's business are prohibited from trading the securities and bonds by knowing that CNS's analysts are on the process to release analyst reports.
9. All Staff and other related persons who involved in CNS's business are prohibited from insider trading, whether he/she is in the department which possess that information or not.
10. 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 2018 in total of Baht 1,500,000. (Remark: CNS had no subsidiaries.)

### (2) Non-Audit Fee

CNS rendered the tax service from EY Office Limited, having the tax fee in 2018 in total of Baht 220,000.

## The Implementation of CNS on the Corporate Governance Code for listed companies 2017.

The Board of Directors considered and adopted the Corporate Governance Code for listed companies 2017 aligning with CNS's context and business annually. The Board of directors shall report the CNS's practices in compliance with the Good Corporate Governance Policy and the result of the review at least once a year to ensure that the Board of Directors, managements and employee acknowledged and practiced for adding the CNS's long-term sustainable value creation, not only building investors' confidence.

On December 14, 2018, the Board of Directors reviewed and approved the 2019 Good Corporate Governance Policy in compliance with the Corporate Governance Code for listed companies 2017 and aligning with CNS's business.

## Other Good Governance Practices

### Number of the Audit Committee's Meetings and the Attendance by Individual Members in 2018

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

The Audit Committee Meeting No. 5/2561 held on November 9, 2018 was for the consideration of the internal control, the risk assessment, the performance and the independence of the external auditor including the coordination with CNS's employees. 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 2018**

| 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 | 169/165                             |
| 2. Mr. Katsuya Imanishi    | President   | 169/159                             |
| 3. Mr. Nimit Wongjariyakul | Executive Director  | 169/154                             |
| 4. Mr. Shinya Yokoyama     | Executive Director  | 169/167                             |
| 5. Mrs. Chrisana Sae-Leiw  | Executive Director  | 169/157                             |

**Number of the Marginable Securities Committee's Meetings and the Attendance by Individual Members in 2018**

| Position  | Type of Director       | Number of Meetings/Attendance |
|---|------------------------|-------------------------------|
| 1. Co-Department Head of Risk Management Department   | Chairman and Secretary | 4/4                           |
| 2. Executive Director in charge of 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 2018**

| Position   | Type of Director           | Number of Meetings/Attendance |
|--|----------------------------|-------------------------------|
| 1. Executive Director - Risk Management Department | Chief Risk Officer ("CRO") | 4/2                           |
| 2. Executive Director - Operation Division         | Deputy Chief Risk Officer  | 4/4                           |
| 3. Finance Department/Division Head                | Committee                  | 4/4                           |
| 4. Compliance Department Head                      | Committee                  | 4/4                           |
| 5. Legal Department Head                           | Committee                  | 4/4                           |
| 6. Risk Management Co-Department Head              | Committee                  | 4/4                           |
| 7. Risk Management Co-Department Head              | Committee                  | 4/4                           |

**Number of the Anti-Money Laundering Committee's Meetings and the Attendance by Individual Members in 2018**

| Position   | Type of Director    | Number of Meetings/Attendance |
|--|---------------------|-------------------------------|
| 1. Executive Director                            | Member              | 13/10                         |
| 2. Representatives of Legal Department           | Chairman and Member | 13/13                         |
| 3. Representatives of Compliance Department      | Member              | 13/12                         |
| 4. Representatives of Risk Management Department | Member              | 13/13                         |

# Corporate Social Responsibility for Sustainability Development

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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 by the Stock Exchange of Thailand (“the SET”).

CNS publishes the Corporate Social Responsibility for Sustainability Development Policy both in Thai and English for stakeholders’ acknowledgement on its website ([www.nomuradirect.com](http://www.nomuradirect.com)) under the menu “About us > Company Profile > Investor Relations”.

## Disclosure of the implementation of CNS

In 2018, there were key activities following 8 principles regarding the guideline set by the SET as follows;

### 1. Business ethics awareness

In 2018, CNS got the average score for the Corporate Governance Report of Thai Listed Companies 2018 conducted by IOD at the level “Very Good”, the same level as the previous year.

In addition, CNS participated in the “Nomura Founding Principles and Corporate Ethics Day” event on August 3<sup>rd</sup> of every year to remind employees to be aware of Nomura Group’s culture and founding principles regarding the business principles since the establishment day and lesson learned from the past mistakes, with the aim to detect any mistakes similar to the past 90 years of Nomura Group’s operation. 100% of total number of employees as of August 7, 2018 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. CNS has also been certified to renew the Company’s status of CAC certification for another 3 years from the resolution date since May 17, 2018.

In December 2018, CNS reviewed the Anti-Bribery and Corruption Policy to assure the up to date of the policy. CNS also arranged an annual training for all employees’ acknowledgement and understanding of the policy. Please see further details in the section “Anti-Bribery Corruption Policy” on its website ([www.nomuradirect.com](http://www.nomuradirect.com)).

### **3. Human Rights**

In 2018 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.

To recognize the human rights and the equality of employees in the company, the LGBT Network's Allies relaunch activities was held on July 20, 2018 to present and honor all employees equally and not discriminate to all difference.

### **4. Fairness and Labor Practices**

In 2018 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 2018, 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 criteria of each product related with the clients' risk appetite for the benefit of CNS's 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 2018, CNS encouraged employees to attend trainings for their knowledge and skill development in total of 99 courses with 1,011 hours, with the annual average employee training hour at approximately 1.87 hours per headcount. The total employee development costs were Baht 1,593,400.

## **(3) Financial and investment products and services innovation**

- CNS arranged the CNS Corporate Access program, where clients, investors, analysts and financial advisors (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 as encouraged, supported and gave the quality information including of financial and investment literacy to the investors and FAs which the feedback was satisfied.

In 2018, total 4 SET companies and 12 MAI companies participated in this program.

- CNS arranged 44 trainings and seminars in total, with more than 1,400 participants, to provide clients financial and investment information and knowledges by internal and external experts covering equity, derivatives and mutual funds monthly, 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](http://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.
- In 2018, CNS added another online channel to communicate with clients through social media such as Facebook, Line@, a freeware application to disseminate the investment review from CNS analysts, also to promote company's product, service, news, seminar and activities.
- 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 2018" 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 24, 2018 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, always providing safe water purifiers for drinking and etc.

- In 2018, CNS launched the new channel for communicating with its clients via Line@ platform service for published CNS's investment researches, including the products and services' marketing, news and activities.
- CNS encouraged its employees to participate in the 2018 fire drill of Bangkok Insurance Building (CNS's head office location) held on December 14, 2018. 90.36% 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.
- CNS realized the important of the climate change and the environmental problem, therefore in 2018, the company initiated the CNS green meeting project. The project incorporated environmental considerations throughout all stages of the meeting in order to minimize the negative impact on the environment for sustainable development by using CNS Convention Center as the model with the following factors consideration;
  - ➡ Summoning and publishing of the meeting  
CNS reduced the paper and transportation for summoning letters by published on CNS's website, intranet, electronic news or e-mail. Moreover, the concept of green meeting was notified in the letter of summoning.
  - ➡ Preparing the meeting's document  
CNS provided the meeting's document in the summarized files format and avoided to printing the meeting's document as PowerPoint, if necessary shall printed 4-6 slides per page.
  - ➡ Preparing the venue and facilitators  
CNS selected the meeting room that suitable with the number of attendances. Reduced the usage of foam and plastics by used the green or reused equipment for decoration.
  - ➡ Preparing food and beverages  
CNS provided the local food and beverages for the attendances' self-service such as Thai sweet, seasonal fruit, juice and etc.
  - ➡ Preparing other things to promote energy saving and reduce waste  
CNS always turned off the LCD projector or put it in standby mode if not used for a long time, selected awards or gifts which were green products that available in local area or recycle material. Also, provided containers to accommodate brochures, flyers or meeting's documents that the attendances didn't bring back at the exit of the meeting room in order to gathering for recycled paper.

## **7. Corporate Social Responsibility**

In 2018, 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 2018, CNS initiated the activities as the following;

- **The seminar “To be healthy and wealthy life” at Siriraj Hospital**

On July 2-4, 2018, CNS joined “To be Healthy and Wealthy Life” seminar aiming to educate and give the advice regarding investment and financial product and service for Medical Personnel. The event was held at 100th Year Siriraj Centennial Hall and 100th Year SomdechPhraSrinagarindra Building, Siriraj Piyamaharajkarun Hospital. There were 70 participants attending the seminar.

- **Nomura Classroom Roadshow**

In 2018, continued the 2<sup>nd</sup> year of 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. On August 28<sup>th</sup>, 2018, CNS organized the “Nomura Classroom Roadshow @Bangchak” to provide the investment knowledge and encourage Bangchak Corporation's employees to have a good understanding in foreign fund investment. There were approximately 100 participants attended this event.

- **Nomura Evening class @Maruey Library**

CNS incorporation with Maruey Library held the seminar “Nomura Evening class@Maruey library” under the Nomura classroom roadshow campaign aiming to educate the investors about investment knowledge. The event was held every 2<sup>nd</sup> and 4<sup>th</sup> Tuesday of November and December 2018, starting with the knowledge about technical trade by Mr. Canakas Chirasevenupraphund (Research and Investment Services - Technical Analysis) at Maruey Library, the Stock Exchange of Thailand Building. There were 30 participants approximately joining the event.

- **CU-CNS Joint Seminar 2018**

On November 10<sup>th</sup>, 2018, CNS co-operated with Chulalongkorn University to arrange the investment seminar in the topic “Globalization and financial markets” for the students of the MABE: The Master of Arts Program in Business and Managerial Economics, Chulalongkorn University, by inviting Dr. Junichi Ujiie (Senior Advisor to the Board, Nomura Holdings Inc.) and Mr. Sadakazu Oosaki (Head of Research, Center for Strategic Management and Innovation at Nomura Institute of Capital Markets Research) to be the speakers. The seminar was held at Chulalongkorn University. There were approximately 80 students attending this seminar.



- **Nomura Lifestyle “No poverty, Saving is in trend”**

CNS realized the important of technology and innovation that could initiate a cultural change in human lifestyle. Many people live out their life base on “Trend” no matter what about living, eating, aging society or etc. the trendy is now very popular among Thai people. We can see it on Social media, also on TV Channel. Therefore, CNS would like to integrate the “Trend” and “Investment” together by organizing the event DCA Seminar incorporation with the SET, Small and Medium Enterprise Development Bank of Thailand (SME Bank) and University of the Thai Chamber of Commerce. The objective of the seminar is;

- To create investment knowledge and skills among new investors.
- To make the new Investors realize the importance of savings.
- To support, encourage, and incubate the growth of Thai Startup and SMEs. (CNS Startup & SME Access)

In the event, the participants could join not only the seminar, but also other activities such as the CNS products and services exhibition zone booth and Lifestyle Zone from SME and Startup. The activities were consisted of the followings;

- ➡ Seminars with gurus from Nomura Pattanasin Securities, the topics including;
  - “The Experiences from the veteran (Money serve lifestyle)” by Mr. Nimit Wongjariyakul, the Executive Director.
  - “Cool Beginner vs Chic Guru (Savings with mutual fund in 365 days)” by Mr.Sukit Jaratchaiwanna, Department Head (Mutual Fund Business Development Department) and Mr.Noppawat Sirinimnualkul, Manager (Mutual Fund Business Development Department).
  - “Professionals show skills (3 skills for trading)” by Mr.Canakas Chirasevenupraphund, Department Head (Investment Research and Investor Services Division - Technical Analysis), Mr.Koraphat Vorachet, Department Head (Investment Research and Investor Services Division – Strategy), Mr.Samanun Polsomboonchok, Senior Analyst (Stock Coverage Analysis).
- ➡ Investment products exhibition and trading account opening services.
- ➡ Exclusive investment advisory service from the professional financial advisors.
- ➡ Lifestyle Zone offered by Startup and SMEs’ booths for shopping, eating and chilling.

The event was held on August 26, 2018 at “Professor Sangvian Indaravijaya Auditorium”, the Stock Exchange of Thailand. There were approximately 400 participants in the events.

- **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 2018, total 4 SET companies participated in this program.

In 2018, 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 12 MAI companies participated in this event.



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

In 2018, 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 continued developing the website <https://cnsup.nomuradirect.com>, focusing on building the connection between the Startup and SMEs entrepreneurs. In 2018, CNS had added more channels to promote website through social media, Facebook Fanpage named CNS Up, with 700 Likes and 707 followers. Moreover, CNS added more content about “Aging Society” in the website, also shared on Facebook.

### **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 2018, employees and CNS jointly participated in the following activities;

- **Supporting the disables**

CNS has realized that the disabled are not a burden of society, but they are one of the potential person who can drive benefits for society, economy and country. Therefore, the Company has provided support to disabled people to be able to take care of themselves and their families as well as to encourage their human right, equality and create the good attitude toward them.

## **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

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### Summary of the overviews of the Internal Control and Risk Management

CNS encourages the importance of good corporate governance by promoting and supporting all departments to have effective internal control and risk management to comply with the relevant laws and regulations. The annual self- risk assessment is conducted regularly to provide adequate internal control on the corruption risk and in line with the standard risk framework. The evaluation of the adequacy and effectiveness of internal control aligns with the five components of Internal Control – Integrated framework released by COSO (The Committee of Sponsoring Organization of the Treadway Commission) as follows:

#### ***Control Environment***

CNS encourages directors, managements and all employees of the organization to recognize the importance of internal control. An organizational structure that allows management and implementation of internal controls is effectively monitored. In addition, Internal Audit Department is an independent activity and directly reports to the Audit Committee. The Company established a Risk Management Committee (RMC) to support internal control as well as risk management. The Company's "Code of Ethics" is documented to ensure that the management and all employees comply strictly.

CNS emphasizes on human resources by recruiting competent knowledge and skill employees, as well as checking on employees' records. Furthermore, ethics and integrity training is provided to the staff through orientation and annual training. CNS also ensures that the segregation of duties for a maker and checker processes exist. The Company is committed to developing a stronger, more inclusive and effective internal control to be consistent with the changing environment.

#### ***Risk Assessment***

To ensure that the risk management system has been improved and developed to be able to manage the risk effectively and continuously, CNS assigns Risk Management Department to facilitate in conducting its annual Risk and Control Self-Assessment (RCSA) to ensure that all staff are aware of the risks and importance of internal controls. The process creates a good corporate culture and participation in corporate governance. Each department is responsible for assessing, and identifying risks which may occur during day-to-day activities. In addition, the control measures need to be improved to ensure effective and timely management and control of risks. Risk Management Department presents the results of the RCSA to the Risk Management Committee (RMC) for consideration and approval prior to submission to the Audit Committee and the Board of Directors, respectively.

## ***Control Activities***

CNS has clearly defined the scope of authority in approval limit and authority of each level of management. The Company implemented the “Segregation of Duties” concept by establishing an independent function from the Front office to be able to monitor and counterbalance each other. There are 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, prohibition of loan to buy high risk securities, etc. The Company has set up measures to ensure that the Company's access to information is secure, appropriately accessible for its operations and adequately controlled.

The Company has a policy to regulate the Company's operations in accordance with the relevant laws. The business contracts or agreements of the Company are reviewed by the Legal Department to minimize the risk of transactions and contracts and maintain the reputation of the Company. In addition, CNS established the “Business Contingency Plan” (BCP) policy and procedure that is reviewed and tested on a regular basis to prepare for unexpected events such as natural disaster and other serious crisis that impact the operation to ensure the continuous business operation.

## ***Information and Communication***

CNS has established an information technology system to support the management of operational information and to use it for decision-making by management and committees.

The minutes and all relevant documents for board meetings are recorded and kept for reference and further requests.

CNS has established the “Whistleblowing Policy” for both the employees of the Company and outsiders to notify the Company on any suspicious incidents or complaints that the employees may be involve in fraud or misconduct.

## ***Monitoring Activities***

CNS conducts internal audits by the Internal Audit Department. The internal auditors are independent and objective in performing their work. The audit results are reported directly to the Audit Committee. In the case that there are any observations identified, the Internal Audit Department will monitor the corrective actions taken by the responsible parties in a timely manner.

## **Summary of Internal Control and Risk Assessment**

In the Board of Directors' Meeting No. 12/2561, held on December 14, 2018, the Board of Directors and the Audit Committee acknowledged the result of 2018 internal control assessment and concluded that from the evaluation of internal control adequacy in five aspects which are (1) Control Environment (2) Risk Assessment (3) Control Activities (4) Information and Communication and (5) Monitoring Activities, The Board of Directors is of the opinion that the Company has an internal control system that is suitable for the business. CNS has provided sufficient personnel to support the implementation of the work system efficiently, implemented internal control systems to monitor and control operations as well as prevented 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.

## **Profile of Internal Audit and Compliance Departments**

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### **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 Miss Napalai Suntives, Department Head of Internal Audit Department, to be its Head of Internal Audit Department.

The Audit Committee has considered that Miss Napalai Suntives 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 CNS's Head of Internal Audit and Compliance Departments as of December 31, 2018**

### **Miss Napalai Suntives**

Age: 37 years, Position: Department Head of Internal Audit Department

#### **Education Background / Training Experience**

- Master of Accountancy, Brock University, Canada
- Bachelor of Science in Business Administration (Accounting), The University of Arizona, USA
- Certified Internal Auditor (CIA), The Institute of Internal Auditors (IIA), USA
- Enhancing Good Corporate Governance based on CGR Scorecard, Thai Institute of Directors Association (IOD)

#### **Work experience (information as of December 31, 2018)**

|                |   |
|----------------|---|
| 2018 – Present | Internal Audit Department, Capital Nomura Securities Public Company Limited |
| 2017 – 2018    | Compliance Department, MoneyGram International                              |
| 2015 – 2016    | Exploration International Planning, Petronas Carigali Snd Bhd               |
| 2013 – 2014    | Exploration Risk Management, Petronas Carigali Snd Bhd                      |
| 2011 – 2013    | Internal Audit and Assurance Solutions, PricewaterhouseCoopers, Malaysia    |
| 2010 – 2011    | Risk and Control Solutions, PricewaterhouseCoopers ABAS Limited             |
| 2009 – 2010    | Internal Audit Department, Kasikorn Bank Public Company Limited             |

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

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

1. Review and evaluate the effectiveness of risk management, control, 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 adequacy and appropriateness of the internal control system of the organization in order to develop and improve the internal control system more effectively and appropriately.
4. Review the appropriateness of asset management including testing of the asset existent and it is used efficiently and cost effective.
5. Review and encourage continuous and consistency improvement of the system to work more effectively.
6. Perform other tasks related to the audit as assigned by the Audit Committee and/ or senior management.

**Miss Penphun Palungvitvatana**

Age: 59 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, 2018)**

|                    |  |
|--------------------|--|
| 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. Encourage employees to strictly follow rules, regulation and procedures.
  - 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 and Board of 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

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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 qualifications required by the Office of Securities and Exchange Commission (SEC). Department Head of Internal Audit Department was the secretary to the Audit Committee.

During the fiscal year from January 1, 2018 to December 31, 2018, the Audit Committee held 6 meetings and all committee members attended the meetings. The Audit Committee performed their duties assigned by CNS as per summary below.

1. Reviewing CNS’s financial statements of the Company, including quarterly and annual financial statements before proposing to the Board of Directors that CNS’s financial statements were fairly presented in accordance with the Thai Financial Reporting Standards with adequately and independently disclosure. The meeting considered audit results with the external auditors and audit findings, to acknowledge explanation, clarification of responsible parties and recommendations for Financial Statements preparation.
2. Reviewing appropriateness of internal control system, of which the audits were conducted by the Internal Audit Department and external auditors. The Audit Committee acknowledged the audit results from summarization and clarification of both parties, and expressed notices and recommendations as deemed appropriate.
3. Reviewing the performance of Internal Audit Department, audit plan, audit execution including the review of all fraud risk related to assets misappropriation, corruption and fraudulent financial statements, reporting, monitoring, and follow-up. The Audit Committee has provided recommendations to improve audit effectiveness.
4. Reviewing with the Risk Management Department of the Company on the risk assessment, management and monitoring process.
5. Reviewing the Company’s compliance with the SEC, Stock Exchange of Thailand (SET), and other relevant regulations related to the Company’s business.
6. Together with the Board of Directors, considering connected transactions or transactions that may lead to conflict of interest in order to comply with the requirements of the Stock Exchange of Thailand and other relevant laws and regulations. This is to ensure that the transactions are reasonable and beneficial to the Company.
7. Preparing the Audit Committee Report to be disclosed in CNS’s annual report.

8. Considering, selecting and proposing the Board of Directors for the appointment of a qualified person who is independent as the external auditor of the Company and consider his/her remuneration. The Audit Committee shall meet privately with the external auditor at least once a year without the management team being present.
9. Ensuring the existence of adequate “Whistle-blowing” policies and procedures.
10. Reviewing the Company’s compliance with private sector’s anti-corruption and certification programmes, including the Collective Action Coalition Against Corruption’s Self-Evaluation Tool.

The Audit Committee had a meeting with the external auditor without management attendance. The objective of the meeting was to discuss the audit performance and independence of external auditors.

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. Somjai Khunapasut and/or Ms. Rachada Yongsawadvanich and/or Mrs. Wanwilai Phetsang to be CNS’s external auditor for the fiscal year ended December 31, 2019.

The Audit Committee had the opinion that Ms. Napalai Suntives, Department Head of Internal Audit Department, had possessed suitable qualifications and working experience to perform her duties independently and effectively.



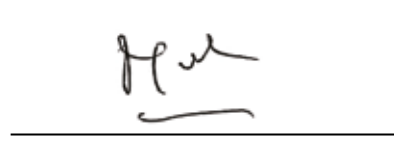
(Wattanee Phanachet)

Chairperson of the Audit Committee  
and Independent Director



(Col. Ruangsub Kovindha)

Audit Committee Member and  
Independent Director



(Prasert Virasathienpornkul)

Audit Committee Member and  
Independent Director

## Connected Transactions

For the fiscal year ended December 31, 2018, 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 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 2018 was Baht 111,955. 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 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 2018 was Baht 55,659,087. 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 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 2018 was Baht 114,634. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients.

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

The service fee for fiscal year 2018 was Baht 14,582,818. The service fee was based on actual costs plus 10% of margin.

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

The service fee for fiscal year 2018 was Baht 32,006,950. The service fee was based on actual costs plus 10% of margin.

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

The service fee for the fiscal year 2018 was Baht 611,960. The service fee was based on actual executed transactions of CNS's referred clients calculated by using the introducing credit rate as indicated in the agreement referred to the similar business.

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

The fee received for the fiscal year 2018 was Baht 72,495. The fee was the same rate as CNS charged to other clients.

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

The fee received for the fiscal year 2018 was Baht 400,364. The fee was the same rate as CNS charged to other clients.

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

The fee received for the fiscal year 2018 was Baht 13,256,164 as service rendered within the scope and volume of work assigned.

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

The fee received for the fiscal year 2018 was Baht 12,314,358 as service rendered within the scope and volume of work assigned.

11. CNS entered into Service Agreement with NSL to provide NSL’s financial advisory services to clients.

The fee received for the fiscal year 2018 was Baht 3,840,065 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 2018 was Baht 22,385,521. 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 2018 was Baht 731,812. The Fee was the normal rate as CNS charged to other clients.

### **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 2018 was Baht 2,199,360. 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 2018 was Baht 24,866. The commission was calculated based on turnover and a referential rate charged from other foreign securities firms 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 2018 was Baht 479. 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, 2018 and 2017, 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, 2018 | For the year ended December 31, 2017 |  |
| 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                                | 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 | 111,955                              | 38,179                               | 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 | 55,659,087                           | 61,986,522                           | 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 | 114,634                              | 2,563                                | 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, 2018 | For the year ended December 31, 2017 |  |
| 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  | 14,582,818                           | 16,004,438                           | 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 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 | 32,006,950                           | 18,681,564                           | 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 | 611,960                              | 2,667,063                            | 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 | 72,495                               | 18,214                               | 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 | 400,364                              | 174,888                              | 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, 2018 | For the year ended December 31, 2017 |   |
| 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 | 13,256,164                           | 6,092,400                            | 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 | 12,314,358                           | 8,262,271                            | The service fee was the contract rate determined by extent and amount of work assigned. |
| 12. 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                 | The Company provided services as required by Nomura Singapore 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 | 3,840,065                            | -                                    | The service fee was the contract rate determined by extent and amount of work assigned. |



| Related companies / Connected persons  | Relationship  | Description of the transaction  | Period of the agreement   | Value of transaction (Baht)          |                                      | Remarks  |
|--|---|---|---|--------------------------------------|--------------------------------------|--|
|  |   |   |   | For the year ended December 31, 2018 | For the year ended December 31, 2017 |  |
| 13. 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 | 22,385,521                           | 5,350,130                            | 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 Nomura Singapore Limited |
| 14. 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 late delivery securities   | -   | 731,812                              | 1,241,688                            | At normal rate charged to other clients  |
| 15. 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                              | 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 | 2,199,360                            | 2,184,579                            | 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 | 24,866                               | 33,641                               | The service fee was calculated based on trade volume and the referential rate charged by others without dependent interest.  |

| Related companies /<br>Connected persons  | Relationship   | Description of the<br>transaction  | Period of the agreement  | Value of transaction (Baht)             |   | Remarks   |
|---|--|--|--------------------------|---|---|---|
|   |  |  |                          | For the year ended<br>December 31, 2018 | For the year ended<br>December 31, 2017 |   |
| 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                                 | 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                                 | 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) as staff welfare   | Not over than 100 months | 479                                     | 4,373                                   | 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, 2018 and 2017

| Transaction   | Related companies / persons                                       | Presented in Financial Statements as |                   |
|---|---|--------------------------------------|-------------------|
|   |   | December 31, 2018                    | December 31, 2017 |
| Agency Agreement  | Instinet Pacific Limited  | Securities business receivable       | 192,013,129       |
| Agency Agreement  | Instinet Pacific Limited  | Securities business payable          | 196,984,091       |
| Investors Business Support Agreement                                | Nomura Singapore Limited  | Other assets                         | 1,264,438         |
| Introducing Broker Agreement  | Nomura Singapore Limited  | Other assets                         | 688,001           |
| 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         |
| Service Agreement-Financial Advisory                                | Nomura Singapore Limited  | Other assets                         | -                 |
| Agency Agreement  | Nomura Singapore Limited  | Other assets                         | 108,782           |
| Agency Agreement  | Instinet Pacific Limited  | Other liabilities                    | 15,030,871        |
| Global Master Securities Lending Agreement                          | Nomura International Plc.   | Other assets                         | -                 |
| Global Master Securities Lending Agreement                          | Instinet Pacific Limited  | Other assets                         | 11,048            |
| Loans to Employee   | Mrs. Chrisana Sae-Leiw  | Other assets                         | 129,134           |
| Others – Reimbursement  | Nomura Holdings, Inc.   | Other assets                         | 48,344            |
| Others – Reimbursement  | Nomura Securities Co., Ltd  | Other assets                         | 579,750           |

## 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 2018<br>(Jan 1, 2018 – Dec 31, 2018) | Fiscal Year 2017<br>(Jan 1, 2017 – Dec 31, 2017) | Fiscal Year 2016<br>(Jan 1, 2016 – Dec 31, 2016) |
|--|--|--|--|
| <b><u>Profitability Ratio</u></b>  |  |  |  |
| Gross Profit Margin (%)  | 81.42  | 81.27 <sup>2</sup>                               | 83.93 <sup>2</sup>                               |
| Net Profit Margin (%)  | 11.20  | 25.67 <sup>2</sup>                               | 24.50 <sup>2</sup>                               |
| Return on Equity (%)   | 3.26   | 8.60   | 7.52   |
| Return on Investment (%)   | 12.16  | 55.61  | 22.62 <sup>1</sup>                               |
| <b><u>Efficiency Ratio</u></b>   |  |  |  |
| Return on Assets (%)   | 1.56   | 4.10   | 3.87   |
| Assets Turnover (times)  | 0.14   | 0.16   | 0.16   |
| <b><u>Financial Ratio</u></b>  |  |  |  |
| Liquidity Assets on debt (times)   | 0.65   | 0.24   | 0.30   |
| Asset Income on debt (times)   | 6.87   | 3.04   | 4.58 <sup>1</sup>                                |
| Liquidity Assets on Total Assets (%)                                       | 10.06  | 6.98   | 5.98   |
| Asset Income on Total Assets (%)   | 107.00   | 89.77  | 90.81 <sup>1</sup>                               |
| Debt/Equity (times)  | 0.87   | 1.31   | 0.88   |
| Dividend Pay-Out (%)   | N/A  | 94.99  | 93.91  |
| <b><u>Other Ratios</u></b>   |  |  |  |
| Investment in Securities to Assets (%)                                     | 7.06   | 4.85   | 1.82 <sup>1</sup>                                |
| Net Capital Ratio (%)<br>(calculation was based on the SEC's requirement.) | 158.40   | 76.88  | 121.05   |
| <b><u>Data Per Share</u></b>   |  |  |  |
| Book Value (Baht)  | 2.47   | 2.59   | 2.55   |
| Profit for the year (Baht)   | 0.08   | 0.22   | 0.19   |
| Dividend (Baht)  | N/A  | 0.21   | 0.18   |
| <b><u>Growth Rate</u></b>  |  |  |  |
| Total Assets (%)   | (22.65)  | 24.56  | (5.76)   |
| Total Liabilities (%)  | (36.33)  | 50.52  | (11.73)  |
| Income from Sales and Services (%)   | (14.82)  | 10.49 <sup>2</sup>                               | (0.32) <sup>2</sup>                              |
| Operating Expenses (%)   | 5.78   | 1.40 <sup>2</sup>                                | (0.87) <sup>2</sup>                              |
| Profit for the year (%)  | (62.66)  | 15.35  | (0.91)   |

<sup>1</sup> The comparative 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, which are effective for fiscal years beginning on or after January 1, 2017.

<sup>2</sup> The comparative figure shown herein differ from that of 2017 due to brokerage fees and interest on margin loans reclassification in the figure to correspond with the financial statement of the year ending 2018, this new classification affects total revenue but does not affect total profit for the year.

# Management Discussion and Analysis

## Overview of Business Operations and Significant Changes

CNS's overview of the business operations in 2018 was as follows;

The securities business in both equity and derivatives continuously shrank although there was good news in the 1<sup>st</sup> quarter of 2018 from the average economic expansion of 2017 at 3.9% compared to 3.2% of 2016 due to the growth of export and tourism in line with the diversified world economic recovery. Domestic demand had slowly expanded from the concerns of various factors from the 2<sup>nd</sup> quarter of 2018 onward; impact from trade war between USA and China who held the first and second rank of the world economy without any clear schedule for the ending, the increasing interest rate by Federal Reserve bank every quarter, the impact to the tourism in Thailand from boat accident in the South and technology disruption which caused higher competition. Commercial banks finally offered no fee for electronic fund transfer which had impact to the banking sector's performance. Therefore, the average daily trading volume decreased 35% from Baht 71,200 million in the 1<sup>st</sup> quarter of 2018 to Baht 46,200 million in the 4<sup>th</sup> quarter of 2018 and the securities business for 2018 in both equity and derivatives in overview shrank. The fierce competition in term of commission rate and personnel inducement caused the lower market shares from 2.76% in 2017 to 2.24% in 2018. Nonetheless, CNS still focused in adding value to CNS's product and service to differentiate from other competitors including training in variety topics to educate investment and financial knowledge to clients, investors and Financial Advisors, human resource development and system improvement. The trading system for equities, derivatives and mutual fund was improved to align with the change of technology and client's preference. The financial and investment information and news had been disseminated through favorite social media; Facebook Page: Nomura Direct, Line Official: @NomuraDirect and YouTube Channel: NomuraDirect to catch up with the young clients' lifestyle and expand client base. CNS had established Private Wealth department – PWD to serve high net worth clients.

Block trade – single stock futures business had continuously expanded although the balance at end of 2018 was Baht 101 million decreasing Baht 509 million or 83% from Baht 610 million at end of 2017 due to the position had been closed during 2018 to manage risk from holding derivatives in volatile market.

Margin loan business moderately decreased. The uncertainty of economic condition and the decrease of trading volume decreased the demand for investment by borrowing fund although the interest was charged at the same rate which was competitive even though the policy interest rate was increased. The margin loan outstanding decreased Baht 2,588 million or 32% from Baht 8,191 million in 2017 to Baht 5,603 million in 2018.

Investment banking business in 2018 slightly decreased from 2017 as the revenue from financial advisory decreased but underwriting fee increased which might due to the uncertainty of economic condition and the lower trading volume. The revenue from merger and acquisition grew from the co-operation with Nomura Group.

The income from Fixed income sales and trading business decreased due to the default of private debt securities, the new entry from banks and securities companies and the adjustment of regulation for selling bill of exchange and bond to fit the market and investors' need. The default had an impact to the investors' confidence although the default rate was not that high when compared to the total debt securities in the market. The impact from regulation change made lower trading volume for short term debt securities while the uptrend of world and Thailand interest rate caused the lower market share for long term debt securities as well.

Stock borrowing and Lending business for 2018 was slightly better than 2017 due to the change of settlement date from 3 days to 2 days caused high volume of Stock borrowing and Lending business from foreign investors. In addition, the more popularity of Block trade business caused higher volume of stock borrowing and lending business to manage the investment risk in line with the market sentiment. However, CNS focused in system improvement for online Stock borrowing and Lending to improve service quality and draw customers' attraction.

Selling agent business under brand CNS's Nomura iFund grew by Asset Under Administration (AUA) of Baht 1,979 million or 6.49% from AUA of Baht 30,483 million in 2017 to AUA of Baht 32,462 million in 2018. CNS had tried to add value to CNS's service for many years including system improvement in both desktop and mobile application to facilitate the customers for making transaction with borderless and timeless through smart phone, asset allocation through Nomura iFund Basket, Nomura Dollar Cost Average, analyst report for mutual fund, training about investment in mutual fund for investors, clients and FA. CNS also expanded its business through Direct Sales Agent.

In summary, 2018 was the tough year as the economics and investment were volatile as the consequence from various domestic and world factors. CNS managed the business with high cautious while the competition was higher including Fin Tech and Startup. Therefore, brokerage business in equities and derivatives, debt securities trading business, investment banking business, selling agent business and margin loan decreased to some extent while block trade – single stock futures business and Stock borrowing and Lending business slightly increased with the provision for doubtful account for a margin loan receivable whose asset was frozen by a government agency. CNS still had profit for 2018 under the uncertainty of economic and investment although it drastically decreased. CNS had profit in 2017 from selling long term investment which was also non-listed company. The profit for 2018 was Baht 178 million decreasing from Baht 475 million in 2017. CNS still maintained the strategies to diversify revenue sources as well as adding value to differentiate CNS's financial and investment products and services to gain clients' satisfaction and create sustainability to CNS in long term.

## Overview of CNS's Performance and Financial Position

### 1. Overview of CNS's Performance

CNS's overview of the CNS' Performance and significant changes in 2018

CNS's overall performance for the fiscal year 2018 decreased from last year. For the fiscal year 2018, the net profit was Baht 177.52 million, and the earnings per share was Baht 0.08, decreasing by Baht 297.92 million or 62.66% from the fiscal year 2017 where the net profit was Baht 475.44 million, and the earnings per share was Baht 0.22.

The net profit decreased, mainly because of the decrease of total income but increase of total expenses. Total income decreased by Baht 267.74 million or 14.45%, from Baht 1,852.36 million in 2017 to Baht 1,584.62 million in 2018. In the meanwhile, total expenses increased by Baht 104.86 million or 8.31%, from Baht 1,262.01 million in 2017 to Baht 1,366.87 million in 2018.

Total income decreased, mainly driven by the decrease of the income from securities brokerage business, the selling agent business, fixed income trading business and gain from selling other investment in 2017. While the income from derivatives brokerage businesses and Block Trade – Single Stock Futures business increased. The investment banking business and margin loan business remained stable.

Total expenses increased, mainly driven by the increase of personnel expenses, financial costs, allowance for doubtful accounts and other expenses due to the increase of depreciation, repair and maintenance and litigation related. However, fee and services expenses decreased due to the decrease of the income from the selling agent business.

As a result, the profitability ratio for the fiscal year 2018 were as follows;

- Gross profit margin ratio slightly rose from 81.27% in 2017 to 81.42% in 2018.
- Net profit margin ratio dropped from 25.67% in 2017 to 11.20% in 2018.
- Return on equity ratio dropped from 8.60% in 2017 to 3.26% in 2018
- Return on asset ratio dropped from 4.10% in 2017 to 1.56% in 2018.

In conclusion, CNS's profitability for 2018 dropped from 2017, as a result of the declining of domestic and world economic causing the volatility of the trading volume in SET. The fierce competition in securities business was the main reason of lower brokerage commission income and selling agent fee which finally caused the lower performance of CNS.

**Total revenues for the fiscal year 2018 decreased by Baht 267.74 million when compared to the fiscal year 2017**

**Brokerage fees**

Brokerage fees for the fiscal year 2018 decreased by Baht 81.95 million or 10.08%, from Baht 812.78 million in 2017 to Baht 730.83 million in 2018.

Brokerage fees decreased mainly driven by the decrease of the brokerage fee from securities business by Baht 108.72 million, due to the volatility of the trading volume in SET, the fierce competition in securities, the personnel scarcity as well as the competition in fee commission rate. However, the brokerage fee from derivatives business increased by Baht 26.77 million, mainly driven by the increase of Block Trade – Single Stock Futures business.

The decrease of brokerage fees and total income as mentioned above caused the rise of brokerage fees to total income ratio from 43.88% in 2017 to 46.12% in 2018.

**Fees and service income**

Fees and service income for the fiscal year 2018 decreased by Baht 42.64 million or 9.95%, from Baht 428.60 million in 2017 to Baht 385.96 million in 2018.

Fees and service income decreased mainly driven by the decrease of the income from the selling agent business by Baht 86.49 million and decrease of the income from the financial advisory business by Baht 12.23 million. However, the service fee from Nomura Group increased by Baht 44.00 million, the underwriting business increased by Baht 6.60 million and the securities borrowing and lending business increased by Baht 7.51 million.

The decrease of fees and service income and total income as mentioned above drove the rise of the fees and service income to total income ratio from 23.14% in 2017 to 24.36% in 2018.

**Interest on margin loans**

Interest on margin loans for the fiscal year 2018 increased by Baht 3.16 million or 0.87%, from Baht 363.88 million in 2017 to Baht 367.04 million in 2018, mainly driven by the growth of the margin loan business during the first half of 2018 from domestic economic recovery.

However, the increase of interest on margin loans and the decrease of total income as mentioned above, caused the interest on margin loans to total income ratio arising from 19.64% in 2017 to 23.16% in 2018.

The outstanding margin loan decreased by Baht 2,587.59 million or 31.59% from Baht 8,190.55 million at the end of 2017 to Baht 5,602.96 million at the end of 2018 due to the volatile market sentiment during the 3<sup>rd</sup> - 4<sup>th</sup> quarter of 2018.



## **Gain and return on financial instruments**

Gain and return on financial instruments for the fiscal year 2018 decreased by Baht 152.15 million or 63.32%, from Baht 152.15 million in 2017 to Baht 88.12 million in 2018.

In 2018, gain and return on financial instruments decreased, driven by the gain on selling other investment – non-listed company by Baht 135.27 million in last year, while there was no gain on selling in other investment in 2018. Besides, 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 was 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 position of single stock futures. The income of this business was reflected in the price, resulting in the increase in gain on trading securities.

The decrease of gain and return on financial instruments as mentioned above caused the drop of the gain and return on financial instruments to total income ratio from 12.97% in 2017 to 5.56% in 2018.

## **Other income**

Other income for the fiscal year 2018 increased by Baht 5.85 million or 85.65%, from Baht 6.83 million in 2017 to Baht 12.68 million in 2018, mainly driven by the increase of sale promotion from selling agent business.

The increase of other income as mentioned above caused the slight growth of the other income to total income ratio from 0.37% in 2017 to 0.80% in 2018.

**Total expenses for the fiscal year 2018 increased by Baht 104.86 million when compared to the fiscal year 2017**

**Personnel expenses**

Personnel expenses for the fiscal year 2018 increased by Baht 9.51 million or 1.48%, from Baht 641.97 million in 2017 to Baht 651.48 million in 2018, even though the decrease of brokerage incentive in line with the decrease of securities brokerage fee, but other personnel expenses increased to support other businesses for client-based expansion and diversification.

**Fees and service expenses**

Fees and service expenses for the fiscal year 2018 decreased by Baht 60.30 million or 22.88%, from Baht 263.59 million in 2017 to Baht 203.29 million in 2018, mainly driven by the decrease of fee and service expenses fee which was in line with the drop of the selling agent business.

**Financial costs**

Financial costs for the fiscal year 2018 increased by Baht 6.67 million or 8.13%, from Baht 82.09 million in 2017 to Baht 88.76 million in 2018, mainly driven by the increase of the margin loan business and the Block Trade – Single Stock Future business.

**Bad debt and doubtful accounts**

CNS got bad debt and doubtful accounts for the fiscal year 2018 in amount of Baht 106.22 million, due to the allowance for doubtful account was set up for one receivable whose asset was frozen by a government agency. The Company is on the legal process to claim for the whole receivable amount. As the consequence, the client counter-claimed that the Company was not entitled to file the case and exercise its right with bad faith and without good ground

**Other expenses**

Other expenses for the fiscal year 2018 increased by Baht 43.40 million or 15.86%, from Baht 273.72 million in 2017 to Baht 317.12 million in 2018, mainly from repair and maintenance, depreciation from computer devices to align with technology changes and litigation related.

**Income tax**

Income tax for the fiscal year 2018 decreased by Baht 74.68 million or 64.99%, from Baht 114.91 million in 2017 to Baht 40.23 million in 2018 from the decrease of the profit before income tax as mentioned above. The corporate income tax rate of 2018 was 20%, the same rate as 2017.

## 2. Overview of CNS's Financial Position

### **Overview of Financial Position and Significant Changes in the fiscal year 2018**

2018, CNS continued to operate its business carefully, by focusing on client-based expansion and diversification, together with creating added-value to the diverse financial and investment products and services. However, the brokerage business dropped due to the SET's volatility, snatch of personnel and customers, including the competition in brokerage commission income, causing CNS's market share dropped. And the fixed income trading business also dropped due to an upward trend of interest rate. The volatile market sentiment, caused CNS's margin loan business and block trade business – single stock futures business slow down which resulted in the decreasing demand in its working capital.

### **Overview of CNS's Financial Position as of December 31, 2018 was as follows:**

Total assets decreased by Baht 2,913.95 million or 22.65%, from Baht 12,866.16 million in 2017 to Baht 9,952.21 million in 2018 from the decrease of investments in listed equity securities and credit balances receivables due to SET's volatility during the end of 2018. The balance of the total assets at the end of 2018 was mainly securities and derivatives business receivables or 83.88% of the total assets.

Total liabilities decreased by Baht 2,649.07 million or 36.33%, from Baht 7,291.02 million in 2017 to Baht 4,641.95 million in 2018, mainly driven by the decrease of the borrowings from financial institutions due to decreasing demand in working capital and drop of securities business payables which was mainly driven by the lower trading volume during the end of 2018. The balance of the total liabilities at the end of 2018 was mainly securities and derivative business payables or 46.47% of the total liabilities.

Total equity decreased by Baht 264.88 million or 4.75%, from Baht 5,575.14 million in 2017 to Baht 5,310.26 million in 2018, mainly driven by the net profit for year 2018 and dividend payment.

As a result, debt on equity ratio dropped from 1.31 times in 2017 to 0.87 times in 2018 mainly from the decrease of the borrowings from financial institutions and securities and derivatives business payables. Such debt on equity ratio was low and had no impact on the compliance with the debt covenant. Net book value decreased by Baht 0.12 per share from Baht 2.59 per share at the end of 2017 to Baht 2.47 per share at the end of 2018. 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, 2018 at Baht 4,984.84 million, while net liquid capital rule (NCR) ratio was 158.40% 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, 2018 decreased by Baht 2,913.95 million when compared to December 31, 2017**

**Cash and cash equivalents**

Cash and cash equivalents increased by Baht 107.77 million or 38.45% from Baht 280.29 million at the end of 2017 to Baht 388.06 million at the end of 2018, mainly driven by decrease of credit balance receivables, resulting to higher cash liquidity.

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

Receivables from Clearing House and broker-dealers, and securities and derivatives business receivables decreased by Baht 3,103.69 million or 27.03%, from Baht 11,480.83 million at the end of 2017 to Baht 8,377.14 million at the end of 2018, mainly driven by the decrease of the credit balances receivables by Baht 1,587.59 million from Baht 8,190.55 million at the end of 2017 to Baht 5,602.96 million at the end of 2018 due to the volatile market sentiment during the 4<sup>th</sup> quarter of 2018. As a result, the outstanding of receivables from Clearing House and broker-dealers and the net securities and derivative business receivables at the end of 2018 were low.

At the end of 2018, CNS classified its securities business receivables including related interest receivables in the total balance of Baht 8,347.76 million (net with allowance for doubtful accounts amount of Baht 113.19 million) as normal by Baht 8,346.96 million, as substandard by Baht 107.02 million and as doubtful by Baht 6.97 million. At the end of 2017, the total balance of Baht 10,701.58 million (net with allowance for doubtful accounts amount of Baht 6.97 million); was classified as normal by Baht 10,699.57 million and as doubtful by Baht 6.97 million. CNS fully set the allowance for doubtful accounts. For prudence reason, CNS set up the allowance for doubtful accounts for substandard debt balance due to an order from a government agency to freeze all collateral belonging to a certain credit balance client.

## **Investments**

Investments decreased by Baht 78.36 million or 12.55%, from Baht 624.25 million at the end of 2017 to Baht 702.61 million at the end of 2018, mainly driven by the drop of the block trade – Single Stock Future business – single stock futures during the end of 2018, as clients reduced their position to manage risk from uncertain economy. The ending balance of 2018 was mainly the trading securities from debt.

## **Premises and equipment**

Premises and equipment decreased by Baht 26.49 million or 22.96%, from Baht 115.39 million at the end of 2017 to Baht 88.90 million at the end of 2018, mainly driven by the depreciation.

**Total liabilities as of December 31, 2018 decreased by Baht 2,649.07 million when compared to December 31, 2017**

## **Borrowings from financial institutions**

Borrowings from financial institutions decreased by Baht 2,550 million or 67.11%, from Baht 3,800 million at the end of 2017 to Baht 1,250 million at the end of 2018 due to drop of demand in working capital, which was mainly from the decrease of margin loan business and Block Trade – Single Stock Futures business during the 4<sup>th</sup> of 2018.

The ending balance of 2018 consisted of promissory notes and the short-term borrowings of Baht 1,150 million and the long-term borrowings of Baht 100 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 decreased by Baht 384.19 million or 12.72%, from Baht 3,019.68 million at the end of 2017 to Baht 2,635.49 million at the end of 2018, mainly driven by the slowdown of the SET's turnover during the end of 2018.

### **Provisions for long-term employee benefits**

Provisions for long-term employee benefits decreased by Baht 2.63 million or 2.63%, from Baht 100.04 million at the end of 2017 to Baht 97.41 million at the end of 2018, mainly driven by the actuarial gain and the provisions for long-term employee benefits recognized in 2018.

### **Other liabilities**

Other liabilities increased by Baht 3.56 million or 1.12%, from Baht 318.09 million at the end of 2017 to Baht 321.65 million at the end of 2018, mainly driven by the increase of other operating expenses.

### **Total equity as of December 31, 2018 decreased by Baht 264.88 million when compared to December 31, 2017**

Total equity decreased by Baht 264.88 million or 4.75%, from Baht 5,575.14 million at the end of 2017 to Baht 5,310.26 million at the end of 2018, mainly driven by the following factors;

- Retained earnings decreased by Baht 451.60 million mainly driven by the dividend paid in 2018 for the performance for the fiscal year 2017 as approved by the Annual General Meeting of Shareholders No. 1/2561 held on April 27, 2018.
- Retained earnings increased by Baht 177.52 million from the performance for the fiscal year 2018.
- Retained earnings increased by Baht 9.23 million due to actuarial gain – net tax.
- Other components of equity – revaluation surplus (deficit) on investments increasingly changed by Baht 2 million.

The performance for the fiscal year 2018 was appropriated to be the statutory reserves of Baht 8.90 million, however, such amount of the statutory reserves had no impact on the retained earnings at the end of 2018.

## 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 interest rate for local and global financial market
- The increase of minimum wage driven by the government's policy
- Thailand's political conditions and general election result which might cause the change of some important policies
- 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 to train the financial and investment literacy
- The trade war especially between the United States ("US") and People Republic of China
- 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
- Trends in agricultural crop prices that are important to farmers, who are the majority of people in the country
- 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 recruitment. 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 considered 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 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. 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 got 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 2018, CNS still continued to operate its business carefully with 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>, 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 2019, CNS still proceeds its business with the diversification of revenue sources as well as focuses on client-based expansion and diversification, together with creating value-added financial and investment products and service differentiation. CNS will continue the CNS Corporate Access and communicate via social media both Line and Facebook to continuously share clients and investors financial and investment information. CNS will aim to inform and educate investors to become fully aware of the necessity and benefits of the asset allocation that matches their risk tolerance and investment objectives, including the launch of "Nomura iWealth", a service that provides advice on mutual fund Asset Allocation portfolio management with the portfolio rebalancing service that is responsive to the changes of circumstances, clients' need and suitability, which the clients can do either online or

through the FAs. CNS will also emphasize the need to educate our clients and investors on retirement financial planning in response to the forthcoming aging society.

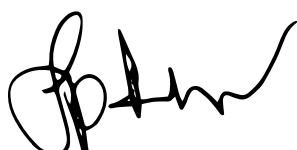
Moreover, CNS intends to adapt new financial technologies to create added-value to the products and services to meet clients' rapidly changing need. CNS will perform business operations by adhering to the principles of corporate social and environmental responsibility, transparency and good corporate governance, anti-bribery and corruption, disciplined financial and appropriate risk management, each of which will be the key factor in creating long-term value to the shareholders and stakeholders that will foster the sustainable growth of CNS.

## 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 2018. 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, 2018 are presented fairly in accordance with Thai Financial Reporting Standards and complied with related rules and regulations.



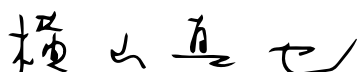
Mr. Suthep Peetakanont

Chairman of the Board of Directors and  
Chairman of the Board of Executive  
Directors



Mr. Katsuya Imanishi

President



Mr. Shinya Yokoyama  
Executive Director



Mrs. Chrisana Sae-Leiw  
Executive Director

Remark: On March 7, 2019, Mr. Nimit Wongjariyakul resigned from the position of CNS's director, Executive Director and the authorized director signing on behalf of CNS, as the result the Board of Executive Directors and authorized directors are 4 persons, effective from March 7, 2019 onward.

## Independent Auditor's Report

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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 2018, 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 2018, 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.

## **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 731 million and Baht 367 million, respectively, representing 46 percent and 23 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 4.8 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 8,348 million as at 31 December 2018, representing 84 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.

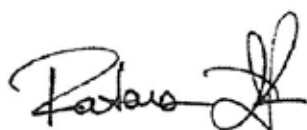


I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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: 22 February 2019

**Capital Nomura Securities Public Company Limited**

**Statements of financial position**

**As at 31 December 2018**

|  |      | (Unit: Baht)         |                       |
|--|------|----------------------|-----------------------|
|  | Note | 2018                 | 2017                  |
| <b>Assets</b>                                      |      |                      |                       |
| Cash and cash equivalents                          | 6    | 388,056,406          | 280,286,527           |
| Receivables from Clearing House and broker-dealers | 7    | 29,377,403           | 778,929,544           |
| Securities and derivatives business receivables    | 8    | 8,347,760,863        | 10,701,902,950        |
| Investments  | 10   | 702,610,769          | 624,254,089           |
| Premises and equipment                             | 11   | 88,899,381           | 115,390,413           |
| Intangible assets                                  | 12   | 26,520,898           | 12,927,428            |
| Deferred tax assets                                | 13   | 83,881,699           | 72,761,438            |
| Other assets                                       | 14   | 285,106,411          | 279,708,424           |
| <b>Total assets</b>                                |      | <b>9,952,213,830</b> | <b>12,866,160,813</b> |

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 2018**

|  |      | (Unit: Baht)         |                       |
|--|------|----------------------|-----------------------|
|  | Note | 2018                 | 2017                  |
| <b>Liabilities and equity</b>                    |      |                      |                       |
| <b>Liabilities</b>                               |      |                      |                       |
| Borrowings from financial institutions           | 15   | 1,250,000,000        | 3,800,000,000         |
| Payables to Clearing House and broker-dealers    | 16   | 478,196,476          | 642,983,634           |
| Securities and derivatives business payables     | 17   | 2,157,293,769        | 2,376,692,900         |
| Corporate income tax payables                    |      | 37,867,940           | 53,217,273            |
| Debt issued and other borrowings                 | 18   | 299,532,046          | -                     |
| Provisions for long-term employee benefits       | 19   | 97,412,287           | 100,043,281           |
| Other liabilities                                | 20   | 321,648,018          | 318,085,120           |
| <b>Total liabilities</b>                         |      | <b>4,641,950,536</b> | <b>7,291,022,208</b>  |
| <b>Equity</b>                                    |      |                      |                       |
| 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                 | 21   | 187,700,000          | 178,800,000           |
| - general reserve                                |      | 215,000,000          | 215,000,000           |
| Unappropriated                                   |      | 623,773,444          | 897,521,441           |
| Other components of equity - revaluation surplus |      |                      |                       |
| on investments                                   | 10.3 | -                    | 27,314                |
| <b>Total equity</b>                              |      | <b>5,310,263,294</b> | <b>5,575,138,605</b>  |
| <b>Total liabilities and equity</b>              |      | <b>9,952,213,830</b> | <b>12,866,160,813</b> |

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 2018**

|  |        | (Unit: Baht)         |                      |
|--|--------|----------------------|----------------------|
|  | Note   | 2018                 | 2017                 |
| <b>Profit or loss:</b>                   |        |                      |                      |
| <b>Revenue</b>                           |        |                      |                      |
| Brokerage fees                           | 23     | 730,825,750          | 812,777,363          |
| Fees and service income                  | 24, 29 | 385,962,691          | 428,600,278          |
| Interest on margin loans                 |        | 367,035,287          | 363,877,762          |
| Gain and return on financial instruments | 25     | 88,116,411           | 240,270,046          |
| Other income                             |        | 12,682,996           | 6,831,994            |
| <b>Total revenue</b>                     |        | <b>1,584,623,135</b> | <b>1,852,357,443</b> |
| <b>Expenses</b>                          |        |                      |                      |
| Personnel expenses                       |        | 651,483,597          | 641,971,421          |
| Fees and services expenses               |        | 203,289,539          | 263,592,804          |
| Financial costs                          |        | 88,763,445           | 82,088,345           |
| Bad debt and doubtful accounts           |        | 106,221,776          | 635,344              |
| Other expenses                           |        | 317,115,233          | 273,720,676          |
| <b>Total expenses</b>                    |        | <b>1,366,873,590</b> | <b>1,262,008,590</b> |
| <b>Profit before income tax</b>          |        | <b>217,749,545</b>   | <b>590,348,853</b>   |
| Income tax                               | 13     | (40,232,276)         | (114,909,515)        |
| <b>Profit for the year</b>               |        | <b>177,517,269</b>   | <b>475,439,338</b>   |

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 2018

|  |      | (Unit: Baht)       |                    |
|--|------|--------------------|--------------------|
|  | Note | 2018               | 2017               |
| <b>Other comprehensive income:</b>                   |      |                    |                    |
| Other comprehensive income to be reclassified        |      |                    |                    |
| to profit or loss in subsequent periods:             |      |                    |                    |
| Gain (loss) on change in value of                    |      |                    |                    |
| available-for-sale investments                       |      | (34,143)           | 1,898,914          |
| Income tax relating to gain (loss) on change         |      |                    |                    |
| in value of available-for-sale investments           | 13   | 6,829              | (379,783)          |
| Net other comprehensive income to be reclassified    |      |                    |                    |
| to profit or loss in subsequent periods              |      | (27,314)           | 1,519,131          |
| Other comprehensive income not to be reclassified    |      |                    |                    |
| to profit or loss in subsequent periods:             |      |                    |                    |
| Actuarial Gain                                       | 19   | 11,541,530         | -                  |
| Income tax relating to actuarial gain                | 13   | (2,308,306)        | -                  |
| Net other comprehensive income not to be             |      |                    |                    |
| reclassified to profit or loss in subsequent periods |      | 9,233,224          | -                  |
| Total comprehensive income for the year              |      | 9,205,910          | 1,519,131          |
| <b>Total comprehensive income for the year</b>       |      | <b>186,723,179</b> | <b>476,958,469</b> |
| <b>Basic earnings per share</b>                      | 27   |                    |                    |
| Profit for the year                                  |      | 0.08               | 0.22               |

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 2018

(Unit: Baht)

|  | Issued and paid-up share capital | Premium on share capital and treasury stock | Retained earnings |                 |                | Other components of equity -                 |               |
|--|----------------------------------|---|-------------------|-----------------|----------------|--|---------------|
|  |                                  |   | Appropriated      |                 | Unappropriated | revaluation surplus (deficit) on investments | Total         |
|  |                                  |   | Statutory reserve | General reserve |                |  |               |
| <b>Balance - as at 1 January 2017</b>          | 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 28)                        | -                                | -   | -                 | -               | (387,084,420)  | -  | (387,084,420) |
| Statutory reserve (Note 21)                    | -                                | -   | 23,800,000        | -               | (23,800,000)   | -  | -             |
| <b>Balance - as at 31 December 2017</b>        | 2,150,469,000                    | 2,133,320,850                               | 178,800,000       | 215,000,000     | 897,521,441    | 27,314                                       | 5,575,138,605 |
| <b>Balance - as at 1 January 2018</b>          | 2,150,469,000                    | 2,133,320,850                               | 178,800,000       | 215,000,000     | 897,521,441    | 27,314                                       | 5,575,138,605 |
| Profit for the year                            | -                                | -   | -                 | -               | 177,517,269    | -  | 177,517,269   |
| Other comprehensive income (loss) for the year | -                                | -   | -                 | -               | 9,233,224      | (27,314)                                     | 9,205,910     |
| Total comprehensive income for the year        | -                                | -   | -                 | -               | 186,750,493    | (27,314)                                     | 186,723,179   |
| Dividend paid (Note 28)                        | -                                | -   | -                 | -               | (451,598,490)  | -  | (451,598,490) |
| Statutory reserve (Note 21)                    | -                                | -   | 8,900,000         | -               | (8,900,000)    | -  | -             |
| <b>Balance - as at 31 December 2018</b>        | 2,150,469,000                    | 2,133,320,850                               | 187,700,000       | 215,000,000     | 623,773,444    | -  | 5,310,263,294 |

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 2018**

|   | (Unit: Baht)    |                 |
|---|-----------------|-----------------|
|   | 2018            | 2017            |
| <b>Cash flows from operating activities</b>   |                 |                 |
| Profit before income tax  | 217,749,545     | 590,348,853     |
| Adjustments to reconcile profit before income tax<br>to net cash provided by (paid from) operating activities |                 |                 |
| Depreciation and amortisation   | 50,653,398      | 47,302,021      |
| Doubtful accounts   | 106,221,776     | 635,344         |
| (Gain) loss on revaluation of investments   | 20,163,804      | (15,339,630)    |
| Gain on disposal securities   | (50,735)        | (135,287,644)   |
| Loss on disposal and written-off equipment  | 189,635         | 385,835         |
| (Gain) loss on revaluation of derivatives/exchange rate   | (14,019,958)    | 7,996,507       |
| Financial costs   | 88,763,445      | 82,088,345      |
| Interest and dividend income  | (65,352,871)    | (57,556,281)    |
| Interest income from margin loans   | (367,035,287)   | (363,877,762)   |
| Others interest income  | (1,238,294)     | (1,345,223)     |
| Long-term employee benefits   | 8,910,536       | 8,569,875       |
| Income from operating activities before changes<br>in operating assets and liabilities                        | 44,954,994      | 163,920,240     |
| Operating assets (increase) decrease  |                 |                 |
| Receivables from Clearing House and broker-dealers  | 763,572,098     | (318,429,067)   |
| Securities and derivatives business receivables   | 2,237,826,389   | (1,882,276,947) |
| Trading securities  | (13,741,485)    | (525,682,210)   |
| Other assets  | 651,185         | (73,401,308)    |
| Operating liabilities increase (decrease)   |                 |                 |
| Borrowings from financial institutions  | (2,550,000,000) | 1,750,000,000   |
| Payables to Clearing House and broker-dealers   | (164,787,158)   | 572,146,390     |
| Securities and derivatives business payables  | (217,977,078)   | 83,026,464      |
| Borrowings  | 299,532,046     | -               |
| Provision for long-term employee benefits   | -               | (594,735)       |
| Other liabilities   | 10,738,468      | 51,541,034      |
| Cash received from (paid for) operating activities  | 410,769,459     | (179,750,139)   |

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 2018**

|  | (Unit: Baht)         |                      |
|--|----------------------|----------------------|
|  | 2018                 | 2017                 |
| Cash received from dividend                                      | 14,000,020           | 2,306,040            |
| Cash paid for interest expenses (included other financial costs) | (96,028,066)         | (83,086,444)         |
| Cash received from interest                                      | 5,678,323            | 15,449,138           |
| Cash received from interest on margin loans                      | 377,127,713          | 359,101,819          |
| Cash received from other interest                                | 1,063,275            | 1,149,054            |
| Cash paid for income tax   | (69,003,348)         | (135,745,007)        |
| <b>Net cash from (used in) operating activities</b>              | <b>643,607,376</b>   | <b>(20,575,539)</b>  |
| <b>Cash flows from investing activities</b>                      |                      |                      |
| Cash paid for purchase of available-for-sale securities          | -                    | (6,432,575)          |
| Cash received from disposal of available-for-sale securities     | 1,582,615            | 105,994,233          |
| Net cash received (paid) from held-to maturity debt securities   | (84,730,707)         | 2,750,050            |
| Cash paid for purchase of other investment                       | (256,800)            | -                    |
| Cash received from disposal of other investment                  | -                    | 136,766,631          |
| Cash paid for acquisition of equipment                           | (19,796,025)         | (27,988,162)         |
| Cash received from sales of equipment                            | 196,168              | 35,327               |
| Cash paid for acquisition of intangible assets                   | (16,720,487)         | (3,893,735)          |
| Cash received from interest                                      | 35,135,078           | 42,066,725           |
| Cash received from dividend                                      | 351,151              | 691,551              |
| <b>Net cash from (used in) investing activities</b>              | <b>(84,239,007)</b>  | <b>249,990,045</b>   |
| <b>Cash flows from financing activities</b>                      |                      |                      |
| Dividends paid   | (451,598,490)        | (387,084,420)        |
| <b>Net cash used in financing activities</b>                     | <b>(451,598,490)</b> | <b>(387,084,420)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>      | <b>107,769,879</b>   | <b>(157,669,914)</b> |
| Cash and cash equivalents at the beginning of the year           | 280,286,527          | 437,956,441          |
| <b>Cash and cash equivalents at the end of the year</b>          | <b>388,056,406</b>   | <b>280,286,527</b>   |

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 2018**

**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 2018, the Company has 16 branches including a headquarter, 15 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

#### a) Financial reporting standards that became effective in the current year

During the year, the Company have adopted the 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 adoption of these financial reporting standards does not have any significant impact on the Company financial statements.

#### b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

|                         |   |
|-------------------------|---|
| TAS 11 (revised 2017)   | Construction contracts                              |
| TAS 18 (revised 2017)   | Revenue   |
|                         | Revenue - Barter Transactions Involving Advertising |
| TSIC 31 (revised 2017)  | Services  |
| TFRIC 13 (revised 2017) | Customer Loyalty Programmes                         |
| TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate      |
| TFRIC 18 (revised 2017) | Transfers of Assets from Customers                  |

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

|        |                                    |
|--------|------------------------------------|
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments              |

Accounting standard:

|        |                                     |
|--------|-------------------------------------|
| TAS 32 | Financial Instruments: Presentation |
|--------|-------------------------------------|

Financial Reporting Standard Interpretations:

|          |   |
|----------|---|
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation           |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## **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 and return on financial instruments**

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.

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.

#### **d) 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 or the first in - first out (FIFO) 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 plus any additional specific loans which may not be fully recovered. 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 Borrowings from financial institution**

Borrowings from financial institution is recognised initially at the fair value of the proceeds received. borrowings from financial institution is subsequently stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings.

#### **4.15 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.

#### **4.16 Debt issued**

Debt issued is recognised initially at the fair value of the proceeds received. Debt issued is subsequently stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings.

#### **4.17 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.

#### **4.18 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.

#### **4.19 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.

#### **4.20 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.

#### **4.21 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.

#### **4.22 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.

#### **4.23 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 set up allowance for impairment of investment when indication of impairment exists. The determination of what is indication of impairment requires judgement of management to estimate the expected loss by considering the status of each investment item.

## **5.3 Deferred tax assets**

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is highly probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## **5.4 Recognition and derecognition of assets and liabilities**

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

## **5.5 Fair value of financial instruments**

In determining the fair value of financial instruments 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)    |               |
|---------------------------------------|-----------------|---------------|
|                                       | 2018            | 2017          |
| Cash                                  | 68,000          | 71,050        |
| Current deposits and saving deposits  | 1,108,210,434   | 948,631,231   |
| Promissory notes at call              | 322,000,000     | 170,000,000   |
| Total cash and cash equivalents       | 1,430,278,434   | 1,118,702,281 |
| Less: Deposits for customers' account | (1,042,222,028) | (838,415,754) |
| Cash and cash equivalents             | 388,056,406     | 280,286,527   |

|   | (Unit: Baht)                    |      |
|---|---------------------------------|------|
|   | For the years ended 31 December |      |
|   | 2018                            | 2017 |
| <u>Supplemental cash flows information</u>                          |                                 |      |
| Non-cash transactions   |                                 |      |
| Accounts payable for purchase of fixed assets and intangible assets | 550,640                         | -    |

## 7. Receivables from Clearing House and broker-dealers

|   | (Unit: Baht) |              |
|---|--------------|--------------|
|   | 2018         | 2017         |
| Receivables from Clearing House                               |              |              |
| Equity and debt securities                                    | -            | 743,722,273  |
| Derivatives   | 60,739,930   | 99,899,467   |
| Total receivables from Clearing House and broker-dealers      | 60,739,930   | 843,621,740  |
| Less: Receivables from Clearing House for customers' accounts | (31,362,527) | (64,692,196) |
| Receivables from Clearing House and broker-dealers            | 29,377,403   | 778,929,544  |

## 8. Securities and derivatives business receivables

|   | (Unit: Baht)  |                |
|---|---------------|----------------|
|   | 2018          | 2017           |
| <u>Securities business receivables</u>                      |               |                |
| Cash accounts   | 1,587,809,217 | 1,750,002,229  |
| Credit balances receivables                                 | 5,602,956,803 | 8,190,550,970  |
| Guaranteed deposit receivables                              | 643,489,847   | 388,315,119    |
| Receivables under securities borrowing and lending business | 487,100,192   | 335,069,442    |
| Other receivables   | 113,967,095   | 9,282,668      |
| Total securities business receivables                       | 8,435,323,154 | 10,673,220,428 |
| Add: Accrued interest receivables                           | 25,232,010    | 35,325,931     |
| Less: Allowance for doubtful accounts                       | (113,192,517) | (6,970,741)    |
| Net securities business receivables                         | 8,347,362,647 | 10,701,575,618 |
| <u>Derivatives business receivables</u>                     |               |                |
| Derivatives business receivables                            | 398,216       | 327,332        |
| Total derivatives business receivables                      | 398,216       | 327,332        |
| Net securities and derivatives business receivables         | 8,347,760,863 | 10,701,902,950 |

**8.1** As at 31 December 2018, the Company has securities business receivables of approximately Baht 113 million on which the recognition of income on an accrual basis has been suspended (31 December 2017: Baht 7 million).

**8.2** As at 31 December 2018 and 2017, 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) |                                 |   |
|-------------|-----------------------|---------------------------------|---|
|             | 2018                  |                                 |   |
|             | Debt balance          | Allowance for doubtful accounts | Debt balance net of allowance for doubtful accounts |
| Normal      | 8,346,962             | -                               | 8,346,962   |
| Substandard | 107,021               | (106,222)                       | 799   |
| Doubtful    | 6,971                 | (6,971)                         | -   |
| Total       | 8,460,954             | (113,193)                       | 8,347,761   |



(Unit: Thousand Baht)

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

**8.3** On 23 January 2018, the Company received an order from a government agency ordering the Company to hold all collateral belonged to a certain credit balance client. On 3 May 2018, the Company received an order from the same government agency which released part of the share collateral. As of 31 December 2018, the credit balance receivable was Baht 106 million with the total collateral value of Baht 206 million approximately, which has still been frozen under the order. The Company has already filed a civil lawsuit to claim for the whole receivable amount from the client, while the client answered and counter-claimed that the Company was not entitled to file the case and asked for compensation. Nonetheless, the management, by the Company's external counsel's legal opinion, considered that the counter-claim is defensible and the possibility to get additional loss is remote. Also, the Company has petitioned the court to release such collateral in accordance with the relevant laws. For prudence reason, the Company classified such account balance as substandard and set up the allowance for doubtful account for this case at Baht 106 million. The Company believed that the provision is sufficient and appropriate.

**8.4** As at 31 December 2018, guaranteed deposit receivables of approximately Baht 643 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 588 million (31 December 2017: Baht 388 million and Baht 348 million, respectively).

#### **8.5 Allowance for doubtful accounts**

(Unit: Thousand Baht)

|                                 | For the years ended 31 December |       |
|---------------------------------|---------------------------------|-------|
|                                 | 2018                            | 2017  |
| Balance - beginning of the year | 6,971                           | 6,335 |
| Change during the year          | 106,222                         | 636   |
| Balance - end of the year       | 113,193                         | 6,971 |

## 9. Derivative assets/liabilities

(Unit: Baht)

|                                   | 31 December 2018 |             |                    |
|-----------------------------------|------------------|-------------|--------------------|
|                                   | Fair value       |             | Notional<br>amount |
|                                   | Assets           | Liabilities |                    |
| <b><u>Trading derivatives</u></b> |                  |             |                    |
| Futures <sup>(1)</sup>            | -                | -           | 213,710,450        |
| Total                             | -                | -           | 213,710,450        |

<sup>(1)</sup> Futures contracts are cash settlement. Real exposure is 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/year included in "Receivables from Clearing House and broker-dealers". As at 31 December 2018, the fair value of derivative assets and liabilities for futures contracts are Baht 11 million and Baht 4 million respectively.

(Unit: Baht)

|                                   | 31 December 2017 |             |                    |
|-----------------------------------|------------------|-------------|--------------------|
|                                   | Fair value       |             | Notional<br>amount |
|                                   | Assets           | Liabilities |                    |
| <b><u>Trading derivatives</u></b> |                  |             |                    |
| Futures <sup>(1)</sup>            | -                | -           | 606,297,780        |
| Total                             | -                | -           | 606,297,780        |

<sup>(1)</sup> Futures contracts are cash settlement. Real exposure is 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/year included in "Receivables from Clearing House and broker-dealers". As at 31 December 2017, the fair value of derivative assets and liabilities for futures contracts are Baht 7 million and Baht 14 million respectively.

## 10. Investments

### 10.1 Classify by type of investments

(Unit: Baht)

|  | 2018                    |             | 2017                    |             |
|--|-------------------------|-------------|-------------------------|-------------|
|  | Cost/<br>Amortised cost | Fair value  | Cost/<br>Amortised cost | Fair value  |
| <b><u>Trading securities</u></b>               |                         |             |                         |             |
| Listed equity securities                       | 107,847,890             | 101,319,000 | 594,081,460             | 609,604,340 |
| Add (less): Allowance for revaluation          | (6,528,890)             | -           | 15,522,880              | -           |
| Total listed equity securities-net             | 101,319,000             | 101,319,000 | 609,604,340             | 609,604,340 |
| Debt   | 499,975,055             | 499,979,550 | -                       | -           |
| Add: Allowance for revaluation                 | 4,495                   | -           | -                       | -           |
| Total listed debt securities-net               | 499,979,550             | 499,979,550 | -                       | -           |
| Net trading securities                         | 601,298,550             |             | 609,604,340             |             |
| <b><u>Available-for-sale securities</u></b>    |                         |             |                         |             |
| Unit trusts                                    | -                       | -           | 1,531,880               | 1,566,023   |
| Total  | -                       | -           | 1,531,880               | 1,566,023   |
| Add: Allowance for revaluation                 | -                       |             | 34,143                  |             |
| Net available-for-sale securities              | -                       |             | 1,566,023               |             |
| <b><u>Held-to-maturity debt securities</u></b> |                         |             |                         |             |
| Deposits subject to restriction                | 84,286,881              |             | 1,622,060               |             |
| Treasury bill                                  | 2,935,444,486           |             | 2,572,906,919           |             |
| Total  | 3,019,731,367           |             | 2,574,528,979           |             |
| Less: Investments for customer's<br>accounts   | (2,923,647,816)         |             | (2,566,417,121)         |             |
| Net held-to-maturity debt securities           | 96,083,551              |             | 8,111,858               |             |
| <b><u>Other investments</u></b>                |                         |             |                         |             |
| Non-marketable equity securities               | 14,452,260              |             | 14,195,460              |             |
| Less: Allowance for impairment                 | (9,223,592)             |             | (9,223,592)             |             |
| Net other investments                          | 5,228,668               |             | 4,971,868               |             |
| <b>Net investments</b>                         | <b>702,610,769</b>      |             | <b>624,254,089</b>      |             |

## 10.2 Debt securities classified by remaining periods to maturity

As at 31 December 2018 and 2017, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

(Unit: Baht)

|  | 2018              |             |              |                   |
|--|-------------------|-------------|--------------|-------------------|
|  | Due within        |             |              | Total             |
|  | Within 1 year     | 1 - 5 years | Over 5 years |                   |
| <b>Held-to-maturity debt securities</b>                      |                   |             |              |                   |
| Deposits subject to restriction                              | 84,286,881        | -           | -            | 84,286,881        |
| Treasury bill  | 2,935,444,486     | -           | -            | 2,935,444,486     |
| Less: Investments for customer's accounts                    | (2,923,647,816)   | -           | -            | (2,923,647,816)   |
| <b>Total investments in held-to-maturity debt securities</b> | <b>96,083,551</b> | <b>-</b>    | <b>-</b>     | <b>96,083,551</b> |

(Unit: Baht)

|  | 2017             |          |              |                  |
|--|------------------|----------|--------------|------------------|
|  | Due within       |          |              | Total            |
|  | Within 1 year    | Total    | Over 5 years |                  |
| <b>Held-to-maturity debt securities</b>                      |                  |          |              |                  |
| 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)  |
| <b>Total investments in held-to-maturity debt securities</b> | <b>8,111,858</b> | <b>-</b> | <b>-</b>     | <b>8,111,858</b> |

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

(Unit: Baht)

|                                 | For the years ended 31 December |             |
|---------------------------------|---------------------------------|-------------|
|                                 | 2018                            | 2017        |
| Balance - beginning of the year | 27,314                          | (1,491,817) |
| Changes during the year from    |                                 |             |
| Revaluation                     | 16,592                          | 1,919,927   |
| Disposal                        | (50,735)                        | (21,013)    |
| Deferred income tax             | 6,829                           | (379,783)   |
| Balance - end of the year       | -                               | 27,314      |

## 11. Premises and equipment

(Unit: Baht)

| For the year ended 31 December 2018              |                      |                     |                           |                   |                     |             |
|--|----------------------|---------------------|---------------------------|-------------------|---------------------|-------------|
|  | Condominium<br>units | Office<br>equipment | Furniture<br>and fixtures | Motor<br>Vehicles | Work<br>in progress | Total       |
| <b>Cost</b>                                      |                      |                     |                           |                   |                     |             |
| 1 January 2018                                   | 22,704,701           | 304,160,567         | 164,323,178               | 23,911,946        | -                   | 515,100,392 |
| Additions  | -                    | 2,460,712           | 907,092                   | 3,917,000         | 12,511,221          | 19,796,025  |
| Transfer in / transfer out                       | -                    | 9,075,269           | 3,435,952                 | -                 | (12,511,221)        | -           |
| Disposals/write-off                              | -                    | (6,950,978)         | (1,870,238)               | -                 | -                   | (8,821,216) |
| 31 December 2018                                 | 22,704,701           | 308,745,570         | 166,795,984               | 27,828,946        | -                   | 526,075,201 |
| <b>Accumulated depreciation</b>                  |                      |                     |                           |                   |                     |             |
| 1 January 2018                                   | 18,441,571           | 240,047,222         | 135,333,135               | 5,888,051         | -                   | 399,709,979 |
| Depreciation for the year                        | -                    | 33,385,282          | 9,324,868                 | 3,191,104         | -                   | 45,901,254  |
| Depreciation on disposal<br>/write-off           | -                    | (6,943,884)         | (1,491,529)               | -                 | -                   | (8,435,413) |
| 31 December 2018                                 | 18,441,571           | 266,488,620         | 143,166,474               | 9,079,155         | -                   | 437,175,820 |
| <b>Net book value</b>                            |                      |                     |                           |                   |                     |             |
| 31 December 2018                                 | 4,263,130            | 42,256,950          | 23,629,510                | 18,749,791        | -                   | 88,899,381  |
| Depreciation for the year ended 31 December 2018 |                      |                     |                           |                   |                     | 45,901,254  |

(Unit: Baht)

| For the year ended 31 December 2017              |                      |                     |                           |                   |                     |             |
|--|----------------------|---------------------|---------------------------|-------------------|---------------------|-------------|
|  | Condominium<br>units | Office<br>equipment | Furniture<br>and fixtures | Motor<br>Vehicles | Work<br>in progress | Total       |
| <b>Cost</b>                                      |                      |                     |                           |                   |                     |             |
| 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 |
| <b>Accumulated depreciation</b>                  |                      |                     |                           |                   |                     |             |
| 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<br>/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 |
| <b>Net book value</b>                            |                      |                     |                           |                   |                     |             |
| 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  |

As at 31 December 2018, 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 336 million (31 December 2017: Baht 314 million).

## 12. Intangible assets

(Unit: Baht)

|   | Remaining<br>amortisation<br>period | For the year ended 31 December 2018 |                          |             |                            | Balance<br>end of<br>the year |
|---|-------------------------------------|-------------------------------------|--------------------------|-------------|----------------------------|-------------------------------|
|   |                                     | Balance<br>beginning of<br>the year | Increase/<br>transfer in | Amortised   | Disposals/<br>transfer out |                               |
| Computer software   | 0 – 4.92 years                      | 23,441,165                          | 7,286,689                | -           | -                          | 30,727,854                    |
| Software in progress                                      |                                     | 5,592,658                           | 16,257,882               | -           | (6,273,443)                | 15,577,097                    |
| Total intangible assets                                   |                                     | 29,033,823                          | 23,544,571               | -           | (6,273,443)                | 46,304,951                    |
| Less: Accumulated amortisation                            |                                     | (16,106,395)                        | -                        | (3,677,658) | -                          | (19,784,053)                  |
| Net intangible assets                                     |                                     | 12,927,428                          | 23,544,571               | (3,677,658) | (6,273,443)                | 26,520,898                    |
| Amortisation expenses for the year ended 31 December 2018 |                                     |                                     |                          |             |                            | 3,677,658                     |

(Unit: Baht)

|   | Remaining<br>amortisation<br>period | For the year ended 31 December 2017 |                          |             |                            | Balance<br>end of<br>the year |
|---|-------------------------------------|-------------------------------------|--------------------------|-------------|----------------------------|-------------------------------|
|   |                                     | Balance<br>beginning of<br>the year | Increase/<br>transfer in | Amortised   | Disposals/<br>transfer out |                               |
| 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                     |

## 13. Deferred tax assets/liabilities and income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Baht)

|   | For the years ended 31 December |                    |
|---|---------------------------------|--------------------|
|   | 2018                            | 2017               |
| <b>Current income tax:</b>  |                                 |                    |
| Current income tax charge for the year                                      | 53,615,494                      | 119,380,665        |
| Adjustment in respect of income tax of prior year                           | 38,520                          | 21,878             |
| <b>Deferred tax:</b>  |                                 |                    |
| Relating to origination and reversal of temporary differences               | (13,421,738)                    | (4,493,028)        |
| <b>Income tax expense reported in the statement of comprehensive income</b> | <b>40,232,276</b>               | <b>114,909,515</b> |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

|   | (Unit: Baht)                    |                  |
|---|---------------------------------|------------------|
|   | For the years ended 31 December |                  |
|   | 2018                            | 2017             |
| Deferred tax relating to gain (loss) on re-measuring available-for-sale investments | 6,829                           | (379,783)        |
| Deferred tax relating to actuarial gain   | (2,308,306)                     | -                |
|   | <u>(2,301,477)</u>              | <u>(379,783)</u> |

Reconciliation between income tax expenses and the product of accounting profit and the applicable tax rates for the years ended 31 December 2018 and 2017 are as follows:

|   | (Unit: Baht)                    |                    |
|---|---------------------------------|--------------------|
|   | For the years ended 31 December |                    |
|   | 2018                            | 2017               |
| Accounting profit before tax  | <u>217,749,545</u>              | <u>590,348,853</u> |
| Applicable tax rates  | 20 percent                      | 20 percent         |
| Accounting profit before tax multiplied by applicable tax rates       | 43,549,909                      | 118,069,770        |
| Adjustment in respect of income tax of prior year                     | 38,520                          | 21,878             |
| Effects of:   |                                 |                    |
| Non-deductible expense  | 448,645                         | 859,271            |
| Non-taxable income  | (210,724)                       | (431,668)          |
| Additional expense deductions allowed                                 | (3,594,074)                     | (3,609,736)        |
| Total   | <u>(3,356,153)</u>              | <u>(3,182,133)</u> |
| Income tax expenses reported in the statement of comprehensive income | <u>40,232,276</u>               | <u>114,909,515</u> |

The components of deferred tax assets and deferred tax liabilities as at 31 December 2018 and 2017 are as follows:

|   | (Unit: Baht) |             |
|---|--------------|-------------|
|   | 2018         | 2017        |
| <b>Deferred tax assets</b>                                      |              |             |
| 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 | 22,653,383   | 1,409,028   |
| Provisions for long-term employee benefits                      | 19,482,457   | 20,008,656  |
| Accrued employee expenses                                       | 23,650,751   | 34,381,365  |
| Others  | 12,555,956   | 11,095,267  |
| Total deferred tax assets                                       | 85,757,506   | 74,309,275  |
| <b>Deferred tax liabilities</b>                                 |              |             |
| Others  | (1,875,807)  | (1,547,837) |
| Total deferred tax liabilities                                  | (1,875,807)  | (1,547,837) |
| Net deferred tax assets   | 83,881,699   | 72,761,438  |

#### 14. Other assets

|  | (Unit: Baht) |             |
|--|--------------|-------------|
|  | 2018         | 2017        |
| Loans to employees                                   | 56,443,744   | 66,492,734  |
| Contribution for Securities Clearing Fund            | 81,528,478   | 70,707,767  |
| Prepaid expenses                                     | 48,393,536   | 41,097,827  |
| Deposits   | 18,547,936   | 17,802,281  |
| Property foreclosed                                  |              |             |
| (net of allowance for impairment of Baht 28 million) | 15,000,000   | 15,000,000  |
| Accrued interest receivables                         | 8,463,720    | 1,339,892   |
| Deposit for derivative business                      | 5,000,000    | 5,000,000   |
| Fees and service income receivables                  | 46,055,929   | 50,460,936  |
| Others   | 5,673,068    | 11,806,987  |
| Total other assets                                   | 285,106,411  | 279,708,424 |



## 15. Borrowings from financial institutions

As at 31 December 2018 and 2017, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

(Unit: Thousand Baht)

|   | 2018          |                              |         |             |           |
|---|---------------|------------------------------|---------|-------------|-----------|
|   | Interest rate | Remaining period to maturity |         |             |           |
|   | per annum     | Less than                    |         |             |           |
|   | (percent)     | At call                      | 1 year  | 1 - 5 years | Total     |
| Promissory notes                                    | 1.950 - 2.300 | 200,000                      | 750,000 | -           | 950,000   |
| Borrowings  |               |                              |         |             |           |
| Borrowings (THB)                                    | 1.844         | -                            | 200,000 | 100,000     | 300,000   |
| <b>Total borrowings from financial institutions</b> |               | 200,000                      | 950,000 | 100,000     | 1,250,000 |

(Unit: Thousand Baht)

|   | 2017          |                              |           |             |           |
|---|---------------|------------------------------|-----------|-------------|-----------|
|   | Interest rate | Remaining period to maturity |           |             |           |
|   | per annum     | Less than                    |           |             |           |
|   | (percent)     | At call                      | 1 year    | 1 - 5 years | Total     |
| 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 |
| <b>Total borrowings from financial institutions</b> |               | 550,000                      | 2,950,000 | 300,000     | 3,800,000 |

Movement of the borrowings from financial institutions are borrowings from bank during the year ended 31 December 2018 and 2017 are summarised below:

(Unit: Thousand Baht)

|                                 | 2018           | 2017             |
|---------------------------------|----------------|------------------|
| Balance - beginning of the year | 1,100,000      | 1,300,000        |
| Add: Additional borrowings      | -              | 500,000          |
| Less: Repayment                 | (800,000)      | (700,000)        |
| Balance - end of the year       | <b>300,000</b> | <b>1,100,000</b> |

As at 31 December 2018, the above borrowings of Baht 300 million (31 December 2017: Baht 1,100 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) |             |
|---|--------------|-------------|
|   | 2018         | 2017        |
| Payables to Clearing House                          |              |             |
| Equity and debt securities                          | 477,419,298  | 641,073,800 |
| Derivatives   | 777,178      | 1,830,928   |
| Payables from foreign companies                     | -            | 78,906      |
| Total payables to Clearing House and broker-dealers | 478,196,476  | 642,983,634 |

## 17. Securities and derivatives business payables

|   | (Unit: Baht)  |               |
|---|---------------|---------------|
|   | 2018          | 2017          |
| <u>Securities business payables</u>                     |               |               |
| Cash accounts   | 1,058,364,344 | 1,673,626,103 |
| Guarantee deposit payables                              | 506,421,459   | 350,302,854   |
| Payable under securities borrowing and lending business | 588,335,692   | 347,719,442   |
| Total securities business payables                      | 2,153,121,495 | 2,371,648,399 |
| Accrued interest payables                               | 3,149,500     | 2,688,082     |
| Total securities business payables                      | 2,156,270,995 | 2,374,336,481 |
| <u>Derivatives business payables</u>                    |               |               |
| Derivatives business payables                           | 1,022,774     | 2,356,419     |
| Total derivatives business payables                     | 1,022,774     | 2,356,419     |
| Net securities and derivatives business payables        | 2,157,293,769 | 2,376,692,900 |

## 18. Debt issued and other borrowings

| (Unit: Baht)   |                           |                              |                |                      |             |
|--|---------------------------|------------------------------|----------------|----------------------|-------------|
| 31 December 2018   |                           |                              |                |                      |             |
|  | Interest<br>rate/discount | Remaining period to maturity |                |                      | Total       |
|  |                           | Less than<br>1 year          | 1 - 5<br>years | More than<br>5 years |             |
|  | Per annum<br>(percent)    |                              |                |                      |             |
| <b>Debt issued</b>                                       |                           |                              |                |                      |             |
| Bills of exchange  |                           |                              |                |                      |             |
| (Zero - coupon note with<br>Baht 300 million face value) | 1.64                      | 299,532,046                  | -              | -                    | 299,532,046 |
| Total  |                           | 299,532,046                  | -              | -                    | 299,532,046 |

## 19. 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 |                    |
|  | 2018                            | 2017               |
| <b>Provisions for long-term employee benefits at beginning of year</b> | 100,043,281                     | 92,068,141         |
| Included in profit or loss:  |                                 |                    |
| Current service cost   | 6,693,140                       | 6,548,127          |
| Interest cost  | 2,217,396                       | 2,021,748          |
| Included in other comprehensive income:                                |                                 |                    |
| Actuarial (gain) loss arising from                                     |                                 |                    |
| Demographic assumptions changes  | 1,844,839                       | -                  |
| Financial assumptions changes  | (6,354,479)                     | -                  |
| Experience adjustments   | (7,031,890)                     | -                  |
| Benefits paid during the year  | -                               | (594,735)          |
| <b>Provisions for long-term employee benefits at end of year</b>       | <b>97,412,287</b>               | <b>100,043,281</b> |

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

|   | (Unit: Baht)     |                  |
|---|------------------|------------------|
|   | 2018             | 2017             |
| Current service cost                              | 6,693,140        | 6,548,127        |
| Interest cost                                     | 2,217,396        | 2,021,748        |
| <b>Total expense recognised in profit or loss</b> | <b>8,910,536</b> | <b>8,569,875</b> |

The Company has obligation relating to long-term employee benefits expected to be paid to its employees in the next one year amount of Baht 5.8 million.

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit was 12.63 years.

Significant actuarial assumptions are summarised below:

|                       | 2018  | 2017  |
|-----------------------|---|---|
| Average discount rate | 2.4 percent per annum   | 2.12 percent per annum  |
| Salary increase rate  | 5 - 6 percent per annum                                       | 5 - 7 percent per annum                                       |
| Average turnover rate | 3 - 32 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 2018 and 2017 are summarised below:

(Unit: Million Baht)

|                      | 2018          |               | 2017          |               |
|----------------------|---------------|---------------|---------------|---------------|
|                      | Increase 0.5% | Decrease 0.5% | Increase 0.5% | Decrease 0.5% |
| Discount rate        | (4.1)         | 4.4           | (4.7)         | 5.0           |
| Salary increase rate | 4.0           | (3.7)         | 5.1           | (4.8)         |

(Unit: Million Baht)

|                       | 2018         |              | 2017         |              |
|-----------------------|--------------|--------------|--------------|--------------|
|                       | Increase 10% | Decrease 10% | Increase 10% | Decrease 10% |
| Average turnover rate | (2.9)        | 3.1          | (3.8)        | 4.1          |

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 33.1million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 20. Other liabilities

(Unit: Baht)

|                           | 2018        | 2017        |
|---------------------------|-------------|-------------|
| Accrued employee expenses | 132,339,173 | 186,202,993 |
| Accrued interest expenses | 4,641,153   | 12,367,363  |
| Accrued expenses          | 35,923,458  | 72,918,175  |
| Others                    | 148,744,234 | 46,596,589  |
| Total other liabilities   | 321,648,018 | 318,085,120 |

## 21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

As at 31 December 2018, the Company allotted profit of Baht 8.9 million to the statutory reserve (31 December 2017: Baht 23.8 million).

## 22. Capital Management

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net liquid capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

## 23. Brokerage fee income

|   | (Unit: Baht)                    |             |
|---|---------------------------------|-------------|
|   | For the years ended 31 December |             |
|   | 2018                            | 2017        |
| Brokerage fee from securities business  | 657,953,730                     | 766,672,562 |
| Brokerage fee from derivatives business | 72,872,020                      | 46,104,801  |
| Total brokerage fees income             | 730,825,750                     | 812,777,363 |

## 24. Fees and service income

|                                  | (Unit: Baht)                    |             |
|----------------------------------|---------------------------------|-------------|
|                                  | For the years ended 31 December |             |
|                                  | 2018                            | 2017        |
| Underwriting fee                 | 36,377,355                      | 29,776,916  |
| Financial advisory               | 3,800,000                       | 16,030,203  |
| Selling agent                    | 214,601,377                     | 301,090,190 |
| Securities borrowing and lending | 31,583,511                      | 24,072,367  |
| Business support                 | 98,385,876                      | 54,390,803  |
| Others                           | 1,214,572                       | 3,239,799   |
| Total fees and service income    | 385,962,691                     | 428,600,278 |

## 25. Gain and return on financial instruments

|  | (Unit: Baht)                    |              |
|--|---------------------------------|--------------|
|  | For the years ended 31 December |              |
|  | 2018                            | 2017         |
| Gain (loss) on securities                      | (10,852,018)                    | 192,748,953  |
| Gain (loss) on derivatives                     | 33,615,558                      | (10,035,188) |
| Interest and dividend                          | 65,352,871                      | 57,556,281   |
| Total gain and return on financial instruments | 88,116,411                      | 240,270,046  |

## 26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B. E 2530. The employees contribute to the fund monthly at the rate of 5 - 15 percent of basic salary 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 2018, the Company contributed Baht 27.1 million to the fund (2017: Baht 26.8 million).

In addition to the contributory registered provident fund, the Company has established a provision for an additional plan for employees who work with the Company for over 5 years and over 10 years. The plan is unfunded and is provided only for employees who joined the Company prior to 15 July 1986. Liabilities under this plan have been presented as part of "Other liabilities".

## 27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares outstanding during the year.

## 28. Dividends

During the years, the Company declared the following dividends for payment to shareholders:

|  | Approved by   | Total dividend<br>declaration<br>(Million Baht) | Dividend declaration<br>per share<br>(Baht)                              |
|--|---|---|--|
| Dividends from the operating results for the year ended 31 December 2017 | The annual ordinary meeting of the Company's shareholders No. 1/2561 on 27 April 2018 | 452   | 0.21<br>(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 2016 | The annual ordinary meeting of the Company's shareholders No. 1/2560 on 26 April 2017 | 387   | 0.18<br>(from 2,150,469,000 ordinary shares at par value of Baht 1 each) |

## 29. Related party transactions

During the years, the Company had significant business transactions with the following related parties.

| Related parties                          | Relationship                     |
|--|----------------------------------|
| Nomura Holdings., Inc.                   | Ultimate parent company          |
| Nomura Singapore Limited                 | Having common major shareholders |
| Nomura Securities Co., Ltd.              | Having common major shareholders |
| Nomura International (Hong Kong) Limited | Having common major shareholders |
| Nomura International Plc.                | Having common major shareholders |
| Instinet Pacific Limited                 | Having common major shareholders |
| United Information Highway Co., Ltd.     | Having common director           |

Such transactions with its related companies were concluded on the commercial terms and based agree upon by the Company and those companies in the ordinary course of business. The significant transactions are summarised below.

|  | For the years ended 31 December |            | (Unit: Baht)  |
|--|---------------------------------|------------|---|
|  | 2018                            | 2017       | Pricing policies<br>(for the year 2018)   |
| <b><u>Transactions occurred during the years</u></b>       |                                 |            |   |
| Brokerage fees income                                      |                                 |            |   |
| - Nomura Singapore Limited                                 | -                               | 5,075      | At normal rate charged to other clients   |
| - Nomura International Plc.                                | 111,955                         | 38,179     | At normal rate charged to other clients   |
| - Instinet Pacific Limited                                 | 55,659,087                      | 61,986,522 | At normal rate charged to other clients   |
| - Director   | 114,634                         | 2,563      | At normal rate charged to other clients   |
| Fees income from business support services                 |                                 |            |   |
| - Nomura Singapore Limited                                 | 14,582,818                      | 16,004,438 | At actual costs plus a margin of 10 percent   |
| Fees income from international investment banking services |                                 |            |   |
| - Nomura Singapore Limited                                 | 32,006,950                      | 18,681,564 | At actual costs plus a margin of 10 percent   |
| Fees income from introducing broker                        |                                 |            |   |
| - Nomura Singapore Limited                                 | 611,960                         | 2,667,063  | Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business |
| Fee income from securities borrowing and lending           |                                 |            |   |
| - Nomura International Plc.                                | 72,495                          | 18,214     | At normal rate charged to other clients   |
| - Instinet Pacific Limited                                 | 400,364                         | 174,888    | At normal rate charged to other clients   |
| Fees income from other services                            |                                 |            |   |
| - Nomura Securities Co., Ltd.                              | 13,256,164                      | 6,092,400  | At the contract rate determined by extent and amount of work assigned   |
| - Nomura International (Hong Kong) Limited                 | 12,314,358                      | 8,262,271  | At the contract rate determined by extent and amount of work assigned   |
| - Nomura Singapore Limited                                 | 3,840,065                       | -          | At the contract rate determined by extent and amount of work assigned   |
| Fees income from securities trading and research           |                                 |            |   |
| - Nomura Singapore Limited                                 | 22,385,521                      | 5,350,130  | At actual costs plus a margin of 10 percent net with the brokerage commission received  |



|   | For the years ended 31 December |           | (Unit: Baht)  |
|---|---------------------------------|-----------|---|
|   | 2018                            | 2017      | Pricing policies<br>(for the year 2018)   |
| <b>Transactions occurred during the years<br/>(continued)</b> |                                 |           |   |
| Fee income from late delivery                                 |                                 |           |   |
| - Instinet Pacific Limited                                    | 731,812                         | 1,241,688 | At normal rate charged to other clients   |
| Other income  |                                 |           |   |
| - Nomura International (Hong Kong) Limited                    | -                               | 244,389   | Base on the scope and volume of work assigned   |
| Fee expenses from Hi-speed circuit service                    |                                 |           |   |
| - United Information Highway Co., Ltd.                        | 2,199,360                       | 2,184,579 | At the same rate charged to other clients without dependent interest  |
| Brokerage fees expense from foreign securities trading        |                                 |           |   |
| - Nomura Singapore Limited                                    | 24,866                          | 33,641    | Calculated base on trade volume and at the referential rate charged by others without dependent interest  |
| Referral Fees   |                                 |           |   |
| - Nomura International (Hong Kong) Limited                    | -                               | 218,250   | 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   | 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  | 479                             | 4,373     | At the same rate charged to other Company's staffs  |

As at 31 December 2018 and 2017, the outstanding balances of the related party transactions are as follows:

|   | (Unit: Baht) |             |
|---|--------------|-------------|
|   | 2018         | 2017        |
| Securities business receivables                             |              |             |
| - Instinet Pacific Limited                                  | 296,850,749  | 192,013,129 |
| Other assets - accrued income receivables                   |              |             |
| - Nomura Singapore Limited                                  | 36,543,629   | 18,263,310  |
| Other assets - loan to employees                            |              |             |
| - Director  | -            | 129,134     |
| Other assets - Securities borrowing and Lending receivables |              |             |
| - Nomura International Plc.                                 | 2,350        | -           |
| - Instinet Pacific Limited                                  | 3,000        | 11,048      |
| Other assets - others                                       |              |             |
| - Nomura Singapore Limited                                  | -            | 108,782     |
| - Nomura Securities Co., Ltd.                               | 564,781      | 579,750     |
| - Nomura Holdings Inc.                                      | -            | 48,344      |
| Securities business payables                                |              |             |
| - Instinet Pacific Limited                                  | 361,167,552  | 196,984,091 |
| Other payables - others                                     |              |             |
| - Instinet Pacific Limited                                  | -            | 15,030,871  |

### Management's remuneration

During the years ended 31 December 2018 and 2017, the Company had employee benefit expenses payable to their directors and management as below.

|                              | (Unit: Baht)                    |                   |
|------------------------------|---------------------------------|-------------------|
|                              | For the years ended 31 December |                   |
|                              | 2018                            | 2017              |
| Short-term employee benefits | 98,885,666                      | 95,151,143        |
| Post-employment benefits     | 5,472,120                       | 4,800,131         |
|                              | <u>104,357,786</u>              | <u>99,951,274</u> |

### 30. Operating information by segment

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its products and services and have four reportable segments as follows:

- Securities business segment, which provide service according to brokering, derivative brokering and securities borrowing and lending.
- Investment banking segment, which provide service according to underwriting, investment advisory and financial advisory.
- Fixed Income segment, which provide service according to trading debt securities.
- Other segments, which provide support services and operating management.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The following tables present revenue and profit and total assets information regarding the Company's operating segments as at 31 December 2018 and 2017, and for the years ended 31 December 2018 and 2017 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 |       |
|  | 2018                            | 2017  | 2018                        | 2017 | 2018                 | 2017 | 2018           | 2017 | 2018  | 2017  |
| Total revenue                            | 995                             | 1,126 | 90                          | 74   | 24                   | 50   | 21             | 26   | 1,130 | 1,276 |
| Segment operating income                 | 221                             | 331   | 25                          | 31   | 10                   | 18   | 10             | 14   | 266   | 394   |
| Unallocated income (expenses)            |                                 |       |                             |      |                      |      |                |      |       |       |
| Interest on margin loans                 |                                 |       |                             |      |                      |      |                |      | 367   | 364   |
| Gain and return on financial instruments |                                 |       |                             |      |                      |      |                |      | 75    | 207   |
| Other income                             |                                 |       |                             |      |                      |      |                |      | 13    | 7     |
| Financial costs                          |                                 |       |                             |      |                      |      |                |      | (89)  | (82)  |
| Personnel expenses and other expenses    |                                 |       |                             |      |                      |      |                |      | (308) | (300) |
| Bad Debt and doubtful accounts           |                                 |       |                             |      |                      |      |                |      | (106) | -     |
| Income tax                               |                                 |       |                             |      |                      |      |                |      | (40)  | (115) |
| Profit for the year                      |                                 |       |                             |      |                      |      |                |      | 178   | 475   |

(Unit: Million Baht)

|                              | As at 31 December           |      |                             |      |                      |      |                |      |       |        |
|------------------------------|-----------------------------|------|-----------------------------|------|----------------------|------|----------------|------|-------|--------|
|                              | Securities business segment |      | Investments banking segment |      | Fixed income segment |      | Other segments |      | Total |        |
|                              | 2018                        | 2017 | 2018                        | 2017 | 2018                 | 2017 | 2018           | 2017 | 2018  | 2017   |
| Premises and equipment - net |                             |      |                             |      |                      |      |                |      | 89    | 115    |
| Unallocated assets           |                             |      |                             |      |                      |      |                |      | 9,863 | 12,751 |
| Total assets                 |                             |      |                             |      |                      |      |                |      | 9,952 | 12,866 |

## 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 2018 and 2017, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

### 31. Commitments and contingent liabilities

As at 31 December 2018 and 2017, the Company has the following outstanding commitments and contingent liabilities.

- 31.1** The Company has the following outstanding commitments under the lease agreements for its office building and motor vehicles, under which the Company is to pay rental and service fees in the future, counting from the year end date, as follows.

|               | (Unit: Million Baht) |      |
|---------------|----------------------|------|
|               | 2018                 | 2017 |
| Within 1 year | 57                   | 35   |
| In 1-2 years  | 46                   | 17   |
| Over 2 years  | 16                   | 11   |

- 31.2** The Company has commitments to pay the fees related to its securities business to the Stock Exchange of Thailand, Thailand Clearing House Company Limited and Thailand Securities Depository Company Limited. These comprise a monthly fixed amount, a percentage of trading volume each month and/or a percentage of net settlements each month.

- 31.3** The Company has commitment to pay the fees related to its derivatives business to Thailand Futures Exchange Public Company Limited and Thailand Clearing House Company Limited. These comprise a monthly fixed amount and/or at the fixed payment for each purchase or sale of a futures contract transacted.

- 31.4** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to securities business licenses at the rate of 0.001 percent of its trading volume in the Stock Exchange of Thailand. For commission received from securities trading, underwriting and others which the Company has licenses, the fee is charged at the rate of 1 percent of income from the aforesaid activities. For securities trading of funds, the fee is charged at the rate of 0.001 percent of sale volume of funds. The minimum total fee is Baht 25,000 per annum and the maximum total fee is Baht 10,000,000 per annum.
- 31.5** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to derivatives business licenses at the rate of Baht 0.10 per contract and Baht 0.01 per contract for single stock futures with underlying price not over Baht 100. The minimum total fee is Baht 25,000 per annum and the maximum total fee is Baht 1,000,000 per annum.
- 31.6** As at 31 December 2018, there have been criminal and civil lawsuits brought by an individual against the Company.

In the criminal case, on 16 March 2018, the Court of First Instance sentenced the Company to pay a fine of Baht 120,000 for the fraud offence. The Company disagrees with the findings and the judgment, and has already filed an appeal with the appeal court on 13 September 2018. The Court of First Instance dismissed the charges in respect of the Securities and Exchange Act B.E. 2535 (1992) violation. The Plaintiff appealed for the charges. On 5 November 2018, the Company filed the answer/response to the Plaintiff's appeal. The case is not final.

In the civil case, on 30 October 2018, the same Plaintiff filed a civil complaint against the Company and the other 3 Defendants for tort and damages claim. The Company submitted the answer to the Plaintiff's civil complaint on 18 February 2019 and also on the same date submitted the petition to request the court to temporarily suspend the civil case until the criminal case is final according to the law, as this civil case has the same ground as that in the above criminal case. The Civil Court accepted the Company's answer and ordered to temporarily suspend the civil case until the criminal case is final. The possibility to get additional loss is remote.

## **32. Financial instruments**

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

### **32.1 Risk management policy**

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

### 32.2 Credit risk

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivable from Clearing House, securities and derivatives business receivables and loans to employees as stated in the statements of financial position.

### 32.3 Interest rate risk

Interest rate risk refers to the risk that the value of financial asset and financial liabilities may change from the market interest rate. However, since most of the Company's financial assets and liabilities will mature in 1 year or has floating interest rate, the Company's interest rate risk is expected to be low.

As at 31 December 2018 and 2017 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

| 2018  |                        |   |             |                  |       |                        |                     |
|---|------------------------|---|-------------|------------------|-------|------------------------|---------------------|
| 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.              |
| <b><u>Financial assets</u></b>                    |                        |   |             |                  |       |                        |                     |
| Cash and cash equivalents                         | 384                    | -   | -           | 4                | 388   | 0.05 - 1.25            | -                   |
| Receivable from Clearing House and broker-dealers | -                      | -   | -           | 29               | 29    | -                      | -                   |
| Securities and derivatives business receivables   | 5,709                  | 487   | 1           | 2,239            | 8,436 | 5.06 - 6.06            | 3.50 - 5.06         |
| Investments                                       | -                      | 596   | -           | 107              | 703   | -                      | 1.05 - 2.30         |
| Loans to employees                                | 56                     | -   | -           | -                | 56    | 1.50                   | -                   |
| <b><u>Financial liabilities</u></b>               |                        |   |             |                  |       |                        |                     |
| Borrowings from financial institutions            | -                      | 1,150   | 100         | -                | 1,250 | -                      | 1.84 - 2.30         |
| Payables to Clearing House and broker-dealers     | -                      | -   | -           | 478              | 478   | -                      | -                   |
| Securities and derivatives business payables      | -                      | 588   | -           | 1,566            | 2,154 | -                      | 2.50                |
| Debt issued and other borrowings                  | -                      | 300   | -           | -                | 300   | -                      | 1.60                |

(Unit: Million Baht)

| 2017  |                           |  |             |                     |        |               |               |
|---|---------------------------|--|-------------|---------------------|--------|---------------|---------------|
| Outstanding balances of financial instruments |                           |  |             |                     |        |               |               |
|   | Floating<br>interest rate | Fixed interest rate which the<br>remaining period before<br>maturity date or end of<br>contract date |             | Without<br>interest | Total  | Interest rate |               |
|   |                           | Within 1 year  | 1 - 5 years |                     |        | Floating      | Fixed         |
|   |                           |  |             |                     |        | interest rate | interest rate |
|   |                           |  |             |                     |        | % p.a.        | % p.a.        |
| <b>Financial assets</b>                       |                           |  |             |                     |        |               |               |
| 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          | -             |
| <b>Financial liabilities</b>                  |                           |  |             |                     |        |               |               |
| Borrowings from financial                     |                           |  |             |                     |        |               |               |
| institutions                                  | -                         | 3,500  | 300         | -                   | 3,800  | -             | 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          |

## 32.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

Counting from the reporting date, as at 31 December 2018 and 2017, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

|  | 2018  |                  |                |                 |             |       |
|--|---|------------------|----------------|-----------------|-------------|-------|
|  | Outstanding balances of financial instruments |                  |                |                 |             |       |
|  | At call                                       | Within<br>1 year | 1 - 5<br>years | Over<br>5 years | Unspecified | Total |
| <b><u>Financial assets</u></b>                       |   |                  |                |                 |             |       |
| Cash and cash equivalents                            | 388   | -                | -              | -               | -           | 388   |
| Receivable from Clearing House and<br>broker-dealers | -   | 29               | -              | -               | -           | 29    |
| Securities and derivatives business<br>receivables   | 1,131   | 1,613            | 1              | -               | 5,603       | 8,348 |
| Investments  | 102   | 596              | -              | -               | 5           | 703   |
| Loans to employees                                   | -   | 1                | 6              | 49              | -           | 56    |
| <b><u>Financial liabilities</u></b>                  |   |                  |                |                 |             |       |
| Borrowings from financial institutions               | 200   | 950              | 100            | -               | -           | 1,250 |
| Payables to Clearing House and<br>broker-dealers     | -   | 478              | -              | -               | -           | 478   |
| Securities and derivatives business<br>payables      | 1,095   | 1,062            | -              | -               | -           | 2,157 |
| Debt issued and other borrowings                     | -   | 300              | -              | -               | -           | 300   |

(Unit: Million Baht)

|  | 2017  |                  |                |                 |             |        |
|--|---|------------------|----------------|-----------------|-------------|--------|
|  | Outstanding balances of financial instruments |                  |                |                 |             |        |
|  | At call                                       | Within<br>1 year | 1 - 5<br>years | Over<br>5 years | Unspecified | Total  |
| <b><u>Financial assets</u></b>                       |   |                  |                |                 |             |        |
| Cash and cash equivalents                            | 280   | -                | -              | -               | -           | 280    |
| Receivable from Clearing House and<br>broker-dealers | -   | 779              | -              | -               | -           | 779    |
| Securities and derivatives business<br>receivables   | 723   | 1,786            | 2              | -               | 8,191       | 10,702 |
| Investments  | 611   | 8                | -              | -               | 5           | 624    |
| Loans to employees                                   | -   | 1                | 9              | 56              | -           | 66     |
| <b><u>Financial liabilities</u></b>                  |   |                  |                |                 |             |        |
| Borrowings from financial institutions               | 550   | 2,950            | 300            | -               | -           | 3,800  |
| Payables to Clearing House and<br>broker-dealers     | -   | 643              | -              | -               | -           | 643    |
| Securities and derivatives business<br>payables      | 698   | 1,679            | -              | -               | -           | 2,377  |



### 32.5 Foreign exchange risk

The Company's exposure to foreign currency risk arises mainly from brokerage service for securities listed in stock exchange in overseas and revenue and expense transactions that are denominated in foreign currencies.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2018 and 2017 are summarised below:

| Foreign currency                   | Financial assets |             | Financial liabilities |             | Average exchange rates |             |
|------------------------------------|------------------|-------------|-----------------------|-------------|------------------------|-------------|
|                                    | 31 December      | 31 December | 31 December           | 31 December | 31 December            | 31 December |
|                                    | 2018             | 2017        | 2018                  | 2017        | 2018                   | 2017        |
| (Unit: Thousand unit)              |                  |             |                       |             |                        |             |
| (Baht per 1 foreign currency unit) |                  |             |                       |             |                        |             |
| Japanese yen                       | 55               | 879         | -                     | -           | 0.2931                 | 0.2898      |
| Hong Kong dollar                   | 234              | 196         | -                     | -           | 4.1416                 | 4.1421      |
| Singapore dollar                   | 7                | 18          | -                     | -           | 23.6943                | 24.1711     |
| United States dollar               | 57               | 175         | -                     | -           | 32.4498                | 32.5146     |
| Australia dollar                   | -                | 1           | -                     | -           | 22.8411                | 25.4772     |
| United Kingdom pound               | 1                | 2           | -                     | -           | 41.0667                | 43.9865     |
| Euro Zone                          | 1                | 2           | -                     | -           | 37.1252                | 39.0273     |
| Malaysia dollar                    | -                | 1           | -                     | -           | 7.8056                 | 8.0584      |
| Canada dollar                      | -                | 9           | -                     | -           | 23.8186                | 26.0043     |
| China yuan                         | -                | 1           | -                     | -           | 4.7237                 | 5.0145      |
| Laos kip                           | 865,880          | 865,558     | -                     | -           | 0.0038                 | 0.0039      |

### 32.6 Equity position risk

The Company is exposed to equity position risk, due to the Company has investment in listed securities which will result in fluctuations in revenue or the value of financial assets.

### 33 Fair value

As at 31 December 2018 and 2017, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

|  | 2018    |         |         |         |
|--|---------|---------|---------|---------|
|  | Level 1 | Level 2 | Level 3 | Total   |
| <b>Financial assets measured at fair value</b> |         |         |         |         |
| Held for trade investments                     |         |         |         |         |
| Equity instruments                             | 101,319 | -       | -       | 101,319 |
| Debt instruments                               | -       | 499,980 | -       | 499,980 |
| Derivative assets <sup>1</sup>                 | -       | -       | -       | -       |
| <b>Financial assets measured at fair value</b> |         |         |         |         |
| Derivative liabilities <sup>1</sup>            | -       | -       | -       | -       |

<sup>1</sup> Fair value of derivatives assets/liabilities - futures as at 31 December 2018 amounting to Baht 11 million and Baht 4 million, respectively, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input

(Unit: Thousand Baht)

|  | 2017    |         |         |         |
|--|---------|---------|---------|---------|
|  | Level 1 | Level 2 | Level 3 | Total   |
| <b>Financial assets measured at fair value</b> |         |         |         |         |
| Held for trade investments                     |         |         |         |         |
| Equity instruments                             | 609,604 | -       | -       | 609,604 |
| Available-for-sale investments                 |         |         |         |         |
| Unit trusts                                    | -       | 1,566   | -       | 1,566   |
| Derivative assets <sup>1</sup>                 | -       | -       | -       | -       |
| <b>Financial assets measured at fair value</b> |         |         |         |         |
| Derivative liabilities <sup>1</sup>            | -       | -       | -       | -       |

<sup>1</sup> Fair value of derivatives assets/liabilities - futures as at 31 December 2017 amounting to Baht 7 million and Baht 14 million, respectively, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input

As at 31 December 2018 and 2017, 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)

|   | 2018       |            |         |         |         |
|---|------------|------------|---------|---------|---------|
|   | Book value | Fair value |         |         |         |
|   |            | Total      | Level 1 | Level 2 | Level 3 |
| Financial assets and liabilities measured at fair value |            |            |         |         |         |
| Cash and cash equivalents                               | 388        | 388        | 388     | -       | -       |
| Receivable from Clearing House and broker-dealers       | 29         | 29         | -       | 29      | -       |
| Securities and derivatives business receivables         | 8,348      | 8,348      | -       | 8,348   | -       |
| Investments   | 101        | 101        | 84      | 12      | 5       |
| Loans to employees                                      | 56         | 45         | -       | -       | 45      |

**Financial liabilities for which fair value are disclosed**

|   |       |       |   |       |   |
|---|-------|-------|---|-------|---|
| Borrowings from financial institutions        | 1,250 | 1,250 | - | 1,250 | - |
| Payables to Clearing House and broker-dealers | 478   | 478   | - | 478   | - |
| Securities and derivatives business payables  | 2,157 | 2,157 | - | 2,157 | - |
| Debt issued and other borrowings              | 300   | 300   | - | 300   | - |

(Unit: Million Baht)

|  | 2017       |            |         |         |         |
|--|------------|------------|---------|---------|---------|
|  | Book value | Fair value |         |         |         |
|  |            | Total      | Level 1 | Level 2 | Level 3 |
| <b>Financial assets and liabilities measured at fair value</b> |            |            |         |         |         |
| 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  | 2,377 | 2,377 | - | 2,377 | - |

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 unit 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.

**34. Approval of financial statements**

These financial statements were authorised for issue by the Company's board of directors on 22 February 2019.



**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](http://www.sec.or.th) or [www.nomuradirect.com](http://www.nomuradirect.com)**

## Branch

### Bangkok Region

|                                  |  |
|----------------------------------|--|
| <b>Bangna Branch:</b>            | 589/111 Central City Tower 1 Office, 19 <sup>th</sup> Floor, Bangna-Trad Road, Bangna, Bangkok 10260<br>Telephone: +66(0) 2725 8600 Facsimile: +66(0) 2745 6220, +66(0) 2745 6221  |
| <b>Phra-Pinklao Branch:</b>      | 7/129 Central Plaza Pinklao Office Building, 9 <sup>th</sup> Floor, Room 902, Borommaratchachonnani Road, Arun-Amarin, Bangkok Noi, Bangkok 10700<br>Telephone: +66(0) 2638 5950, +66(0) 2081 2950 Facsimile: +66(0) 2884 9064, +66(0) 2884 9067 |
| <b>Vibhavadi-Rangsit Branch:</b> | 123 Suntowers Building B, 23 <sup>rd</sup> Floor, Unit B-2304, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900<br>Telephone: +66(0) 2638 5920, +66(0) 2081 2920 Facsimile: +66(0) 2617 7800   |
| <b>Bangkhae Branch:</b>          | 1871 Victoria Gardens, 2 <sup>nd</sup> Floor, A205, Phetkasem Road, Laksong, Bangkhae, Bangkok 10160<br>Telephone: +66(0) 2638 5280, +66(0) 2081 2280 Facsimile: +66(0) 2421 6025  |

### Northeastern Region

|                                 |   |
|---------------------------------|---|
| <b>Khon Kaen Branch:</b>        | 109 Hugz Mall Tower, Room 207, 2 <sup>nd</sup> Floor, Sri Chant Road, Nai Muang, Muang, Khon Khaen 40000<br>Telephone: +66(0) 4300 9628, +66(0) 4300 9629 Facsimile: +66(0) 4300 9630                       |
| <b>Udonthani Branch:</b>        | UD Town, Room N203 THE NEXT ZONE, 2 <sup>nd</sup> Floor,<br>88 Thongyai Road, Mak Khaeng, Muang, Udonthani 41000<br>Telephone: +66(0) 4213 6174, +66(0) 4213 6175 Facsimile: +66(0) 4213 6176               |
| <b>Nakhonratchasima Branch:</b> | 1184 Hip Park Community Mall, Room 26 Zone C, 2 <sup>nd</sup> Floor, Mittraphap Road, Nai Muang, Muang, Nakhonratchasima 30000<br>Telephone: +66(0) 4424 8526, +66(0) 4424 8527 Facsimile: +66(0) 4424 8528 |

### Northern Region

|                          |  |
|--------------------------|--|
| <b>Chiangrai Branch:</b> | 353/19 Moo 4, Rim Kok, Muang, Chiangrai 57100<br>Telephone: +66(0) 5371 1972, +66(0) 5371 1973 Facsimile: +66(0) 5371 1974   |
| <b>Chiangmai Branch:</b> | 30 Punna Place, Room 5, 1 <sup>st</sup> Floor, Nimmanhaemin Road, Soi 6, Suthep, Muang, Chiangmai 50200<br>Telephone: +66(0) 5321 0834, +66(0) 5321 0835 Facsimile: +66(0) 5321 0841 |

### Central Region

|                            |   |
|----------------------------|---|
| <b>Ayutthaya Branch:</b>   | Ayutthaya City Park, Room GC-11, 126 Moo 3, Asia Road,<br>Klong Suan Plu, Ayutthaya, Ayutthaya 13000<br>Telephone: +66(0) 3580 1920, +66(0) 3580 1921 Facsimile: +66(0) 3580 1922                   |
| <b>Nakornsawan Branch:</b> | 26/3-4, Vitheethap Citywalk Room 2F003-004, 2 <sup>nd</sup> Floor, Suchada Road, Pak Nam Pho, Muang, Nakornsawan 60000<br>Telephone: +66(0) 5622 3947, +66(0) 5622 3948 Facsimile: +66(0) 5622 3949 |

### Southern Region

|                        |   |
|------------------------|---|
| <b>Phuket Branch:</b>  | 262/9 Yaowarat Road, Talat Yai, Muang, Phuket 83000<br>Telephone: +66(0) 7621 4422, +66(0) 7621 4423 Facsimile: +66(0) 7621 4424        |
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