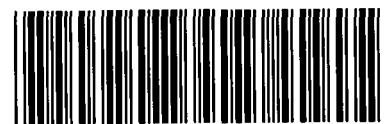


Registered number: 02719607

**CGS-CIMB SECURITIES (UK) LIMITED
FORMERLY CIMB SECURITIES (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

COMPANY INFORMATION

Directors	J Choi C S L Chan (resigned 7 February 2018) R P White W Poh'ee (appointed 7 February 2018) R Ho (appointed 7 February 2018)
Registered number	02719607
Registered office	27 Knightsbridge London SW1X 7LY
Trading Address	27 Knightsbridge London SW1X 7LY
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Bankers	Standard Chartered Bank 37 Gracechurch Street London EC3V 0BX

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

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CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Introduction

The directors present the strategic report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of CGS-CIMB Securities (UK) Limited ("the Company") remains that of securities related business. The Company is authorised and regulated by the Financial Conduct Authority.

Position at year end

The directors consider the position of the Company at 31 December 2017 to be satisfactory.

Principal risks and uncertainties

From the perspective of the company, principle risks and uncertainties are integrated with the principal risks of CIMB Group Holdings Berhad ("the Group") and are not managed separately.

The major risk associated with the business is a severe down turn in the sale and purchase of financial securities and related services, in Asia.

Financial risk management

Credit risk: The maximum exposure to credit risk is represented by the carrying amounts on the balance sheet. There are no material financial assets the Company considers past due. The cash balance is held with one credit institution. The board is aware of the concentration risk involved but the risk is considered to be low as the credit institution is stable. The board keeps the banking arrangements under constant and close review.

Capital risk: In order to maintain the capital structure of the Company, the Company may adjust the amount of dividend paid to the shareholders, the return of capital to shareholders, or the issue of new shares.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Key performance indicators (KPI's)

The position and nature of the Company's relationship within the group sets the key performance indicator as the revenue generated in the Asian group resulting from the activities of CGS-CIMB Securities (UK) Limited.

Revenue generated for the year ending 31 December 2017 was £2,276,799 (2016 - £3,095,437).

The Company's directors believe that an analysis using other key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The directors consider that in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year were satisfactory.

The directors of the Company recognise that the business followed the general malaise in the Asia market which has resulted in sales decreasing by 23% and however gross profit margin increased from 43% to 47% compared to last year. The directors are satisfied the Company reflected the prevailing market conditions.

Likely future developments

The directors do not foresee any changes in the Company's principal activity.

Development and performance

There has been no change in the business undertaken and performed in the year which continues to develop at the same manner as last year.

Post balance sheet events

Change in ownership

The changes in ownership, detailed in note 21, is not expected to have a material impact on the Company's operations.

Change in regulatory framework

On 3 January 2018 MIFID II came into force, the Company did an internal assessment on the impact on MIFID II on the business and no significant long term impact on the business operations were noted.

This report was approved by the board on **25 APRIL 2018** and signed on its behalf.

Robert White

R P White
Director

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of:

- Financial risk management
- Likely future developments

Results and dividends

The profit for the year, after taxation, amounted to £84,925 (2016 - £121,516).

No ordinary dividends were paid (2016 - £nil). The directors do not recommend payment of a final dividend.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J Choi
R P White

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Pillar 3

Regulatory disclosures required to be made under Capital Requirements Regulations in relation to risk management, capital adequacy and remuneration (Pillar 3 Disclosures) are included at the end of the Annual Report and financial statements. The Pillar 3 Disclosures are unaudited.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

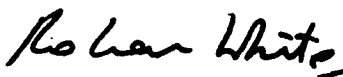
Post balance sheet events

On the 6th February 2018 the company formally changed its name from CIMB Securities (UK) LTD to CGS-CIMB Securities (UK) Limited.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The financial statements on pages 8 to 26 were approved by the Board of Directors on **25 April 2018** and signed on its behalf by.



R P White
Director

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CGS-CIMB SECURITIES (UK)
LIMITED FORMERLY CIMB SECURITIES (UK) LTD**

Opinion

In our opinion, CGS-CIMB Securities (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CGS-CIMB SECURITIES (UK)
LIMITED FORMERLY CIMB SECURITIES (UK) LTD**

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CGS-CIMB SECURITIES (UK)
LIMITED FORMERLY CIMB SECURITIES (UK) LTD**

Auditors' responsibilities for the audit of the financial statements

Our 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

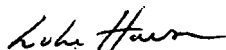
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Luke Hanson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2018

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	2,276,799	3,095,437
Cost of sales		(1,198,945)	(1,757,819)
Gross profit		1,077,854	1,337,618
Administrative expenses		(969,458)	(1,182,531)
Operating profit	5	108,396	155,087
Interest receivable and similar income	9	1,643	3,979
Profit before tax		110,039	159,066
Tax on profit	10	(25,114)	(37,550)
Profit for the financial year		84,925	121,516

There was no other comprehensive income for 2017 (2016: £NIL).

All transactions are derived from continuing operations.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD
REGISTERED NUMBER: 02719607

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Current assets			
Debtors: amounts falling due within one year	11	1,414,424	850,343
Cash at bank and in hand	12	1,528,215	2,125,470
		<u>2,942,639</u>	<u>2,975,813</u>
Creditors: amounts falling due within one year	13	(332,606)	(450,705)
Net current assets		<u>2,610,033</u>	<u>2,525,108</u>
Total assets less current liabilities		<u>2,610,033</u>	<u>2,525,108</u>
Net assets		<u>2,610,033</u>	<u>2,525,108</u>
Capital and reserves			
Called up share capital	16	500,000	500,000
Profit and loss account		2,110,033	2,025,108
Total equity		<u>2,610,033</u>	<u>2,525,108</u>

The financial statements on pages 8 to 26 were approved by the Board of Directors and were signed on its behalf on 25 April 2018 and signed on its behalf by:

Rohan White

R P White
Director

The notes on pages 12 to 26 form part of these financial statements.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	500,000	1,903,592	2,403,592
Comprehensive Income for the year			
Profit for the year	-	121,516	121,516
Total comprehensive income for the year	-	121,516	121,516
At 31 December 2016	500,000	2,025,108	2,525,108
Comprehensive Income for the year			
Profit for the year	-	84,925	84,925
Total comprehensive income for the year	-	84,925	84,925
At 31 December 2017	500,000	2,110,033	2,610,033

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	84,925	121,516
Adjustments for:		
Depreciation of tangible assets	-	26,627
Other non cash movements	(45,486)	-
Interest received	(1,643)	(3,979)
Taxation charge	25,114	37,550
Decrease/(increase) in debtors	42,325	(60,991)
(Increase)/decrease in amounts owed by groups	(600,888)	251,874
(Decrease)/increase in creditors	(117,904)	87,558
Adjustment in prior year taxation charge	(5,787)	-
Increase in amounts owed to groups	20,446	-
Net cash (used in)/generated from operating activities	(598,898)	460,155
Cash flows from investing activities		
Interest received	1,643	3,979
Net cash generated from investing activities	1,643	3,979
Net (decrease)/increase in cash and cash equivalents	(597,255)	464,134
Cash and cash equivalents at beginning of year	2,125,470	1,661,336
Cash and cash equivalents at the end of year	1,528,215	2,125,470
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,528,215	2,125,470
	1,528,215	2,125,470

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General Information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 31 December 2017 and presented to the nearest pound.

The Company determined that the Pound Sterling is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

The principal activity of the Company during the period was that of a securities related business.

On the 6th February 2018 the company formally changed its name from CIMB Securities (UK) LTD to CGS-CIMB Securities (UK) Limited.

The Company is a United Kingdom private limited company limited by shares. It is both incorporated and domiciled in the United Kingdom. The registered office address is 27 Knightsbridge, London, SW1X 7LY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the contract;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Valuation or impairment of tangible assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income ("SOCI").

Recognised impairment losses are reversed if the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the SOCI.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.10 Cost of sales

The cost of sales comprise of all staff cost incurred by the company.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.12 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. There are no key judgments or estimates at this point.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

All turnover relates to the reimbursement of costs incurred and relates to one class of business all generated in the UK. The turnover is charged to group companies who operate outside of the UK as shown in the tables below.

	2017 £	2016 £
Sales	2,276,799	3,095,437
	<u>2,276,799</u>	<u>3,095,437</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
Singapore	2,049,119	2,785,893
Hong Kong	227,680	309,544
	<u>2,276,799</u>	<u>3,095,437</u>

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	-	26,627
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	30,000	22,500
Exchange differences	1,373	2,310
Other operating lease rentals	99,872	141,455
Share based payment	-	7,324
Defined contribution pension cost	175,748	171,035

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	<u>27,300</u>	<u>22,500</u>
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	<u>2,700</u>	<u>-</u>
	<u>2,700</u>	<u>-</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	987,969	1,420,741
Social security costs	125,176	158,719
Other pension costs	175,748	171,035
	<u>1,288,893</u>	<u>1,750,495</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Administration	3	3
Sales	7	11
	<u>10</u>	<u>14</u>

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	249,567	557,713
Company contributions to defined contribution pension schemes	30,000	-

During the year retirement benefits were accruing to no directors (2016 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £249,567 (2016 - £336,255).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,000 (2016 - £NIL).

9. Interest receivable and similar income

	2017 £	2016 £
Interest on bank deposits	1,643	3,979
	<u>1,643</u>	<u>3,979</u>

10. Taxation on profit

	2017 £	2016 £
Corporation tax		
UK corporation tax on profits for the current period	24,841	41,103
Adjustments in respect of previous periods	5,787	-
Total current tax	<u>30,628</u>	<u>41,103</u>
Deferred tax		
Origination and reversal of timing differences	(5,514)	(3,553)
Total deferred tax	<u>(5,514)</u>	<u>(3,553)</u>
Taxation on profit	<u>25,114</u>	<u>37,550</u>

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Taxation on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit before tax	110,039	159,066
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	22,255	31,813
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	5,084	8,620
Permanent capital allowances in excess of depreciation	(1,370)	(7,936)
Depreciation on assets not qualifying for tax allowances	-	5,325
Other permanent differences	(855)	(1,737)
Share based payment charge	-	1,465
Total tax charge for the year	25,114	37,550

11. Debtors

	2017 £	2016 £
Amounts falling due within one year		
Amounts owed by group undertakings	1,282,961	682,073
Other debtors	60,844	33,282
Prepayments and accrued income	53,418	123,301
Deferred taxation	17,201	11,687
	1,414,424	850,343

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,528,215	2,125,470
	<u>1,528,215</u>	<u>2,125,470</u>

13. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	49,508	-
Amounts owed to group undertakings	20,446	-
Corporation tax	24,841	45,486
Other taxation and social security	35,060	43,626
Other creditors	1,267	39
Accruals and deferred income	201,484	361,554
	<u>332,606</u>	<u>450,705</u>

14. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,528,215	2,125,470
Financial assets measured at amortised cost	1,461,231	715,355
	<u>2,989,446</u>	<u>2,840,825</u>
Financial liabilities		
Other financial liabilities measured at amortised cost	294,591	361,593
	<u>294,591</u>	<u>361,593</u>

Financial assets measured at fair value through profit or loss comprise of cash held at bank. Financial assets measured at amortised cost comprise amounts owed by group undertakings and other debtors.

Other financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, accruals and deferred income and other creditors.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Deferred taxation

	2017 £
At beginning of year	11,687
Charged to profit or loss	5,514
At end of year	17,201

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	13,425	7,911
Share based payments	3,776	3,776
	17,201	11,687

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Called up share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

17. Share based payments transactions

Equity Ownership Plan ("EOP")

EOP was introduced on 1 April 2011 by the Group where the Group will grant ordinary shares of the parent company to selected employees in the Group, with a re-charge to the Company. Under EOP, earmarked portions of the variable remuneration of the selected employees of the Group will be utilised to purchase ordinary shares of the parent company from the open market, the purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A fellow subsidiary company will act on behalf of the Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of the participation in the EOP shall be at the discretion of the Compensation Review committee of the Group.

Upon termination of the employment other than retirement, disability or death, any unreleased shares will be disposed of at the market price and proceeds received will be donated to the CIMB Foundation on behalf of employees. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of the employment and the shares will be assigned to the designated beneficiary.

The total EOP share-based payment expense recognised in the statement of comprehensive income during the financial year amounted to £nil (2016: £7,324).

18. Pension commitments

The charge to the statement of comprehensive income in respect of the defined contribution pension scheme was £175,748 (2016: £171,035). At the year end there was £nil (2016: £nil) pension contributions payable.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	89,000	182,596
Later than 1 year and not later than 5 years	200,250	593,437
	<u>289,250</u>	<u>776,033</u>

20. Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2017 £	2016 £
Aggregate compensation	249,567	557,713
	<u>249,567</u>	<u>557,713</u>

21. Post balance sheet events

CIMB Group Holdings Berhad ("CIMB") and China Galaxy Securities Co. Ltd. ("China Galaxy") announced that they, through their respective wholly owned subsidiaries CIMB Group Sdn Bhd and China Galaxy International Financial Holdings Limited ("CGI"), have formalised their strategic partnership across CIMB's stockbroking business through the completion of the sale and purchase of 50% interest in CIMB Securities International Pte Ltd ("CSI").

The joint venture will see CIMB and China Galaxy become 50:50 shareholders in CSI, the holding company of CIMB's ex-Malaysia stockbroking business including the UK. As a result CSI and its subsidiaries will be re-branded as CGS-CIMB Securities.

Following regulatory permission in December 2017, CIMB Securities (UK) Ltd, as from the 6th February 2018 formally changed its name from CIMB Securities (UK) LTD to CGS-CIMB Securities (UK) Limited.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. Controlling party

The Company's immediate parent undertaking, and the parent undertaking of the smallest group which prepares consolidated financial statements and of which the Company is a member, is CGS-CIMB Securities (Singapore) Pte Ltd, a company registered in Singapore. The Company's ultimate parent undertaking and ultimate controlling party, and the parent undertaking of the largest group which prepares consolidated financial statements and of which the Company is a member, is CIMB Group Holdings Berhad a company incorporated in Malaysia. Copies of the consolidated financial statements are available for CGS-CIMB Securities (Singapore) Pte Ltd at 50 Raffles Place, #16-02, Singapore Land Tower, Singapore 048623 and for CIMB Group Holdings Berhad at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**COUNTRY-BY-COUNTRY REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

COUNTRY-BY-COUNTRY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

COUNTRY-BY-COUNTRY REPORT

The directors present the Country-by-Country report of CGS-CIMB Securities (UK) Limited ('the Company') for the year ended 31 December 2017.

The Capital Requirements (Country-by-Country reporting) Regulations 2013 requires that the Company discloses certain information by country in which it operates by 31 December 2015 and annually thereafter. The Company has appended this information to its Annual report for the year ending 31 December 2017 and plans to continue to do so in the future. The principal activity of the Company remains that of securities relates business and it remains authorised and regulated by the Financial Conduct Authority. The Company has earned all of its revenues within the UK with turnover totalling £2,277k in 2017 (2016: £3,095), profit before tax of £110k (2016: £159k) corporation tax paid of £nil (2016: £nil). The Company's average number of full time equivalents was 10 in 2017 (14 in 2016). The amount of public subsidies received was £nil (2016: £nil).

The independent auditors' report on a Country-by-Country basis has been included in accordance with the Capital Requirements (Country-by-Country reporting) Regulations 2013.

This disclosure has been prepared on the same basis as that show in Note 1 of the Company's annual report and financial statements.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**COUNTRY-BY-COUNTRY REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF CGS-CIMB SECURITIES (UK) LIMITED

We have audited the accompanying schedule of CGS-CIMB Securities (UK) Limited for the year ended 31 December 2017 ("the schedule"). The schedule has been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Directors' Responsibility for the schedule

The directors are responsible for the preparation of the schedule in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the country-by-country information in the schedule as at 31 December 2017 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to the schedule on page 27, which describes the basis of preparation. The schedule is prepared to assist the directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result, the schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the directors of CGS-CIMB Securities (UK) Limited. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
25 April 2018
7 More London Riverside, London, SE1 2RT

**APPENDIX 1
(UNAUDITED)**

CGS-CIMB Securities (UK)Limited

Pillar 3 Disclosures

Year ended 31 December 2017

CGS-CIMB Securities (UK) Limited

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CGS-CIMB Securities (UK) Limited

1. Executive summary

1.1 Background

The European Union Capital Requirements Directive came into effect on 1 January 2007. It introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel Capital Accord ("Basel II") rules. Implementation of the Directive in the UK was by way of rules introduced by the Financial Services authority, the predecessor body of the Financial Conduct Authority ("the FCA"). Among them are disclosure requirements applicable to banks, building societies and investment firms, which are known as Pillar 3. These are designed to promote market discipline by providing market participants with key information on a firm's risk exposures and risk management processes. Pillar 3 also aims to complement the minimum capital requirements described under Pillar 1 of Basel II, as well as the supervisory review processes of Pillar 2.

1.2 Verification

Disclosures will only be subject to external verification to the extent they are equivalent to those made under accounting requirements. These disclosures explain how the Board have calculated certain capital requirements and information about risk management generally. They do not constitute financial statements and should not be relied upon in making judgements about CGS-CIMB Securities (UK) Limited ("CIMB (UK)").

1.3 Frequency

Disclosures will be made on an annual basis.

1.4 Media and location

The report will be published as an attachment to the Company's audited accounts.

1.5 Scope

CIMB (UK) is categorised by the FCA as an IFPRU CRD IV firm effective from 1 January 2014.

2. Group Risk Management Framework

Due to the size, nature, scale and complexity of the Firm, there is no independent risk management function. The Directors of the Firm determine the business strategy and risk appetite along with the risk management policies and procedures. An identification of risk to the Firm is considered & any resultant exposure assessed after critique by management for any mitigation of these risks. Furthermore the Firm then conducts a series of stress tests and scenario analyses on these risks to determine the effect they would have on the firm.

If necessary the Firm would allocate extra capital to the relevant risk, as per the Pillar 2 requirement: this has not been deemed necessary. This process is conducted at Directors meetings which are held on a frequent basis but not less than a quarterly basis and the relevant policies and procedures are updated where necessary.

The Directors have made a risk assessment (on: - Credit, Market, Operational, Liquidity, Insurance, Concentration, Residual, Securitisation, Business, Interest Rate, Pension Obligation and Other Risks) and the main area of risk are identified under ICAAP.

CGS-CIMB Securities (UK) Limited

The Firm has concluded that its Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

Risk Assessment

Credit Risk – CIMB (UK) has agreed with CGS-CIMB PTE Ltd., whereby CIMB (UK) provides certain services to CGS-CIMB PTE Ltd., who has agreed to cover its costs in full. It is therefore in a very strong position to control its credit risk. The risk that CGS-CIMB PTE Ltd., would not pay fees due to CIMB (UK) is considered minimal and unlikely to happen.

Market Risk – CIMB (UK) does not trade on its own account and therefore does not run market risk.

Operational Risk – CIMB (UK) faces a variety of risks in its day to day operations.

One of the key risks that CIMB (UK) faces is its dependence on its computer systems and communications with the outside world, however, the BCP/DRP reduces this risk as all IT functions are backed up in house as well as HO in Singapore. We also have mobiles and the Bloomberg Anywhere facility which enables our sales trader to continue to operate anywhere should there be a problem with its existing site.

CIMB (UK) has put in place a control structure aimed at ensuring that the possibility of errors is minimised. This ranges from controls over transaction entry and execution and over transaction processing. Wherever possible, trading is automated and follows up reconciliation work conducted daily.

To date, CIMB (UK) has not experienced any losses of an operational nature.

In order to mitigate against any claims which might be made against CIMB (UK) and/or its directors, CIMB (UK) is under the CIMB Group Directors & Officers Insurance policy.

The occurrence of a serious loss would more than anything damage CIMB (UK)'s reputation. The impact of this could manifest itself either as a period of reduced income or, in the worst case, the decision to close down the business.

Liquidity Risk – CIMB (UK)'s assets are largely held in the form of cash deposits with maturity no greater than a month; it is considered extremely unlikely that the bank holding such deposits will default on repayment.

Insurance Risk – CIMB (UK) is not involved in writing insurance business.

Concentration Risk – CIMB (UK) acts as an arranger and adviser, receiving and transmitting orders to institutional clients. It clearly depends on the success of each of these institutional clients to be able to continue in business.

Residual Risk – this does not apply to CIMB (UK).

Securitisation Risk – CIMB (UK) does not securitise any assets.

Business Risk – CIMB (UK)'s business success depends on it being able to deliver satisfactory service to its clients thereby generating the service fee income on which it depends. Those returns are in part a reflection of model development which has already taken place but will in all probability need to be supplemented by future development. This will require ongoing investment in staff development, computer equipment, data and premises, all of which are likely to place increasing pressure on cost levels. In a wider sense, CIMB (UK) depends on continuing investor appetite for its absolute return approach in the Far East and on the rates at which fees

CGS-CIMB Securities (UK) Limited

are charged in the market. It is also dependent on its various service providers, notably its relationship with its H/O which provides execution and research to its clients.

There are clearly a variety of risks which may over time pose a threat to the continuing success of CIMB (UK). In terms of capital, therefore, CIMB (UK) needs a buffer to withstand periods where there is a downturn in income generation or where it needs to make further investment in people or equipment.

Interest Rate Risk – CIMB (UK) does generate income from its cash deposits but this is considered insignificant relative to the income generated from fees and to the level of the expense base.

Pension Obligation Risk – CIMB (UK) does not have any pension obligations apart from making monthly contributions on behalf of its employees.

Other Risks – CIMB (UK) has several senior key staff. Clearly, losing any one individual for whatever reason would have an impact on the business. Similarly, the business depends on their continued willingness to work together.

3. Capital adequacy and ICAAP

The objective of maintaining adequate capital is to protect investors and ensure corporate stability amid a rapidly changing market environment. CIMB (UK) uses a capital adequacy ratio to indicate its capital adequacy. The ratio is derived by calculating market, credit, operational and other risks in a company's current asset position with net operating capital to gauge the company's ability of weathering the total risk it faces.

Net Operating Capital Adequacy Ratio = Total Risk Requirements/Regulatory Capital

The total risk is the maximum estimated loss that a company faces in the course of its operations. It is the sum of market risk, counterparty risk, operational risk and credit concentration risk. Please refer to above risk assessment.

The ICAAP (Internal Capital Adequacy Assessment Process) is a key element of CIMB (UK)'s implementation of the EU Capital Requirements Directive (CRD). It is the means by which the Board is able to determine CIMB (UK)'s required level of capital, consistent with its risk appetite and business plans.

The ICAAP will be reviewed and updated annually, unless there are any changes in the control environment or other events that warrant a more immediate update. When performing the annual update the Board will review the stated risk appetite and compare it against actual performance. It will also request the recalculation of the stress tests if they no longer viewed as appropriate for the business considering developments to the business or the environment in which it operates.

CGS-CIMB Securities (UK) Limited

4. Capital resources

As at 31 December 2017 (after audit)

	£'000
Tier 1 Capital Resources	
Permanent share capital	500
Profit and loss account and other reserves	2,110
	2,610
Tier 2 Capital Resources	-
Total Capital Resources	2,610

CIMB (UK) had £2,610,033 of regulatory capital after deductions as at 31 December 2017 compared with an ICAAP capital requirement of £560,831 resulting in a solvency ratio of 465.39%

5. Capital requirements

Operational Risk & Other Capital Requirements as at 31 December 2017

A Fixed Overhead Requirement (FOR) of £560,831 has been computed, being the highest of the three areas considered when assessing Capital Requirements, as detailed below:

- 1) Base Requirement: Euro 50K
- 2) Credit & Liquidity Risk: Minimal (see sections above)
- 3) FOR: 25% Fixed Overheads i.e. after adjustment for non-fixed costs

CGS-CIMB Securities (UK) Limited

6. Remuneration Policy

All remuneration-related policies and remuneration payouts, including bonus plans, share plans, incentive plans and individual remuneration packages are reviewed and approved by the Group Compensation Review Committee (GCRC) in conjunction with the Board of Directors. GCRC is an independent committee established by CIMB Group the remuneration committee work within the framework of the CIMB Group Remuneration Policy Statement. The Managing Director of CGS-CIMB Securities (UK) Limited and The Rewards & Performance Director of Group Human Resources for CIMB Group deal with the remuneration code for CIMB Securities (UK) Limited. Independent advice on remuneration and other employment issues are sought when required.

No individual is involved in the decisions relating to his or her own remuneration.

The remuneration committee takes full account of the company's strategic objectives in setting remuneration policy and is mindful of its duties to shareholders and other stakeholders. The Committee seeks to preserve shareholder value by ensuring the successful retention, recruitment and motivation of employees.

During 2017 no employee has been identified as meeting the FCA's criteria for Code Staff.

Remuneration is made up of fixed salary and benefits and performance-related pay. Performance related pay is not guaranteed reflecting the individual performance and entity results. Some discretion may also be applied to ensure that other factors, which may not be directly measurable, are considered. Bonuses are payable: Fully in cash or a mix of cash and shares (through participation in the Group's Equity Ownership Plan) where the proportion in shares ranges from 10% to 50%. The cash portion of the bonus payout is also subject to deferral where up to 50% of the cash may be deferred for up to 6 to 9 months.

No code staff were categorised as Senior Management.

Fixed remuneration consists of base salary and benefits; variable remuneration consists of the discretionary bonus payable: