

# Capital Securities Corporation Institutional Investor Conference

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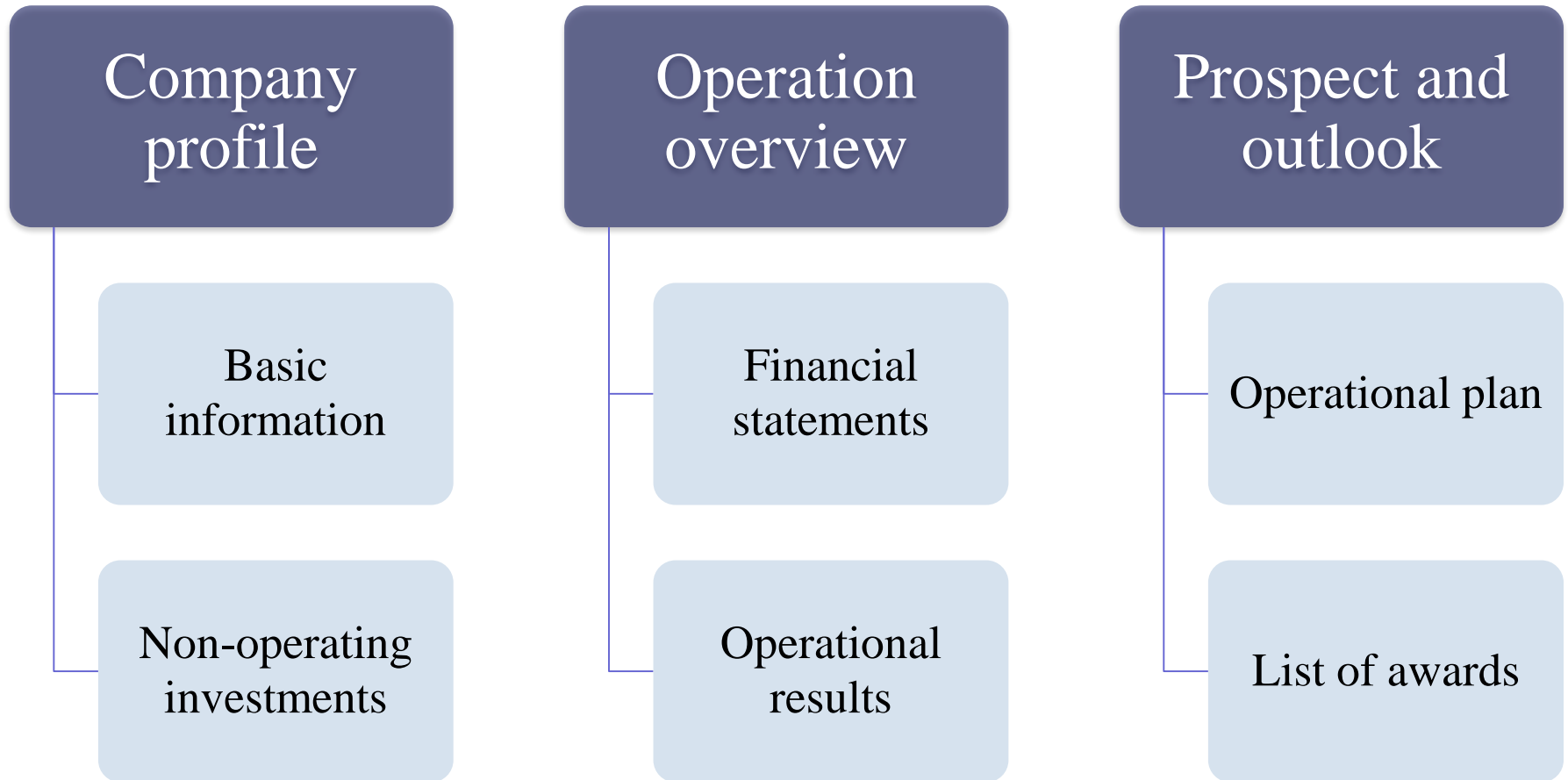
*Capital Care* 群益關心您

June 2022

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# Presentation outline



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# Company Profile

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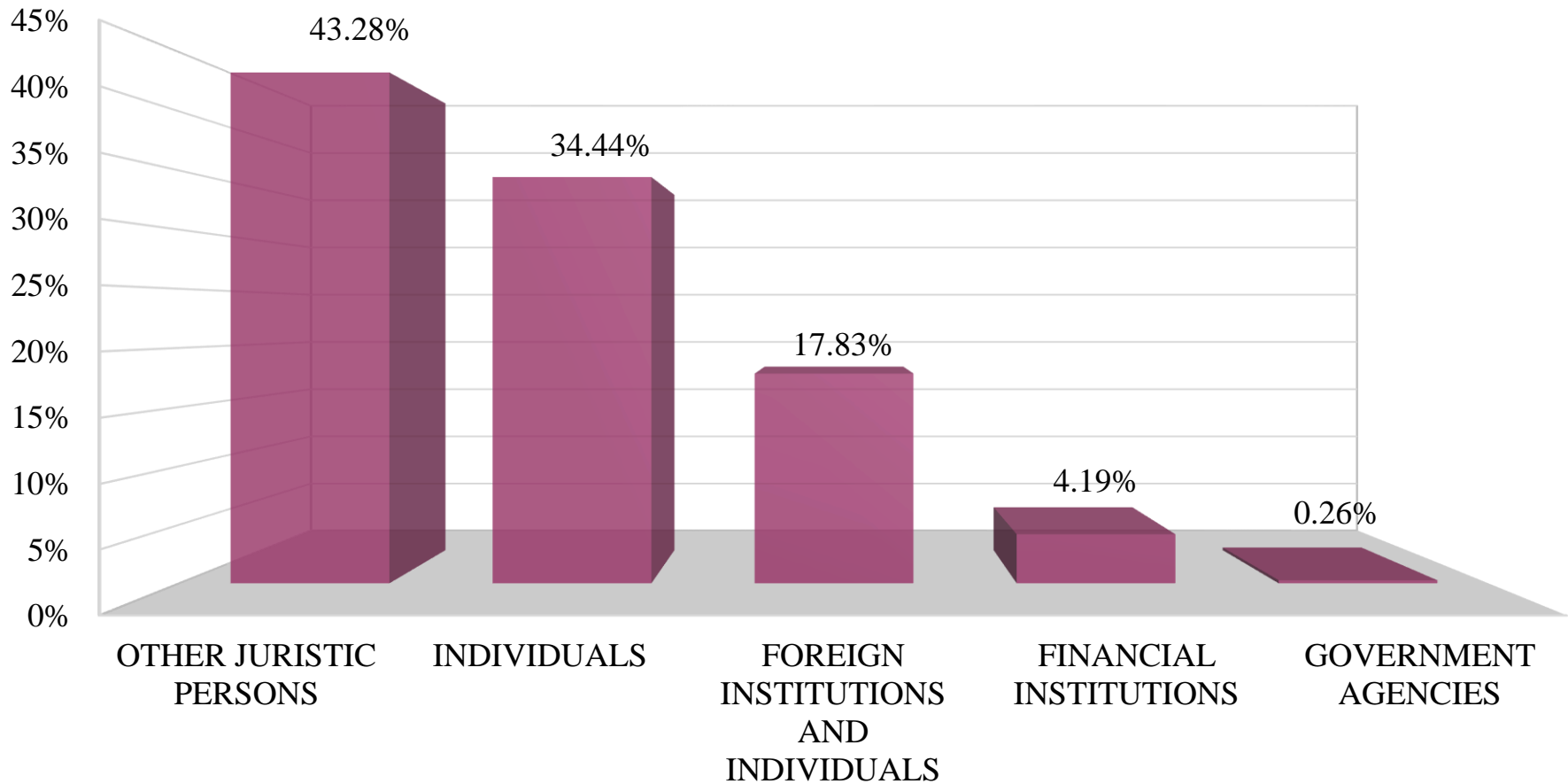
Operation overview

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Prospect and outlook

# Shareholder structure

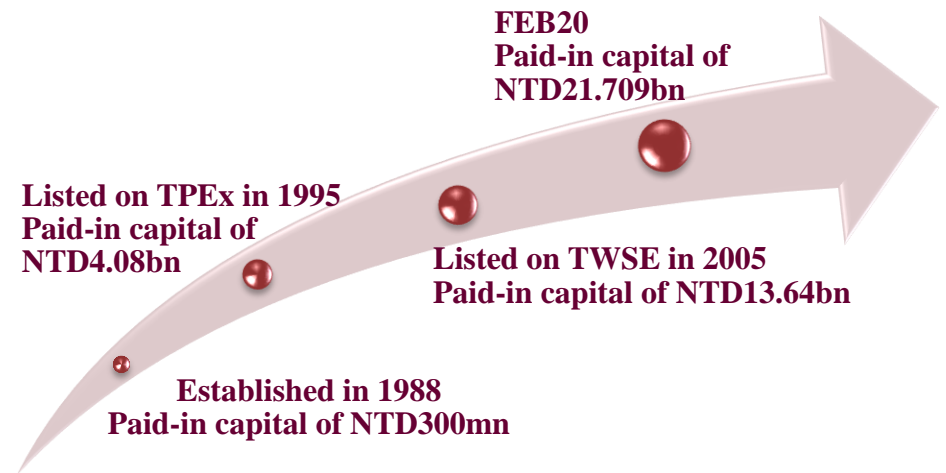
Data as of April 29, 2022



# Basic information



- ✚ Stock code: **6005**
- ✚ Paid-in capital: **NTD21.709bn**
- ✚ Number of branches in Taiwan: **53**
- ✚ Number of employees: **1,940**



Data as of Mar 31, 2022

# Deployment in Asia

## Chengdu

TEL : 86 28 6555 2888  
FAX : 86 28 6555 2999  
Add : Units 408-410,4F,Poly  
Center Tower C,No.1,Jinxiu  
Road, Wuhou District  
Chengdu, P.R.China



## Shanghai

TEL : 86 21 5888 7188  
FAX : 86 21 5888 2929  
Add : 18F., New Shanghai  
International Tower, No. 360  
Pudong Nan Road,  
Shanghai, P.R.China



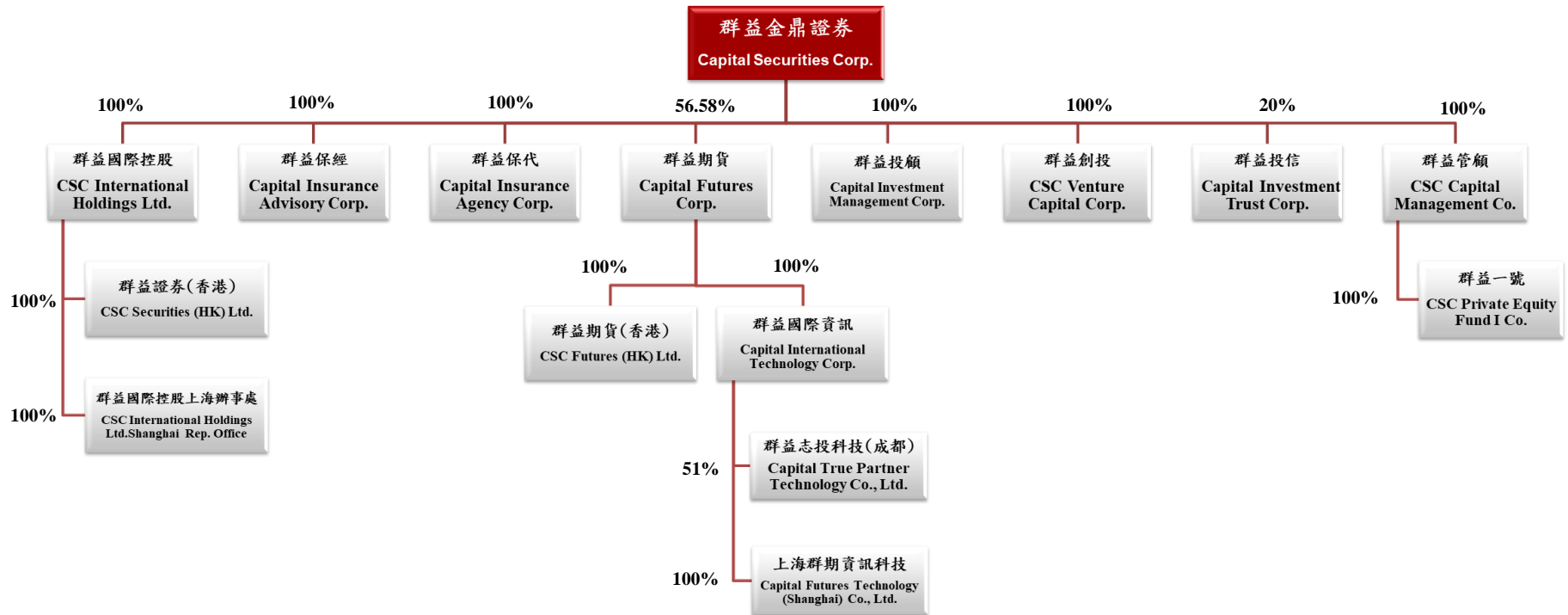
## Hong Kong

TEL : 852 2530 9966  
FAX : 852 2104 6006  
Add : 3F., FWD Financial  
Centre, 308 Dex Voeux Road  
Central, Hong Kong

## Headquarters in Taipei

TEL : 886 2 8789 8888  
FAX : 886 2 8712 1219  
Add : 11F, No. 156, Sec. 3,  
Minsheng E. Rd., Songshan Dist.,  
Taipei City 105402, Taiwan,  
R.O.C.

# Non-operating investments





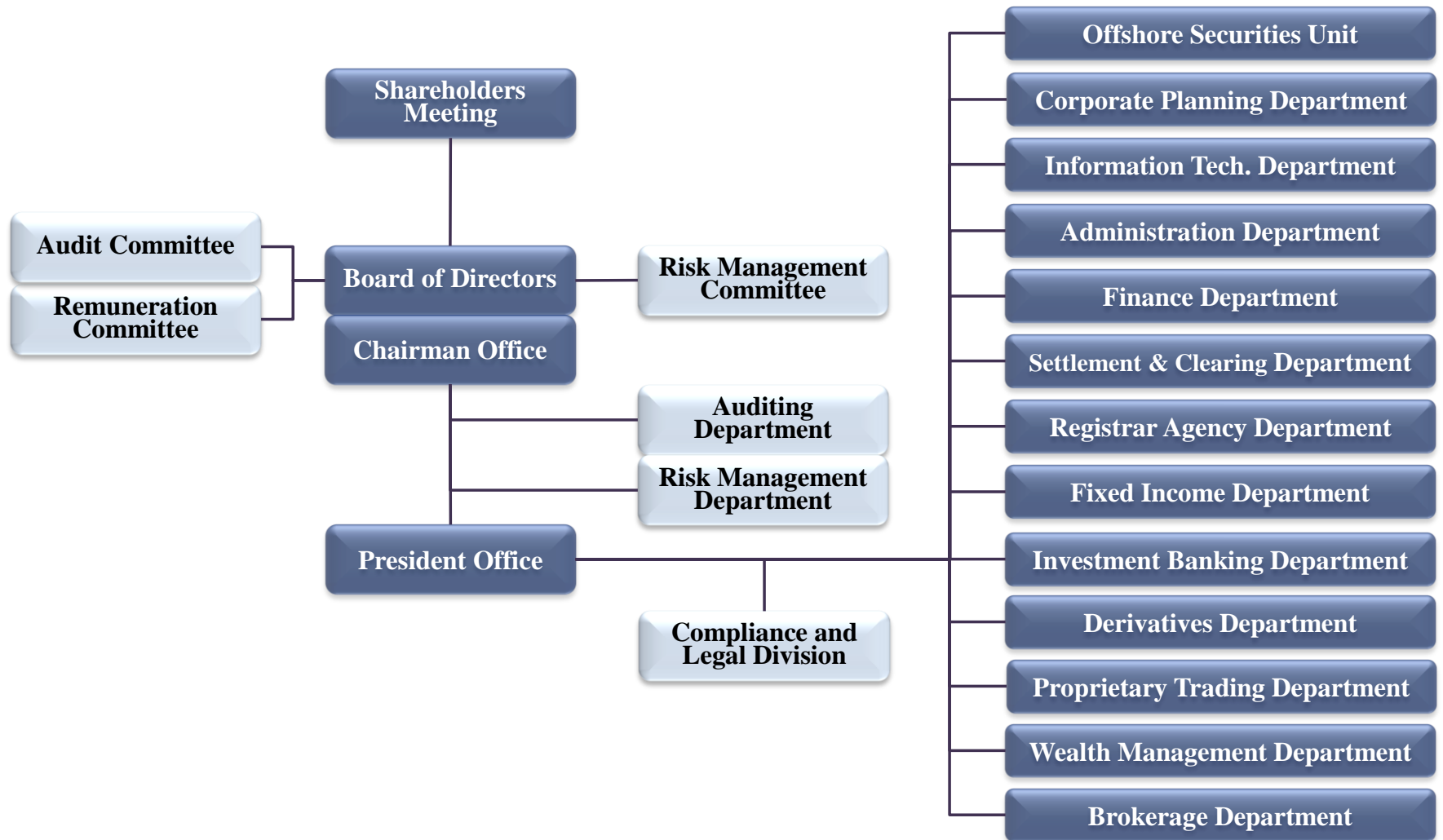
# Non-operating investments (continued)

Unit : 1000

Region	Name	Currency	Paid-in capital	Book value as of Mar 31, 2022	Net income or loss for JAN~MAR22	Book value as of May 31, 2022	Net income or loss for JAN~MAY22
Taiwan	Capital Futures Corp.	NTD	2,104,376	6,430,808	154,884	6,532,719	250,410
	Capital Investment Management Corp.	NTD	70,000	82,802	3,434	84,251	4,883
	Capital Insurance Advisory Corp.	NTD	5,000	76,702	16,131	96,357	35,786
	Capital Insurance Agency Corp.	NTD	7,400	39,409	1,044	39,584	1,220
	Capital International Technology Corp.	NTD	50,000	32,404	(1,932)	30,856	(2,995)
	CSC Venture Capital Corp.	NTD	1,000,000	890,584	(2,478)	855,052	(2,662)
	Capital Investment Trust Corp.	NTD	1,653,375	4,509,732	197,698	4,641,351	329,317
	CSC Capital Management Co.	NTD	330,000	318,811	(4,018)	296,376	(4,996)
	CSC Private Equity Fund I Co.	NTD	300,000	288,411	(4,908)	265,585	(6,277)
Hong Kong	CSC Futures (HK) Ltd.	HKD	220,000	241,387	(698)	241,141	(944)
	CSC Securities (HK) Ltd.	HKD	128,000	170,390	(7,215)	168,686	(8,919)
China	Capital True Partner Technology Co., Ltd	CNY	1,000	1,151	(19)	1,167	(4)
	Capital Futures Technology (Shanghai) Co., Ltd.	CNY	4,000	2,440	(253)	2,302	(391)
	CSC International Holdings Ltd. Shanghai Rep. Office	N/A	N/A	N/A	N/A	N/A	N/A
BVI	CSC International Holdings Ltd.	USD	45,000	52,336	(1,061)	52,028	(1,369)

Note : JAN~MAR22 figures of Capital Futures Corp. and CSC Futures (HK) Ltd. were reviewed by CPA; other figures were unaudited; JAN~MAY22 figures were unaudited

# Organizational structure



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Company Profile

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**Operation overview**

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Prospect and outlook

# Financial data over the past three years

(NTD'000)

Item	2019	2020	2021	JAN~MAR22
Consolidated net income before tax	3,228,097	4,382,700	6,227,509	471,183
Consolidated net income	2,829,234	3,840,679	5,461,649	350,282
Net income attributable to shareholders of the parent company	2,566,823	3,569,529	5,249,590	283,189
EPS (NTD)	1.11	1.64	2.42	0.13

※ Audited or reviewed by CPA

# Consolidated balance sheet (summary)

(NTD'000)

Item	Mar 31, 2021	Mar 31, 2022
Current assets	158,391,812	179,973,591
Non-current assets	17,278,685	17,896,351
<b>Total assets</b>	<b>175,670,497</b>	<b>197,869,942</b>
Current liabilities	133,170,073	153,381,913
Non-current liabilities	2,288,230	2,588,965
<b>Total liabilities</b>	<b>135,458,303</b>	<b>155,970,878</b>
Capital stock	21,709,081	21,709,081
Capital surplus	2,743,465	2,743,256
Retained earnings	10,952,857	12,446,647
Other equity interests	1,940,111	2,205,296
<b>Equity attributable to shareholders of the parent company</b>	<b>37,345,514</b>	<b>39,104,280</b>
Non-controlling interests	2,866,680	2,794,784
<b>Total equity</b>	<b>40,212,194</b>	<b>41,899,064</b>

※ Reviewed by CPA

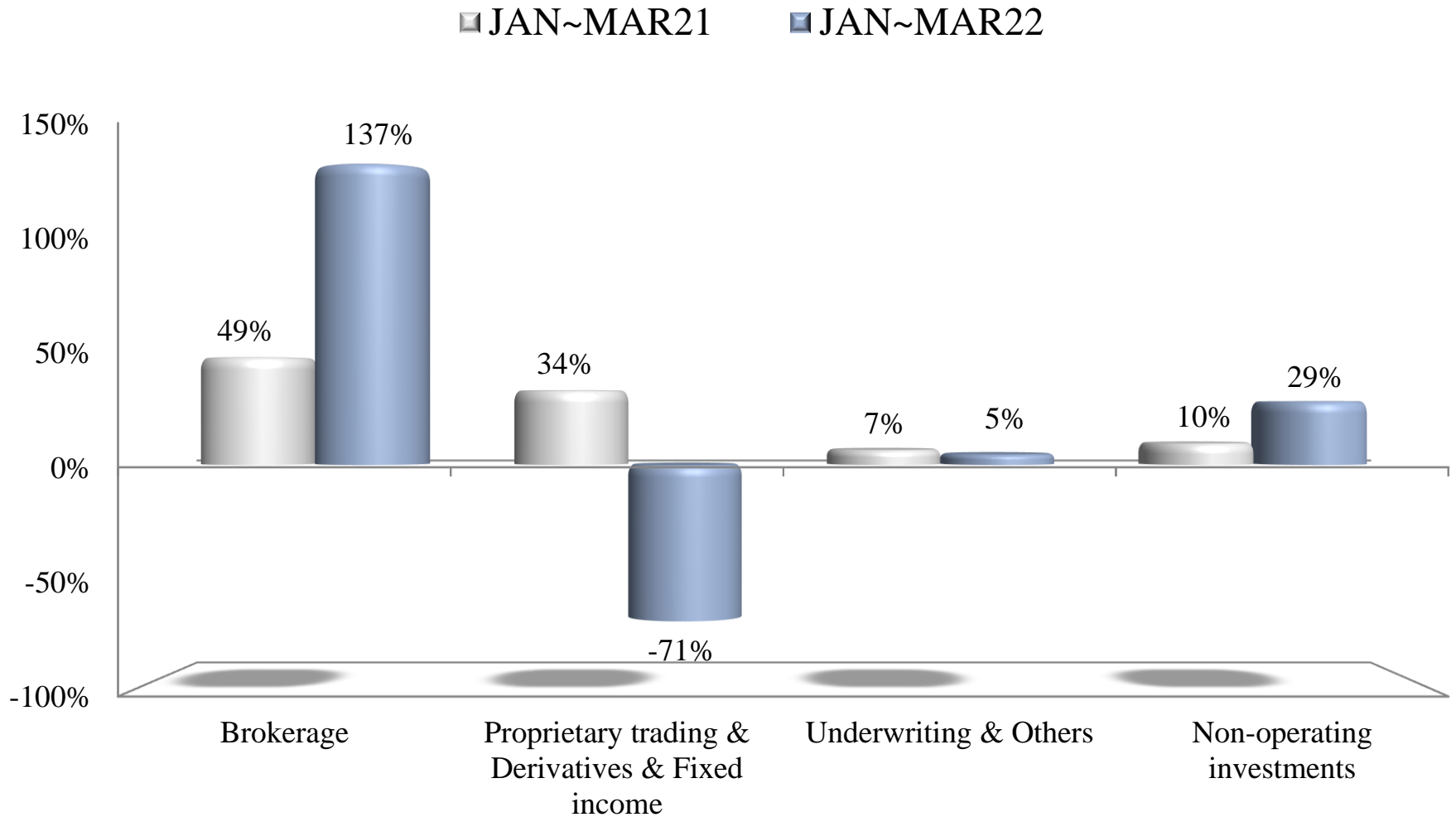
# Consolidated comprehensive income statement (summary)

(NTD'000)

Item	JAN~MAR21	JAN~MAR22
Revenue	3,175,945	2,054,009
Operating expenses and costs	1,849,785	1,813,992
<b>Operating income</b>	<b>1,326,160</b>	<b>240,017</b>
Other income and expenses	220,203	231,166
<b>Net income before tax</b>	<b>1,546,363</b>	<b>471,183</b>
Income tax expense	185,554	120,901
<b>Net income</b>	<b>1,360,809</b>	<b>350,282</b>
Other comprehensive income	176,593	96,721
<b>Total comprehensive income</b>	<b>1,537,402</b>	<b>447,003</b>
<b>Net income attributable to shareholders of the parent company</b>	<b>1,291,896</b>	<b>283,189</b>
<b>Earnings per share (NTD)</b>	<b>0.60</b>	<b>0.13</b>

※ Reviewed by CPA

# Earnings breakdown by major business



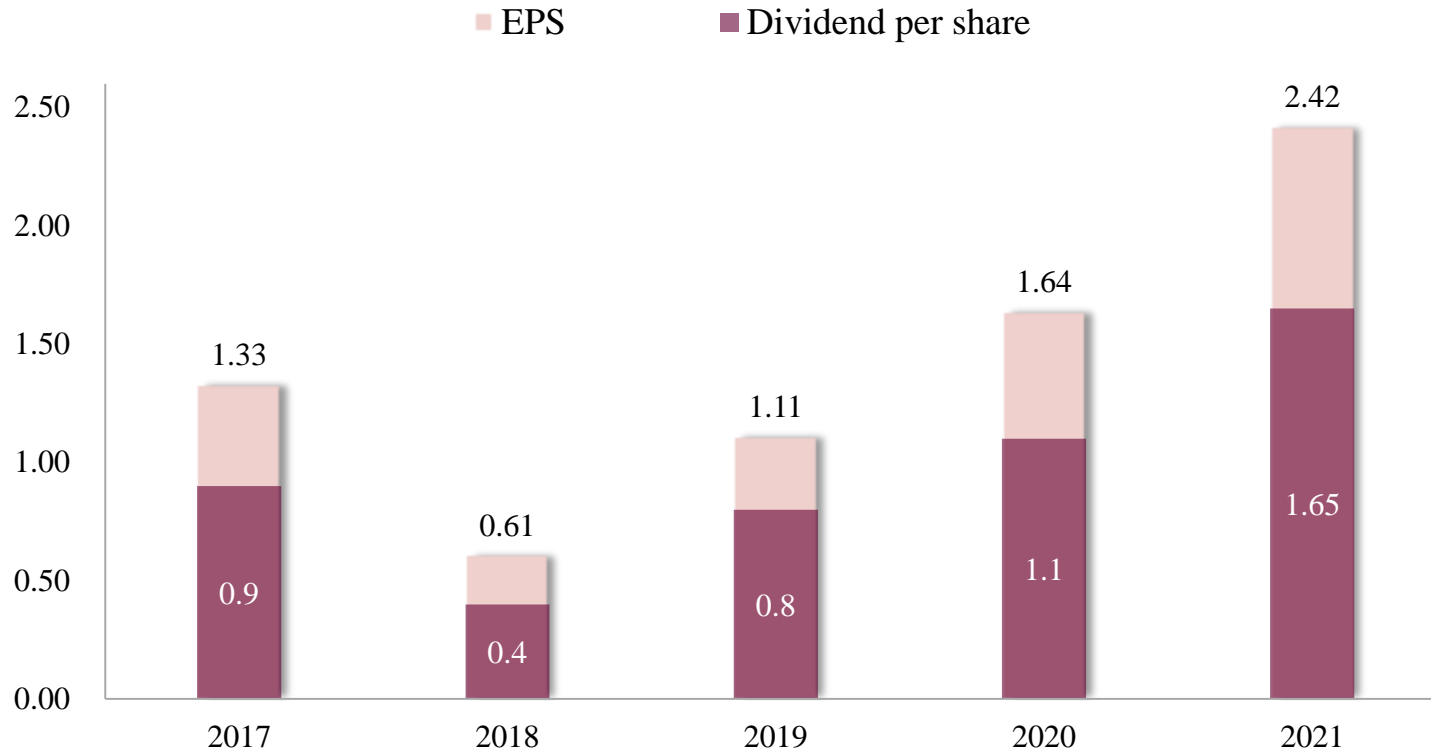
# Business performance and market ranking

Item	Figures in JAN~MAR22	Market ranking in JAN~MAR22
Market share in brokerage	3.81%	8
Market share in margin financing	5.46%	5
Trust business-AUM	NTD12.167bn	6
Number of warrants issued	1,964	3
Value of warrants issued	NTD23.5bn	3
Value of structured products issued	NTD4.1bn	6
Number of NTD corporate bond underwritten (as lead underwriter)	3	1
Value of NTD corporate bonds underwritten	NTD10.4bn	1
Number of clients in stock registrar and transfer service	363	3



# Dividend payout

Unit: NTD

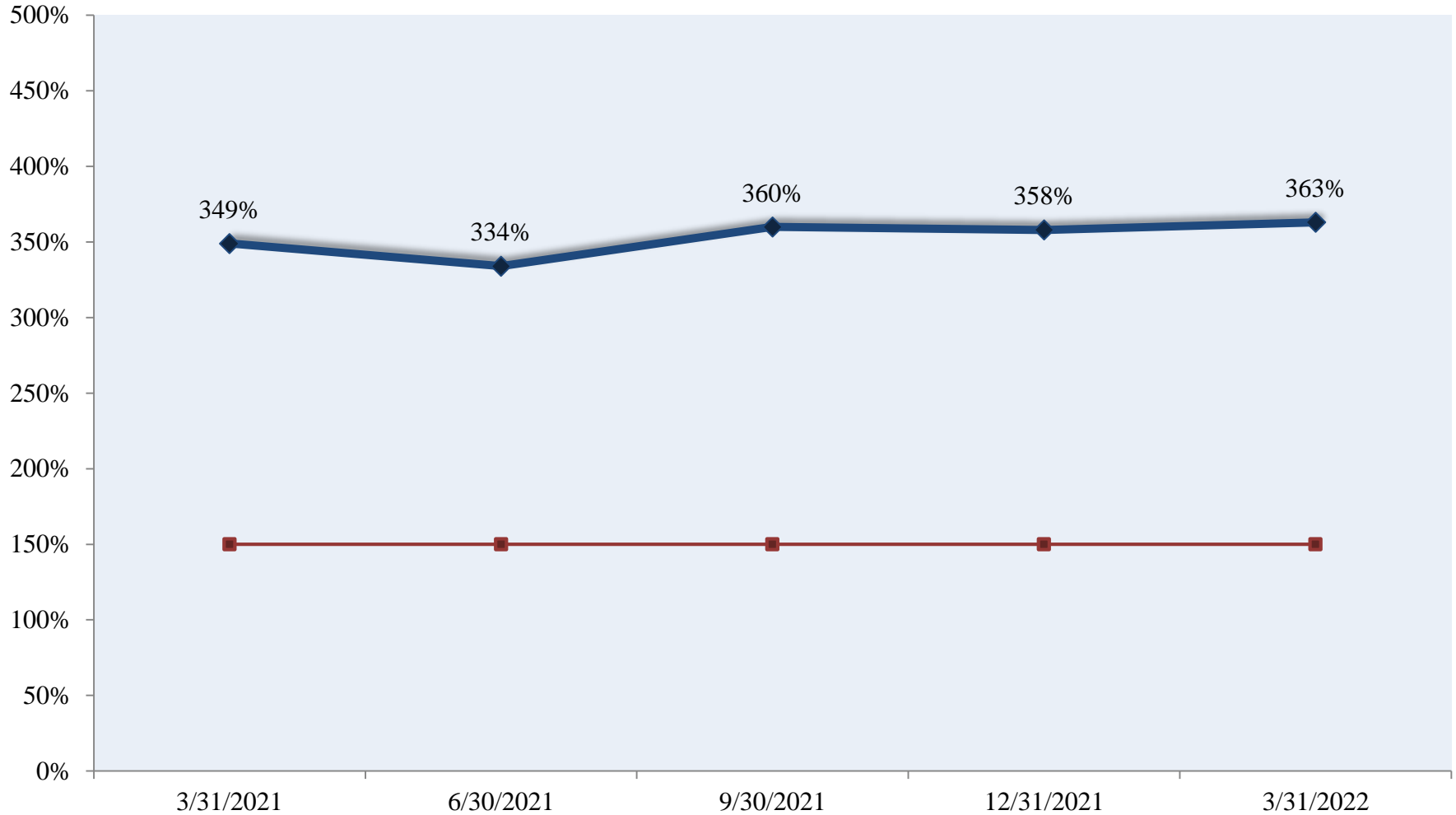


Item	2017	2018	2019	2020	2021
EPS	1.33	0.61	1.11	1.64	2.42
Cash dividend per share	0.20	0.40	0.80	1.10	1.65
Stock dividend per share	0.70	-	-	-	-

※EPS are pre-adjustment figures

# Capital adequacy ratio

◆ Capital adequacy ratio    ■ Minimum capital adequacy ratio: 150%



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## Fitch Ratings 2021

Long-term Issuer Default Rating  
(IDR) **BBB-**

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National Long-term Rating **A(twn)**

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National Short-term Rating **F1(twn)**

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Outlook **Stable**

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# MAY22 operating results

Unit: NTD'000

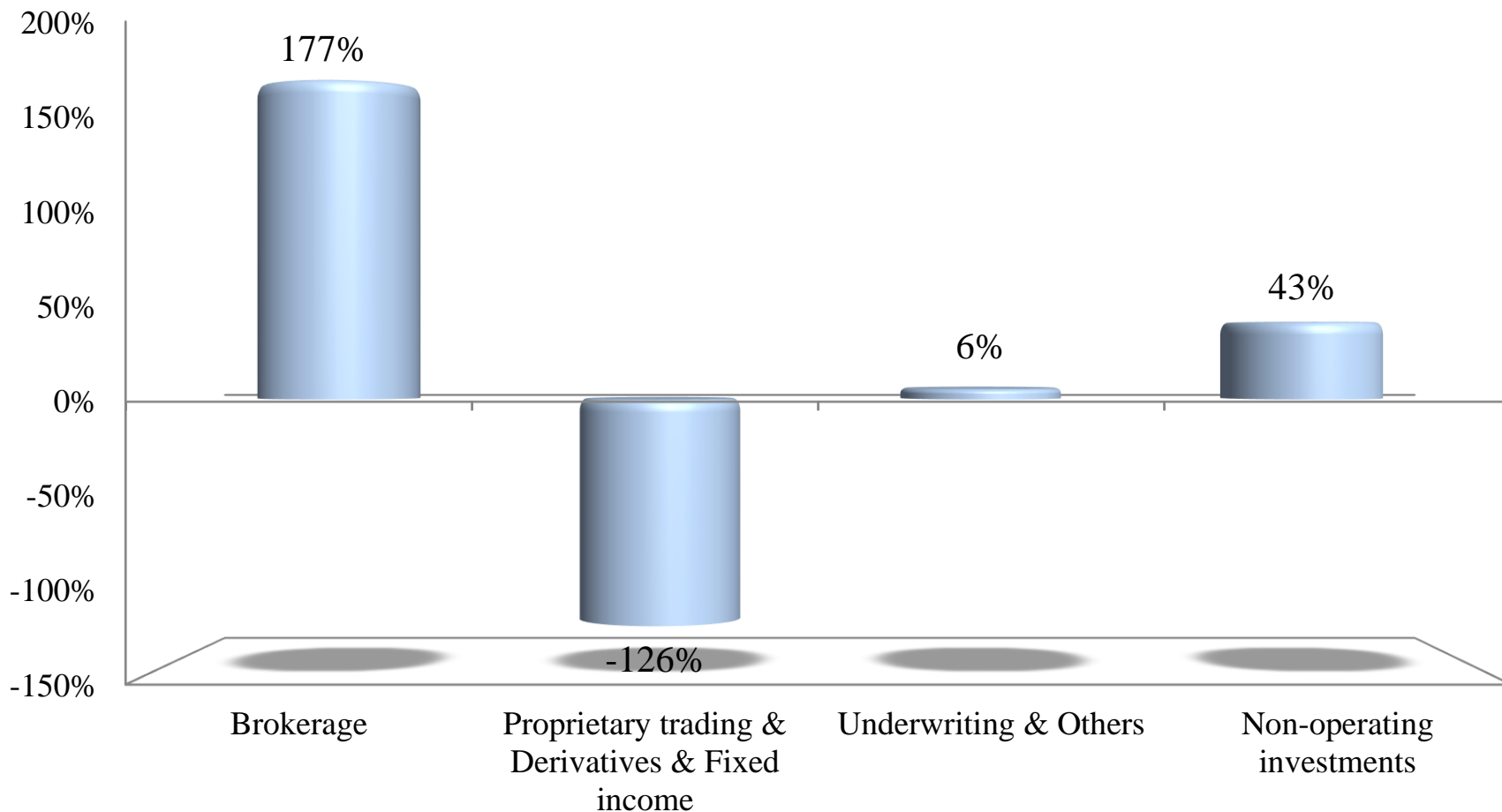
Entity	MAY22	JAN~MAY22
Net income before tax	306,027	534,452
Net income	237,145	300,252
EPS (NTD)	0.11	0.14

Consolidated	MAY22	JAN~MAY22
Net income before tax	339,184	693,306
Net income	260,388	408,857

※ Unaudited

# JAN~MAY22 earnings breakdown by major business

■ JAN~MAY22



※ Unaudited

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Company Profile

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Operation overview

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**Prospect and outlook**

## Our vision

- To create long-term and rewarding partnerships with our clients by offering high value-added financial services which exceed client expectations

## Our belief

- The Capital Group in Chinese means "benefit for many" which embodies our commitment to public interests and contribution to the capital market

# Business development plans

- I. Enhance coordination and create synergies among affiliates such Capital Futures, Capital Investment Trust, Capital Insurance Advisory ,and Capital Insurance Agency.
- II. Integrate sub-brokerage financing, foreign exchange securities firms, subsidiary accounts for foreign currency trading and real-time US stock market sentiment to strengthen the sub-brokerage business and better manage clients' foreign currency flow.
- III. Enhance the speed of warrant order deletion to provide the quickest service in the market and issue diverse derivatives (ELN/PNG/OTC options) for business and profit diversification.
- IV. Provide digital application and high-frequency trading services, integrate smart orders of securities and futures, and improve system stability to attract clients trading with apps and focusing on high-frequency trading and increase our market share and profits of the brokerage business.
- V. Establish a securities borrowing center under the Settlement and Clearing Department to maximize the efficiency of securities and increase the Company's profit.
- VI. Provide services of investing a specific amount or purchasing a specific number of shares in Taiwan's and the US stock market at fixed times to attract young clients.
- VII. Continue to carry on digital optimization and further digital transformation for specific sectors, such as brokerage and investment management businesses.
- VIII. Continue to optimize subsidiary accounts functions by combing saving accounts and trading accounts to increase the number of account holders and the amount of deposit for higher interest income and more wealth management business opportunities.



IX. Seize the business opportunities of wealth management for high net worth clients and continue to develop new services and products available for them to diversify wealth management business with practical strategies and increase the amount of asset under management (AUM) for the Company.

X. Pay attention to the adoption schedule on quantitative easing, balance sheet reduction and interest rate hikes and refer to market outlook analysis and fundamentals of individual stocks conducted by research institutions for profitable stock trading and related earnings growth.

XI. Steadily increase foreign currency bond positions and develop new products and distribution networks to secure the opportunities for selling fixed-income products and issuing corporate bonds.

XII. Focus on clients' needs in corporate finance businesses, and become a stable and profitable investment bank in conjunction with private equity funds and management and consulting companies for non-operating investments.

XIII. In the post-pandemic era, CSC Securities (HK) is expected to expand its business more aggressively in Taiwan, Hong Kong, China and Southeast Asia to strive for profits.

XIV. Continue to pay attention to the Russia-Ukraine war, the impacts of oil and raw material prices fluctuations and inflation on stock markets, and take necessary countermeasures.

XV. Develop the app, e-Counter, with more comprehensive functions, including trading, account opening, data change and so forth; hence clients need not arrive at the counter in person for mentioned services.

# List of awards

## Capital Securities


- 2022: received “Best Client Referral Award”, “Best Digital Smart System Award” and “Best Charity Promotion Award” in the 2022 Wealth Management Award organized by Wealth Magazine
- 2022: received “Best Securities Firm Award” from Excellence Magazine in the 2021 Excellent Securities Firm Evaluation for Non-FHC securities firms
- 2021: received “Quality Award” from the Commercial Times in the 2021 Wealth Management and Trust Innovation Evaluation at the Trust Innovation Award
- 2021: our data team received three patents for prediction model, key information service and fuzzy matching system for anti-money laundering
- 2021: received “Gold Medal” and “Special Award” from 1111 Job Bank for 2021 Happiest Employees
- 2021: received “Taiwan-iSports” icon/certification from the Sports Administration, Ministry of Education
- 2021: received “Digital Transformation Model Award”, “Digital Inclusive Finance Award”, “Digital Business Optimization Award” and “Digital Information Service Award” in the 2021 Digital Financial Service Award organized by Commercial Times
- 2021: received “Best Product Award” in the 2021 Wealth Management Award organized by Business Today Magazine
- 2021: awarded No.3 in the “Futures IB Trading Volume Diamond Award” by Taiwan Futures Exchange at the 7<sup>th</sup> Futures Diamond Award
- 2021: received “Best Sales Team Award”, “Best Digital Smart System Award” and “Best Charity Promotion Award” in the 2021 Wealth Management Award organized by Wealth Magazine

## Capital Futures

- 2021: received “Digital Transformation Model Award”, “Digital Information Service Award” and “Digital Innovation Award” in the 2021 Digital Financial Service Award organized by Commercial Times
- 2021: Chairman Lee, Wen-Chu received the “Outstanding Enterprise Leader Award” in the 16<sup>th</sup> Golden Goblet Award
- 2021: awarded No.1 in the “Futures Dealers Trading Volume Growth Diamond Award” and No.3 in the “Futures Brokers Trading Volume Diamond Award” by Taiwan Futures Exchange at the 7<sup>th</sup> Futures Diamond Award

## CSC International Holdings Ltd. Shanghai Rep. Office

- 2021: awarded No.78 in the “Top 100 Analysts” of the 1H21 “Top Analysts Award” held by East Money
- 2021: received several awards in the 2020 “Top Analysts” held by East Money, including No.80 and No.85 in the “Top 100 Analysts” and No.1 in the “Top Analyst for the Banking Sector” and No.4 in the “Top Analysts for the Pharmaceutical and Biological Sector” and No.7 in the “Top Analysts for the Automotive Sector” and No.7 in the “Top Analysts for the Electronics Sector” and No.7 in the “Top Analysts for the Communications Sector”



Held blood donation event “Love from Capital for Charity” to deliver happiness to all corners of the society.

Cooperated with New Taipei City Blind Welfare Association and provide massage service for employees.

Promoted “Capital Securities Love Reading Program” to care for rural education with employees volunteering in story book pair-reading and city tours.

To promote rural education in Taiwan and close the gap between rural and urban resources, Capital Securities adopted and made donations to rural elementary schools.

Developed industry-academia cooperation programs to cultivate financial talents that are well versed in theory and practice.

## Recognized for sustainable development and corporate governance

Selected as a constituent of FTSE4Good TIP Taiwan ESG Index

Selected as a constituent of FTSE4Good Emerging Index

Selected as a constituent of TWSE RA Taiwan Employment Creation 99 Index

Selected as a constituent of TWSE Corporate Governance 100 Index

Ranked among the top 6%~20% in the 2021 Corporate Governance Evaluation

**Thank you**