

# Capital Securities Corporation Institutional Investor Conference

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*Capital Care* 群益關心您

AUG 2023

台北・香港・上海

# Disclaimer

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# Presentation Outline

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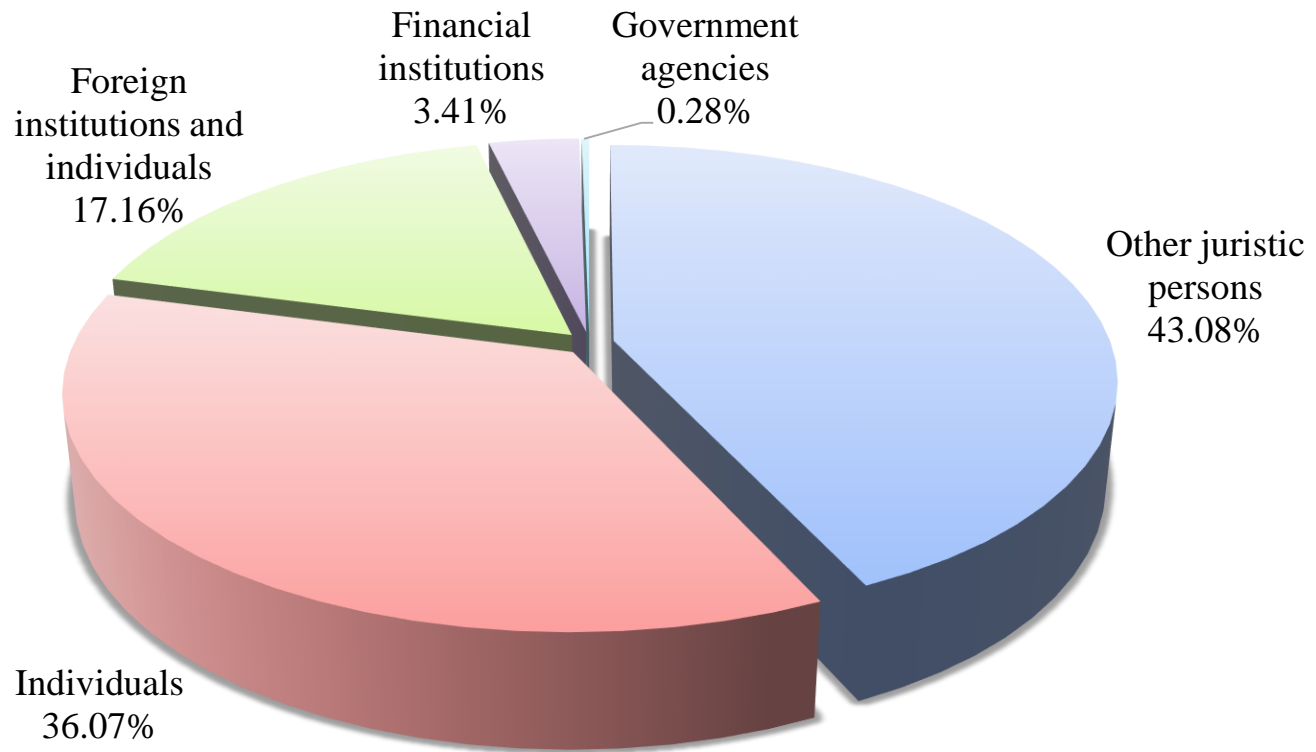
-  **Company Profile**
-  **Operation Overview**
-  **Prospect and Outlook**
-  **Sustainability Development &  
Capital Securities' Practices**



# Company Profile

# Shareholder Structure

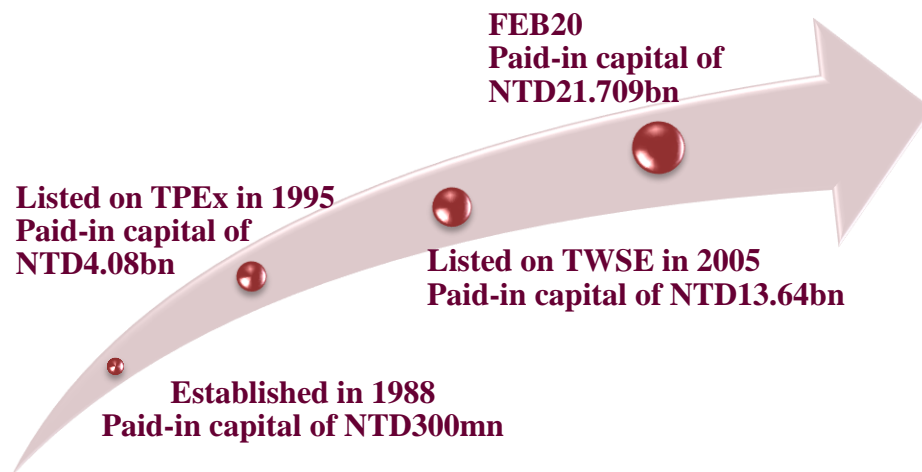
Data as of April 29, 2023



# Basic Information



✚	Stock code:	6005
✚	Paid-in capital:	NTD21.709bn
✚	Number of branches in Taiwan:	53
✚	Number of employees:	1,892



Data as of June 30, 2023

# 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



**Comprehensive deployment  
in Greater China**



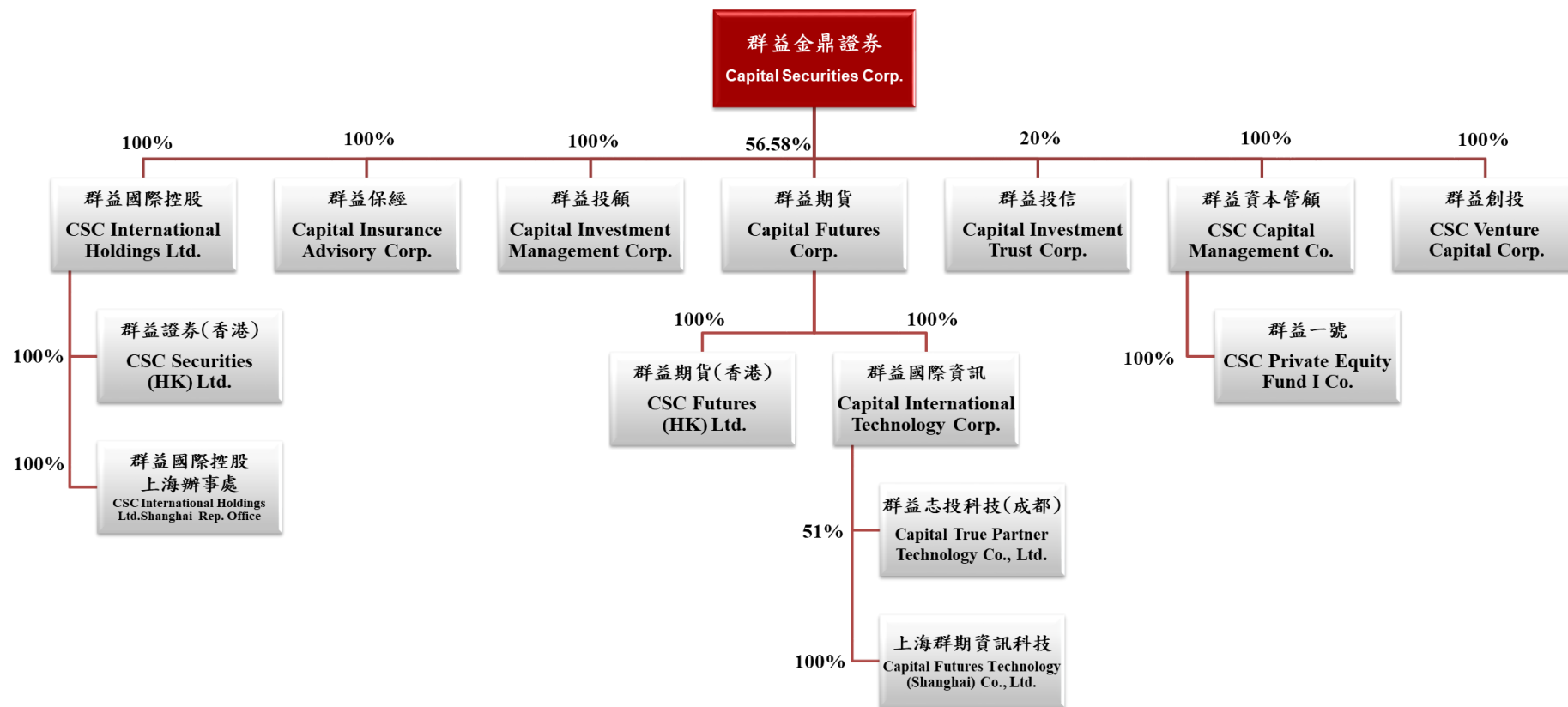
## Hong Kong

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





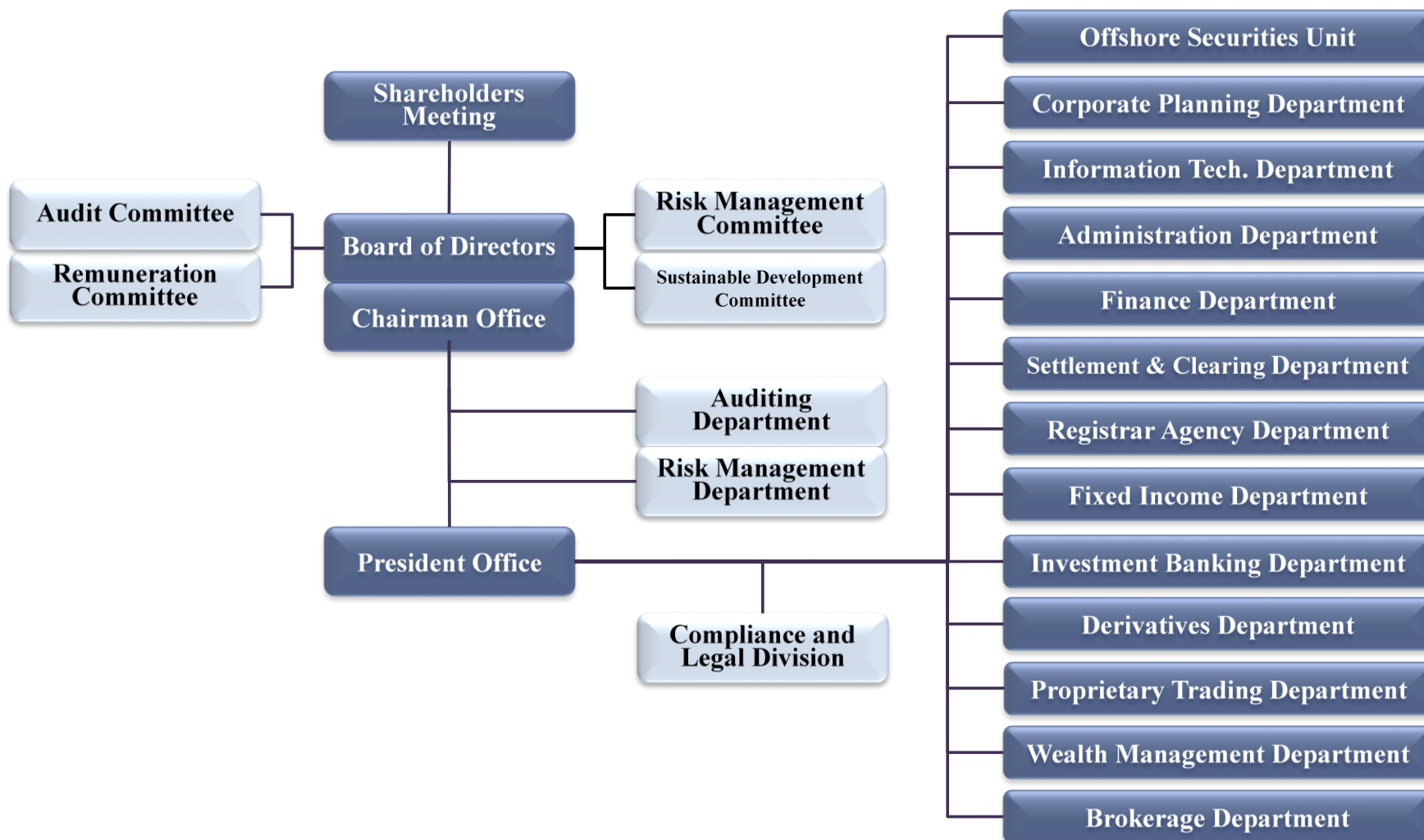
# Non-operating Investments (continued)

Unit : 1000

Region	Name	Currency	Paid-in capital	Book value as of Jun 30, 2023	Net income or loss for JAN~JUN23	Book value as of Jul 31, 2023	Net income or loss for JAN~JUL23
Taiwan	Capital Futures Corp.	NTD	2,104,376	6,653,772	490,792	6,767,445	581,611
	Capital Investment Management Corp.	NTD	70,000	80,911	3,492	81,397	3,979
	Capital Insurance Advisory Corp.	NTD	5,000	38,950	13,079	38,688	12,816
	Capital International Technology Corp.	NTD	50,000	22,741	(3,482)	22,122	(4,332)
	CSC Venture Capital Corp.	NTD	1,000,000	953,414	1,845	943,745	2,964
	Capital Investment Trust Corp.	NTD	1,653,375	3,999,368	420,208	4,076,906	497,745
	CSC Capital Management Co.	NTD	330,000	308,373	19,705	308,506	19,341
	CSC Private Equity Fund I Co.	NTD	300,000	276,112	18,989	276,059	18,440
Hong Kong	CSC Futures (HK) Ltd.	HKD	220,000	255,225	9,872	256,634	11,281
	CSC Securities (HK) Ltd.	HKD	128,000	169,538	4,278	170,102	4,842
China	Capital True Partner Technology Co., Ltd	CNY	1,000	1,249	259	1,165	175
	Capital Futures Technology (Shanghai) Co., Ltd.	CNY	4,000	1,167	(595)	1,076	(686)
	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	51,534	267	51,559	292

Note : JAN~JUN23 figures were audited by CPA; JAN~JUL23 figures were unaudited

# Organizational Structure





# Operation Overview

# Financial Data Over the Past Three Years

(NTD'000)

Item	2020	2021	2022	JAN~JUN23
Consolidated net income before tax	4,382,700	6,227,509	1,846,051	2,513,785
Consolidated net income	3,840,679	5,461,649	1,179,016	2,412,449
Net income attributable to shareholders of the parent company	3,569,529	5,249,590	840,040	2,198,796
EPS (NTD)	1.64	2.42	0.39	1.01

※ Audited by CPA

# Consolidated Balance Sheet (summary)

(NTD'000)

Item	Jun 30, 2022	Jun 30, 2023
Current assets	178,298,865	203,292,945
Non-current assets	17,109,509	22,538,415
<b>Total assets</b>	<b>195,408,374</b>	<b>225,831,360</b>
Current liabilities	155,287,716	183,200,459
Non-current liabilities	2,704,998	1,944,891
<b>Total liabilities</b>	<b>157,992,714</b>	<b>185,145,350</b>
Capital stock	21,709,081	21,709,081
Capital surplus	2,743,256	2,743,256
Retained earnings	8,601,192	11,269,969
Other equity interests	1,634,284	2,072,032
<b>Equity attributable to shareholders of the parent company</b>	<b>34,687,813</b>	<b>37,794,338</b>
Non-controlling interests	2,727,847	2,891,672
<b>Total equity</b>	<b>37,415,660</b>	<b>40,686,010</b>

※ Audited by CPA

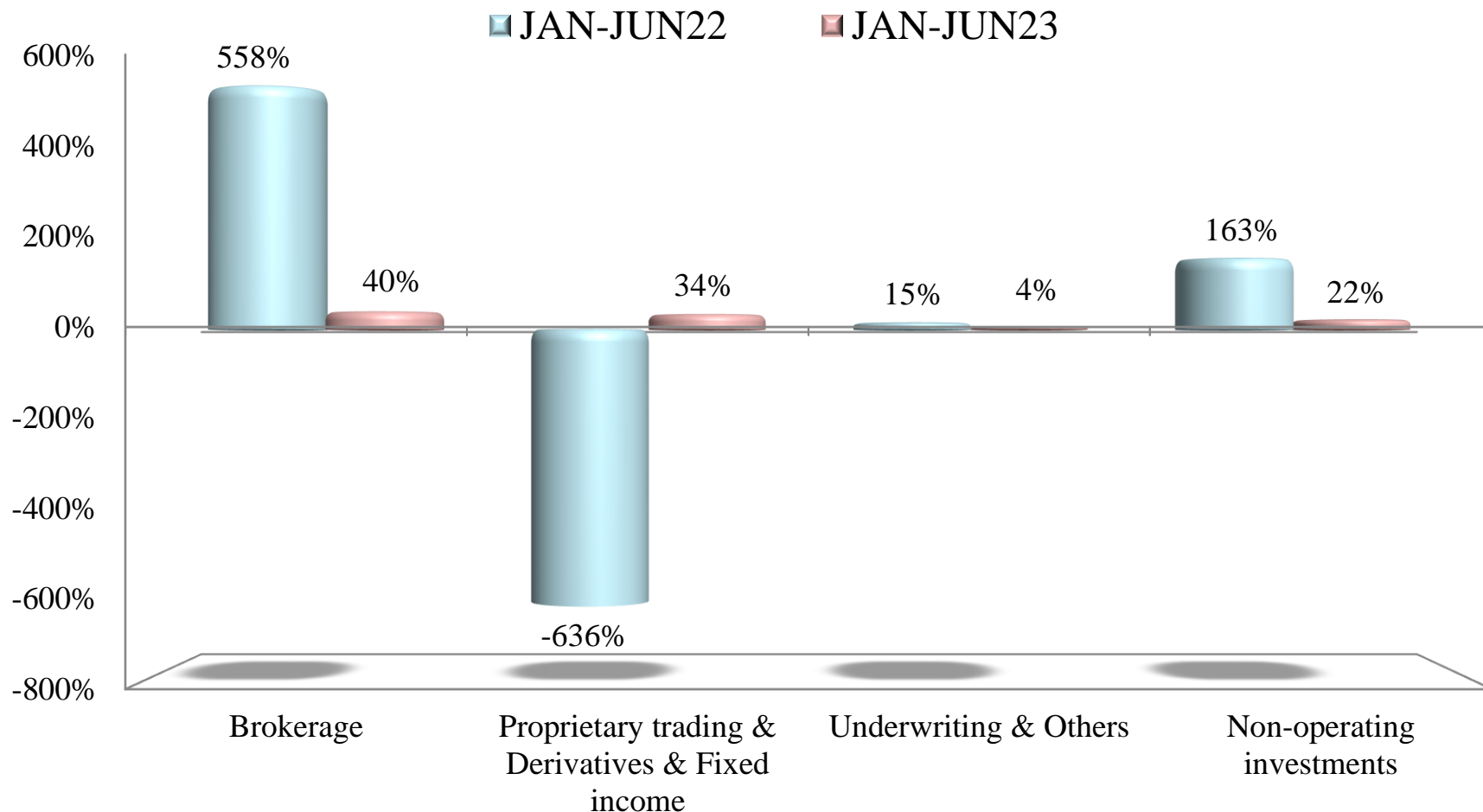
# Consolidated Comprehensive Income Statement (summary)

(NTD'000)

Item	JAN~JUN22	JAN~JUN23
Revenue	3,510,469	5,590,569
Operating expenses and costs	3,530,653	4,322,695
<b>Operating income</b>	<b>(20,184)</b>	<b>1,267,874</b>
Other income and expenses	556,277	1,245,911
<b>Net income before tax</b>	<b>536,093</b>	<b>2,513,785</b>
Income tax expense	379,456	101,336
<b>Net income</b>	<b>156,637</b>	<b>2,412,449</b>
Other comprehensive income	(464,845)	705,047
<b>Total comprehensive income</b>	<b>(308,208)</b>	<b>3,117,496</b>
<b>Net income attributable to shareholders of the parent company</b>	<b>20,074</b>	<b>2,198,796</b>
<b>Earnings per share (NTD)</b>	<b>0.01</b>	<b>1.01</b>

※ Audited by CPA

# Earnings Breakdown by Major Business



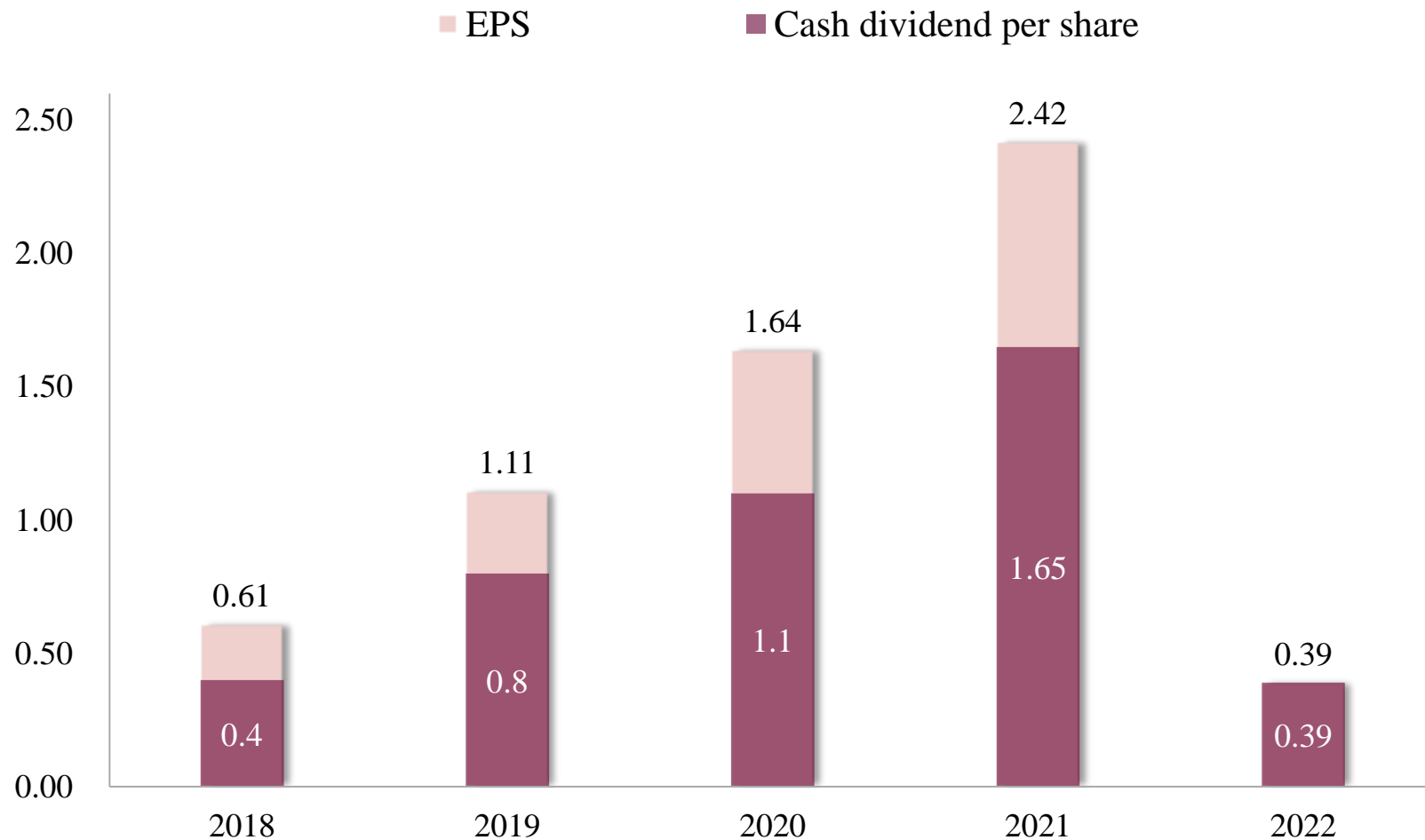
# Business Performance and Market Ranking

Item	Figures in JAN~JUN23	Market ranking in JAN~JUN23
Market share in brokerage	3.43%	10
Market share in margin financing	5.29%	6
Trust business-AUM	NTD15.011bn	6
Number of warrants issued	3,888	3
Value of warrants issued	NTD36.2bn	3
Value of structured products issued	NTD12.9bn	3
Number of NTD corporate bond underwritten (as lead underwriter)	2	5
Value of NTD corporate bonds underwritten	NTD24.25bn	4
Number of clients in stock registrar and transfer service	355	4

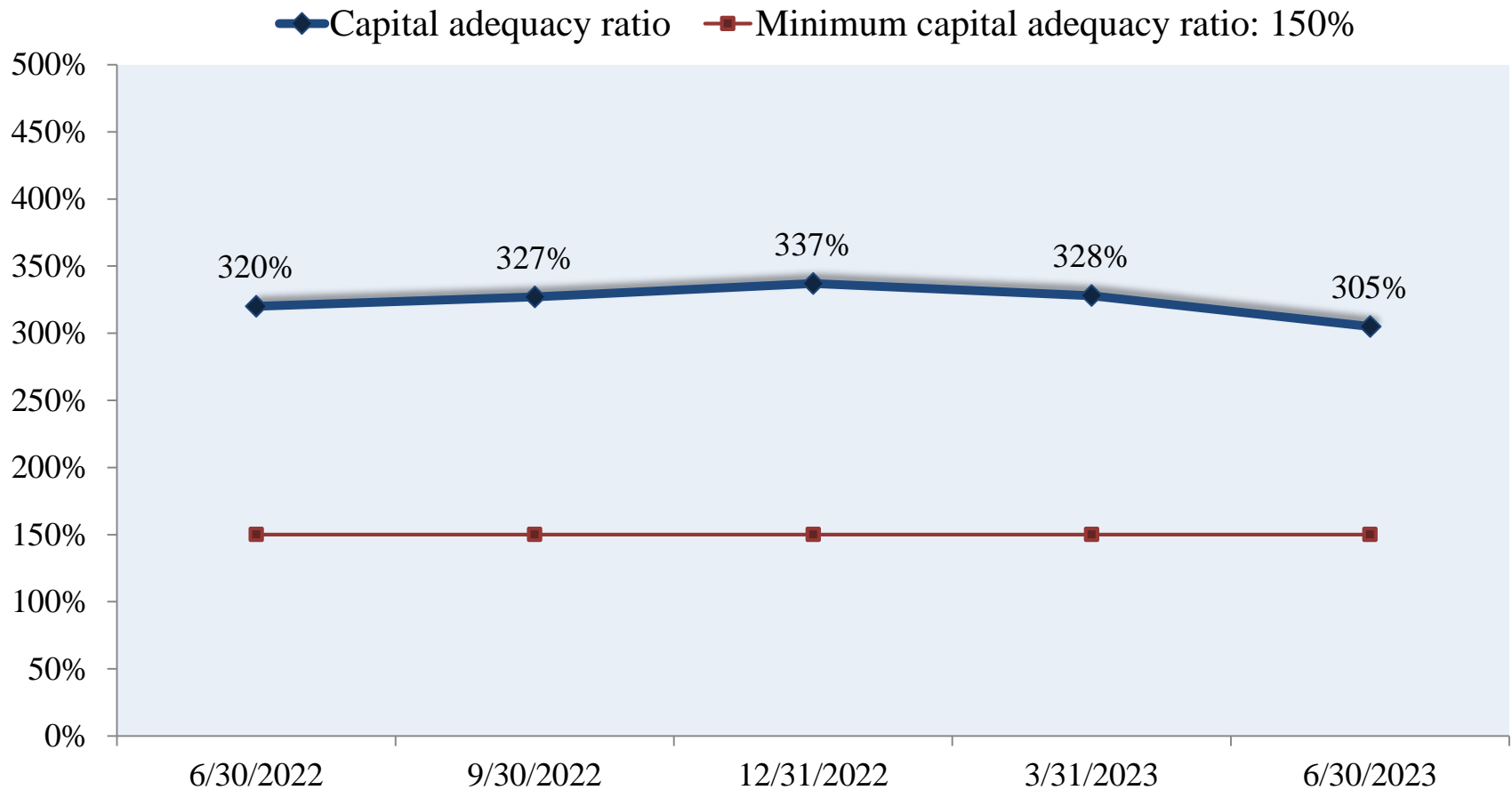


# Dividend Payout

Unit: NTD



# Capital Adequacy Ratio



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## Fitch Ratings 2022

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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# JUL23 Operating Results

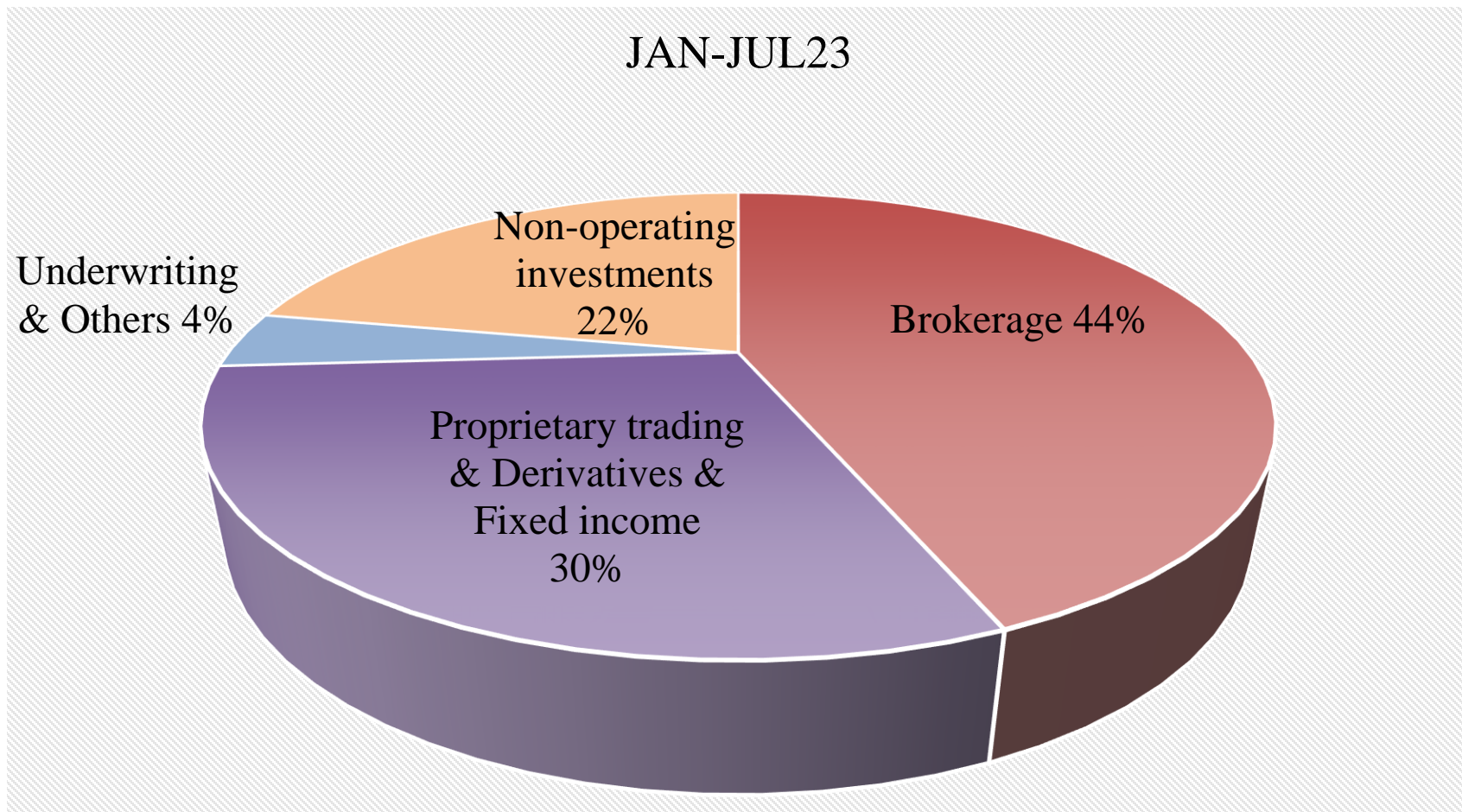
Unit: NTD'000

Entity	JUL23	JAN~JUL23
Net income before tax	379,235	2,546,373
Net income	487,236	2,682,201
EPS (NTD)	0.22	1.24

Consolidated	JUL23	JAN~JUL23
Net income before tax	441,148	2,951,101
Net income	526,496	2,935,114

※ Unaudited

# JAN~JUL23 Earnings Breakdown by Major Business



※ Unaudited

# Business Performance and Market Ranking

Item	Figures in JAN~JUL23	Market ranking in JAN~JUL23
Market share in brokerage	3.44%	9
Market share in margin financing	5.26%	6
Trust business-AUM	NTD15.461bn	6
Number of warrants issued	4,753	3
Value of warrants issued	NTD43.3bn	3
Value of structured products issued	NTD14.1bn	4
Number of NTD corporate bond underwritten (as lead underwriter)	4	5
Value of NTD corporate bonds underwritten	NTD30bn	4
Number of clients in stock registrar and transfer service	354	4



# 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



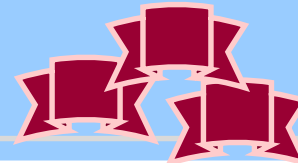
# Business Development Plans



# Business Development Plans (continued)



# List of Awards



- Received Securities House Gold Metal from Commercial Times' "2023 Taiwan Service Sector Evaluation"
- Received the "Wealth Creator Award", No.1 (Taichung branch) and No.2 (Dongda branch) in the "Warrant Sales Promotion Award", and No.1 (Dajia branch) and No.2 (Shilin branch) in the "Warrant Sales Progress Award" from the Economic Daily in the 13th Call (Put) Warrant Issuer Competition
- Received the recognition as "Excellent Donor" from Taiwan Blood Services Foundation.
- Received "Annual Excellence Award" for total turnover performance and "Annual Efficiency Award" for average turnover performance from the Taiwan Stock Exchange Corporation (TWSE) in the 2022 Call (Put) Warrant Issuer Incentive Programs
- Received "Top Issuer Award" from the Taipei Exchange at the 2022 Listed Call (Put) Warrant Issuer Competition
- Received "Best Digital Financial Service Award" for the non-FHC category from Excellence Magazine in the 2022 Excellent Securities Evaluation

# List of Awards (continued)



Received Securities House Gold Metal from Commercial Times' "Taiwan Service Sector Evaluation"



# Sustainability Development & Capital Securities' Practices



# Why Do We Promote Sustainable Development?

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*“Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs,” according to the Our Common Future Report released on the 42nd General Assembly of the United Nations (UN) in 1987.*

Since the beginning of the 20th century, rapid technology and economic advancements have brought high-level urbanization and significant improvement in human lives. However, this development also brought about impacts and damages on wildlife and the natural environment **with extreme weather conditions worldwide** and worsening **resource scarcity** and **uneven distribution**. Hence, the global community started to realize the importance of sustainable development.

“Sustainable development” is a reappraisal of the aforesaid development. While pursuing economic growth, humans should also maintain **social inclusion** and **environmental suitability** and take inter-generational equity into consideration. The well-being of future generations should not be compromised when promoting and creating benefits for today’s generation. The use of natural resources should secure biological and ecological sustainability for the proliferation of life.

# Sustainable Development Goals (SDGs)

The UN has proposed the 2030 Sustainable Development Agenda in 2015 with 17 Sustainable Development Goals (SDGs) that are key indicators of global sustainable development.



These goals serve as indispensable indicators for the international community. As they are expected to facilitate sustainable development in societies by 2030 and effectively reduce poverty and hunger worldwide, global communities may find stabilization and balance as early as possible.

# Transition Strategies for Sustainable Development in the Securities and Futures Sectors

Taiwan's Financial Supervisory Commission (FSC) has announced the "Transition Strategies for Sustainable Development in the Securities and Futures sectors" to strengthen sustainable growth in the industries and achieve the following 5 goals: (a) build a comprehensive sustainable ecosystem; (b) maintain order and stability in Taiwan's capital market; (c) strengthen the self-regulation mechanism and resource integration in the sectors; (d) complete management and business transformation in the sectors; (e) protect investors and traders' rights with fair and user-friendly services. With 10 strategies and 27 concrete measures, these goals are set to be attained via the following 3 implementation frameworks:

**Framework I. Strengthen Sustainable Development Governance:** along with 11 concrete measures, this framework includes 4 strategies as follows: (a) foster a culture valuing sustainability and environmental, social and governance (ESG) awareness; (b) build information security mechanisms and systems; (c) establish accountability system of board members and management teams; (d) set up functional committees to assist board members to fulfill their duties.

**Framework II. Perform FSC's Intermediary Role to Support Corporate Sustainability:** along with 9 concrete measures, this framework includes 3 strategies as follows: (a) empower underwriters and financial consultants to assist companies listed in the Taiwan Stock Exchange (TWSE), Taipei Exchange (TPEX) and Taiwan's Emerging Stock Market to realize sustainability and implement ESG programs; (b) establish a self-regulatory mechanism, provide incentives and strengthen supervision mechanism for dealers, investors, mutual-fund and discretionary-account managers to facilitate ESG and responsible investment; (c) safeguard customers' interests with fairness and honesty, especially for senior investors and those with physical and mental challenges, in the brokerage, wealth management and fund sectors.

**Framework III. Information Disclosure Improvement for Sustainable Development:** along with 7 concrete measures, this framework includes 3 strategies as follows: (a) strengthen securities and futures companies' ability to cope with risks related to climate change; (b) increase information disclosure related to sustainable development; (c) build effective channels for information disclosure and external communications in the sector.

Designated under the first stage category, Capital Securities has reported its implementation every quarter since 3Q22.



On 05/29/2023, Capital Securities and its staff explored the Lujiao Creek Wetland in New Taipei City, Taiwan. On that day, they removed invasive species from the wetland to ensure a balanced ecosystem and promote Green Finance and environmental protection in response to Commonwealth Magazine's call for doing something for the Tanshui River.

Through the activity, Capital Security hopes to raise awareness of water resource protection among its staff and the public so that they may internalize environmental consciousness in their daily lives.



# Rural Education Support

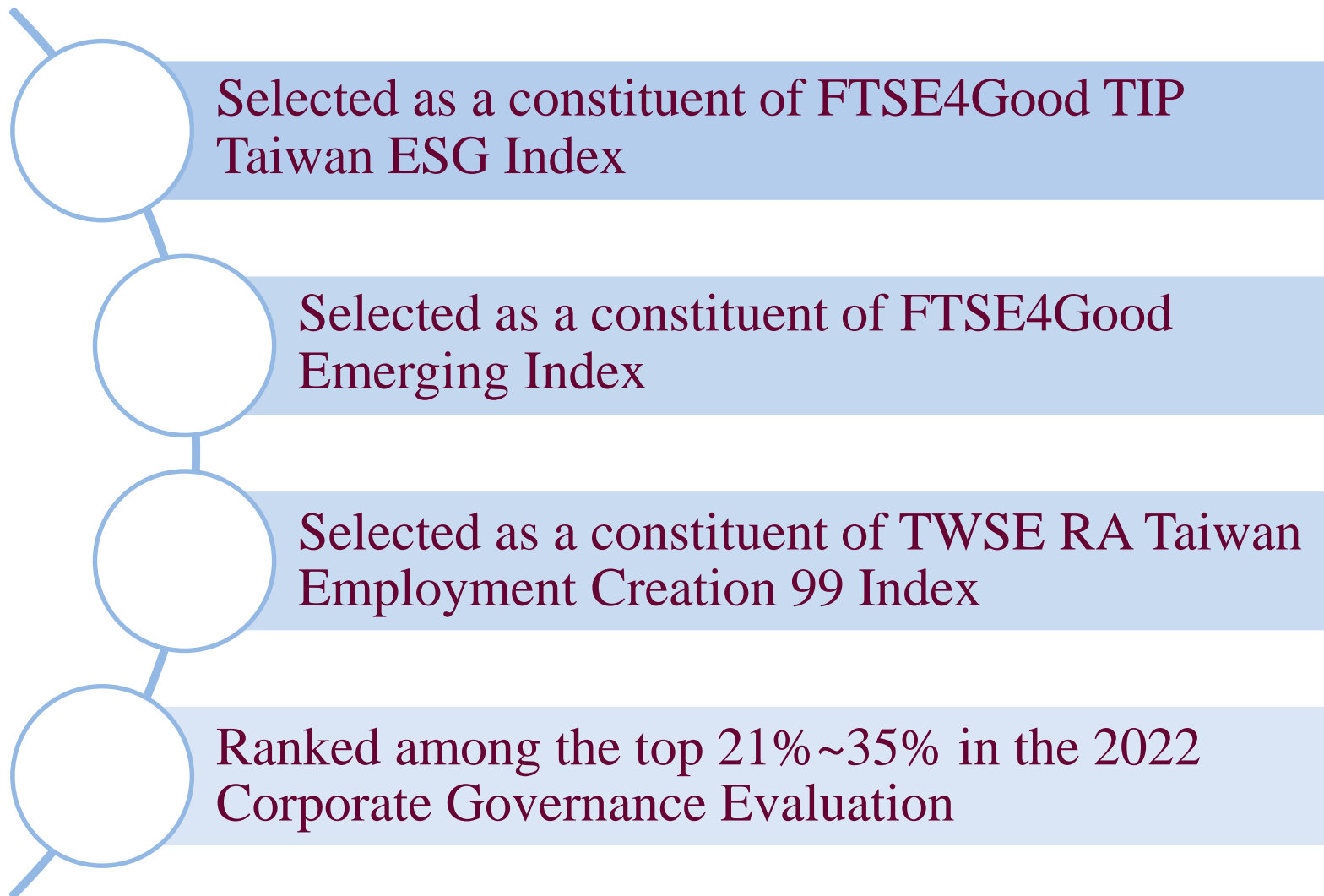
Celebrating the 10<sup>th</sup> year of the “Capital Reading Program”

*Children's finance books and reading fund donations*



Capital Securities has long dedicated itself to care for rural education. On 05/23/2023, it kicked off the 2023 “Capital Reading Program” at Changxing Elementary School in Taoyuan City. Capital Securities has long been committed to improving the reading ability of students in rural areas. The program is now in its 10th year, with the number of sponsored schools increasing from 2 to 16, the number of counties and cities involved increasing from 1 to 13, and the number of students benefited from the Program accumulating to more than 3,000. The sponsorship covers 16 elementary schools in the north, central and south of Taiwan. Local branches also serve as school volunteers to encourage reading and promote financial literacy. Through the Program, the company hopes to draw society’s attention to rural education.

# Recognized for Sustainable Development and Corporate Governance



**Thank you**