

# Capital Securities Corporation Institutional Investor Conference

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*Capital Care* 群益關心您

December 2020

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# Presentation outline

## Company profile

- Basic information
- Non-operating investments

## Operation overview

- Financial statements
- Operational results

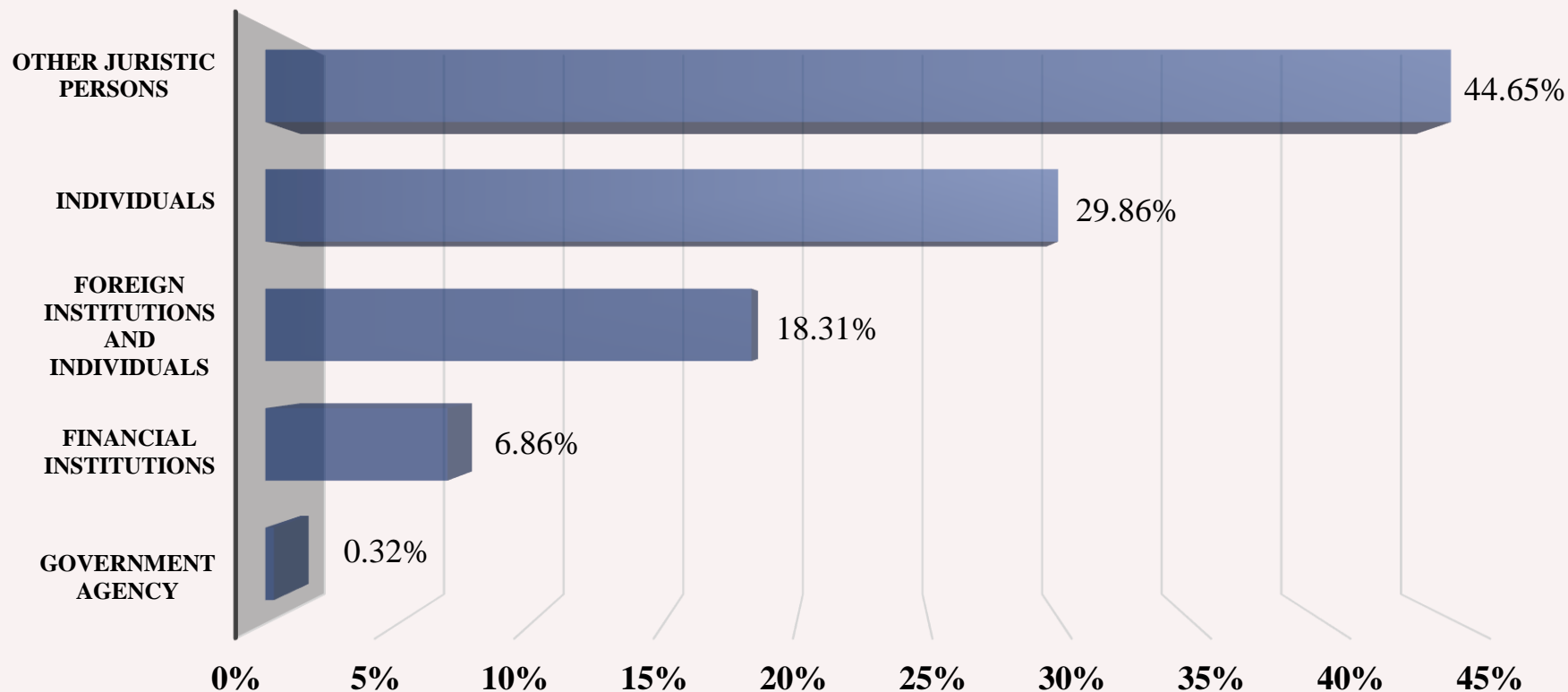
## Prospect and outlook

- Operational plan
- List of awards

# ➤ Company Profile

# Shareholder structure

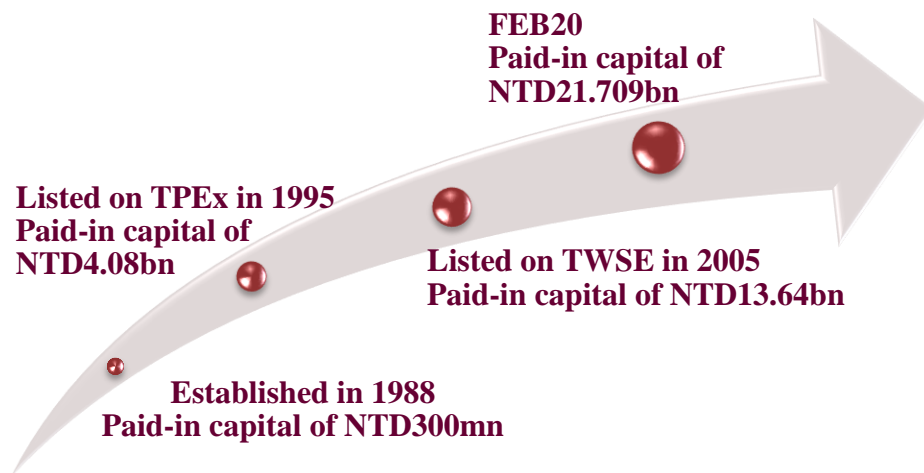
Data as of April 24, 2020



# Basic information



✚	Stock code:	6005
✚	Paid-in capital:	NTD21.709bn
✚	Number of branches in Taiwan:	53
✚	Number of employees:	1,912



Data as of Sep 30, 2020

# Deployment in Asia

## Chengdu

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



## Shanghai

TEL : 86 21 5888 7188  
FAX : 86 21 5888 2929  
Add : 18F, New Shanghai Int'l Tower, No. 360, Pu Dong Nan Road, Pudong New Area, Shanghai, China



**Comprehensive deployment  
in Greater China**



## Hong Kong

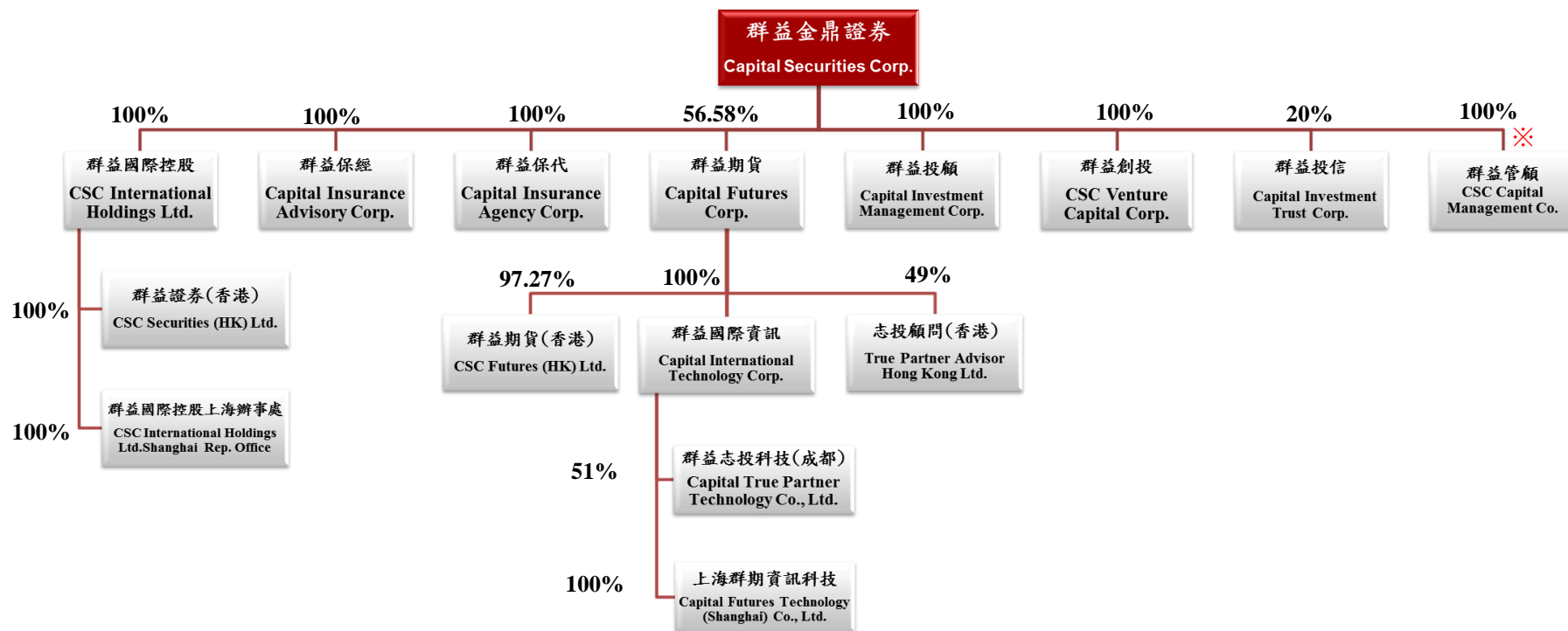
TEL : 852 2530 9966  
FAX : 852 2104 6006  
Add : Unit 3204-07, 32F, Cosco Tower, 183 Queen's Road Central, Hong Kong

## 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 105, Taiwan, R.O.C.

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# Non-operating investments



✖ CSC Capital Management Co. completed its incorporation registration on 12/03/2020



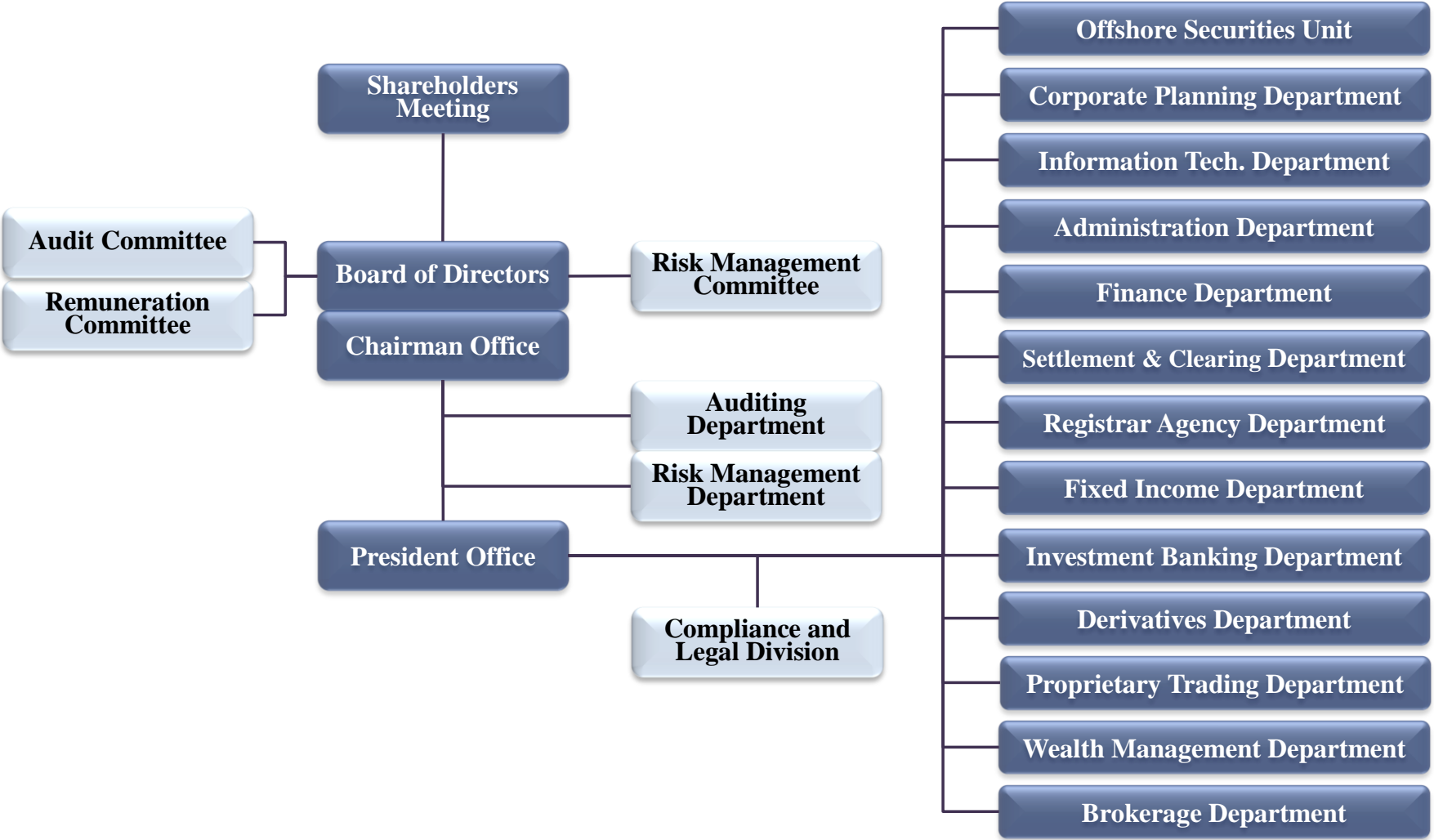
# Non-operating investments (continued)

							Unit : 1000
Region	Name	Currency	Paid-in capital	Book value as of Sep 30, 2020	Net income or loss for JAN~SEP20	Book value as of Nov 30, 2020 (Note 2)	Net income or loss for JAN~NOV20 (Note 2)
<b>Taiwan</b>	Capital Futures Corp.	NTD	2,104,376	6,236,635	480,883	6,323,504	576,776
	Capital Investment Management Corp.	NTD	70,000	79,599	(12,845)	76,723	(15,721)
	Capital Insurance Advisory Corp.	NTD	5,000	48,224	22,363	49,970	24,109
	Capital Insurance Agency Corp.	NTD	7,400	40,158	751	39,590	183
	Capital International Technology Corp.	NTD	50,000	43,429	1,350	41,902	(685)
	CSC Venture Capital Corp.	NTD	1,000,000	825,750	(2,508)	838,830	(3,296)
	Capital Investment Trust Corp.	NTD	1,653,375	3,906,573	563,004	3,969,828	626,258
<b>Hong Kong</b>	CSC Futures (HK) Ltd.	HKD	220,000	248,733	(4,345)	249,964	(3,114)
	CSC Securities (HK) Ltd.	HKD	128,000	171,335	4,632	172,216	5,513
	True Partner Advisor Hong Kong Ltd.	HKD	500	10,728	1,330	10,547	1,150
<b>China</b>	Capital True Partner Technology Co., Ltd	CNY	1,000	1,627	720	1,488	581
	Capital Futures Technology (Shanghai) Co., Ltd.	CNY	4,000	3,882	(275)	3,584	(573)
	CSC International Holdings Ltd. Shanghai Rep. Office	N/A	N/A	N/A	N/A	N/A	N/A
<b>BVI</b>	CSC International Holdings Ltd.	USD	45,000	53,762	21	53,760	19

Note 1: JAN~SEP20 figures of Capital Futures Corp. and CSC Futures (HK) Ltd. were reviewed by CPA; other figures were unaudited; JAN~NOV20 figures were unaudited

Note 2: The book value of Capital Investment Trust Corp. as of Oct 31, 2020 and its net income or loss during JAN~OCT20 were unaudited

# Organizational structure



# ➤ Operation overview

# Financial data over the past three years

(NTD'000)

Item	2017	2018	2019	JAN~SEP20	JAN~NOV20
Consolidated net income before tax	3,503,637	2,326,530	3,228,097	2,775,545	3,867,651
Consolidated net income	3,215,395	1,777,510	2,829,234	2,394,017	3,405,112
Net income attributable to shareholders of the parent company	2,893,600	1,408,865	2,566,823	2,183,329	3,152,934
EPS (NTD)	1.25	0.61	1.11	1.01	1.45

Note: 2017~2019 and JAN~SEP20 figures were audited or reviewed by CPA; JAN~NOV20 figures were unaudited

# Consolidated balance sheet (summary)

	(NTD'000)	
Item	Sep 30, 2019	Sep 30, 2020
Current assets	114,531,392	146,098,134
Non-current assets	17,030,930	16,664,632
<b>Total assets</b>	<b>131,562,322</b>	<b>162,762,766</b>
Current liabilities	92,431,896	123,032,468
Non-current liabilities	2,207,369	2,402,089
<b>Total liabilities</b>	<b>94,639,265</b>	<b>125,434,557</b>
Capital stock	23,209,081	21,709,081
Capital surplus	2,852,299	2,743,205
Retained earnings	7,044,386	8,413,905
Other equity interests	1,644,474	1,725,401
<b>Equity attributable to shareholders of the parent company</b>	<b>34,750,240</b>	<b>34,591,592</b>
Non-controlling interests	2,172,817	2,736,617
<b>Total equity</b>	<b>36,923,057</b>	<b>37,328,209</b>

Note: Figures were reviewed by CPA

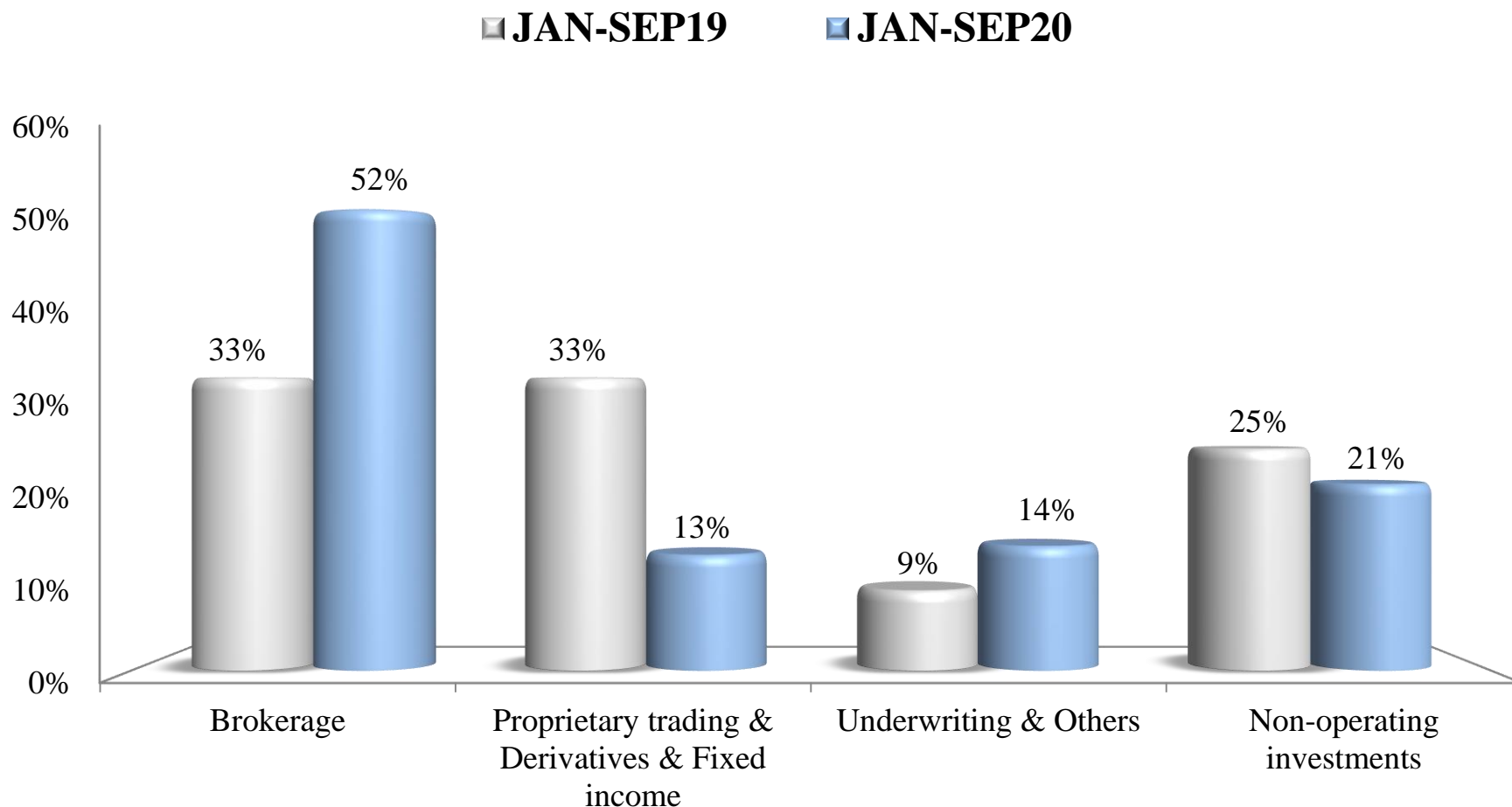
# Consolidated comprehensive income statement (summary)

(NTD'000)

Item	JAN~SEP19	JAN~SEP20
Revenue	5,526,260	6,688,589
Operating expenses and costs	4,227,563	4,797,329
<b>Operating income</b>	<b>1,298,697</b>	<b>1,891,260</b>
Other income and expenses	953,375	884,285
<b>Net income before tax</b>	<b>2,252,072</b>	<b>2,775,545</b>
Income tax expense	291,494	381,528
<b>Net income</b>	<b>1,960,578</b>	<b>2,394,017</b>
Other comprehensive income	948,797	176,514
<b>Total comprehensive income</b>	<b>2,909,375</b>	<b>2,570,531</b>
<b>Net income attributable to shareholders of the parent company</b>	<b>1,762,181</b>	<b>2,183,329</b>
<b>EPS (NTD)</b>	<b>0.76</b>	<b>1.01</b>

Note: Figures were reviewed by CPA

# Earnings breakdown by major business



# NOV20 operating results

Unit: NTD'000

Entity	NOV20	JAN~NOV20
Net income before tax	720,397	3,459,995
Net income	700,253	3,152,934
EPS (NTD)	0.32	1.45

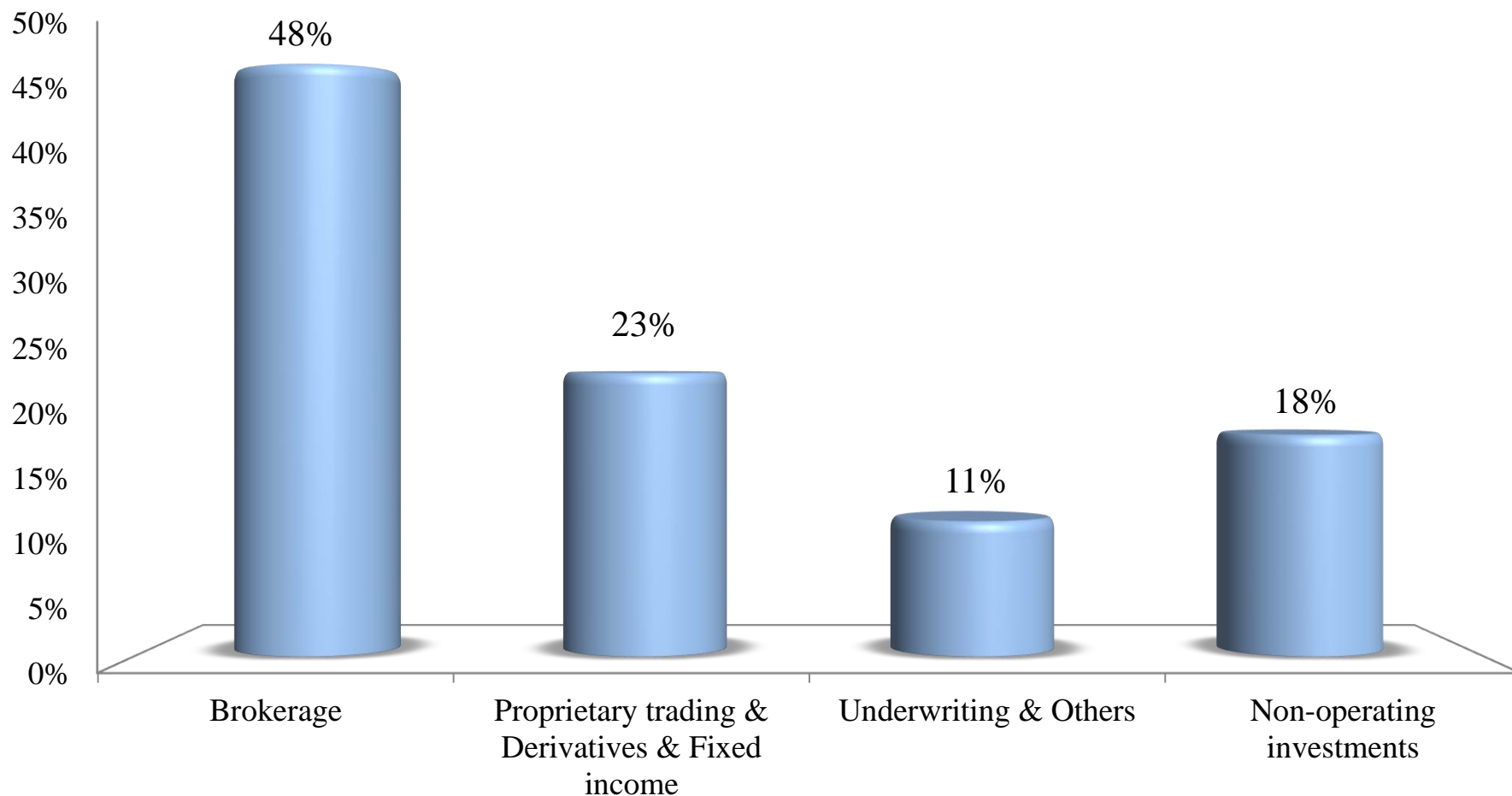
Consolidated	NOV20	JAN~NOV20
Net income before tax	758,994	3,867,651
Net income	726,075	3,405,112

※ Unaudited



# NOV20 earnings breakdown by major business

■ JAN-NOV20

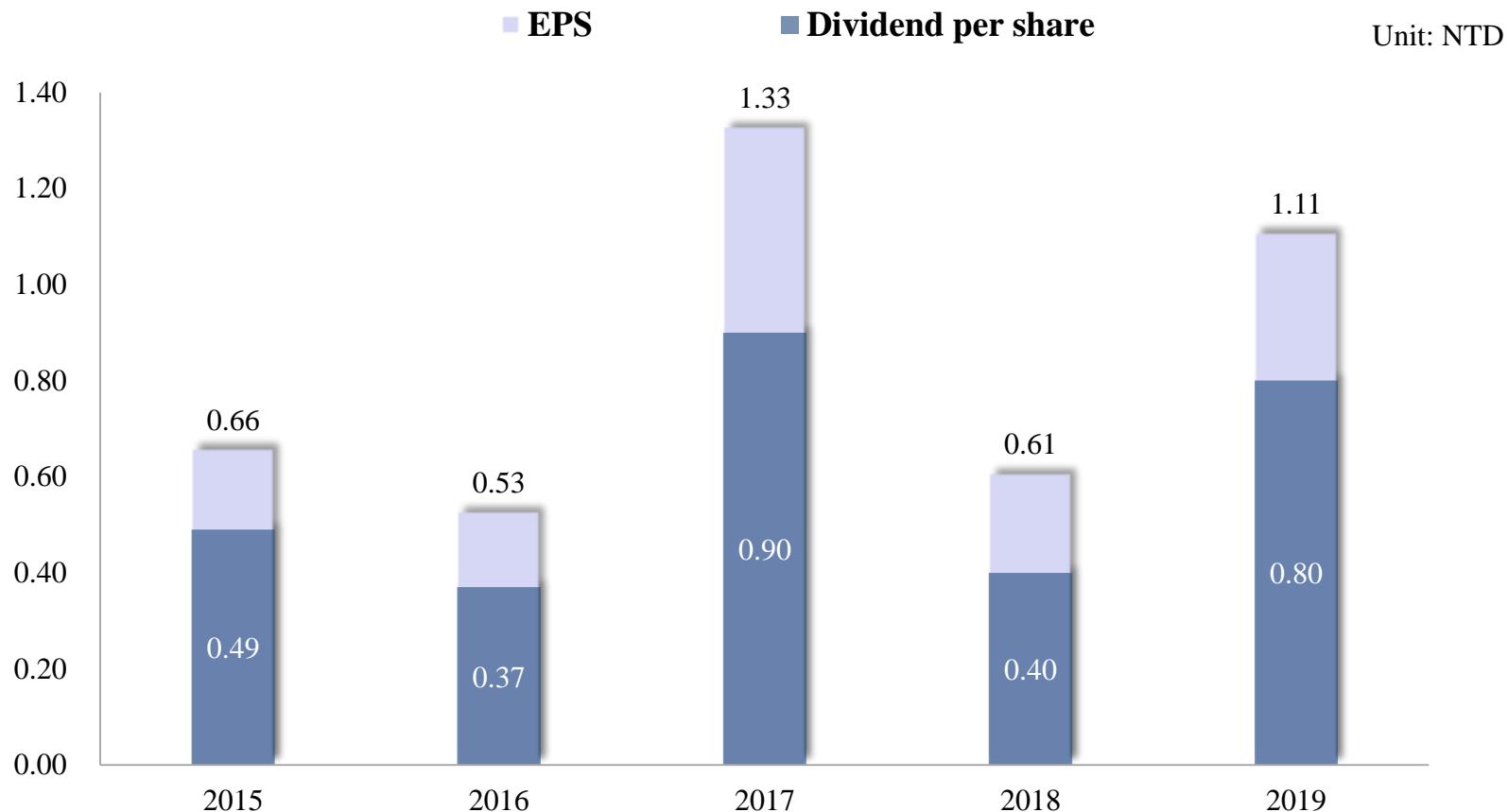


※ Unaudited

# Business performance and market ranking

Item	Figures in JAN~SEP20	Market ranking in JAN~SEP20
Market share in brokerage	4.00%	6
Market share in margin financing	5.88%	4
Trust business-AUM	NTD13.614bn	5
Number of underwritten (as lead underwriter)	5	6
Number of warrants issued	3,565	3
Value of warrants issued	NTD35.2bn	3
Value of structured products issued	NTD10.5bn	6
Number of NTD corporate bond underwritten (as lead underwriter)	7	3
Value of NTD corporate bonds underwritten	NTD31.87bn	4
Number of clients in stock registrar and transfer service	363	3

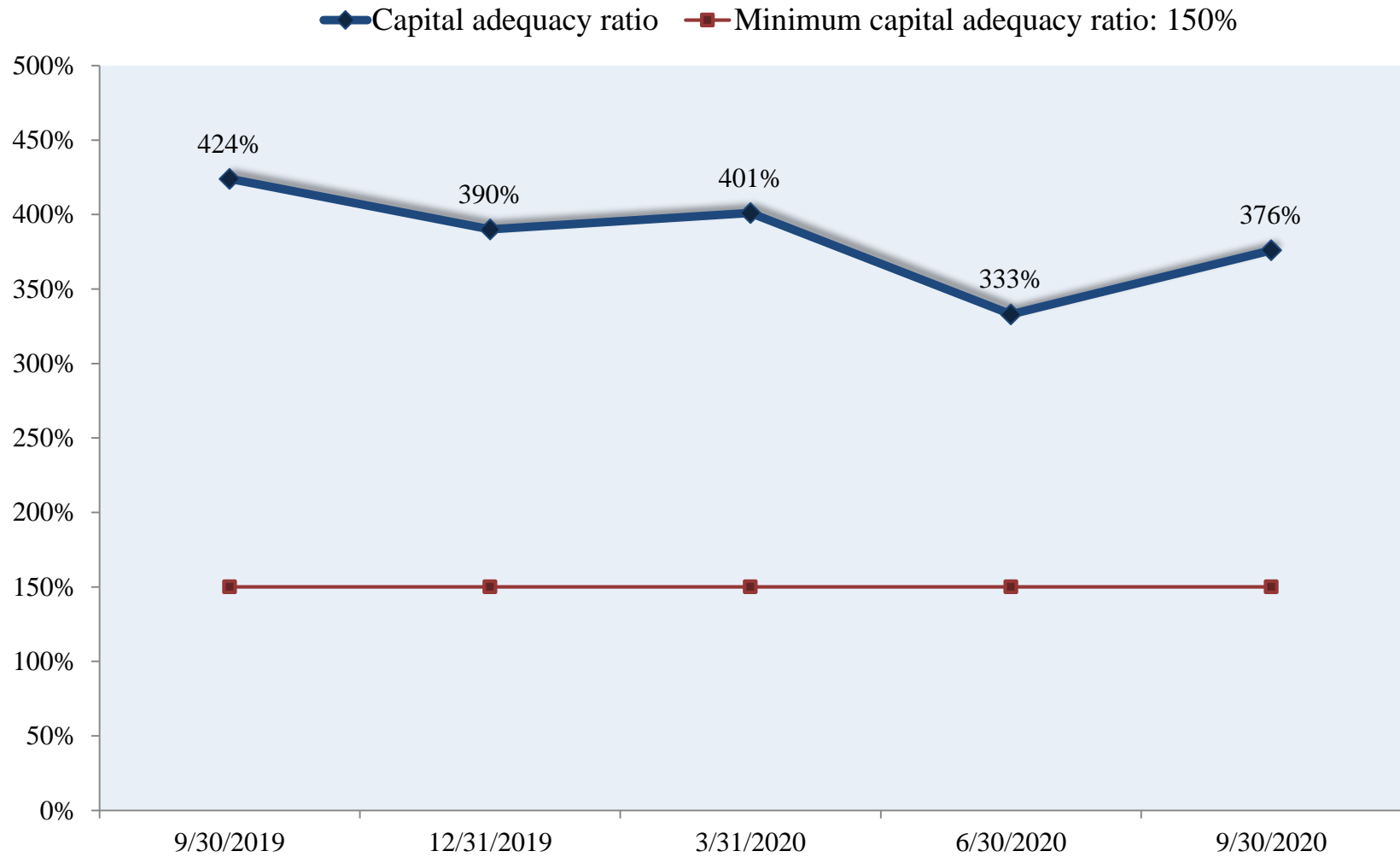
# Dividend payout



Item	2015	2016	2017	2018	2019
EPS	0.66	0.53	1.33	0.61	1.11
Cash dividend per share	0.49	0.37	0.20	0.40	0.80
Stock dividend per share	-	-	0.70	-	-

※EPS are pre-adjustment figures

# Capital adequacy ratio



## 2020 Fitch Ratings

- Long-term Issuer Default Rating (IDR) **BBB-**
- National Long-term Rating **A(twn)**
- National Short-term Rating **F1(twn)**
- Outlook **Stable**

## ➤ 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

1. Continuously promote customer ledger business to increase sources of interest income, manage clients' cash flows and boost wealth management business.
2. Maximize channel value, implement client tiering, continuously develop professional investors, elevate self-design capability of wealth management products and provide customized products depending on customers' attributes to become their top pick in wealth management and steadily increase clients' asset management scale.
3. Strengthen the service contents for clients and accelerate the service speed in response to continuous trading system.
4. Expand the scale of sub-brokerage business and prepare for sub-brokerage margin trading business.
5. Advance businesses of investment banking and corporate finance to cooperate with CSC Venture Capital and seize the business opportunities in private equity.
6. Trade stocks in accordance with research resources to avoid resource dispersion and accumulate outperforming stocks with high dividend yields to steadily generate profits in the long run.
7. Pay attention to rate changes of NTD and foreign currencies to opportunistically adjust the proportion of bond assets and steadily generate profits and interest income.
8. Maintain leadership in the warrant market and issue diverse derivatives for profit diversification.
9. Centralize the clearing process, optimize operating procedures and enhance operational risk control.
10. Enhance coordination and create synergies among affiliates such as Capital Futures, Capital Investment Trust, CSC Venture Capital, Capital Investment Management, Capital Insurance Advisory, Capital Insurance Agency and CSC Capital Management.



# List of awards

## Capital Securities

- AUG20: received the “Best Client Satisfaction Award”, the “Best Risk Control Award” and the “Best Marketing Innovation Award” in the Evaluation on Wealth Management Securities held by Business Today Magazine
- MAR20: received the “Best Client Referral Award”, the “Best Digital Finance Award” and the “Best Charity Promotion Award” in the 2020 Wealth Management Award
- FEB20: awarded No.3 in the “Warrant Sales Award” and No.5 in the “Warrant Issuance Award” by Taiwan Stock Exchange at the “2019 Trading Incentives for Warrant Issuer and Securities Broker”
- DEC19: received the “Best Digital Innovation Award” from Excellence Magazine in the 2019 Securities Evaluation for non-FHC securities firms
- NOV19: received the “Corporate Social Responsibility Award” in the 15th Golden Goblet Award
- OCT19: awarded No.1 in the “API Promotion Award” by TWSE in the Electronic Order Competition
- AUG19: selected as the top happiness enterprise in the “investment and wealth management” field in “2019 happiness enterprise election—service sector” held by 1111 Job Bank

## Capital Futures

- AUG20: awarded No.3 in the “Futures Trading Volume Diamond Award” by Taiwan Futures Exchange at the 6<sup>th</sup> Diamond Award
- DEC19: received the “Best Stocks and Futures Award” from Excellence Magazine in the 2019 Securities Evaluation for non-FHC securities firms
- AUG19: selected as the top happiness enterprise in the “investment and wealth management” field in “2019 happiness enterprise election—service sector” held by 1111 Job Bank

## Shanghai Rep. Office

- APR20: received 1 nomination in the “Top 100 Analysts” of the 1Q20 “Top Analysts Award” held by East Money
- JAN20: received several awards in the 2019 “Top Analysts” held by East Money, including 3 nominations in the “Top 100 Analysts” and No.1 in the “Top Analysts for the Banking Sector”
- NOV19: received several awards in the 2019 Caijing Investoday Awards, including No. 1 in the “Most Accurate Analyst in Estimating Earnings of the Food and Beverage Sector” and No.1 in the “Most Accurate Analyst in Estimating Earnings of the Banking Sector”

## Recognized for sustainable development and corporate governance

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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 2019 Corporate Governance Evaluation

# CSR programs and achievements

- 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 weekly 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.

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# CSR programs and achievements



2020.09 Capital Securities organized the charity event to promote reading



# CSR programs and achievements



2020.09 Capital Securities supported rural education by sponsoring funds for reading education

**Thank you**