

# Capital Securities Corporation Institutional Investor Conference

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*Capital Care* 群益關心您

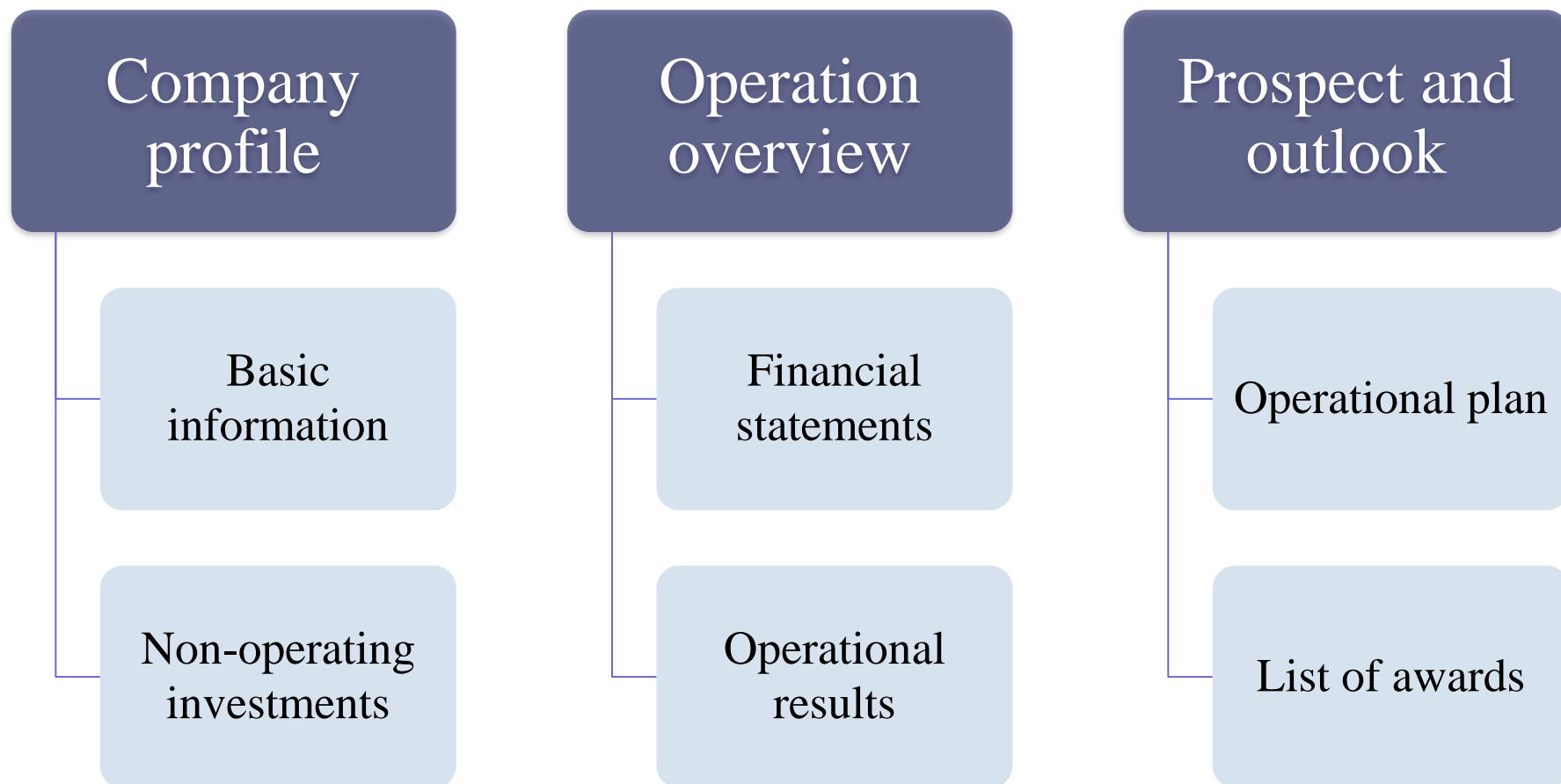
April 2021

台北・香港・上海

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# Presentation outline



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# Company Profile

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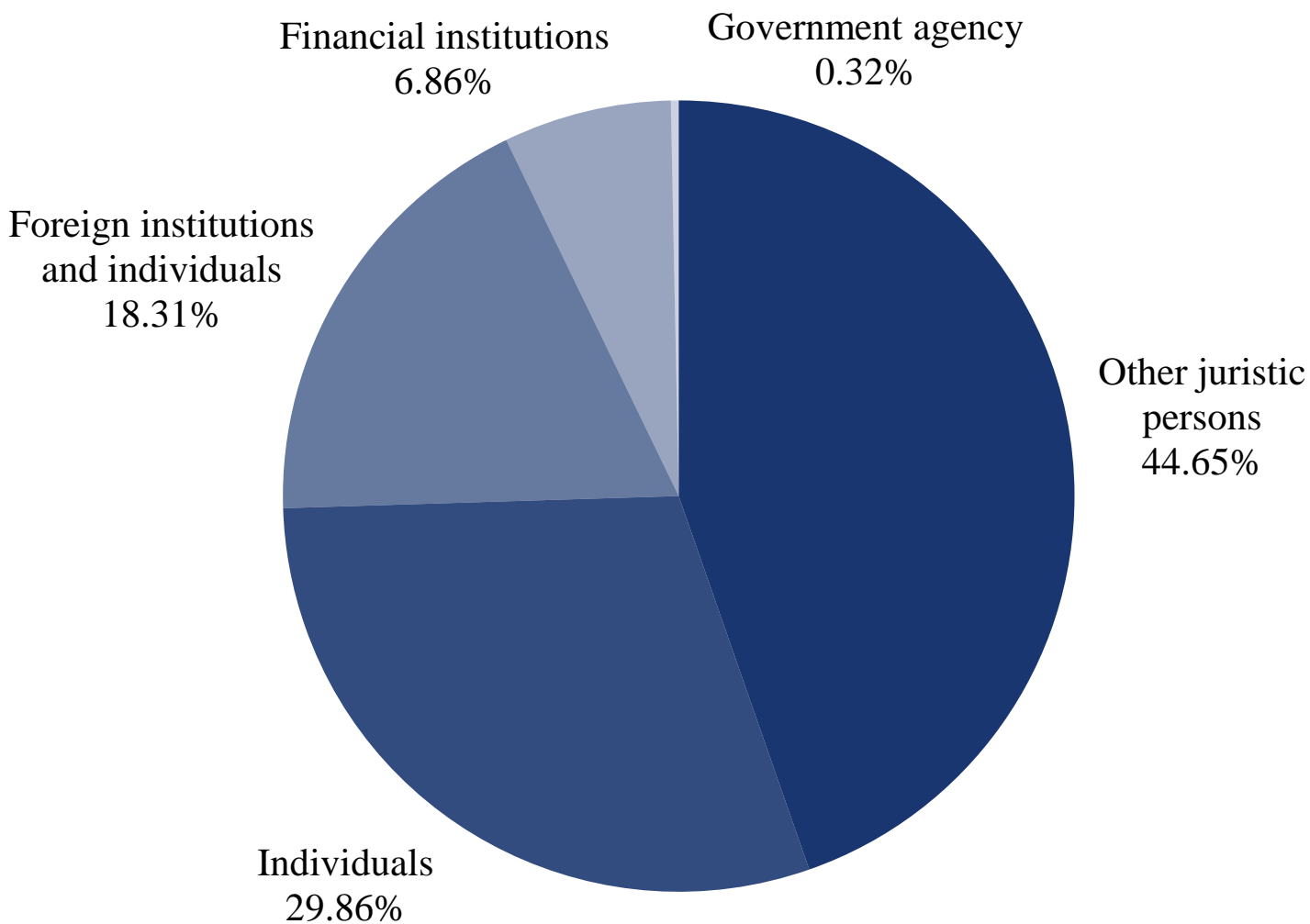
Operation overview

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Prospect and outlook

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# Shareholder structure

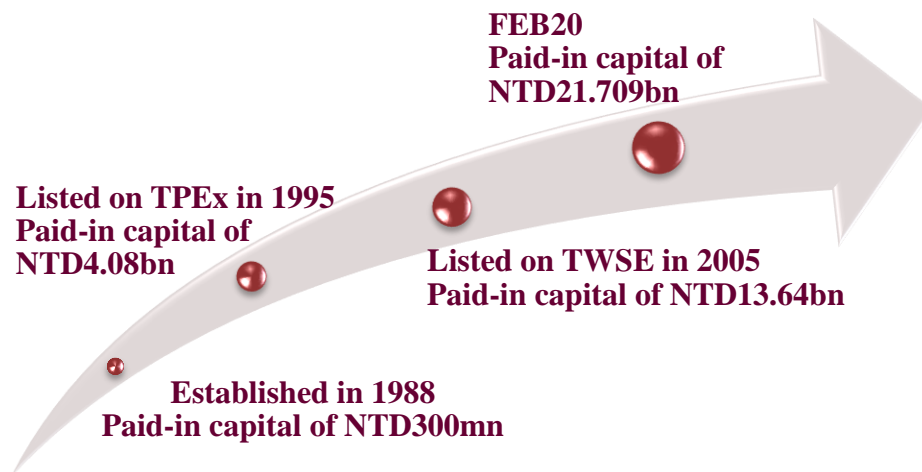


Data as of April 24, 2020

# Basic information



✚ Stock code:	6005
✚ Paid-in capital:	NTD21.709bn
✚ Number of branches in Taiwan:	53
✚ Number of employees:	1,939



Data as of Dec 31, 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

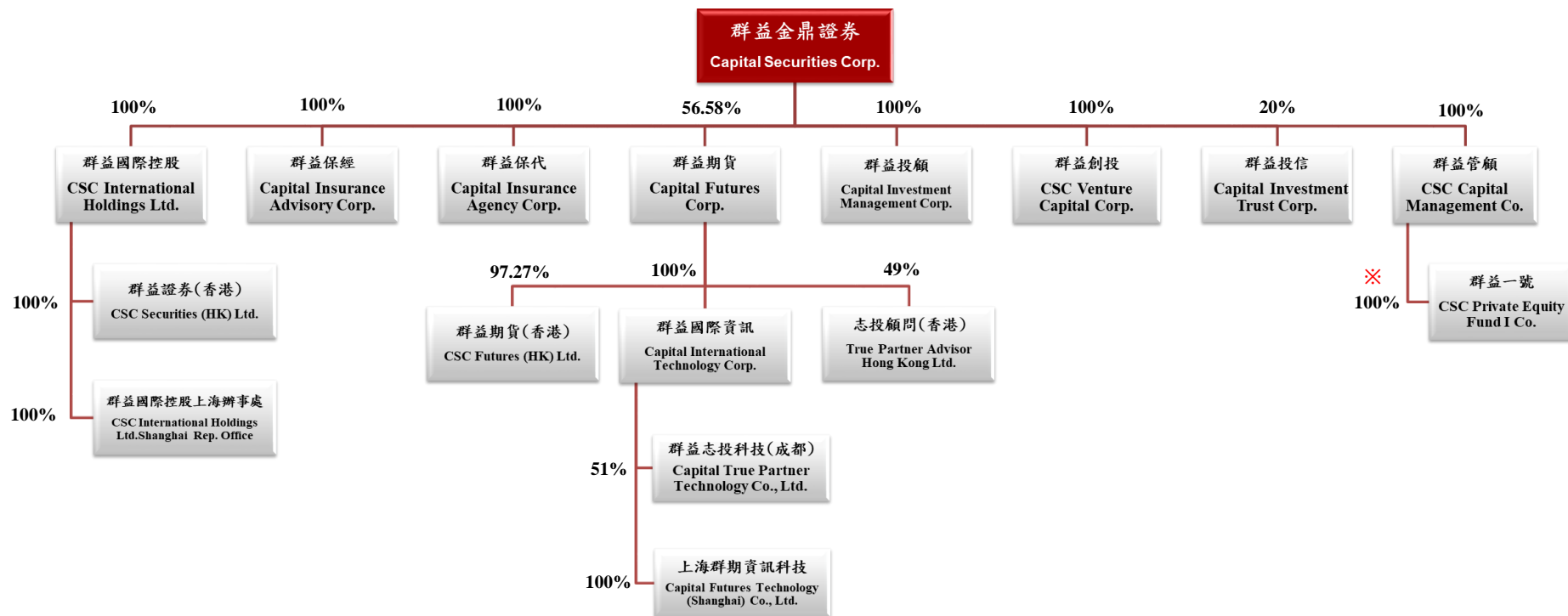
TEL : 852 2530 9966  
 FAX : 852 2104 6006  
 Add : Unit 3204-07, 32F, Cosco Tower, 183 Queen's Road Central, Hong Kong

## 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. invested in CSC Private Equity Fund I Co. in MAR21.



# Non-operating investments (continued)

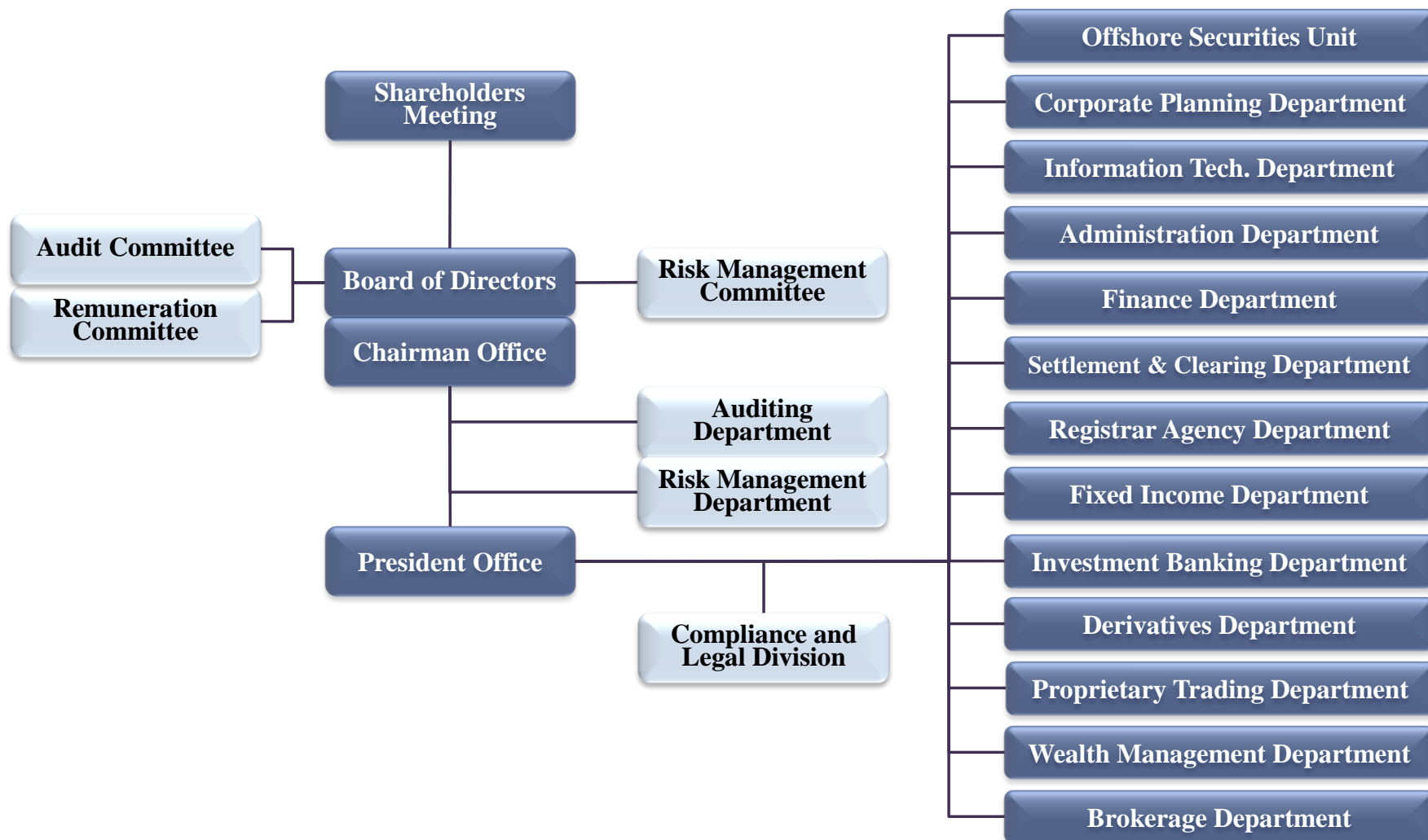
Unit : 1000

Region	Name	Currency	Paid-in capital	Book value as of Dec 31, 2020	Net income or loss for current period 2020	Book value as of Mar 31, 2021	Net income or loss for JAN~MAR21
Taiwan	Capital Futures Corp.	NTD	2,104,376	6,359,664	622,166	6,541,006	159,578
	Capital Investment Management Corp.	NTD	70,000	75,880	(16,565)	75,734	(146)
	Capital Insurance Advisory Corp.	NTD	5,000	51,986	26,125	58,362	6,376
	Capital Insurance Agency Corp.	NTD	7,400	39,190	(217)	39,644	454
	Capital International Technology Corp.	NTD	50,000	41,028	(1,548)	38,961	(1,939)
	CSC Venture Capital Corp.	NTD	1,000,000	841,121	(3,597)	838,945	(2,132)
	Capital Investment Trust Corp.	NTD	1,653,375	4,117,880	763,559	4,335,283	212,251
	CSC Capital Management Co. (Note 1)	NTD	330,000	329,742	(258)	329,114	(628)
Hong Kong	CSC Futures (HK) Ltd.	HKD	220,000	249,356	(3,722)	245,871	(3,485)
	CSC Securities (HK) Ltd.	HKD	128,000	172,829	6,126	173,433	604
	True Partner Advisor Hong Kong Ltd.	HKD	500	10,648	1,250	10,926	279
China	Capital True Partner Technology Co., Ltd	CNY	1,000	1,170	263	1,158	(13)
	Capital Futures Technology (Shanghai) Co., Ltd.	CNY	4,000	3,622	(535)	3,356	(267)
	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	53,762	26	53,571	(128)

Note 1 : CSC Capital Management Co. completed its incorporation registration in DEC20

Note 2 : 2020 figures were audited by CPA, JAN~MAR21 figures were unaudited

# Organizational structure



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Company Profile

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**Operation overview**

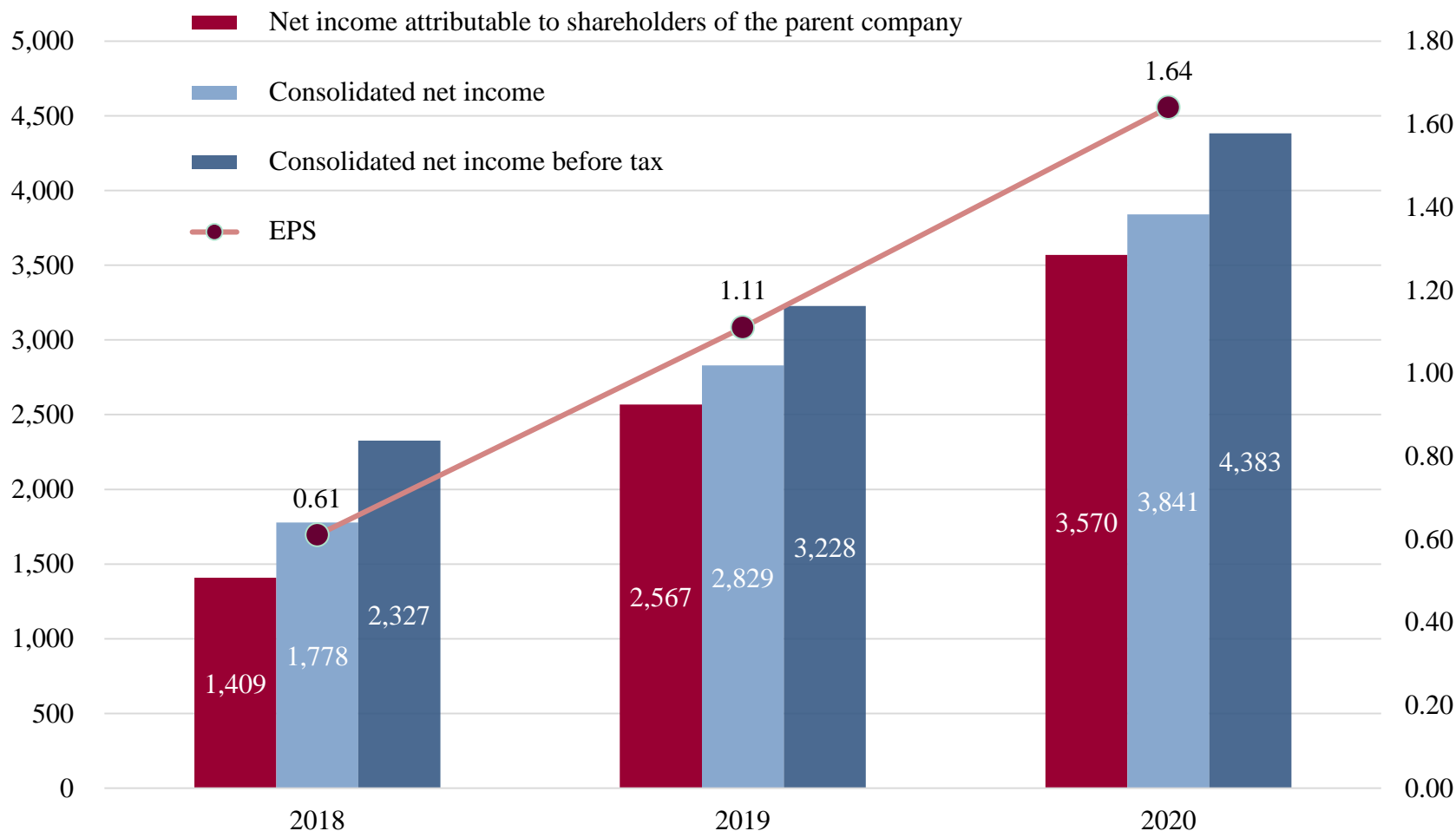
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Prospect and outlook

# Financial data over the past three years

(NTD Million)

(NTD)



※ Audited by CPA

# Consolidated balance sheet (summary)

(NTD'000)

Item	Dec 31, 2019	Dec 31, 2020
Current assets	116,002,501	146,258,737
Non-current assets	17,167,912	16,803,897
<b>Total assets</b>	<b>133,170,413</b>	<b>163,062,634</b>
Current liabilities	94,684,661	121,864,300
Non-current liabilities	2,269,623	2,523,604
<b>Total liabilities</b>	<b>96,954,284</b>	<b>124,387,904</b>
Capital stock	23,209,081	21,709,081
Capital surplus	2,852,299	2,743,430
Retained earnings	7,927,126	9,639,333
Other equity interests	1,578,134	1,794,225
Treasury stocks	(1,574,000)	0
<b>Equity attributable to shareholders of the parent company</b>	<b>33,992,640</b>	<b>35,886,069</b>
Non-controlling interests	2,223,489	2,788,661
<b>Total equity</b>	<b>36,216,129</b>	<b>38,674,730</b>

※ Audited by CPA

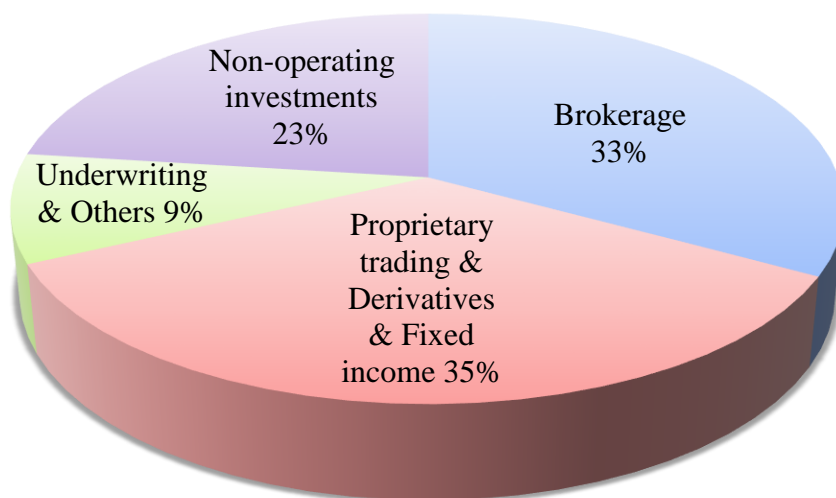
# Consolidated comprehensive income statement (summary)

	(NTD'000)	
Item	2019	2020
Revenue	7,796,951	9,724,095
Operating expenses and costs	5,803,705	6,471,900
<b>Operating income</b>	<b>1,993,246</b>	<b>3,252,195</b>
Other income and expenses	1,234,851	1,130,505
<b>Net income before tax</b>	<b>3,228,097</b>	<b>4,382,700</b>
Income tax expense	398,863	542,021
<b>Net income</b>	<b>2,829,234</b>	<b>3,840,679</b>
Other comprehensive income	947,213	75,975
<b>Total comprehensive income</b>	<b>3,776,447</b>	<b>3,916,654</b>
<b>Net income attributable to shareholders of the parent company</b>	<b>2,566,823</b>	<b>3,569,529</b>
<b>EPS (NTD)</b>	<b>1.11</b>	<b>1.64</b>

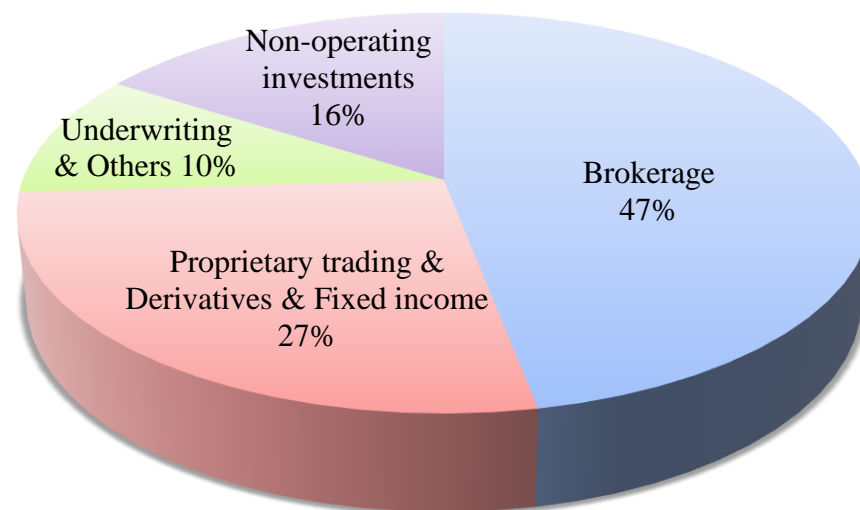
※ Audited by CPA

# Earnings breakdown by major business

2019



2020



# MAR21 operating results

Unit: NTD'000

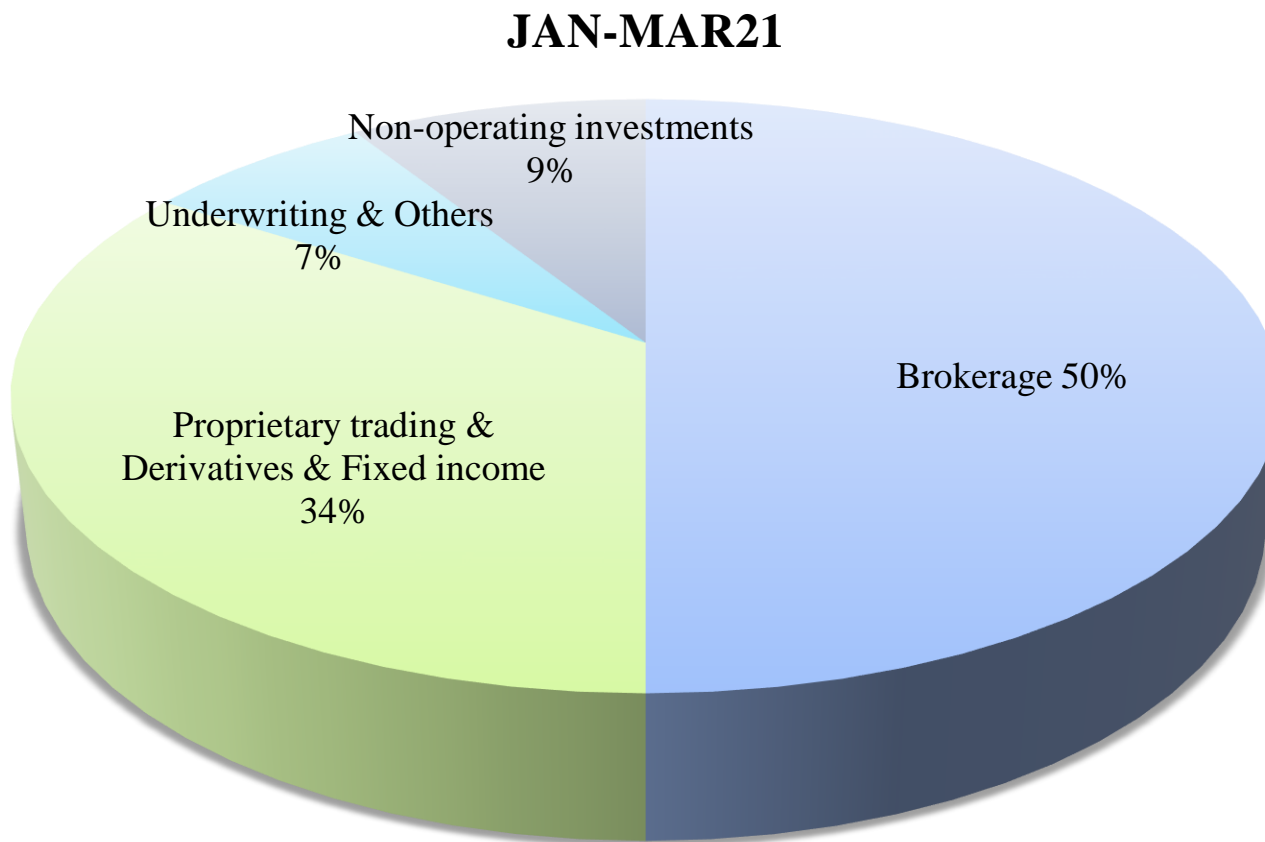
Entity	MAR21	JAN~MAR21
Net income before tax	508,021	1,431,839
Net income	452,964	1,285,097
EPS (NTD)	0.21	0.59

Consolidated	MAR21	JAN~MAR21
Net income before tax	549,414	1,539,563
Net income	479,128	1,354,010

※ Unaudited



# MAR21 earnings breakdown by major business

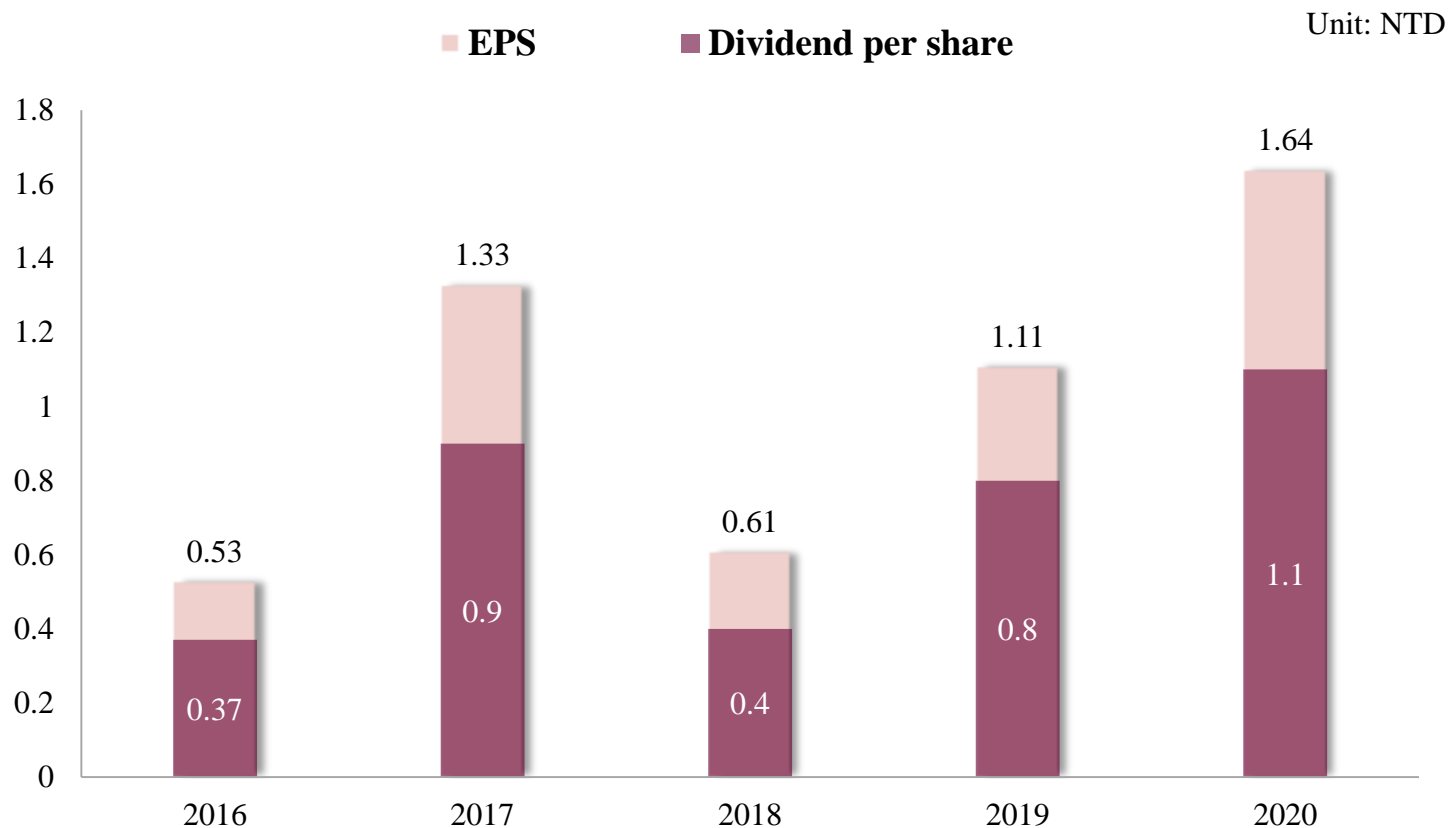


※ Unaudited

# Business performance and market ranking

Item	Figures in 2020	Market ranking in 2020
Market share in brokerage	4.04%	6
Market share in margin financing	5.81%	4
Trust business-AUM	NTD13.266bn	5
Number of warrants issued	4,835	3
Value of warrants issued	NTD46.9bn	3
Value of structured products issued	NTD14.1bn	6
Number of NTD corporate bond underwritten (as lead underwriter)	9	4
Value of NTD corporate bonds underwritten	NTD40.29bn	4
Number of clients in stock registrar and transfer service	363	3

# Dividend payout

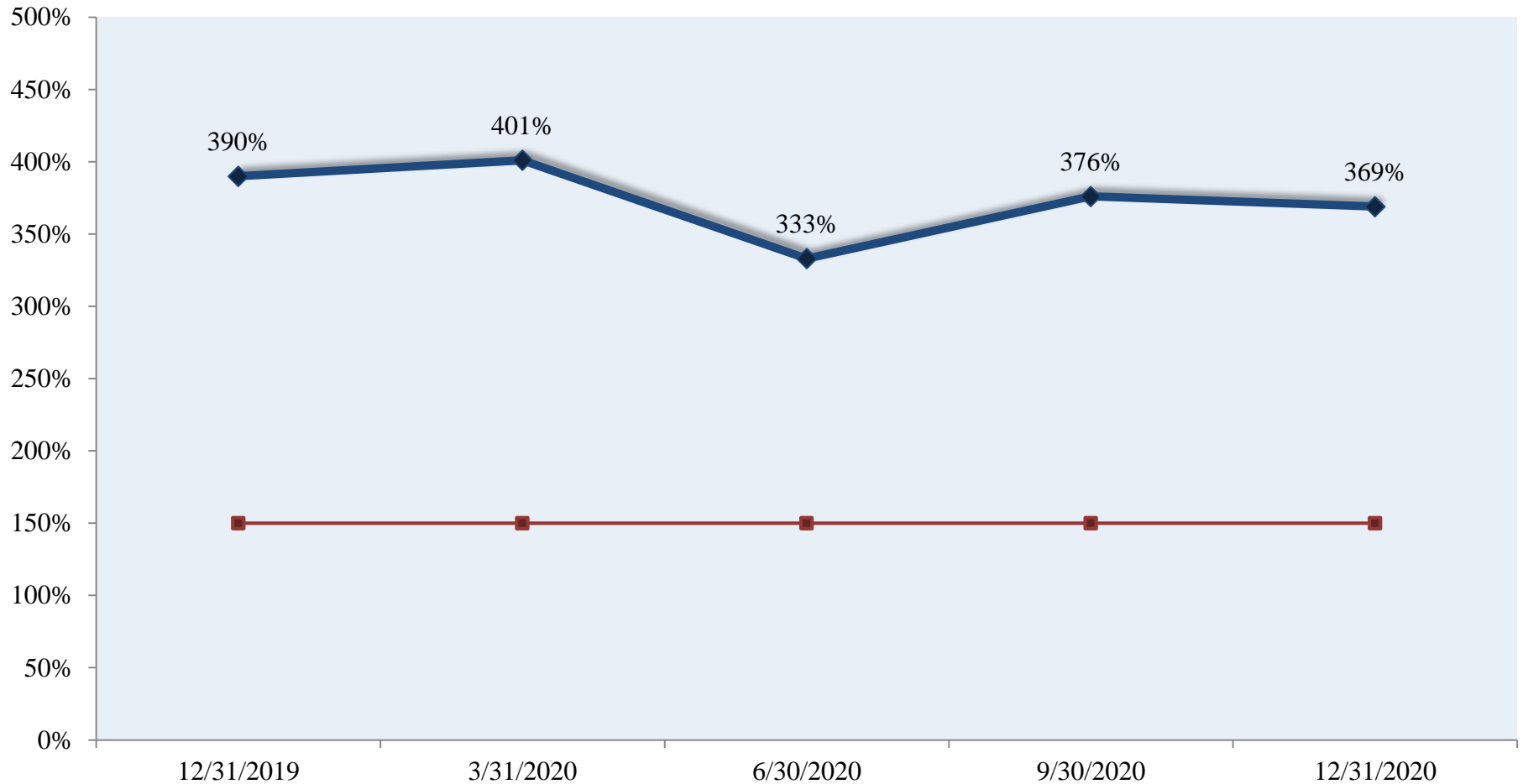


Item	2016	2017	2018	2019	2020
EPS	0.53	1.33	0.61	1.11	1.64
Cash dividend per share	0.37	0.20	0.40	0.80	1.1
Stock dividend per share	-	0.70	-	-	-

※EPS are pre-adjustment figures; the distribution of FY20 earnings has been approved by the BoD on March 25, 2021, pending the general shareholder meeting's approval.

# Capital adequacy ratio

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



## 2020 Fitch Ratings

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

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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. Expedite optimization of smart order services, one-account-for-all-products platform and digital services platform in the brokerage business for a better competitiveness in the market.

II. Launch the Systematic Investment Plan (SIP) business in response to intra-day odd lot trading to attract young customers.

III. Continue to promote the one-account-for-all-products platform and boost the number of new users and the deposits of their accounts so as to enhance the Company's interest income and wealth management business.

IV. Maximize the sub-brokerage business and improve its services to corporations.

V. Grasp opportunities to manage the wealth of high-asset clients while continue to develop new services and products for these clients in order to diversify wealth management strategies and increase the wealth management AUM.

VI. Stay abreast of the development of the pandemic and vaccination efforts and reference the analyses released by research institutes on the trends and fundamentals of individual stocks in order to select outperforming targets and improve profitability.



# Business development plans(continued)

VII. Steadily trade foreign-currency debt positions while developing products and sales channels in order to optimize the opportunities to sell fixed-income products and launch corporate bonds.

VIII. Maintain a leading position in the warrant market and launch more derivative products (ELN/PGN/OTC options) to boost business and profitability.

IX. Focus on meeting clients' needs for corporate financing and utilize the resources from its non-operating capital management business and private equity fund to develop an investment banking business.

X. Create a comprehensive depository system for faster settlement in response to the launch of its foreign-currency securities business.

XI. Include ESG as part of the Company's investment targets/strategies, business aims, and corporate governance processes.

XII. Enhance coordination and create synergies among affiliates such as Capital Futures, Capital Investment Trust, CSC Venture Capital, Capital Investment Management, CSC Capital Management, Capital Insurance Advisory and Capital Insurance Agency.

# List of awards

## Capital Securities

- MAR21: received the “Best Sales Team Award”, the “Best Digital Smart System Award” and the “Best Charity Promotion Award” in the 2021 Wealth Management Award
- DEC20: received the “Best Warrant Award” in the Evaluation on Non-FHC Securities held by Excellence Magazine
- 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”

## 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

## 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”

## 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 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.

# Recent event



Capital Securities gave away baby gifts and cash rewards to employees to encourage fertility in MAR21



# Recent event



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**Thank you**