

# Capital Securities Corporation

## Institutional Investor Conference

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*Capital Care* 群益關心您

May 2023

台北 · 香港 · 上海

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# Presentation Outline

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

*I*

# Company Profile

*II*

Operation Overview

*III*

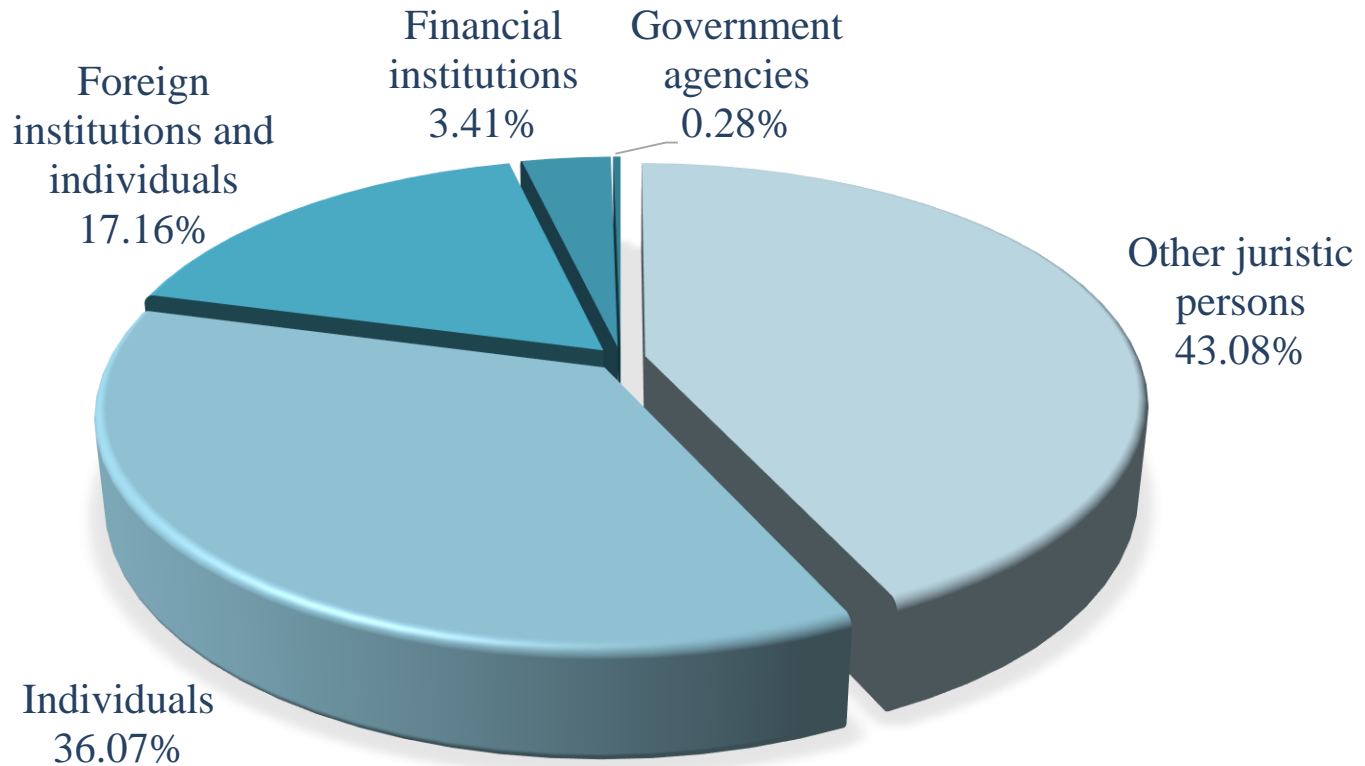
Prospect and Outlook

*IV*

Sustainability Development &  
Capital Securities' Practices

# Shareholder Structure

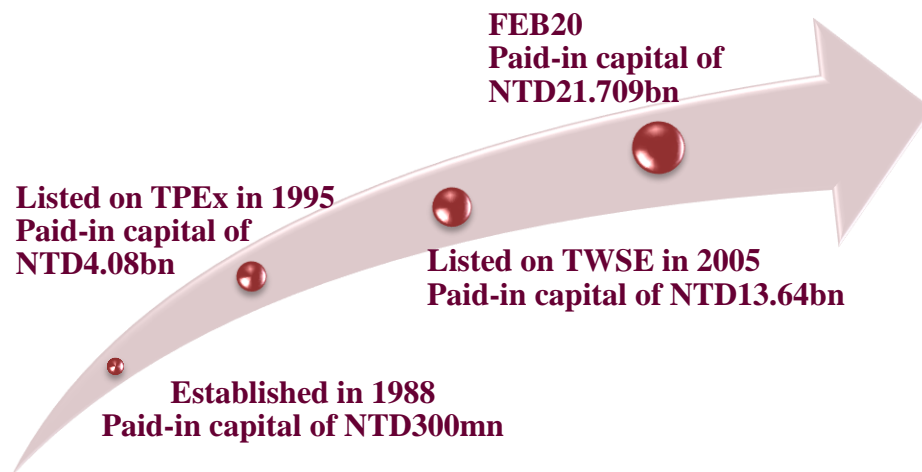
Data as of April 29, 2023



# Basic Information



✚	Stock code:	6005
✚	Paid-in capital:	NTD21.709bn
✚	Number of branches in Taiwan:	53
✚	Number of employees:	1,864



Data as of March 31, 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

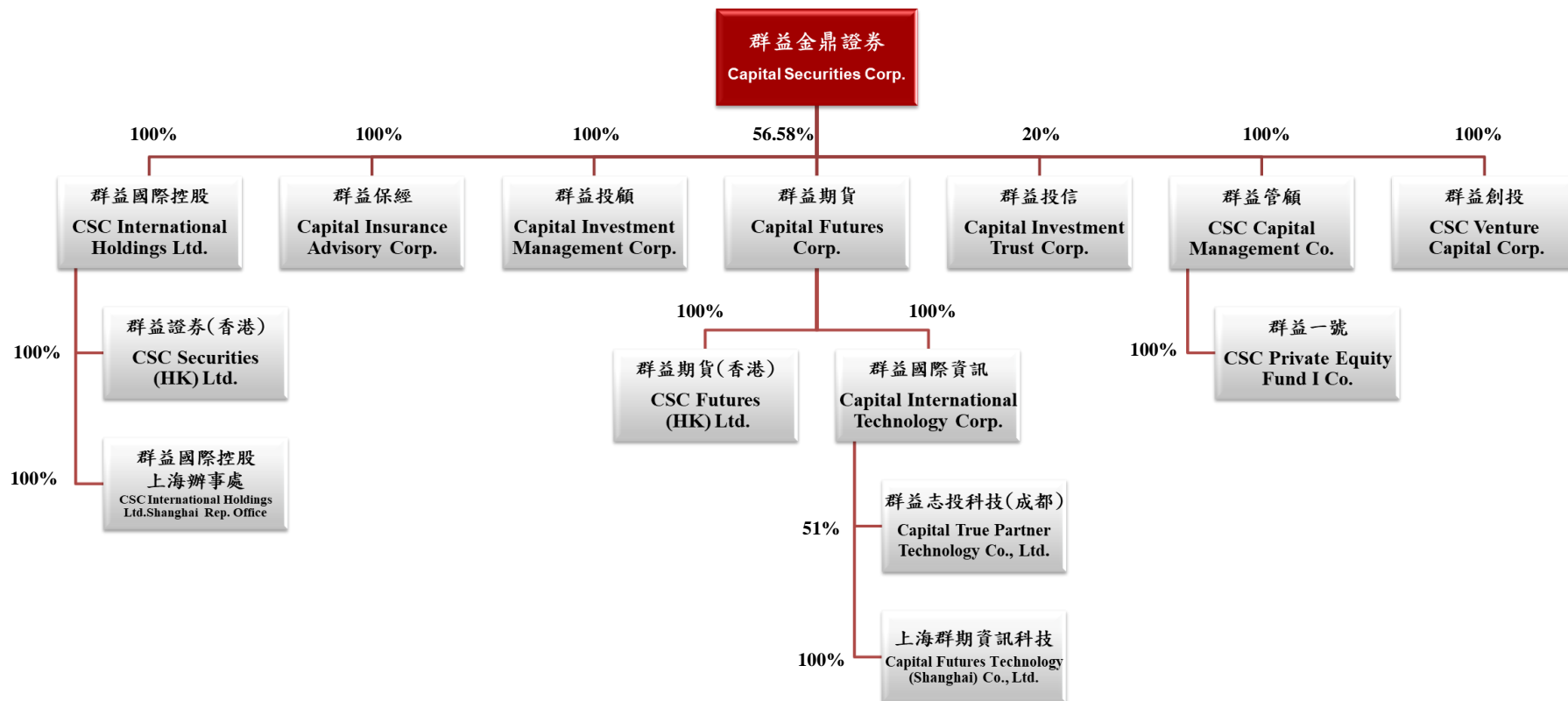
TEL : 852 2530 9966  
FAX : 852 2104 6006  
Add : 3F., FWD Financial Centre, 308 Dex Voeux Road Central, Hong Kong



## 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





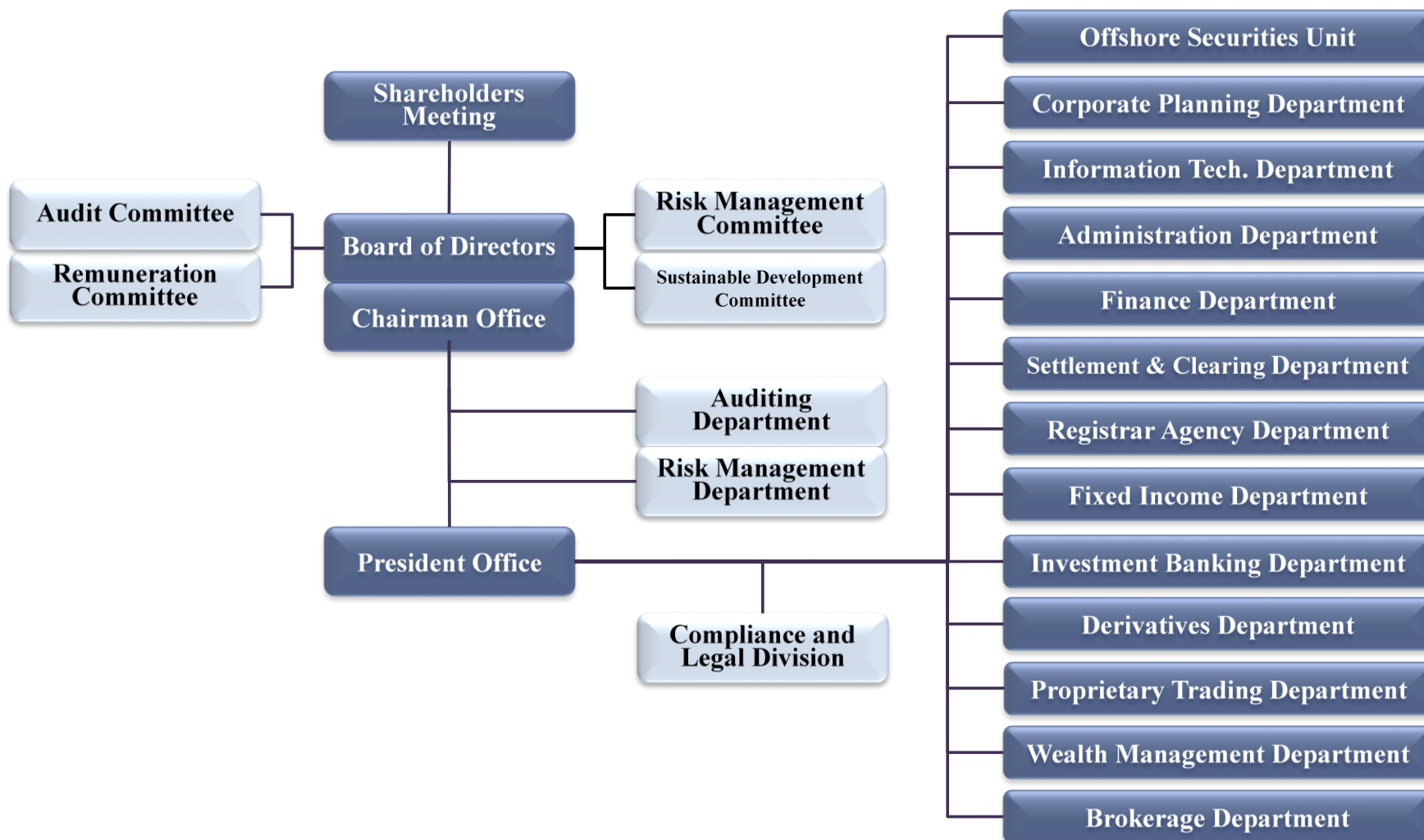
# Non-operating Investments (continued)

Unit : 1000

Region	Name	Currency	Paid-in capital	Book value as of Mar 31, 2023	Net income or loss for JAN~MAR23	Book value as of Apr 30, 2023	Net income or loss for JAN~APR23
Taiwan	Capital Futures Corp.	NTD	2,104,376	7,015,327	241,462	7,089,683	309,559
	Capital Investment Management Corp.	NTD	70,000	88,514	435	90,493	2,414
	Capital Insurance Advisory Corp.	NTD	5,000	75,634	3,613	77,327	5,306
	Capital International Technology Corp.	NTD	50,000	24,715	(1,809)	23,994	(2,536)
	CSC Venture Capital Corp.	NTD	1,000,000	848,659	(1,601)	840,148	(1,856)
	Capital Investment Trust Corp.	NTD	1,653,375	4,477,030	192,072	4,551,479	266,521
	CSC Capital Management Co.	NTD	330,000	295,485	6,909	293,227	7,535
	CSC Private Equity Fund I Co.	NTD	300,000	263,731	6,700	261,283	7,136
Hong Kong	CSC Futures (HK) Ltd.	HKD	220,000	251,558	6,205	252,597	7,244
	CSC Securities (HK) Ltd.	HKD	128,000	168,675	3,416	168,753	3,493
China	Capital True Partner Technology Co., Ltd	CNY	1,000	1,105	115	1,131	141
	Capital Futures Technology (Shanghai) Co., Ltd.	CNY	4,000	1,469	(293)	1,349	(413)
	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	51,530	301	51,484	255

Note : JAN~MAR23 figures of Capital Futures Corp. and CSC Futures (HK) Ltd. were reviewed by CPA; other figures were unaudited; JAN~APR23 figures were unaudited.

# Organizational Structure





# Financial Data Over the Past Three Years

(NTD'000)

Item	2020	2021	2022	JAN~MAR23
Consolidated net income before tax	4,382,700	6,227,509	1,846,051	1,257,500
Consolidated net income	3,840,679	5,461,649	1,179,016	1,214,591
Net income attributable to shareholders of the parent company	3,569,529	5,249,590	840,040	1,109,499
EPS (NTD)	1.64	2.42	0.39	0.51

※ Audited or reviewed by CPA

# Consolidated Balance Sheet (summary)

(NTD'000)

Item	Mar 31, 2022	Mar 31, 2023
Current assets	179,973,591	183,367,022
Non-current assets	17,896,351	22,172,192
<b>Total assets</b>	<b>197,869,942</b>	<b>205,539,214</b>
Current liabilities	153,381,913	163,220,378
Non-current liabilities	2,588,965	2,020,153
<b>Total liabilities</b>	<b>155,970,878</b>	<b>165,240,531</b>
Capital stock	21,709,081	21,709,081
Capital surplus	2,743,256	2,743,256
Retained earnings	12,446,647	11,036,754
Other equity interests	2,205,296	1,761,152
<b>Equity attributable to shareholders of the parent company</b>	<b>39,104,280</b>	<b>37,250,243</b>
Non-controlling interests	2,794,784	3,048,440
<b>Total equity</b>	<b>41,899,064</b>	<b>40,298,683</b>

※Reviewed by CPA

# Consolidated Comprehensive Income Statement (summary)

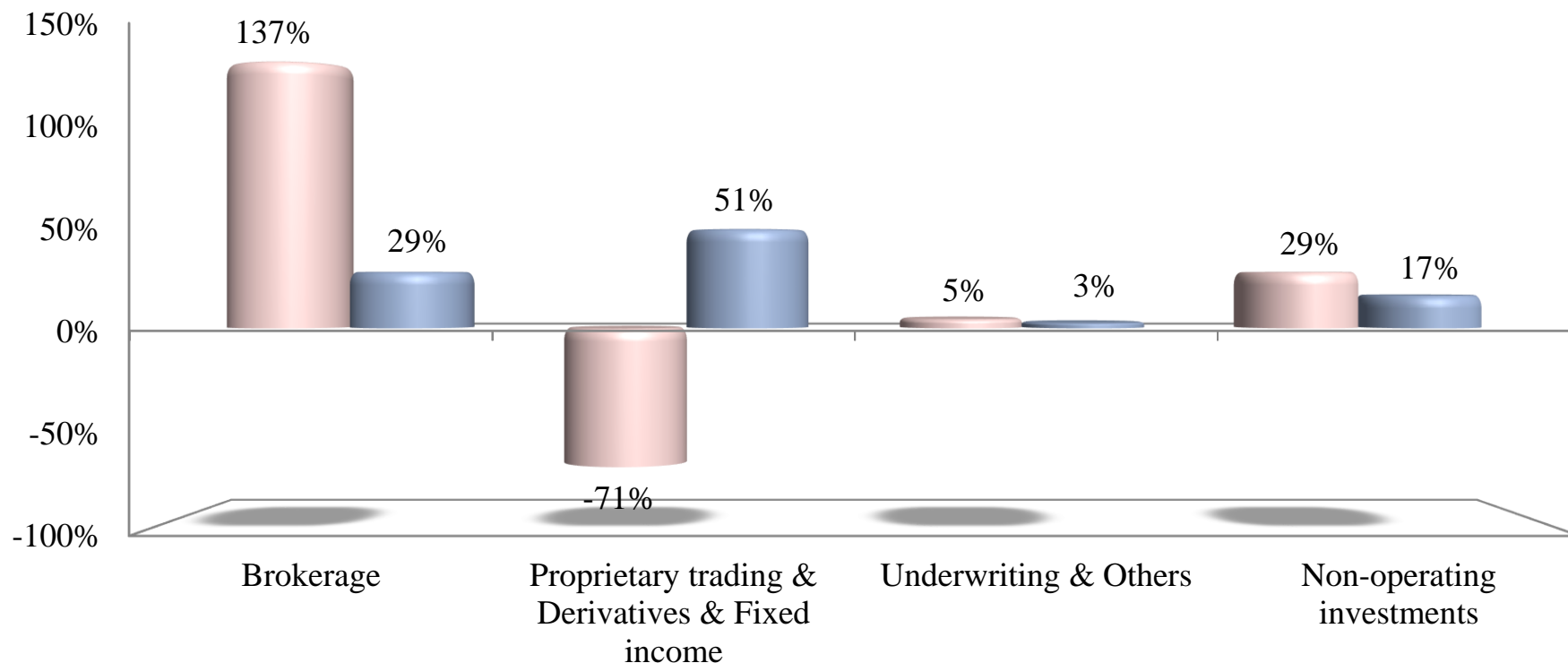
(NTD'000)

Item	JAN~MAR22	JAN~MAR23
Revenue	2,054,009	2,830,885
Operating expenses and costs	1,813,992	2,060,262
<b>Operating income</b>	<b>240,017</b>	<b>770,623</b>
Other income and expenses	231,166	486,877
<b>Net income before tax</b>	<b>471,183</b>	<b>1,257,500</b>
Income tax expense	120,901	42,909
<b>Net income</b>	<b>350,282</b>	<b>1,214,591</b>
Other comprehensive income	96,721	392,979
<b>Total comprehensive income</b>	<b>447,003</b>	<b>1,607,570</b>
<b>Net income attributable to shareholders of the parent company</b>	<b>283,189</b>	<b>1,109,499</b>
<b>Earnings per share (NTD)</b>	<b>0.13</b>	<b>0.51</b>

※Reviewed by CPA

# Earnings Breakdown by Major Business

■ JAN~MAR22    ■ JAN~MAR23



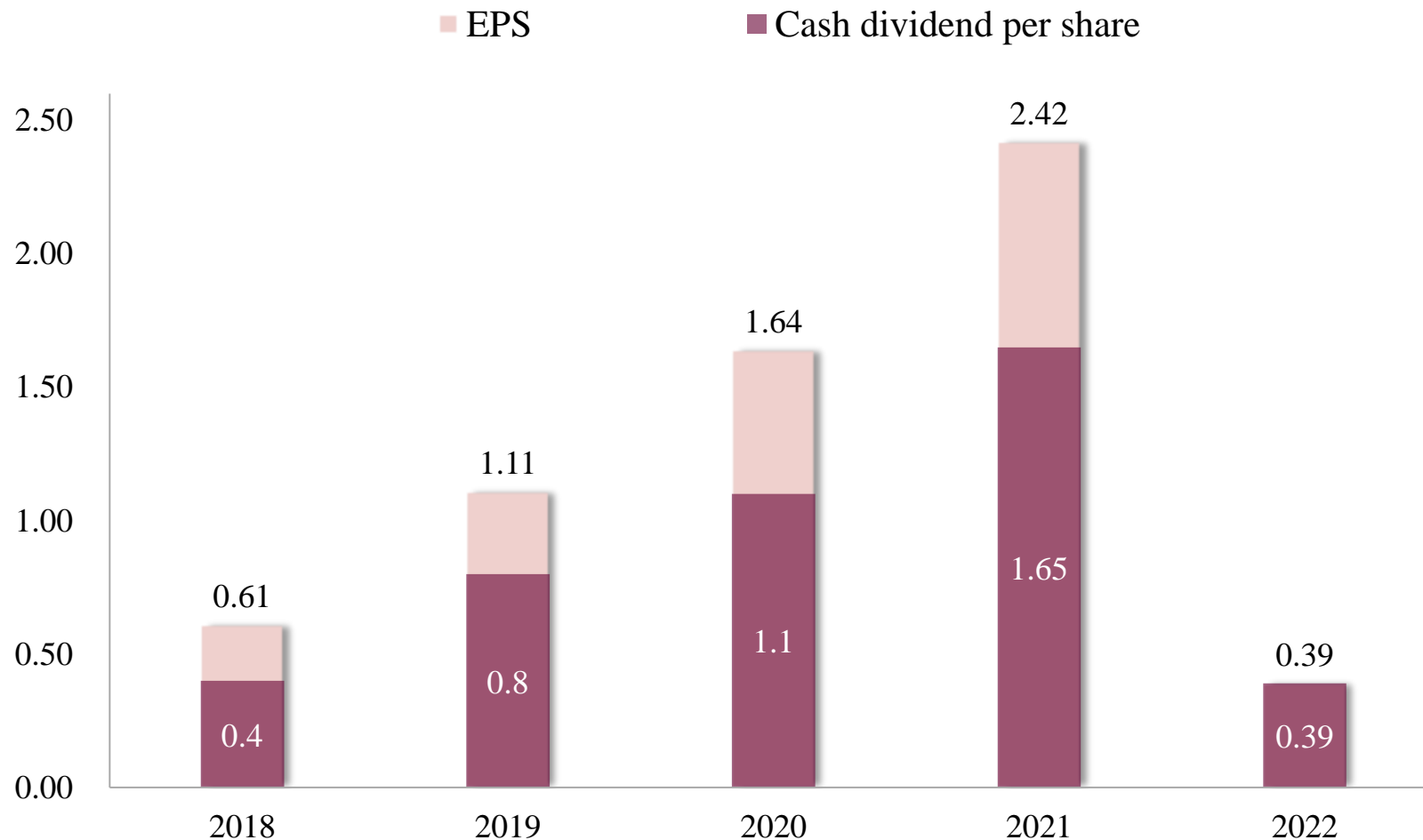
# Business Performance and Market Ranking

Item	Figures in JAN~MAR23	Market ranking in JAN~MAR23
Market share in brokerage	3.50%	10
Market share in margin financing	5.31%	5
Trust business-AUM	NTD13.68bn	5
Number of warrants issued	1,613	3
Value of warrants issued	NTD14.8bn	3
Value of structured products issued	NTD6.8bn	3
Number of NTD corporate bond underwritten (as lead underwriter)	1	5
Value of NTD corporate bonds underwritten	NTD8.92bn	5
Number of clients in stock registrar and transfer service	356	4



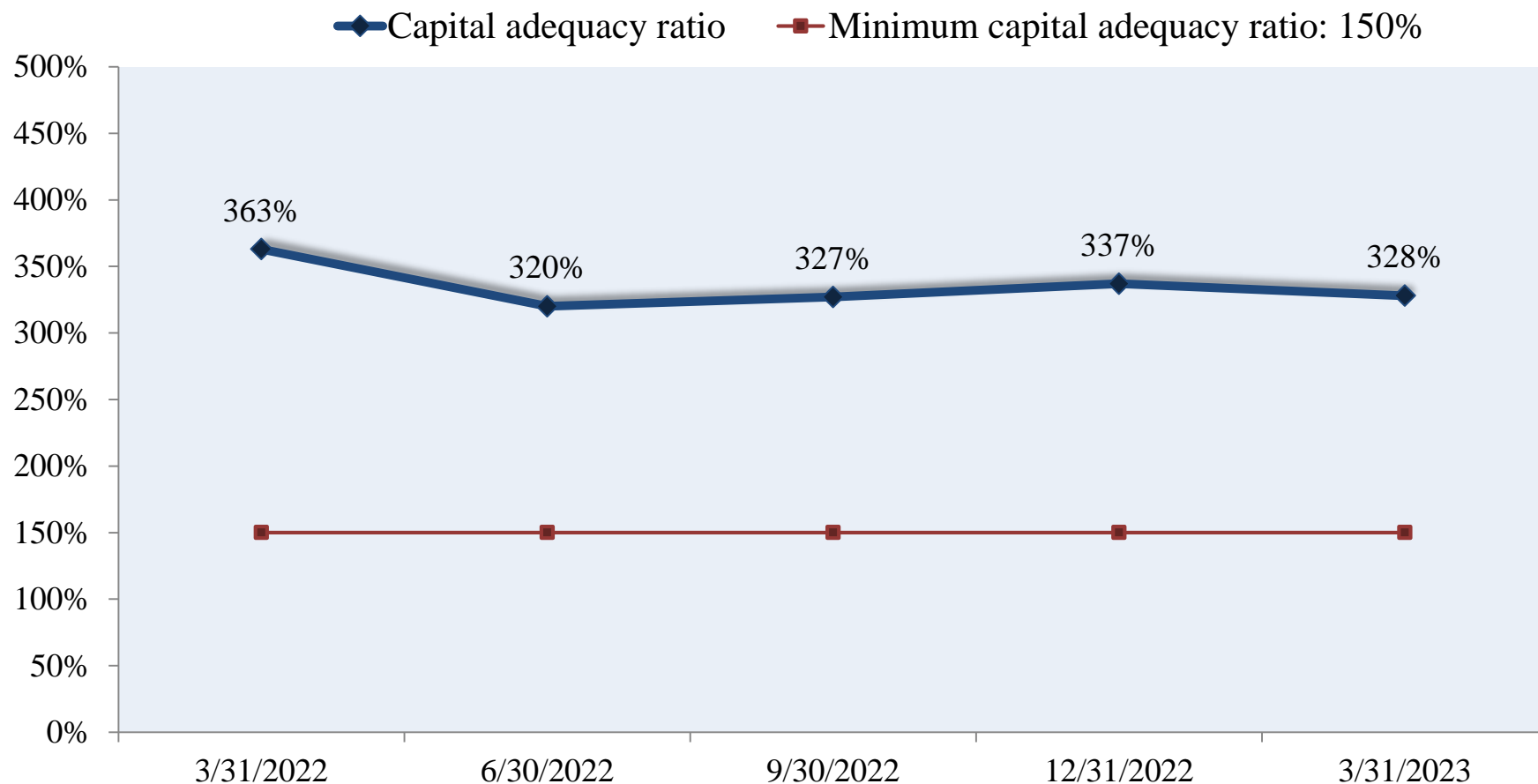
# Dividend Payout

Unit: NTD



※ The distribution of FY22 earnings has been approved by the BoD on March 13, 2023, pending the general shareholder meeting's approval.

# 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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# APR23 Operating Results

Unit: NTD'000

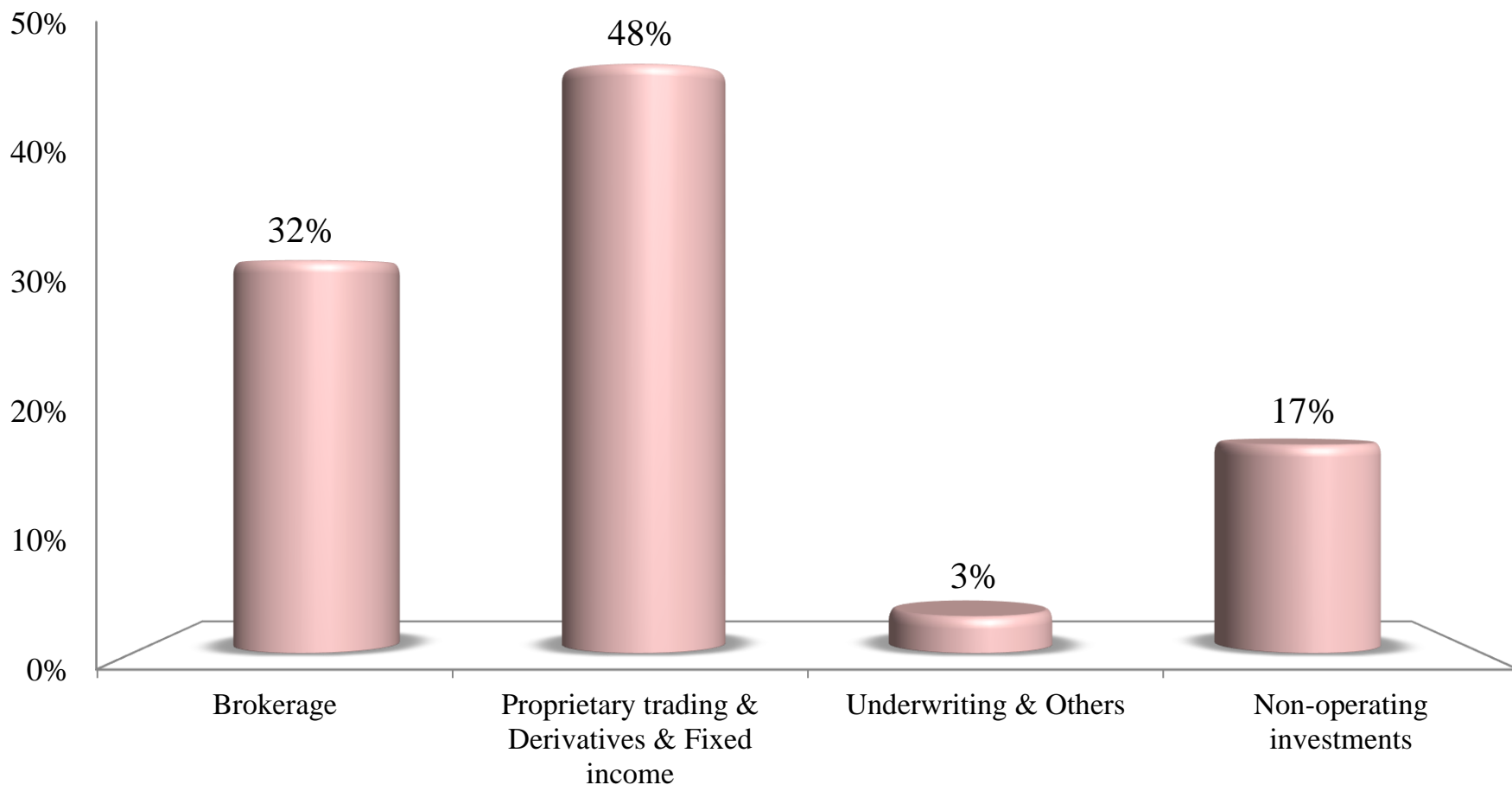
Entity	APR23	JAN~APR23
Net income before tax	221,078	1,303,828
Net income	185,599	1,291,536
EPS (NTD)	0.09	0.59

Consolidated	APR23	JAN~APR23
Net income before tax	269,169	1,523,106
Net income	215,224	1,426,253

※ Unaudited

# JAN~APR23 Earnings Breakdown by Major Business

■ JAN~APR23



※ Unaudited

# Business Performance and Market Ranking

Item	Figures in JAN~APR23	Market ranking in JAN~APR23
Market share in brokerage	3.50%	10
Market share in margin financing	5.32%	6
Trust business-AUM	NTD13.924bn	6
Number of warrants issued	2,129	3
Value of warrants issued	NTD19.6bn	3
Value of structured products issued	NTD9bn	3
Number of NTD corporate bond underwritten (as lead underwriter)	1	5
Value of NTD corporate bonds underwritten	NTD12.12bn	5
Number of clients in stock registrar and transfer service	355	4



## *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



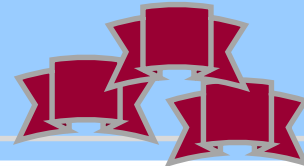
# Business Development Plans



# Business Development Plans (continued)



# List of Awards



- Received 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 “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
- Received “Quality Award” from Commercial Times in the 2022 Wealth Management and Trust Innovation Evaluation at the Trust Innovation Award
- Received “Gold Medal” from 1111 Job Bank for 2022 Happiest Enterprise
- Received “Gold Award” in the “Green Digital Finance Award”, “Quality Award” in the “Digital Business Optimization Award” and “Digital Inclusive Finance Award” from Commercial Times in the 2022 Digital Financial Service Award
- Capital Securities’ digital wealth management app, “Yi Hu Tong” (one-pass security account), won the “Most Popular Brand Award” in the 2022 National Brand Yushan Award
- Awarded No.1 in the “Best Sustainable Development Award” and No.3 in the “Best Intelligence Wealth Management Award” in the 2022 Wealth Management Award organized by Business Today Magazine
- 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

# List of Awards (continued)



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





# 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)

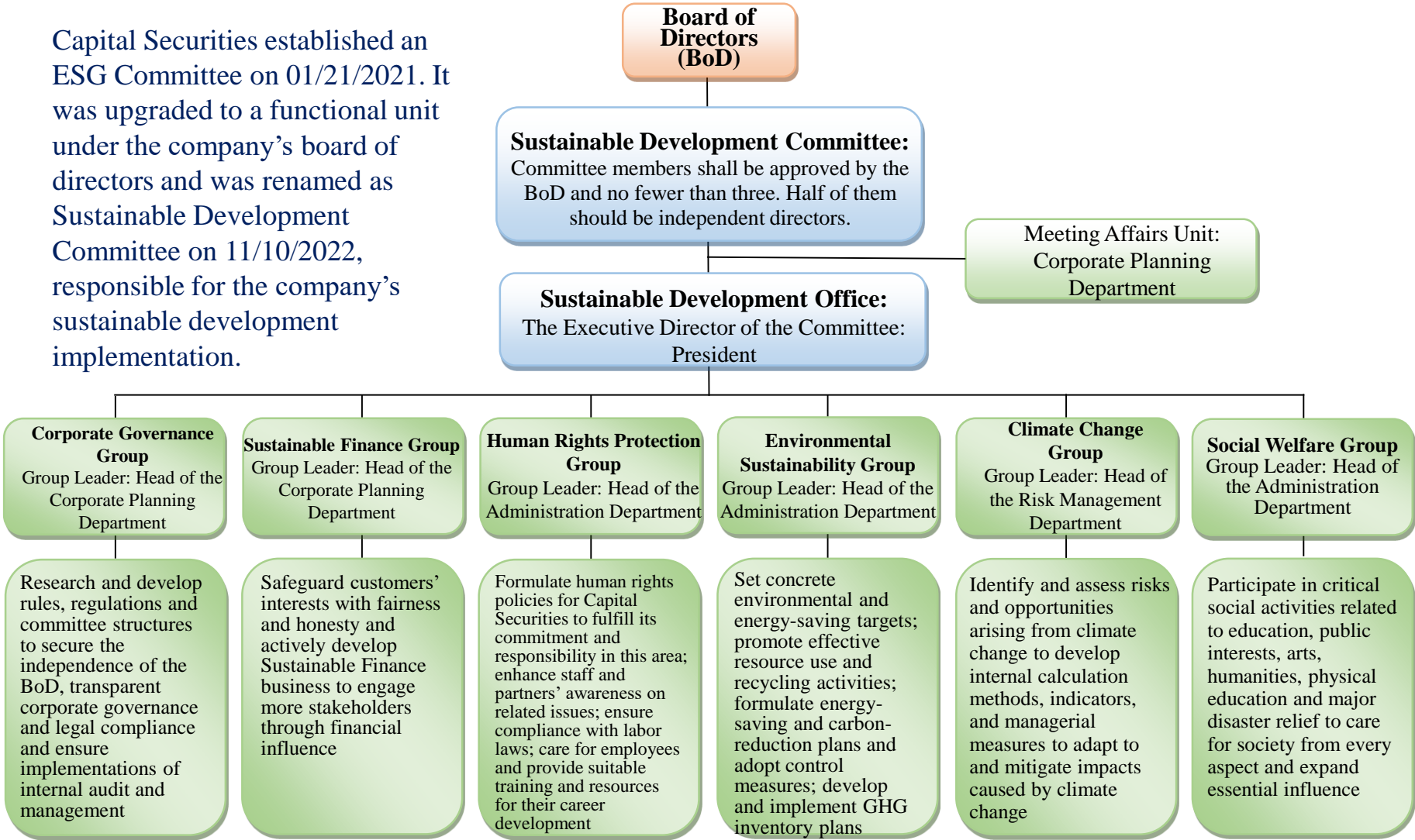
The UN has proposed the 2030 Sustainable Development Agenda in 2015 with 17 Sustainable Development Goals (SDGs) that are key indicators of global sustainable development.



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.

# Our Sustainable Development Committee Structure

Capital Securities established an ESG Committee on 01/21/2021. It was upgraded to a functional unit under the company’s board of directors and was renamed as Sustainable Development Committee on 11/10/2022, responsible for the company’s sustainable development implementation.





# 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.

Some measures may be implemented in stages based on the category of securities firms or the amount of their paid-in capital. Designated under the first stage category, Capital Securities shall report its implementation every quarter since 3Q22.

## *Capital Securities Awarded Active Blood Donation Group*

Capital Securities has held an annual blood drive for 15 years. Over the years, the company has donated more than 15,000 bags of blood to those in need. It is never hesitant to help when it comes to caring for Taiwan's society and helping people in need. For its dedication to blood donation, Capital Securities received an award from the Taiwan Blood Service Foundation (TBSF).

Blood Donation Day at Capital Securities has become a regular public service activity for its staff. Many of them have accustomed to voluntarily donating blood on a regular basis. Capital Securities has collaborated with TBSF to hold blood drives for a long time to realize the ideal of "a bag of blood for a life". The company has been awarded as an Active Blood Donation Group for many years and will continue the virtuous cycle of love and compassion and carry out its responsibility as a corporate citizen.



## 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 21%~35% in the 2022 Corporate Governance Evaluation

**Thank you**