



III

Business Report

8 I. 2023 Operation Results

9 II. 2024 Outline of Operation Plan





President

Chiang, Jui-Tang

Although global inflation has eased in 2023, the effects of interest rate hikes, coupled with negative factors such as US-China competition, extreme weather, and geopolitical tensions, have suppressed global economic growth ¹. Domestically, the economic growth rate for 2023 was 1.31%. In December, the economic monitoring indicators continued to show a yellow-blue light. After retrospective adjustments, the leading economic indicators turned upward, and the coincident indicators also continued to rise, indicating a potential ongoing recovery in the domestic economy. However, it is still necessary to monitor subsequent changes closely. Looking ahead to 2024, global consumption is gradually recovering. As business opportunities from emerging technologies such as AI and automotive electronics continue to grow, coupled with net-zero and digital transformation initiatives for companies to introduce related equipment, and increased government budgets for public infrastructure, all of this is expected to stimulate investment ^{2, 3}. The Directorate General of Budget, Accounting and Statistics forecasts an economic growth rate of 3.43% ⁴ for 2024.

To keep pace with the rapid development of emerging technologies and the impact of climate change, our company is continuously promoting intelligent, digital, and low-carbon transformations. We aim to provide the public with more convenient financial and delivery services, striving to create a postal service ecosystem with "Post Office as a Service" to achieve our ESG sustainable development goals.

Facing a harsh and unpredictable external environment, our company, tasked with policy-oriented responsibilities, has encountered significant operational challenges. Nevertheless, with the diligent efforts of all employees in promoting various businesses, we have strived to achieve our operational goals for 2023. Here, we present an overview of our operating results for 2023 and our business plan for 2024.

[1] According to the economic situation overview data from the Department of Statistics, Ministry of Economic Affairs on January 29, 2024.

[2] According to the press release of the national income statistics and domestic economic outlook by the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan on February 29, 2024.

[3] According to the press release of the economic situation in December of 2023 by the National Development Commission on January 26, 2024.

[4] Same as the above footnote 2.



II. Business Report

I. 2023 Operation Results

(I) Major Operation Items: Estimation and Execution

Operational Items	Unit	Actual (This Year)	Budget	Actual (Last Year)	Budget Achievement Rate	Year-On-Year Growth Rate
Mail Services	1000 pcs	1,825,029	1,743,105	1,897,035	104.70%	-3.80%
Philatelic Services	NT\$1000	629,290	568,900	626,587	110.62%	0.43%
Savings Services (Average Daily Balance)	NT\$100 million	70,922.90	68,100.00	67,982.15	104.15%	4.33%
Remittance Services (Transaction Volume)	NT\$100 million	15,677.40	15,488.00	15,940.95	101.22%	-1.65%
Simple Life Insurance Services (Premium Income)	NT\$100 million	802.37	846.56	840.45	94.78%	-4.53%
Agential Services (Transaction Volume)	NT\$100 million	373.37	54.73	63.25	682.20%	490.31%

- Notes: 1. The volume of mail received and sent decreased compared to the previous year. This was primarily due to the trend towards paperless operations, as well as economic conditions and inflation, which led to a reduction in order volume and the downsizing of mail items. Additionally, e-commerce businesses increasingly opted to use small parcels through shared economy logistics providers, further reducing overall mail volume.
2. Remittance income slightly decreased compared to the previous year. This decline was mainly due to the increasing prevalence of online transactions, the continuous expansion of mobile payment applications, and the growing demand for contactless payments amid the pandemic, which replaced traditional postal remittance, in-person payments, and interbank transfer services.
3. Premium income from simple life insurance business decreased compared to the previous year. This was mainly due to the implementation of threshold regulations by the Financial Supervisory Commission, resulting in the discontinuation of popular savings-oriented insurance products. Additionally, the maturity and expiration of payment periods led to a reduction in renewal premium income.

(II) The Use of Funds

The use of postal funds has been legalized and is handled in accordance with Article 18 of the Postal Remittances and Savings Act and Article 27 of Postal Simple Life Insurance Act. The details of the use of postal funds as of the end of December in 2023 are as follows:

2023 Postal Capital Utilization

Unit: NT\$100 million

Item	As of the End of December of 2023	Percentage in Postal Capital (%)	As of the End of December of 2022	Increase/Decrease (%)
Demand Deposits (including reserves against deposits in the Central Bank of the ROC and the revolving funds in all branch offices)	3,306	4.11%	3,145	5.12%
Time Deposits (including time savings deposits)	24,622	30.60%	25,439	-3.21%
Interbank Call Loans and Short Term Notes and Bills	14,437	17.94%	13,242	9.02%
Bonds (including government bonds, corporate bonds, and financial bonds)	23,096	28.71%	22,065	4.67%
Overseas Investment	12,112	15.06%	11,607	4.35%
Stocks and Mutual Funds (including investment outsourcing)	2,406	2.99%	1,821	32.13%
Mortgage loans on Certificates of Deposit, Insurance Policies and Real Estate	343	0.42%	358	-4.19%
Real Estate Investments	138	0.17%	138	0.00%
Total	80,460	100%	77,815	3.40%

(III) Financial Status and Profitability Analysis

In fiscal year of 2023, the total operating revenue (including operating revenue and non-operating revenue) amounted to NT\$229,258.05 million. The total operating expenditure (including operating costs, operating expenses, and non-operating expenses) was NT\$232,806.95 million. This resulted in a pre-tax net



loss of NT\$3,548.9 million. After accounting for an income tax benefit of NT\$1,893.09 million, the net loss for the period was NT\$1,655.81 million. Coupled with the budgeted loss of NT\$8,935.07 million, this was a total reduction of NT\$10,590.88 million. The return on assets after tax was -0.02%, the return on equity after tax was -0.78%, and the net profit margin was -0.72%. Although the after-tax net profit did not meet the budget target, the disposal of financial assets resulted in a realized gain, contributing NT\$8,346.9 million to the national treasury.

(IV) Research and Development Status

The relevant business units of our company regularly and irregularly analyze domestic and international financial conditions, industry dynamics, and trends, compiling various business research reports for reference. The key research and development activities for 2023 are as follows:

1. A total of 346 regular research analyses on domestic and international financial conditions:

- (1) Monthly reports on domestic and international macroeconomic analysis.
- (2) Weekly reports on the domestic fixed income market.
- (3) Weekly reports on the domestic stock market.
- (4) Weekly and monthly reports on international investment research and analysis.

2. A total of 8 reports on overseas study and research.

II. 2024 Outline of Operation Plan

(I) Strategy

To integrate postal logistics, financial flows, and information flows, providing universal and high-quality mail services, savings and remittance services and life insurance services. We aim to develop smart logistics, e-commerce, and digital finance, expanding business advantages to promote inclusive finance. Additionally, we seek to enhance the efficiency of postal fund utilization, optimize asset management, and improve operational effectiveness.

(II) Policy

1. On executing government policies:

- (1) Support major public infrastructure and private investment projects to boost national competitiveness.
- (2) Expand diverse financial services to promote inclusive finance and sustainable finance.
- (3) Promote green energy and green transportation to balance economic development with environmental sustainability.
- (4) Optimize asset management to enhance development benefits and increase revenue.
- (5) Strengthen postal exchanges and cooperation with other countries and cross-strait postal services to provide convenient postal services to the public.

2. Regarding business management:

- (1) Advocate for regulatory relaxation to integrate postal resources, develop postal savings and life insurance services, and provide universal, high-quality services.
- (2) Develop smart logistics services to expand postal business, drive demand for express mail services, parcel, and small packet delivery, and expand business advantages.
- (3) Promote financial technology to expand diverse financial services in response to the digitalization of



II. Business Report

financial services.

- (4) Properly plan asset allocation to enhance fund utilization efficiency, activate asset usage, and increase development benefits.
- (5) Utilize digital technology to strengthen information security and personal data management, improve operational processes, and enhance service efficiency.
- (6) Strengthen human resource management, diversify recruitment, and cultivate professional talent to enhance human resource utilization efficiency.
- (7) Strengthen corporate governance, implement risk management, information security, and compliance with regulations.
- (8) Promote energy saving, carbon reduction, and environmental sustainability by using emerging transportation technologies to enhance delivery services.
- (9) Actively promote various public welfare activities, continue to organize postal senior activities and care for the elderly living alone, fulfill social responsibilities, and shape a positive corporate image.

3. About supply and demand matching:

- (1) Actively acquire and beautify postal offices to improve service facilities, creating a bright, comfortable, and user-friendly postal environment to enhance service quality and operational efficiency.
- (2) Expand information equipment and system functions to meet diverse customer needs and improve operational efficiency.
- (3) Promote postal transformation, develop smart logistics, and establish postal logistics parks to provide industrial support services and strengthen corporate competitiveness.
- (4) Build a comprehensive cross-border logistics public service platform and system to drive the transformation and development of traditional postal services domestically and support the expansion of domestic industries into international markets.

(III) Operational Goals

- 1. Mail Services:** Projected to handle 1,741.05 million pieces of mail.
- 2. Philatelic Services:** Projected revenue of NT\$568.9 million from philatelic services.
- 3. Savings Services:** Projected average daily balance of NT\$6,967,000 million for the year.
- 4. Remittance Services:** Projected annual transaction volume of NT\$1,538,400 million.
- 5. Simple Life Insurance Services:** Projected annual premium income of NT\$85,336 million.
- 6. Agential Services:** Projected annual transaction volume of NT\$4,922.1 million.

(IV) Profit Goals

Projected pre-tax net profit of NT\$11,891.66 million.

