



37	<b>I. Scope of Business</b>
39	(I) Mail Operations
42	(II) Savings Operation
45	(III) Remittance Operations
46	(IV) Postal Simple Life Insurance Operations
52	(V) Philately
54	(VI) Agential Services
56	(VII) Assets Operations
56	(VIII) Utilization of Postal Capital
58	<b>II. Employee Information</b>
59	<b>III. Labor/Management Relations</b>
60	<b>IV. IT Equipment</b>



## I. Scope of Business

In accordance with Article 5 of the Postal Act, the Company may engage in the following businesses:

1. Delivery of mail
2. Postal savings
3. Remittances
4. Simple life insurance
5. Philately and related merchandise
6. Management of postal assets
7. Subject to approval by the MOTC, the Company may also operate as an agent for other businesses, make investments, or operate related businesses as described under subparagraphs 1 to 6 of the Postal Act.

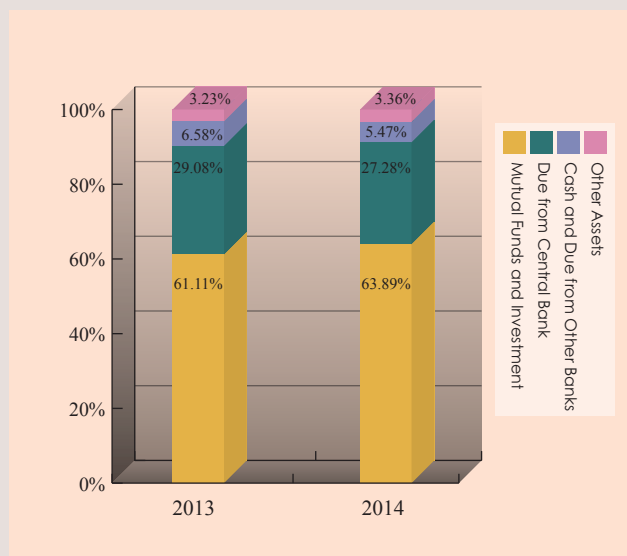
### Ratio of Major Assets & Liabilities Items to Total Assets and their Changes

Unit: NT\$1,000; %

Major Items	2013		2014	
	Amount	Asset Ratio %	Amount	Asset Ratio %
Total Assets	6,151,178,111	100.00	6,470,124,116	100.00
Mutual Funds and Long-term Investment	3,759,184,103	61.11	4,134,026,287	63.89
Due from Central Bank	1,788,840,169	29.08	1,764,864,633	27.28
Cash and Due from Other Banks	404,684,466	6.58	354,231,823	5.47
Other Assets	198,469,373	3.23	217,001,373	3.36
Total Liabilities	6,014,733,758	97.78	6,315,852,523	97.62
Deposits and Remittances	5,203,531,534	84.59	5,542,897,815	85.67
Insurance Liabilities	698,778,180	11.36	631,670,477	9.76
Payables	72,787,562	1.18	76,329,915	1.18
Other Liabilities	39,636,482	0.65	64,954,316	1.01

Note: The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2014 Financial Statement was prepared in accordance with the number of accountant attestation in IFRS.

Comparative chart of asset allocation for 2013 and 2014



Comparative chart of liabilities for 2013 and 2014





## Status of Operations

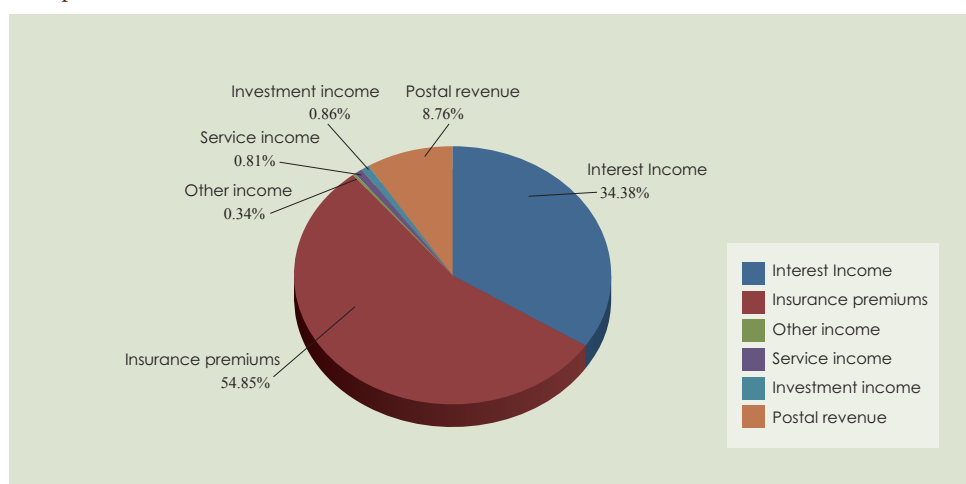
### Percentages of all the business revenues and the changes

Unit: NT\$1,000; %

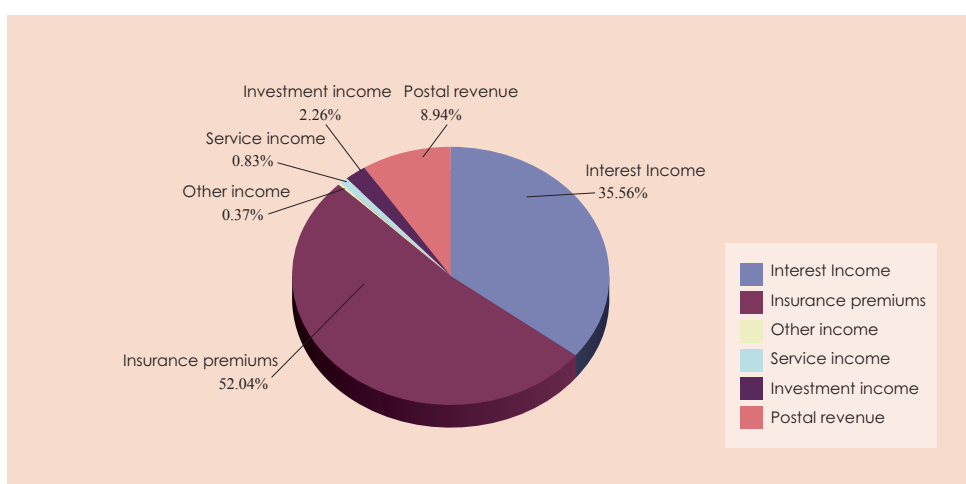
Item	2013		2014	
	Amount	Ratio	Amount	Ratio
Insurance premiums	157,086,037	54.85	148,766,870	52.04
Interest income	98,452,480	34.38	101,650,653	35.56
Postal revenue	25,076,834	8.76	25,553,185	8.94
Investment income	2,475,980	0.86	6,457,329	2.26
Service income	2,328,169	0.81	2,386,554	0.83
Other income	951,463	0.34	1,045,304	0.37
Total operating revenue	286,370,963	100.00	285,859,895	100.00

Note: The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2014 Financial Statement was prepared in accordance with the number of accountant attestation in IFRS.

### Comparative chart of liabilities for 2013 and 2014



### Sources of Business Income in 2014





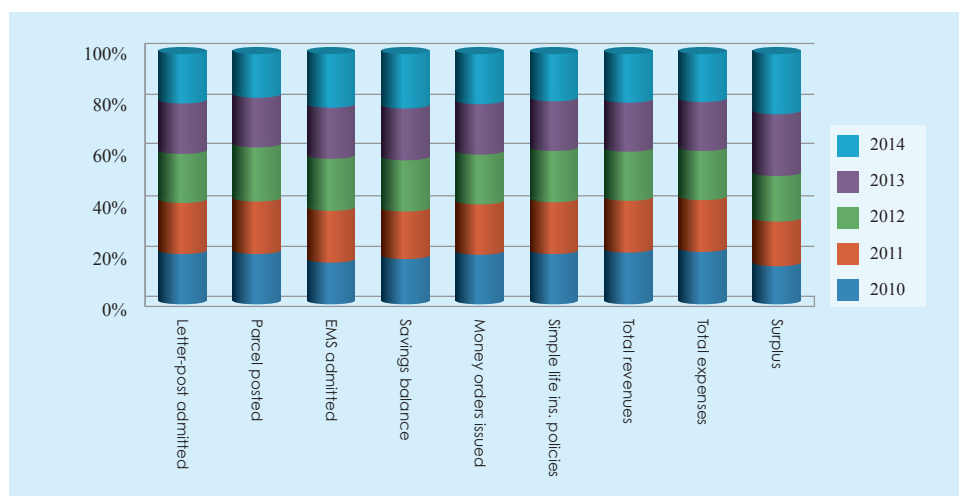
## Business Highlights of Chunghwa Post Co., Ltd. over the Past 5 Years

Item	Unit	2010	2011	2012	2013	2014
1. Letter-post admitted	Million pcs	2,728	2,781	2,706	2,700	2,755
2. Parcel posted	Thousand pcs	26,352	27,214	27,946	25,600	23,562
3. EMS admitted	Thousand pcs	6,239	7,671	7,653	7,538	8,194
4. Savings balance	Million NT dollars	4,625,088	4,716,689	4,995,976	5,210,943	5,547,399
5. Money orders issued	Thousand pcs	16,131	16,159	15,877	16,027	16,577
6. Simple life ins. policies	Thousand pcs	2,819	2,793	2,768	2,754	2,645
7. Total revenues	Million NT dollars	302,858	298,191	280,438	286,871	286,023
8. Total expenses	Million NT dollars	295,221	289,553	271,391	274,810	273,911
9. Surplus	Million NT dollars	7,637	8,638	9,047	12,061	12,112

Note: 1. The 2010-2012 Financial Statement was prepared in accordance with the Statement of Financial Accounting Standards of Taiwan and the settlement of explanation base. The 2012 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS with adjustment of accounting changes. The 2013 Financial Statement was prepared in accordance with the settlement of explanation base in addition to compliance with IFRS. The 2014 Financial Statement was prepared in accordance with the number of accountant attestation in IFRS.

2. To comply with the "Regulations Governing the Preparation of Financial Reports by Insurance Industry", the premium and pending claims reserve shall be listed under the operation cost starting 2011 and 2010 total revenues and expenditures have been reclassified accordingly.

Comparative chart of business highlights of Chunghwa Post Co., Ltd. over the Past 5 Years.



### (I) Mail operations - No boundaries

#### 1. Letter-posted Items

With the rapid development of Information Technology, as well as the widespread use of the Internet and e-mail boxes, it is easier and faster for customers to get information, causing traditional mail to be increasing less important. As for letter-post items, in addition to law rate competition caused by non-widespread service offered by private corporations, bills of telecommunication and banking industries have integrated. Some of them have even been sent by email. Furthermore, some industries are moving outside. Because of these reasons, the volume and value of this item are growing uneasily. Notwithstanding, benefited from the nine-in-one local elections in which candidates sent massive mail for promotion, in 2014, domestic volume of letter-post items reached 2,734.28 million pieces, increasing by 2.28% when compared with the 2,673.41 million pieces in 2013. The Per Capita Correspondence Rate is 116.7 pieces.

In 2014, international volume of letter-post items reached 20.8 million pieces, decreasing by 21.71% when compared with the 26.57 million pieces in 2013.





## Status of Operations

### 2. Parcel

In order to address the trend for e-shopping and home-delivery businesses and to meet users' demand for different packaging materials, the Company released the "Convenient Package" service as of March 2013 to deliver light goods. Since then, some users who originally used the "Convenient Box" service turned to use the "Convenient Package" service. The domestic parcel volume was 22.878 million pieces in 2014, decreasing by 8.2% compared with 2013. Nevertheless, the total parcel volume of "Convenient Box" and "Convenient Package" was 16.536 million pieces in 2014, increasing by 10.53% compared with 14.961 million pieces in 2013. Apparently, the entire parcel volume grew. To improve postal parcel competition, the Company continues to organize Internet platform and the mail reception and mail of online bidding companies as well as delivering information exchange integration services.

The international parcel volume was 683,712 pieces in 2014, increasing by 0.88% compared with 677,755 pieces 2013.

### 3. Express Mail Service

Given that the booming e-commerce online shopping market development results in the increase in demand for B2C home-delivery and delivery of cross-border online shopping cargo, the entire home-delivery volume tends to increase and thereby results in the increase of domestic express mail volume of the Company. The volume of domestic EMS reached 6.3 million pieces in 2014, up 11.83% from 2013.

The volume of international EMS reached 1,893,424 pieces in 2014, decreasing by 0.59% when compared to the 1,904,754 pieces in 2013.

### 4. Electronic Mail

To promote its electronic mail service and safeguard the security of customer data, the Company continued to pass the second review of ISO27001 for information systems on a semi-annual basis, through which it has continued to earn the trust of the customers and raise its competitiveness. In 2014, the mail handled totaled 307.28 million items, 4.78% growth over the same period from 2013.

### 5. Mainland Mail Items

The direct mail delivery service across the Taiwan Strait has been in practice for 6 years since its launch on Dec. 15, 2008. The service is comprehensive with the letters, parcels and express mail included. In addition, with the increase of sea and air freights and smooth postal operation across the strait, stable mail delivery quality is ensured. The experience and facts mentioned above show that the launch of Mainland mail service has not only met the needs of the general public but also facilitated the economic and trade development across the strait. The 2014 Mainland mail service accomplishments are as follows:

#### (1) 2014 cross-strait mail service volume count

Mail items delivered to Mainland China totaled 5.04 million pieces, up 9.49% over the previous year while mail items delivered from Mainland China reached 4.23 million pieces, a 8.02% decrease over the previous year.

#### (2) To promote cooperation and communication of cross-strait postal services

In April 2014, the Company visited China to exchange information and discuss on the cross-strait postal services. In July, the Company was invited by the "Mainland China Cross-Strait Postal Communication Association" to visit Beijing, Zhejiang, Jiangsu and Shanghai. Meanwhile, the Association organized the "Cross-Strait Postal Service Development Workshop" to exchange and discuss about the "Cross-Strait Postal Service Agreement Result Feedback", "Status and Vision of Cross-Strait e-Commerce and Parcel Delivery Market Development", "Cross-Strait Postal Service Financial Cooperation", and "Cross-Strait Postal Service Cooperation Development". The Company also co-organized the "Cross-Strait Valuable Stamp Exhibition" with China Post. In May and December, the Company also invited the Cross-Strait Postal Communication Association to visit the Company in Taiwan to exchange about various business lines, operations and management. In December, the Chairman of Association led the delegates of the Association to attend the "Cross-Strait Courier (EMS) Opening Ceremony and Business Travel Package", which rendered a positive effect on the cross-strait postal service cooperation.



(3) Start "Cross-Strait Postal Courier (EMS) - Business Travel Package" business

Following the launch of "Cross-Strait Postal Courier (EMS)" air and ocean postal dispatching business in 2012 and 2013, in order to meet the Mainland China tourists' need for mailing goods shopped by them in Taiwan to their hometowns in Mainland China and to provide Taiwanese businessmen in Mainland China and their family members and relatives in Taiwan with the service for mailing livelihood supplies and specialties, the Company worked with China Post to offer the "Cross-Strait Courier (EMS) - Business Travel Package" service in December 2014.

6. New business line in 2014

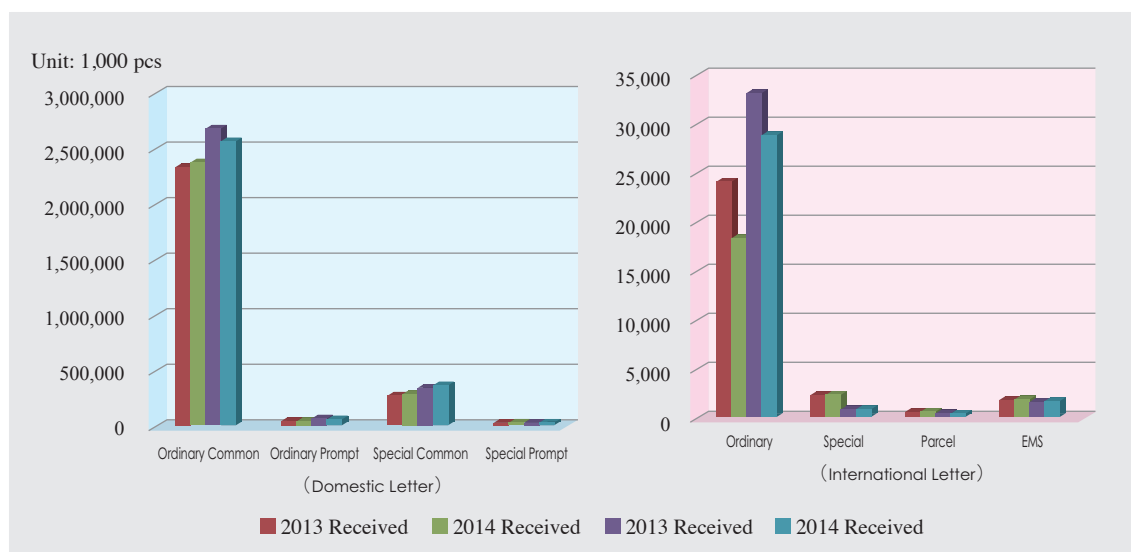
Since December 1, 2014, the Company has offered the international EMS service in Taiwan on a trial basis.

## Number of Mail Items Received and Delivered in 2013 and 2014

Unit: 1,000 pcs

Postal Items			Received		Delivered	
			2013	2014	2013	2014
Domestic Letter	Ordinary	Common	2,334,288	2,384,004	2,678,601	2,570,507
		Prompt	44,250	43,690	66,894	57,921
	Special	Common	270,684	282,657	344,287	366,328
		Prompt	24,190	23,934	29,149	28,855
	Sub-total		2,673,412	2,734,285	3,118,931	3,023,611
International Letter	Ordinary		24,197	18,396	33,277	28,954
	Special		2,368	2,402	889	959
	Sub-total		26,565	20,798	34,166	29,913
Parcel	Domestic		24,922	22,878	27,669	25,377
	International		678	684	490	531
	Sub-total		25,600	23,562	28,159	25,908
EMS	Domestic		5,634	6,300	7,403	8,065
	International		1,905	1,894	1,681	1,766
	Sub-total		7,539	8,194	9,084	9,831
Total			2,733,116	2,786,839	3,190,340	3,089,263

## Number of Mail Items Received and Delivered in 2013 and 2014





## Status of Operations

### 7. Mail Routes

#### (1) Domestic mail routes

To attain the goal of speedy, safe, accessible, accurate and affordable mail service, domestic mail operations uses various public and private transportation services as well as the Company's own vehicles and equipment. Deliveries via road, railway, water and air form a combined delivery network of 124,600.9 kilometers (as of the end of 2014), covering Taiwan, Penghu, Kinmen and Matzu.

#### (2) International Mail Routes

Taiwan is an island. Correspondence between Taiwan and the rest of the world is mainly transported via airmail and maritime mail routes. These mail routes start at Taiwan, extending to all over the world, and finally reach the terminals, that is, foreign exchange offices operating direct exchanging services of international mail dispatches. As of the end of 2014, the mileages for air routes (including EMS routes) and maritime mail routes were 1,201,551 kilometers and 593,400 kilometers respectively.

### Comparative Chart of Mileage of Mail Route

Unit: KM

Type	2013	2014	Growth (%)
I. Land	119,599	119,491	-0.09%
1. High-speed Railway	345	345	
2. Railway	426	426	
3. Highway	28,110	27,998	-0.40%
4. Others	90,718	90,722	+0.005%
II. Sea	594,913	594,913	
1. Domestic	1,513	1,513	
2. International	593,400	593,400	
III. Air	1,205,582	1,205,582	
1. Domestic	4,031	4,031	
2. International	1,201,551	1,201,551	

### (II) Savings Operation - the Public Treasurer

Postal saving services, including passbook savings, fixed savings and Giro savings are intended to benefit citizens by virtue of the popularity of the branch offices which are spread across the country. It can also serve to encourage thrift and savings and divert hot money to the major national development projects and for stabilizing the financial market. Through years of sound operation, the number of accounts and the balance amount of the postal savings still top the financial institutions in Taiwan in spite of the impacts of financial storms, economic recession, industrial and capital outflow. The Company will continue to promote the services of salary deposits, online ATM and VISA debit cards to increase the share in the passbook savings market. The Company will also seek to launch new services to upgrade competitiveness and expand the E-commerce channels to provide multiple banking solutions.

Postal Giro is a unique operation in Taiwan's financial industry. It allows account holders to make deposits and withdrawals, to designate payments and to make remittances. Moreover, its special deposit account service provides data stored in an electronic medium to customers so as to uplift its time effectiveness. An account holder can make collections or payments through direct account transfers and be able to apply for checks, like demand deposit account. Chunghwa Post Co., Ltd. will continue to provide on-line, ATM and media transfer acceptance to make things more convenient for its customers.

As of the end of 2014, the cumulative balance for Postal Savings accounts stood at NT\$5,547,300 million, representing an increase of 6.46%; the total number of savings accounts stood at 34,650,000, an increase of 1.94% over the previous year. The average account balance stood at NT\$160,000.

**1. 2014 new business:**

Launched the RMB remittance business on February 19, 2014 to provide the public with more convenient remittance service and satisfy the public demand for remittance.

**2. Improved operating procedure:**

(1) Starting from April 2014, the "new saving account opening automated operation and specimen seal identification system" has gone live throughout the nation. The customers' related ID certificates and application forms will be scanned and recorded by phase to upgrade the new account opening operating efficiency and reduce operating defects, simplify the operating procedure for alteration and shorten the hours spent in accessing information.

(2) As of August 18, 2014, the Company adjusted the operations for processing the applications for passbook savings alteration at the counter by integrating the services for report of loss and re-issue of passbooks, replacement of specimen seals or password and alteration of ID No. Meanwhile, the related receipts may be printed out, and the account depositors do not need to complete any forms.

**3. More convenient services**

(1) As of March 12, 2014, the Company has added the foreign exchange currencies including RMB, USD, HKD and Euro.

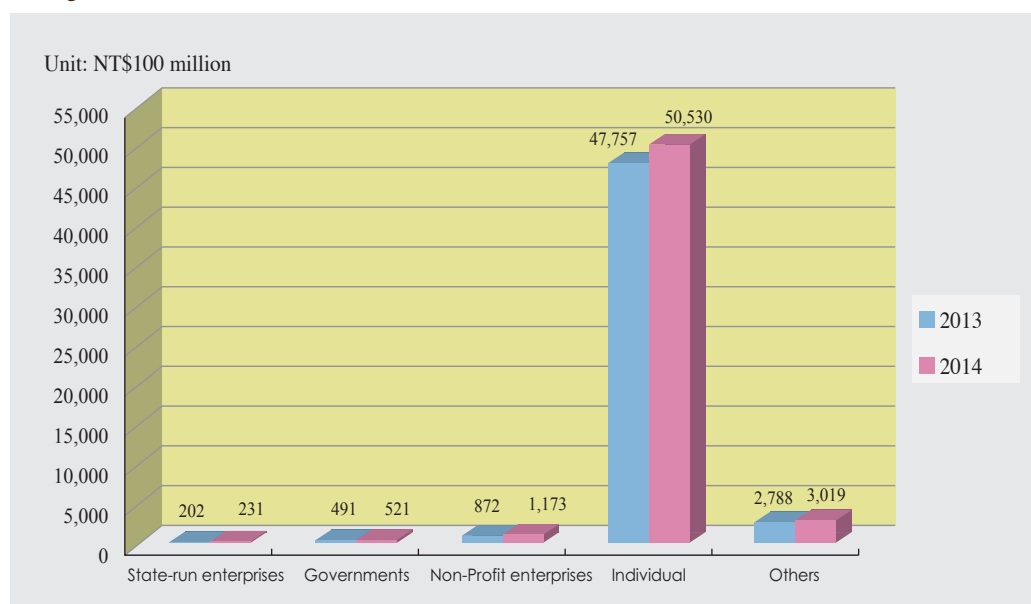
(2) As of May 31, 2014, the Company has offered the service for collection of payment of overdue ETC toll without "debit note" to meet the public demand for payment.

(3) To help the public remit funds, the Company will continue to increase interbank remittance agencies. Until at the end of 2014, there have been 1,228 branches.

**Volume of Postal Savings Service**

Unit: NT\$ Million

Type of savings	Number of Deposits		Number of Withdrawals		Number of Accounts		Total Balance	
	2013	2014	2013	2014	2013	2014	2013	2014
Passbook	212,777,953	226,172,895	352,966,772	358,469,986	26,941,283	27,226,251	1,823,604	1,931,019
Fixed	6,536,834	6,908,477	34,342,934	40,548,632	5,447,190	5,821,913	3,343,728	3,576,128
Giro	62,497,363	60,826,242	12,152,240	12,399,245	1,605,536	1,602,205	43,611	40,252
Total	281,812,150	293,907,614	399,461,946	411,417,863	33,994,009	34,650,369	5,210,943	5,547,399

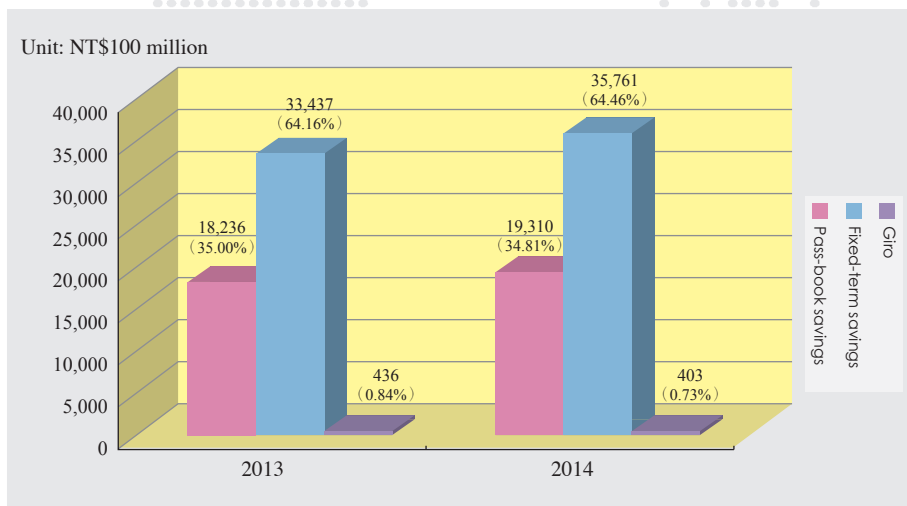
**Savings Account Holders Chart for 2013 and 2014**



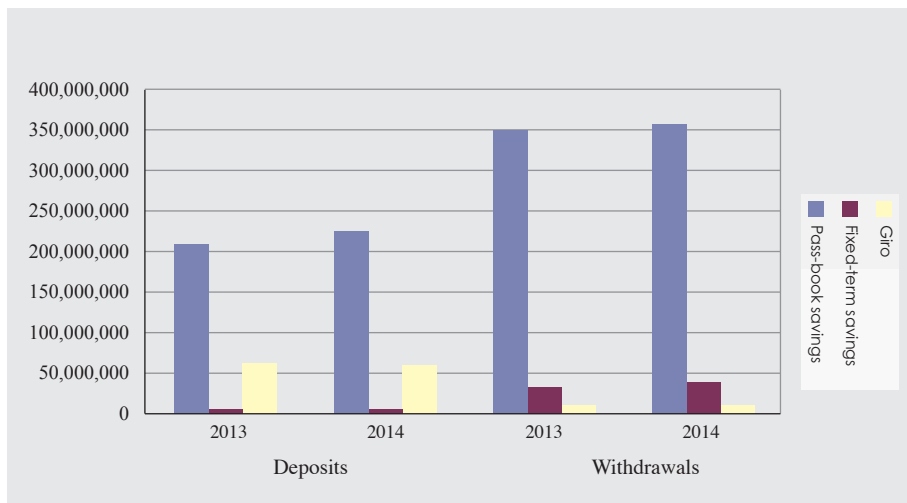


## Status of Operations

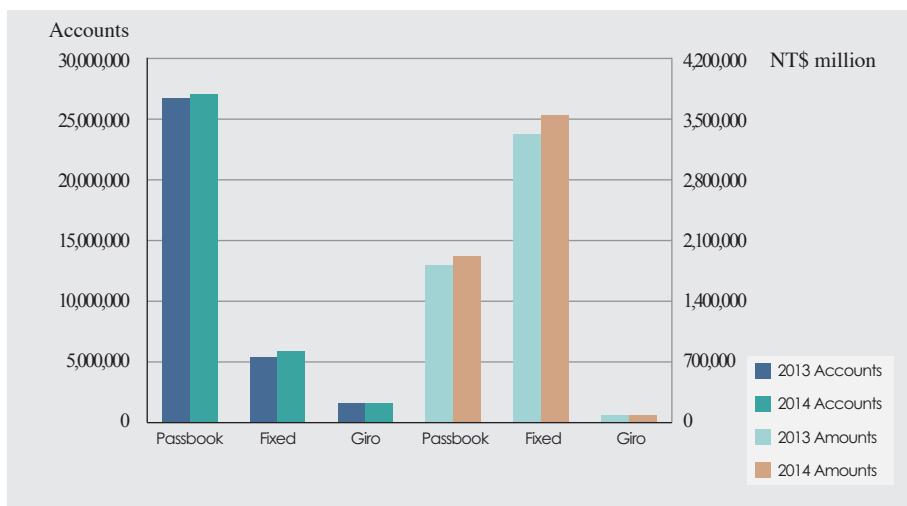
Savings Business Chart for 2013 and 2014



Volume of Deposits/Withdrawals of Various Types of Postal Savings in 2013 and 2014



Volume of Accounts/Amounts of Various Types of Postal Savings in 2013 and 2014





### (III) Remittance operations - Worldwide Remittance Service

Postal remittances serve to stimulate the flow of capital and enliven the financial activities with a countrywide network to provide fast and easy remittance functions. Currently, domestic money order services include postal money orders, remittances to accounts, cash-delivering faxed money orders, postal gift coupons and inter-bank remittances. International money order services include international postal money orders, international outward (inward) remittances, exchange of foreign currencies/Renminbi in cash and US-dollar traveler's checks. As of the end of 2014, there were a total of 181 post offices providing foreign exchange services including the buying and selling of foreign currencies and 40 tourist spots including the Taoyuan International Airport or regional post offices providing the services for buying and selling foreign currencies and US-dollar travelers' checks.

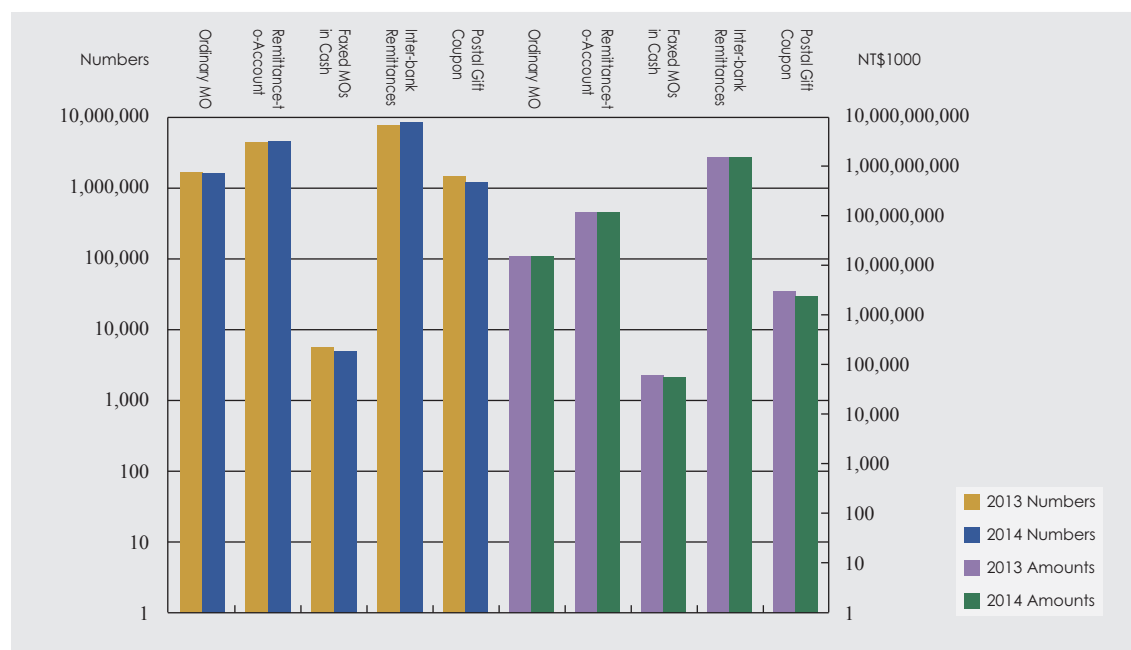
In 2014, money remitted by the Company totaled NT\$1,698,300 million, up 1.94% when compared to the previous year; a total of 16,580,000 money orders were issued, up 3.43% when compared to the previous year.

#### Volume of Remittance Service

Unit: NT\$1,000

Type	Numbers		Amounts	
	2013	2014	2013	2014
Ordinary Money Order (MO)	1,660,548	1,581,458	16,074,178	16,051,503
Remittance-to-Account	4,377,514	4,451,355	118,896,969	119,205,671
Faxed MOs in Cash	5,516	4,846	61,300	54,784
Inter-bank Remittances	7,716,796	8,248,155	1,525,005,283	1,557,049,704
Postal Gift Coupon	1,444,376	1,225,374	2,983,244	2,476,407
Int'l Postal MOs	847	943	38,325	45,375
Int'l Outgoing Remittance	4,829	4,935	1,003,874	1,364,479
USD Travelers' Checks	5,497	5,025	36,294	26,219
Mainland Remittances	14,275	17,049	1,300,512	1,254,164
Selling of Foreign Currencies and RMB	797,251	1,038,324	640,763	823,605
Total	16,027,449	16,577,464	1,666,040,702	1,698,351,911

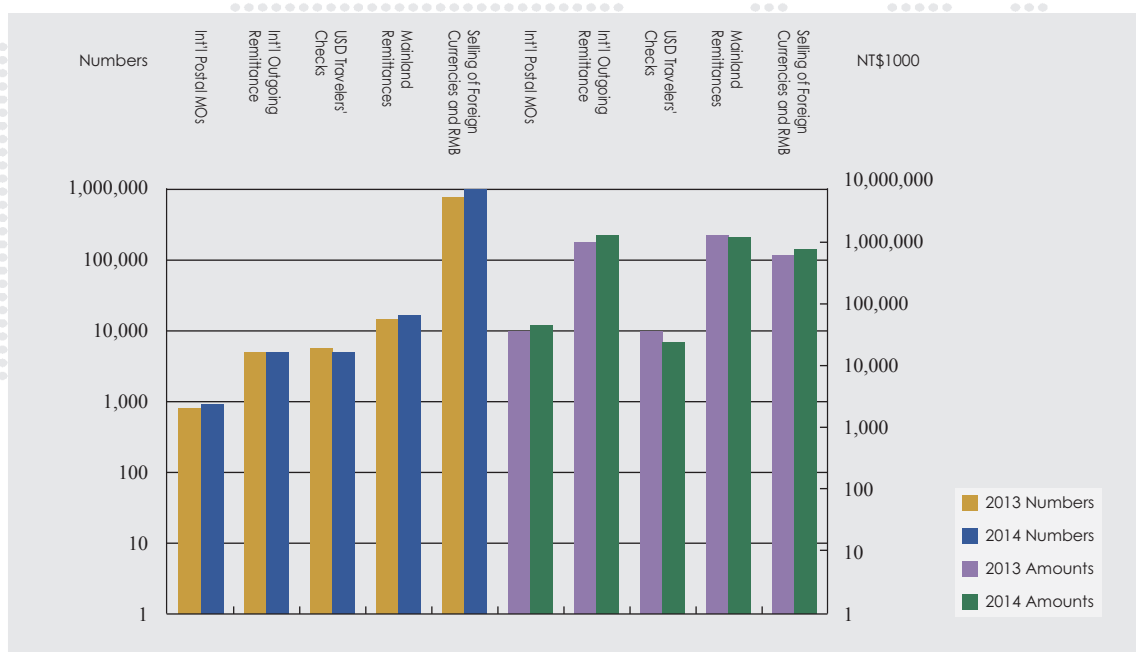
#### Volume of Domestic Remittance Service for 2013 and 2014





## Status of Operations

Volume of Int'l Remittance Service for 2013 and 2014



### (IV) Postal Simple Life Insurance Operations - The Best Protection

The Postal Simple Life Insurance plans are established with an aim to provide citizens with basic financial security. Easily available through the branch offices throughout the country, these plans serve as a vehicle of financial security and management. The Postal Simple Life Insurance plans are easy to apply and require no physical examination and therefore have been a preferred and trusted choice of the general consumers.

As Postal Simple Life Insurance was introduced in 1935, Generalissimo Chiang Kai-shek, dedicated the phrase, "Benefit people's livelihood," to the service. He expected that the service should be actively promoted based on the concept that "The government is responsible for managing, not for making profit; the postal service is simple and secure; people have no worries about making financial and retirement plans." It means Postal Simple Life Insurance carries a specific significance on benefiting people's livelihood and a policy mission of social welfare. In view of this, Chunghwa Post has been promoting Simple Life Insurance based on the same spirit so as to play out its efficiency of social stability and jointly assist in the construction of a sound social safety net.

Since the Directorate General of Posts was corporatized to become Chunghwa Post in 2003, its Department of Life Insurance has been striving to create a favorable business environment—making full use of information technology, diversifying its product offerings, and providing multifaceted services to meet customers' needs. Keeping its business core value of "Customers first and providing honest and efficient services" in mind, the department will continue to recruit and train professionals to bolster its ability to deliver excellent service and keep all the people's trust.

### Volume of Simple Life Insurance

Unit: NT\$ million

Year	Number of Policies			Sum Insured			Premium Income	Life Insurance Reserve
	New	In Force	Payment	New	In Force	Payment		
2013	360,088	2,754,487	362,183	138,069	995,893	85,642	157,086	699,805
2014	388,297	2,645,105	482,386	137,427	1,011,057	109,670	148,767	631,380



## 1. 2014 New insurance products:

- (1) Launched “Postal Kang-shun Term Insurance” on March 31, 2014.
  - Term insurance serves as a back-up for the policyholder's life.
  - Provide the six-year, ten-year and twenty-year insurance and payment terms. The policyholder may choose the policy subject to his personal need.
- (2) Launched “Postal Nian-nian-jin-shun Endowment” on August 1, 2014.
  - Provide the six-year, ten-year and twenty-year payment terms. The policyholder may choose the policy subject to his personal need.
  - Refund principal every year to satisfy the policyholders need for utilization of capital.
  - If the insured still survives at the anniversary date of the policy on which he attains the insured age of 70 years old and the policy still remains valid, the Company will pay the policyholder survival benefits according to the base insured amount at the time.
- (3) Launched “Postal 1-year Term Insurance” on December 23, 2014.
  - Satisfy customers' basic need for insurance.
  - Low insurance premium and protection of life.
- (4) Launched “Postal Accident Micro-insurance Rider” on December 23, 2014.
  - Take care of disadvantaged group and provide basic protection against accident to the ones who are qualified for enrollment into the insurance plan.
  - Low insurance premium and low burden.

## 2. New Policies

The total number of new policies issued for Chungwa Post Life Insurance in 2014 was 388,297, up 7.83% compared to 2013. The total amount insured was NT\$137,427.16 million, down 0.46% compared to 2013. The premium income was NT\$27,310.14 million, up 13.98% compared to 2013.

### New Policies by Types

Unit of Sum Insured and Premium Income: NT\$1,000

Types		No. of Policies	%	Sum Insured	%	Premium revenue	%
Total		388,297	100.00	137,427,158	100.00	27,310,138	100.00
Endowment	Ji-li 6-year-term Endowment	264,302	68.07	102,288,933	74.43	16,010,398	58.62
	Chang-chun Increasing Endowment	82,228	21.18	18,759,601	13.65	8,371,074	30.65
	Happy-baby Endowment	15,338	3.95	3,790,590	2.76	740,398	2.71
	Joy Endowment	7,444	1.92	4,320,426	3.14	513,434	1.88
	Nian-nian-jin-shun Endowment	5,615	1.45	2,015,810	1.47	691,121	2.53
	Joyful-families Increasing Endowment	4,729	1.22	1,103,640	0.80	249,868	0.91
	Xi-le-nian-nian Endowment	4,262	1.10	829,300	0.60	482,094	1.77
	Kim-ji-li Endowment	1,881	0.48	689,210	0.50	178,552	0.65
	Kang-tai-103 Endowment	207	0.05	135,620	0.10	5,442	0.02
	Jin-cai-123 Increasing Endowment	103	0.03	30,280	0.02	8,646	0.03
	Da-ji-da-li Increasing Endowment	87	0.02	14,920	0.01	4,670	0.02
	Kang-fu Endowment	68	0.02	28,230	0.02	4,070	0.01
	Siang-Fu Endowment	18	0.00	6,450	0.01	1,605	0.01
	Mei-li-ren-sheng Interest-sensitive Insurance	0	0.00	0	0.00	37	0.00

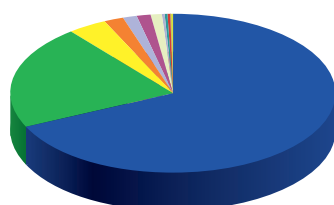
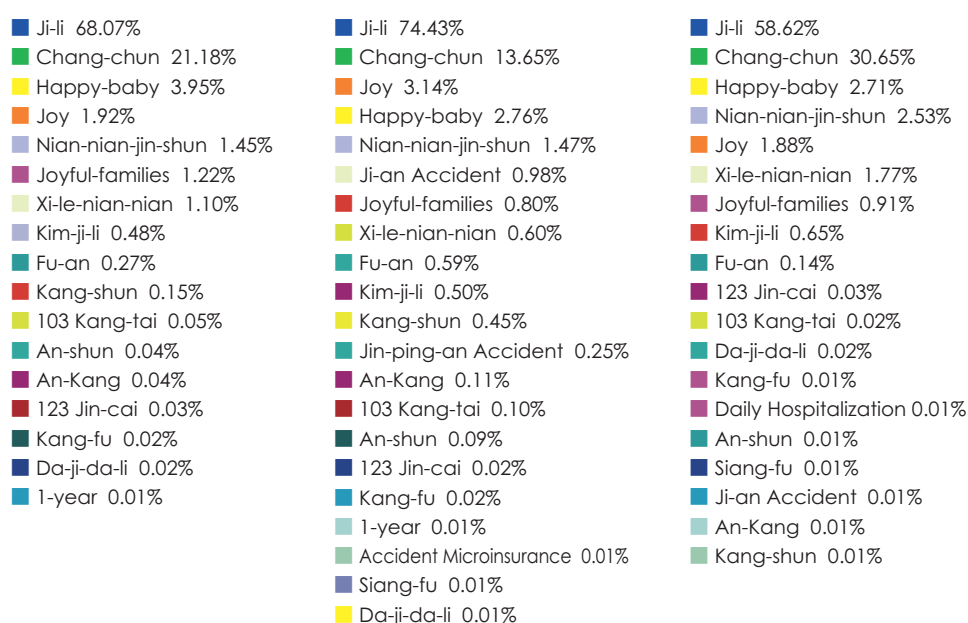


## Status of Operations

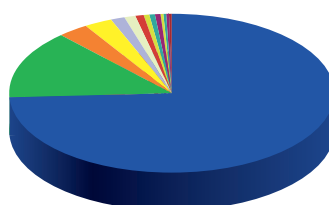
Types		No. of Policies	%	Sum Insured	%	Premium revenue	%
Total		388,297	100.00	137,427,158	100.00	27,310,138	100.00
Insurance Against Death	Fu-an Whole Life Insurance	1,040	0.27	810,330	0.59	38,279	0.14
	Kang-shun Term Insurance	599	0.15	612,110	0.45	1,423	0.01
	An-kang Term Insurance	166	0.04	153,720	0.11	1,539	0.01
	An-shun 6-year Term Insurance	156	0.04	124,230	0.09	2,108	0.01
	1-year Term Insurance	54	0.01	17,170	0.01	65	0.00
Accident Insurance	Ji-an Accident Insurance Rider	2,892		1,338,720	0.98	1,563	0.01
	Jin-ping-an Accident Insurance Rider	758		344,240	0.25	576	0.00
	Accident Micro-insurance Rider	32		12,210	0.01	7	0.00
Health Insurance	Daily Hospitalization Expense Insurance Rider	1,059		1,418	0.00	3,169	0.01

Note: Accident Insurance and Health Insurance are sold as a rider and therefore not included in the total.

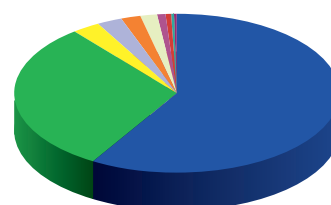
### Percentage Distribution of New Policies by Type



Number of Policies



Sum Insured



First-year Premium Income

### 3. Policies in Force

The total number of new policies issued for Chungwa Post Life Insurance in 2014 was 2,645,105, up 3.97% compared to 2013. The total amount insured was NT\$11,056.95 million, up 1.52% compared to 2013. The premium income was NT\$148,766.87 million, down 5.30% compared to 2013.





## Policies in Force by Type

Unit of Sum Insured and Premium Income: NT\$1,000

	Types	No. of Policies	%	Sum Insured	%	Premium revenue	%
	Total	2,645,105	100.00	1,011,056,950	100.00	148,766,870	100.00
Endowment	Ji-li 6-year-term Endowment	1,477,088	55.84	547,781,004	54.18	87,354,731	58.72
	An-jia Refundable Whole Life Insurance	173,150	6.55	63,189,575	6.25	1,068,676	0.72
	Chang-chun Increasing Endowment	162,645	6.15	36,642,543	3.62	18,160,728	12.21
	Postal Kim Baby Child Insurance	112,163	4.24	32,224,499	3.19	5,001,013	3.36
	E-lu-fa Endowment	96,217	3.64	16,394,865	1.62	15,438,320	10.38
	Mei-li-ren-sheng Interest-sensitive Insurance	93,353	3.53	52,024,677	5.15	5,762,302	3.87
	An-fu Increasing with Survival Benefit	64,642	2.44	25,646,107	2.54	758,199	0.51
	Happy-baby Endowment	35,291	1.33	8,672,819	0.86	1,752,080	1.18
	Little-sun Child Insurance (91)	31,680	1.20	8,974,255	0.89	813,483	0.55
	Little-sun Child Insurance	30,946	1.17	8,941,595	0.88	981,842	0.66
	Postal Nian-nian-ru-yi Endowment	27,814	1.05	7,569,675	0.75	1,650,558	1.11
	Joy Endowment	26,535	1.00	13,996,393	1.38	1,762,793	1.19
	Kwai-ler Increasing Child Whole Life Insurance with Survival Benefit	24,527	0.93	8,196,498	0.81	155,441	0.10
	Ji-ching Child Insurance	19,730	0.75	5,909,080	0.58	436,798	0.29
	Ji-hsiang Endowment	15,139	0.57	8,757,297	0.87	411,535	0.28
	Xi-le-nian-nian Endowment	14,542	0.55	2,692,025	0.27	1,673,512	1.13
	Hong-yun-gao-zhao Endowment	9,446	0.36	3,997,991	0.40	745,936	0.50
	Joyful-families Increasing Endowment	5,932	0.22	1,369,599	0.14	322,609	0.22
	Kim-ji-li Increasing Endowment	5,446	0.21	1,894,492	0.19	526,819	0.35
	Nian-nian-jin-shun Endowment	5,170	0.19	1,856,048	0.18	691,121	0.47
	Kang- tai-103 Endowment	2,772	0.10	1,527,749	0.15	64,458	0.04
	Postal Fu-er-le Endowment	2,585	0.10	829,509	0.08	73,028	0.05
	Jin-cai-123 Increasing Endowment	691	0.03	169,152	0.02	51,044	0.03
	Liu-liu-jin-shun Endowment	452	0.02	49,831	0.00	880,099	0.59
	Kang-fu Endowment	297	0.01	112,055	0.01	20,035	0.01
	Da-ji-da-li Increasing Endowment	134	0.01	22,590	0.00	7,063	0.01
	Bu-bu-gao-sheng Endowment	112	0.00	12,820	0.00	32,590	0.02
	Siang-fu Increasing Endowment	76	0.00	17,057	0.00	3,706	0.00
	Others	38	0.00	11,595	0.00	919	0.00
	Subtotal	2,438,613	92.19	859,483,395	85.01	146,601,438	98.55



## Status of Operations

	Types	No. of Policies	%	Sum Insured	%	Premium revenue	%
Insurance Against Death	An-ho Whole Life Insurance	89,747	3.39	59,743,085	5.91	768,510	0.52
	An-pin Double-indemnity Whole Life Insurance	18,007	0.68	9,315,519	0.92	148,482	0.10
	Sung-bo-chang-ching Term Insurance	14,254	0.54	10,967,093	1.08	63,313	0.04
	Fu-an Whole Life Insurance	12,931	0.49	8,073,139	0.80	448,770	0.30
	An-kang Term Insurance	6,170	0.23	5,761,338	0.57	23,796	0.02
	Fu-xing-gao-zhao Whole Life Insurance	3,786	0.15	2,614,551	0.26	115,999	0.08
	An-shun 6-year Term Insurance	3,695	0.14	3,395,094	0.34	8,542	0.01
	An-pin Double-indemnity Whole Life Insurance (91)	1,767	0.07	523,031	0.05	21,706	0.01
	Kang-shun Term Insurance	558	0.02	570,810	0.06	1,423	0.00
	1-year Term Insurance	53	0.00	16,670	0.00	65	0.00
	Others	55,524	2.10	33,411,074	3.30	526,823	0.35
	Subtotal	206,492	7.81	134,391,404	13.29	2,127,429	1.43
Accident Insurance	Ji-an Accident Insurance Rider	33,474		14,461,332	1.43	13,308	0.01
	Jin-ping-an Accident Insurance Rider	5,979		2,702,823	0.27	4,355	0.00
	Accident Microinsurance Rider	27		9,710	0.00	7	0.00
	Subtotal	39,480		17,173,865	1.70	17,670	0.01
Health Insurance	Daily Hospitalization Expense Insurance Rider	6,291		8,286	0.00	20,333	0.01

Note: Accident Insurance and Health Insurance are sold as a rider and therefore not included in the total.

#### 4. Policy Loans

When premiums have been fully paid for more than one year and the contract is still in force, a policyholder may apply for a loan no greater than the amount of the policy value reserve in order to meet his/her financing requirement. Taking out a policy loan involves minimal procedures. Proposers may apply for a loan online or at any counters or postal ATM for a more convenient and faster service. In 2014, the policy loan balance was 131,431 cases, down 7.69% compared to same time in 2013. The loan balance was NT\$15,130.50 million, down 10.07% compared to same time in 2013.

#### 5. Real Estate Mortgage Loans

The Postal Life Insurance Real Estate Mortgage Loans service started to offer real estate loans in 1997. This service is not limited to Chunghwa Post policyholders; anyone who qualifies for mortgage prerequisites may apply. This service is available everywhere in Taiwan with the exception of the islands of Matsu. Currently, 20 regional branch offices oversee these loans and 202 branch offices are authorized to accept applications for such service.

The total number of real estate mortgage loans balance for 2014 was 12,803, up 4.36% compared to same time in 2013. The loan balance was NT\$29,335.83 million, up 11.18% compared to last year.

#### 6. Benefit Payments to Policyholders

##### (1) Maturity

In 2014, the total number of insurance policy maturity benefits was 436,410, up 38.20% compared to 2013. The total amount insured was NT\$9,199.5 million, up 31.95% compared to 2013.



## (2) Surrender

In 2014, the total number of surrendered insurance policy was 40,981 cases, down 1.38% compared to 2013. The total amount insured was NT\$15,717.69 million, up 11.41% compared to 2013.

## (3) Payment to Claims

In 2014, the total claim payments were 4,995, down 3.12% compared to 2013. The total amount insured was NT\$2,042.46 million, up 8.73% compared to 2013.

## 7. Business Characteristics

## (1) Types of Insurance Products

Postal Simple Life Insurance service includes endowment insurance and mortality insurance. Health insurance and accident insurance are offered as riders. All ROC citizens are eligible to be insured with Simple Life Insurance.

## (2) No physical checkup required

Postal Simple Life Insurance does not require a physical checkup; however both the insured and the policyholder are obligated to answer health questionnaires truthfully in written form or the insurer withholds the right to deny an application at its discretion.

## (3) Insured Amount

The maximum total insured amount per insured individual is NT\$4 million.

## (4) Premium Payment

Unless otherwise specified, the payment plans include options in annual, semiannual, quarterly, and monthly premiums. With the exception for the first premium in the amount under NT\$50,000 that can be paid for in cash, all premiums can be made through postal savings accounts or postal Giro accounts and are entitled to 1% discount from such transfers.

## 8. Business Operations in Recent Years

## General Performance of the Business in Recent Years (I)

Unit: Pieces; NT\$ million

Fiscal Year	2010	2011	2012	2013	2014
New Business (Policies)	408,652	390,809	425,899	360,088	388,297
Growth Rate (%)	19.14	-4.37	8.98	-15.45	7.83
New Business (Amount)	131,276	158,930	171,332	138,069	137,427
Growth Rate (%)	-3.45	21.07	7.80	-19.41	-0.46
Reinstatement (Policies)	9,465	10,259	8,783	9,209	9,170
Growth Rate (%)	-36.98	8.39	-14.38	4.85	-0.42
Reinstatement (Amount)	2,756	3,019	2,777	3,078	3,462
Growth Rate (%)	-40.37	9.54	-8.02	10.84	12.48
Business in Force (Policies)	2,818,621	2,793,411	2,767,870	2,754,487	2,645,105
Growth Rate (%)	1.88	-0.89	-0.92	-0.48	-3.97
Business in Force (Amount)	879,562	896,074	953,278	995,893	1,011,057
Growth Rate (%)	1.31	1.88	6.38	4.47	1.52
Premium Income	165,970	162,504	157,982	157,086	148,767
Growth Rate (%)	12.06	-2.09	-2.78	-0.57	-5.30
Reserve for Life Insurance	644,803	688,340	676,411	698,569	631,280
Growth Rate (%)	12.18	6.75	-1.73	3.28	-9.63

Note: Growth rate is based on the figure of the preceding year.



## Status of Operations

### General Account of the Business in Recent Years (II)

Unit: Pieces; NT\$ million

Year	2010	2011	2012	2013	2014
Benefit Payment to Beneficiaries (Number of Policies)	344,760	407,163	438,213	362,183	482,386
Growth Rate (%)	418.81	18.10	7.63	-17.35	33.19
Matured Endowment	298,598	361,295	390,034	315,785	436,410
Growth Rate (%)	2,538.49	21.00	7.95	-19.04	38.20
Death & Disability	4,927	5,223	5,006	4,844	4,995
Growth Rate (%)	9.98	6.01	-4.15	-3.24	3.12
Surrender	41,235	40,645	43,173	41,554	40,981
Growth Rate (%)	-18.60	-1.43	6.22	-3.75	-1.38
Benefit Payment to Beneficiaries (Amount)	111,119	134,144	103,347	85,642	109,670
Growth Rate (%)	460.70	20.72	-22.96	-17.13	28.06
Matured Endowment	97,094	119,682	87,127	69,656	91,910
Growth Rate (%)	2,600.81	23.26	-27.20	-20.05	31.95
Death & Disability	1,710	1,850	1,783	1,878	2,042
Growth Rate (%)	7.61	8.19	-3.62	5.33	8.73
Surrender	12,315	12,612	14,437	14,108	15,718
Growth Rate (%)	-15.85	2.41	14.47	-2.28	11.41

Note: Growth rate is based on the figure of the preceding year.

### (V) Philately - General Knowledge and Peace of Mind

Philately is one of the main operating businesses. To strengthen service to the stamp-collecting customers, promote philately and fulfill corporate social responsibility, the Company has exerted considerable efforts in the following areas and encouraged each branch office to promote the philately business. In 2014, philatelic sales reached NT\$784.69 million.

#### 1. New Stamp Issues:

In 2014, 22 sets of postage stamps were issued, including 3 sets of commemorative issues, 18 sets of special issues and 1 set of definitive issue. In addition, one model each of Annual Stamp Album hardback and loose-leaf, a stamp catalog, 7 models of stamp folio, 3 models of stamp pictorial, 3 models of postal cards, 2 styles of envelopes, one model of stamp booklet, and one type of "New Year's Greeting Postage Stamps (Issue of 2014) Press Sheet" were issued.

Among which, the "Swan Goose Carries a Message Postage Stamp" was the first one of its kind issued by Chunghwa Post and China Post separately by adopting the same theme and the same mode of printing (graphic communication engraving edition stamps). The "Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain" was printed under the 600-line printing, and partially embossed to make the design and streamline look more delicate and dimensional. Meanwhile, the stamps were issued in the form of pair souvenir sheet for the first time, in order to exhibit the exquisite and rich characteristics of stamps.

Also issued were one model each of vertical and horizontal postal cards, one model each of vertical and horizontal registered stamped envelopes and 2 sets of postage labels to support business needs, as well as 1 set consisting of 5 models of "New Year's Greeting Postal Cards with Lotto (Issue of 2014)".

Please refer to the Attachment Nos. 1, 2 and 3 for details of newly issued postage stamps.

#### 2. Development of philately-related products:

Produce and sell 14 models including the placement and coaster set bearing the image of "Alpine Flowers Postage Stamp", coaster and cup lid bearing the image of a "Congratulation Postage Stamps", postal doll coin bank, and masking tape bearing the image of "Herb Plants Postage Stamps";



meanwhile, authorize each branch office to produce and sell a total of 128 models of philatelic (stamp) products.

3. Organized the "Scratch and Win" Promotion for the "Stamp Yearbook/Album 2014":  
The activity was organized from December 2, 2013 until March 11, 2014, and a total of 180,000 sets of postal cards were sold through the activity.
4. Organized "2014 Stamp Beauty Pageant"  
From March 17 to April 11, 2014, the public voted for top three most beautiful stamps issued in 2013, including the "Qing Dynasty Embroidery Postage Stamps" souvenir sheet, "Valentine's Day Postage Stamps (2013)" and "Personal Greeting Stamps – Travel in Taiwan (Continued) - Alishan".
5. Organized the "Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain" bazaar:  
In line with the "Ancient Chinese Art Treasures Postage Stamps – Blue and White Porcelain" released on September 19, 2014, the Company provided 50 folios bearing the image of the stamp affixed with the lyrics of the song Qing Hua Ci written by the renowned song writer, Fan Wen-Shan, and also his autograph for charity bazaar. The proceeds NT\$1,241,600 were donated to Taiwan Foundation for Rare Disorders and Yu-Cheng Social Welfare Foundation.
6. Organized "Cross-Strait Rare Stamp Exhibition":  
The event was co-sponsored by the Company together with the Postal Museum of China Post in Beijing between July 7 and July 11, 2014, where the Company provided 6 sets of rare stamps and 4 items of rare envelopes. The event not only promoted the cross-strait philately cultural exchange but also provided cross-strait stamp collectors with the chance to appreciate valuable and rare stamps.
7. Participated in the "PHILAKOREA 2014 World Stamp Exhibition":  
This event was held at COEX, Korea from August 7 to August 12, 2014. The Company assigned staff to participate and sell stamps via a booth, allowing the Company to exchange and interact with postal administrations from all over the world, and to promote the "TAIPEI 2015 - 30th Asian International Stamp Exhibition".
8. Organized the "ROCUPEX'14 TAICHUNG & R.O.C. — THAILAND STAMP EXHIBITION":  
Taichung Post Office, Taichung Philatelic Society and Chinese Philatelic Society co-organized the event at the stadium of Chiaochung Elementary School in Tanzi District, Taichung City from October 3 to October 7, 2014. 223 domestic frames and 126 Thai frames were exhibited, i.e. a total of 349 frames.
9. Organized the "TAIPEI 2015 - 30th Asian International Stamp Exhibition Investment Solicitation":  
Taiwan organized TAIPEI 2015 - 30th Asian International Stamp Exhibition at Exhibition Hall 3 of Taipei World Trade Center from April 24 to April 28, 2015, and particularly organized "Taipei Night" at the official hotel for world stamp exhibition in Korea, the Hotel Riviera Seoul, Hall of Mirrors, on August 9, 2014, in order to promote the exhibition in Taipei and investment solicitation.
10. Organized Stamp Issuing Ceremony:  
The ceremony was held for a total of 4 rounds, including the "National Taiwan Library 100th Anniversary Commemorative Issue" on August 9, 2014; "The Beauty of Museums of Taiwan Souvenir Sheet" on September 10, 2014; "TAIPEI 2015 - 30th Asian International Stamp Exhibition Souvenir Sheet: Four Seasons of Beautiful Taiwanese Vistas" on October 3, 2014 and "Ancient Chinese Artifacts Postage Stamps – The Ruins of Yin" on December 10.
11. Organized "2014 Philately Marketing Outsourcing Project":  
The Company organized the fancy stamp exhibition at the Red House for two days, attracting more than 30,000 visitors. Meanwhile, 450 students from various local elementary schools attended the writing competition and 1,300 students attended the painting competition.
12. Sponsoring philatelic societies to participate in philatelic activities both home and abroad:  
(1) Sponsored the Chinese Taipei Philatelic Federation for payment of the annuity for admission to FIP and FIAP in 2014.





## Status of Operations

- (2) Reimbursed delegates of the Chinese Taipei Philatelic Federation to attend the board meeting and general assembly of the FIP and FIAP, "PHILAKOREA 2014 World Stamp Exhibition and "Malaysia 2014 World Youth Stamp Exhibition and 29th Asian International Stamp Exhibition".
- (3) Supported various local philatelic societies and other philatelic societies to organize stamp exhibitions and philatelic campaigns totaling 57 rounds.
13. **Recognizing and rewarding outstanding philatelists:**  
According to the Company's regulations on "Recognizing and Rewarding Outstanding Philatelists Handling Process", a total of 19 philatelists and societies who were awarded a large vermeil medal for all categories or a large silver medal for literature category or above by an international stamp exhibition in 2013 and achieved remarkable results in the promotion of philately during the assembly of 2014 Postal Day.
14. Organized the "2014 Parent-Children Philately Seminar" event with 1,469 people participated.
15. Established 202 classes of "Philately Classroom" in different schools in 2014.
16. **Organized stamp exhibitions and special events at the Postal Museum:**  
In order to promote philately and provide the public with the chance to appreciate aesthetics, the Company took the opportunity to issue new stamps, important national ceremonies, community activities or folk festival days and invited Chinese Global Art Culture and Creative Association, Maritime and Port Bureau, MOTC, National Museum of Natural Science, Shelley's Garden, China Stamp Research Society and the General Association of Chinese Culture (GACC) to co-sponsor 12 rounds of special stamp exhibitions at the Museum in 2014, and attracted more than 100,000 visitors.
17. **Organized "Stamp Seminar":**  
Co-organized the "Stamp Seminar" with China Stamp Research Society and Chinese Culture, Fine Art & Stamp Association on Saturday of 4th week of each month, in order to upgrade the philately trend and enhance philately fans' knowledge about stamps.
18. **Organized stamp exhibition and event outside Postal Museum:**
  - (1) Organized the "2014 Postal Museum Tour Exhibition" with 29 sessions opened and more than 23,000 people visited.
  - (2) Cooperated with National Museum of History between April 19 and December 27 to organize a "Mobile Museum" which implemented the concept of "delivering reading to rural areas".
  - (3) In order to celebrate the 90th anniversary of the R.O.C. Military Academy, the Company co-organized the "Huangpu and National Stamp Exhibition" with the R.O.C. Military Academy from May 30 to June 16, 2014.
  - (4) Co-organized the "You "Stamp" at the Banqueting Hall at 3F of Zhongshan Building with National Taiwan Library.
  - (5) Co-organized the "Lighthouse Presence and Lighthouse Stamp Special Exhibition" with Maritime and Port Bureau, MOTC:  
The Exhibition persisted from October 28, 2014 to January 31, 2015. Demonstrate the lighthouse stamps issued by the Company in the past years, the artwork, and Taiwan lighthouse models and related photos provided by the Maritime and Port Bureau, MOTC. The Exhibition provided plentiful contents to demonstrate the new picture about interactive support among the entities subordinated to the MOTC.

### (VI) Agential business - Inclusive of Everything

1. The Company launched consignments in accordance with Subparagraph 7 of Article 5 of the Postal Law. There are 21 consignment products including revenue stamp, anti-tuberculosis stamp, enrollment guidelines, online login name and telephone cards, prepaid cards, tickets and accommodation tickets, DVD, clothes and ornaments, commemorative coins and gold bars, cosmetics, health foods, health drinks (edible oil), liquors, rice, 3C appliances, art gifts, coupons, seasonal gift items, daily supplies, organic foods and books.
2. Constantly promoting "Postal Mall" with business recruitment expansion to expand the postal logistics and distribution business. A total of 18 business recruitment seminars were opened in 2014 with the cumulative number of franchise stores to be 2,084 and a total of 266,104 items on the shelf.



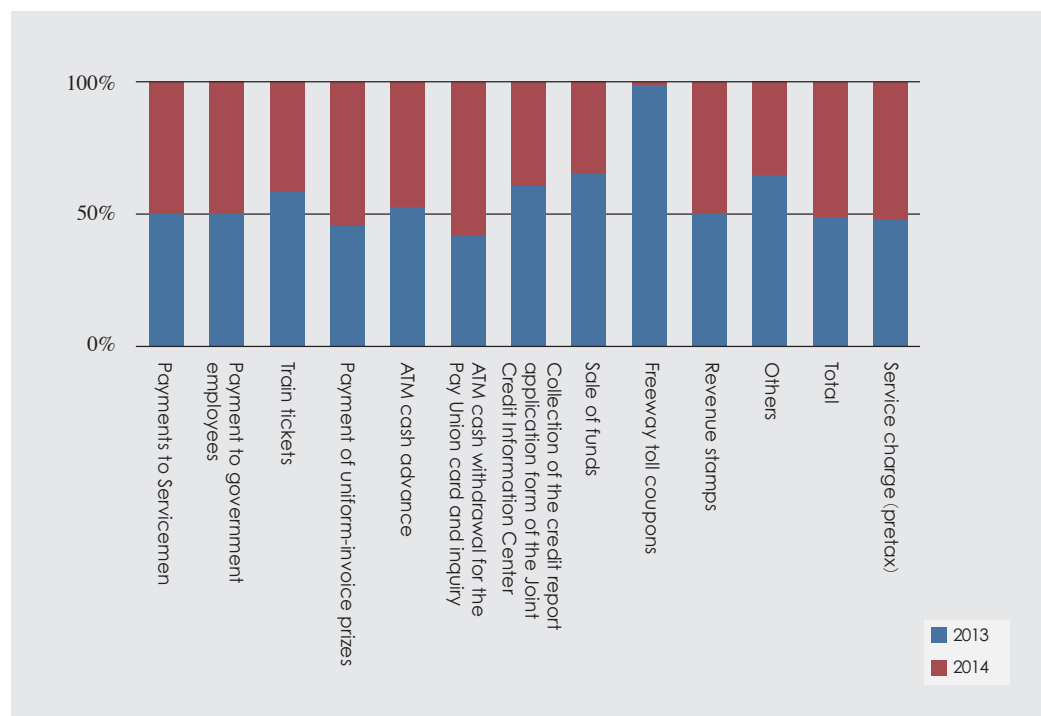
3. To cash the winning uniform invoices and with the exception of the grand winning price that is handled by designated branches, all branch offices will handle payments of 2nd, 3rd, 4th, 5th and 6th prizes. In 2014, charges for processing payment of prize money reached NT\$416.82 million.
4. In order to meet the investment needs of the deposit account clients, the Company has added new sales locations and new funds. As of the end of 2014, there were 1,167 branches selling 167 domestic mutual funds.
5. Chunghwa Post opens for application for “Personal Credit Report” and “Financial Institution Creditor” with the Joint Credit Information Center.

### Business Volume of Agential Services (exclusive of bonds and military honorable discharge pension funds)

Unit: NT\$ 10 thousand

Item	2013	2014	Increase/Decrease %
Compensation payments to military injuries and death	111,892	110,689	-1.08
Payment to government employees	241,646	237,760	-1.61
Train tickets	9,082	6,534	-28.06
Payment of uniform-invoice prizes	649,164	769,146	18.48
ATM cash advance	51,160	45,687	-10.70
ATM cash withdrawal for the Pay Union card and inquiry	582,220	811,500	39.38
Collection of the credit report application form of the Joint Credit Information Center	177	114	-35.59
Sale of funds	340,417	181,092	-46.80
Freeway toll coupons	39,396	324	-99.18
Revenue stamps	160,667	157,799	-1.79
Others	65,855	35,760	-45.70
Total	2,251,676	2,356,405	4.65
Service charge (pretax)	51,616	54,967	6.49

Comparative chart of agential services in 2013 and 2014





## Status of Operations

### (VII) Assets Operations - Asset Activation

The real estate under the management of Chunghwa Post is for use in postal service, savings and remittances and life insurance business. According to Subparagraph 6, Article 5 of the Postal Act, the Company may engage in the “operation of postal assets” and according to “The Plans for Strengthening National Property Management and Utilization” formulated by the Ministry of Financial Affairs, the operation of real estate is permissible as long as it is not against the business purpose or the original usage or the profit businesses. Therefore, post offices at all levels and mail processing centers have reviewed the actual use of the properties in their possession, seeking to use the spare space in a proper manner or provide it for use by others on a profit earning basis to increase the revenues as this allows adequate use of the postal resources for improvement of asset return rate.

In 2014, to further the use of the Company’s property assets, the spare space was vitalized to improve the efficiency of use of the asset and is described as follows:

#### 1. Asset lease

(1) The types of lease of the Company's property asset are as follows:

- A. The spare space is for rent after review and adjustment of the work place configuration.
- B. The place of operation is for rent for product selling or display.
- C. The roof is for rent by the mobile phone operators to set up the base station.
- D. The interior, outer walls (or space) can be rented for posting ads.
- E. Others: Meeting rooms, auditoriums, parking lots and classrooms can also be rented.

(2) A thorough check was conducted by each post office (center) on the use status of the self-owned property. A short-, mid- or long-term use improvement plan was in place for the implementation of asset revitalization.

(3) The post-tax revenue from rent in 2014 was NT\$220.61 million, increased by NT\$10.59 million and up 5.05% when compared to the NT\$210.01 million in 2013.

#### 2. Asset Development

Participation in urban renewal project

- (1) Participated in 1 urban renewal projects launched by the private sector.
- (2) Launched 1 urban renewal projects by the Company.

3. The application for land change in postal and government agency lands under the management of Chunghwa Post have been classified according to the use of intensity. The Urban and Rural Development Branch of the Construction and Planning Agency, Ministry of Interior was commissioned for urban planning changes, with 102 parcels of land changed.

#### 4. Other promotions of asset repurposing

- (1) Chunghwa Post has established the “Real Estate Operation Supervision Team” and developed the “Operation Guidelines for Real Estate Operation Incentives by all level of Post Offices (Processing Center)” for planning and facilitation with asset repurposing. The supervision team held 3 meetings in 2014 to facilitate asset repurposing by all level of post offices (centers) at all levels and assist with the resolution of the issues.
- (2) The meeting minutes, briefings, training materials, regulations and reports regarding asset repurposing were uploaded online for viewing by all level of post offices (centers).
- (3) Organizing real estate asset use training, real estate investment speech and units with excellent asset repurposing performance shall send staff for lectures and sharing of success cases and experience with asset repurposing.

### (VIII) Utilization of Postal Capital - Supporting State Infrastructure

Postal capital income from idle capital has been steadily growing. Postal capital is employed in accordance with Article 18 of the Postal Remittances and Savings Act and Article 27 of Simple Life Insurance. Part of this capital is deposited with the Central Bank of the Republic of China, whereas the rest is either deposited in other banks; invested in bonds, bills, stocks, and time deposit



certificate; or used to fund Chunghwa Post's policy loan and real estate mortgage business. The Post also supports government policies by financing mid- and long-term major public infrastructure projects in order to promote the nation's economic development.

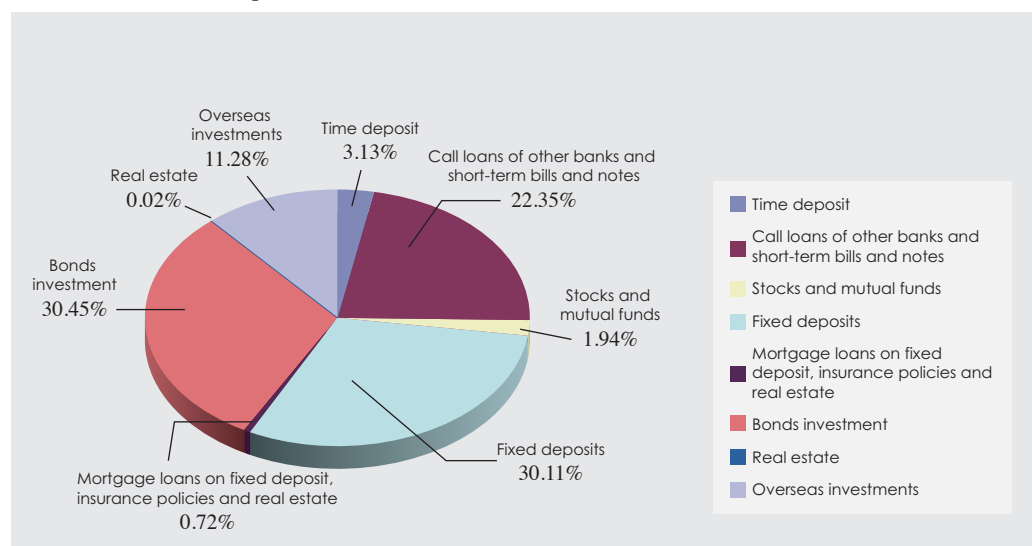
As of December 31, 2014, the total postal capital (including savings, remittances and life insurance capital) stood at NT\$6,282,000 million. This was divided among the following sectors:

1. Deposits in current accounts (including reserves against deposits in the Central Bank of the R.O.C. and the revolving funds of its branch offices): NT\$196,300 million, or 3.13% of the total.
2. Fixed deposits (including fixed savings deposit): NT\$1,891,500 million, or 30.11% of the total.
3. Call loans of other banks and short-term bills and notes: NT\$1,404,300 million, or 22.35% of the total.
4. Bonds (including government bonds, corporate bonds and financial bonds): NT\$1,912,600 million, or 30.45% of the total.
5. Overseas investments: NT\$708,800 million, or 11.28% of the total
6. Stocks and mutual funds ((including money invested by investment management companies on behalf of the post office): NT\$121,900 million, or 1.94% of the total
7. Mortgage loans on CDs, insurance policies and real estate: NT\$45,300 million, or 0.72% of the total
8. Real estate: NT\$1,300 million, or 0.02% of the total

As of the end of 2014, the Company provided NT\$1,609,400 million to finance major public infrastructure and private investment projects of which the details are listed below:

Project Names	Amount NT\$100 Million	Remarks
Major Infrastructure and Private Investment Projects	9,721	In coordination with the "Committee for Planning and Promoting the Utilization of Long-Term Funding" of Council for Economic Planning & Development
SME Root Establishment Project Loans	1,334	In coordination with the Small & Medium Enterprise Administration of the Ministry of Economic Affairs
First Time Homebuyers Loans	1,057	In coordination with the Construction & Planning Administration of the Ministry of the Interior
Manufacturing Industry & Small- and Midsized Business Project Loans	727	In coordination with the Central Bank of the ROC
First Time Homebuyers Loan for Those Who Do Not Own Any Property	2,715	Same as above
Home Reconstruction Loans for 921 Quake Victims	514	Same as above
Reconstruction/Repair Loans for Schools, Medical Facilities, Temples and Churches Damaged in the 921 Quake	26	Same as above

### Utilization of Postal Capital





# Status of Operations

## II. Employee Information

Year		2013	2014	As of January 20, 2015
Number of employees	Staff	11,676	11,639	11,614
	Laborers	12,835	12,542	12,439
	Contract Workers	1,440	1,431	1,436
	Total	25,951	25,612	25,489
	Average Age	46.6	47	47.0
Average Seniority		19.4	19.7	19.7
Educational Background (Workers of the half-day system were not split half.)	Doctorates	4	3	3
	Master	790	819	820
	Bachelor Degree	14,606	14,631	14,567
	Senior High School	9,811	9,473	9,431
	Junior High School and Below	1,195	1,112	1,093
Number of Employees with Professional Certificates		1,594	2,332	25
Employee Training		I. Physical training: launched 1,035 training classes for newcomers, executives, professionalism, business skill, computer and keynote speech with 82,179 employees being trained. II. Digital learning: the employees spent a total of 574,401 hours on on-line learning.		
Volunteering		In 2014, 2,336 volunteers worked for a total of 1,121,900 hours in various branches and mail processing centers.		

### Labor Structure

By December 31, 2014 the postal service employed 25,612 employees, including one chairperson, one president, 16,113 transferred employees, 8,066 staff members and 1,431 contract workers. Among them, 23,621 were basic level clerks (92.23% of the entire workforce); 1,896 worked in management (7.40% of the workforce); 19 were training staff (0.07% of the workforce) and 76 were staff on temporary transfer (0.30% of the workforce). It is plain to see that the majority of postal employees are basic level employees involved in sales, services, operation and distribution. The Company has a very lean management structure.

### Breakdown of Employees by Function

December 31, 2014

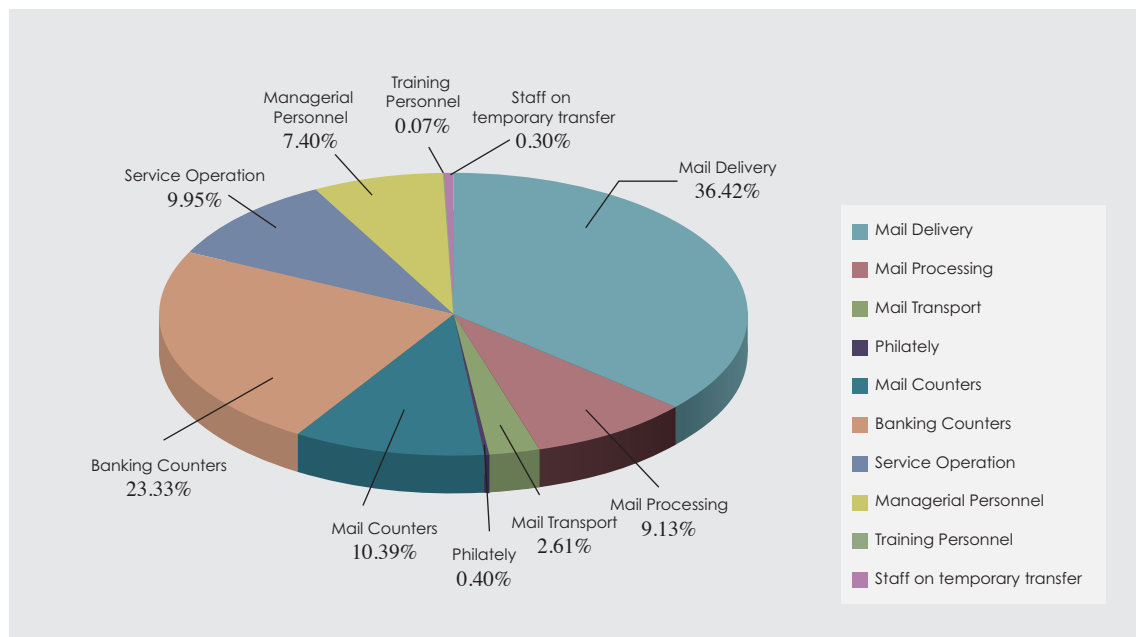
Unit: Person

	Total	Percentage %	Headquarters	Post Offices	Mail Processing Centers
Total	25,612	100.00	1,635	22,873	1,104
Total Clerks	23,621	92.23	865	21,731	1,025
Mail Delivery	9,329	36.42		9,329	
Mail Processing	2,338	9.13		1,685	653
Mail Transport	668	2.61	20	276	372
Philately	103	0.40	61	42	
Mail Counters	2,660	10.39		2,660	
Banking Counters	5,975	23.33		5,975	
Service Operation	2,548	9.95	784	1,764	
Managerial Personnel	1,896	7.40	726	1,096	74
Training Personnel	19	0.07	19		
Staff on temporary transfer	76	0.30	25	46	5





### Breakdown of Employees by Function



## III. Labor/Management Relations

### (I) Employee benefits

1. Organized and paid for by the Company: sports and entertainment events, birthday parties, vacation subsidies, and continuing education courses.
2. Organized and paid for by the Company's Employee Benefits Committee: gifts and gift certificates for the three major Chinese holidays and Labor Day, scholarship for children of employees, as well as supplements for wedding, childbirth and funeral of employees.

### (II) Retirement System

Depending on the employment dates and employee status (civil servant concurrently with labor status, or only labor status), different regulations apply regarding their retirement, severance and indemnity. These regulations include Regulations Governing the Retirement of Employees of Postal and Communication Enterprises under the MOTC, Regulations Governing the Retirement of Non-Ranking Current Employees of Chunghwa Post Co., Ltd., Labor Standards Act, Labor Pension Act, Regulations Governing the Severance of Transferred Employees of Chunghwa Post Co., Ltd., Regulations Governing the Retirement and Severance of Employees of Chunghwa Post Co., Ltd..

### (III) Labor-management negotiations

To promote harmonious labor-management relations, labor-management meetings are held at least once every three months in accordance with Article 83 of the Labor Standards Law and Convocation Rules of the Labor-Management Conference. Labor and management representatives for these meetings are elected or appointed in accordance with the law. Issues discussed in these negotiations include salary, benefits, retirement, severance, pensions, and so forth.

### (IV) Employee Rights Protection

To clearly set out the rights and duties of workers and management, the Company has established a set of work regulations under Article 70 of the Labor Standards Act, and it has signed a group contract with Chunghwa Postal Workers' Union. In addition, to facilitate harmonious labor-management relations, the Company holds a meeting with the union once a year (and additional ad hoc meetings when necessary) to deal with issues regarding the rights of its employees. The Company makes a point of relying to and handling suggestions made during the meetings with the union or by employees belonging to the union in a timely manner.



## Status of Operations

### IV. IT Equipment

#### (I) IT System hardware and software deployment

##### 1. Mainframe computer in the Taipei main computer center:

This main computer center has an IBM2817-603 mainframe computer with three central processor units, running at 2130 MIPS. It has a 64 GB memory and uses z/OS V1.12 operating system. According to the needs of the Company, the system is divided into 10 logical partitions: APSP (partition 1) is the account processing system, which handles online processing and batch jobs for the banking and life insurance business of the 1,324 branch offices; IPSP (partition 4) holds the information processing system for the Company's accounting and mail business; IFLP (partition 6) is for operation connection with financial institutions; the remaining 7 partitions provide various services and system testing.

##### 2. The Mainframe system of the Taichung disaster recovery center:

The disaster recovery center has an IBM2084-303 mainframe computer with three central processor units, running at 1,215 MIPS. It has a 16 GB memory and uses a z/OS V1.12 operating system. According to the needs of the Company, the system had been divided as Taipei mainframe system in order to open backup system once hit by disasters and maintain sustained operational capability for the Company's important systems.

##### 3. Open System:

In 2005, the Company installed a three-tiered open system calculation environment. The front end is equipped with a blade server in charge of network services; the rear end is a storage area network (SAN), storing the databases of various systems; the middle is equipped with a high-end server, integrating the various systems to access the data at the rear end. In 2006, a load balance was installed; in 2008, information random storing mechanism was installed; in 2009, a virtual environment was installed to use the resources sufficiently and backup mechanisms for important systems such as the internet service in a different place was also completed. The Company also brought in new technology and virtualization management tools year after year in order to improve system performance and operational efficiency.

##### 4. Maintenance

In 2005, the Company installed a three-tiered open system calculation environment. The front end is equipped with a blade server in charging of network services; the rear end is a storage area network (SAN), storing the databases of various systems; the middle is equipped with a high-end server, integrating the various systems to access the data at the rear end. In 2006, a load balance was installed; in 2008, information random storing mechanism was installed; in 2009, a virtual environment was installed to use the resources sufficiently and backup mechanisms for important systems such as the internet service in a different place was also completed. The Company also brought in new technology and virtualization management tools in order to improve system performance and operational efficiency.

#### (II) Emergency backup and safety measures

1. Starting from 2003, the Company has held two disaster recover drills each year. The procedures include:

- (1) Switching the operating system from the Taipei main computer center over to the Taichung disaster recovery center twice a year, ensuring that operations can be resumed promptly when problems occur in the Taipei main computer center and continue to provide normal operations for various businesses.
- (2) The Taipei main computer center holds two local backup recovery drills a year. The purpose of these drills is to familiarize staff with the local backup recover procedures and make sure the backup data are valid, so that the Taipei center will be able to quickly resume operations in case of a minor mishap.



- (3) Area control centers (stations) drills – held irregularly:
- A. These drills simulate an emergency situation in one of its area control centers (stations) where normal online operations are disrupted. The control center backup system of the Taichung disaster recovery center would then be activated and the staff of the center would take over operations in order to provide branch offices of the area with normal online operations.
  - B. There are 1,259 branch offices of the Company equipped with ISDN backup mechanism and 39 branch offices equipped with MPLS VPN backup recovery, so when any of these branch offices has a line problem, the ISDN backup or MPLS VPN activates automatically to ensure uninterrupted service.
2. Apart from the backup measures mentioned above, the Company has established a security operation center for its WANs to monitor the network operation in the whole area and unidentified potential intrusions from within and outside.
3. The Company received the BS7799 Information Security Certification in February 2005 and was upgraded to the new version of ISO 27001:2005 in January 2007. The Company expanded the scope of certification to the Taichung disaster recovery center in 2009. The center passed the second review in December 2013. The Company is preparing for updating the system according to the new ISO27001:2013. Apparently, the Company values and implements the information security.
4. In response to the implementation of “Personal Information Protection Act” that went into effect on October 1, 2012, the Company has assigned a counseling company to assist in building personal information protection management system, in order to strengthen the personal information protection on savings, life insurance, postal business and related operations, since December 2011. The Company was also certified by BSI (British Standards Institution) for BS10012:2009 personal information management system in August 2012. The Company expanded the scope of certification in 2013 and introduced personal information disclosure prevention tool to continue strengthening information system environmental control in 2014. Meanwhile, the Company passed the second review by the third party, BSI, on September 11 and 12 to maintain the validity of BS10012 certification. Further, following the Plan-Do-Check-Act (PDCA) management model, the Company assured the normal operation after personal information protection management mechanism and highlighting the Company’s determination and intention of goodwill management over personal information protection.