

## II. Business Report



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In first half of 2009, all the countries' economic performance was dealt a heavy blow by the global financial crisis triggered by the subprime meltdown and the banking fallout in the U.S. As a result of the recession, Taiwan saw a major decline in export, its economic growth plunged and growth rate of civic consumption and investments turned minus in the second half of the year. However, the entire staff of Chunghwa Post worked hard together to actively promote the business and achieved the annual goal. Moreover, the postal service received high recognition from the general public in various polls. The business report for fiscal year 2009 (January 1 to December 31, 2009) and the business plan for fiscal year 2010 are as follows:

### I. Business Report for 2009

#### (I) Results of the Businesses Operated

1. Mails posted: 2,657,650 thousand pieces were handled, a decrease of 0.70% over 2,676,490 thousand pieces of the previous year.
2. Philatelic revenue: Philatelic sales reached NT\$607,016 thousand, a decrease of 4.36% from NT\$634,714 thousand of the previous year.
3. Averaged daily balance of Postal Savings: It stood at NT\$4,576.9 billion, an increase of 6.49% over NT\$4,298.1 billion of the previous year.
4. Amount of money orders issued: The money remitted totaled NT\$1,500.9 billion a decrease of 11.01% over NT\$1,686.6 billion of the previous year.
5. Averaged monthly sum insured of simple life insurance business: It reached NT\$ 148.1 billion, an increase of 5.70% from NT\$140.1 billion of the previous year.
6. Amount of Agential: It stood at NT\$90.9 billion, a decrease of 1.37% from NT\$92.2 billion of the previous year.

#### (II) Use of Postal Capital

Postal capital is employed in accordance with Article 18 of the Postal Remittances and Savings Act and Article 27 of the Simple Life Insurance Act. At the end of December 2009, total postal capital (including savings, remittances and life insurance capital) stood at NT\$5,240 billion. This was divided into the following:

1. The revolving fund (including savings in current accounts, reserves against deposits in the Central Bank of the ROC and the revolving funds of its branch offices): NT\$231.6 billion.

2. Certificate deposits (including time deposits and CDs issued by the Central Bank of the ROC): NT\$2,958.8 billion, comprising NT\$1,582 billion re-deposited in the Central Bank of the ROC, NT\$682.9 billion in other banks and NT\$ 693.9 billion of the CDs issued by the Central Bank of the ROC).
3. Bonds (including government bonds, corporate bonds and financial bonds): NT\$1,346 billion.
4. Call loans of other banks and short-term bills and notes: NT\$139.4 billion.
5. Stocks and mutual funds (including money invested by investment management companies on behalf of the post office): NT\$128.2 billion.
6. Overseas investments: NT\$395.2 billion.
7. Mortgage loans on CDs, insurance policies and real estate: NT\$39.5 billion.
8. Financial asset securities: NT\$0.2 billion.
9. Real estate investments: NT\$1.1 billion.

### (III) Financial Status and Profitability Analysis

In FY 2009, total revenue (including operating revenue and non-operating revenue) stood at NT\$287,929.66 million and total expenditures (including operating costs, operating expenses and non-operating expenses) totaled NT\$274,050.78 million. Profit before tax was NT\$13,878.88 million, which represented 125.98% of the target. The figures for the ROA (return on assets) after tax, ROE (return on equity) after tax and net profit margin for the year were 0.21%, 15.60% and 3.73% respectively.

### (IV) Research and Development

1. CHP conducted four research projects in 2009:
  - (1) Reconsideration of the positioning of the Postal Service Training Center from the perspective of the human resource development trend.
  - (2) Analysis of operational profits current condition and difficulties of CHP.
  - (3) Feasibility research of online approval of documentary file management systems
  - (4) Research of future organizational reform of CHP based on the postal service organizations of Germany, Holland and Japan.
2. CHP commissioned eight research projects to experts and academic institutions:
  - (1) Postal service employee compensations and reward system study.
  - (2) 2009 customer satisfaction survey (conducted each in the first and second half of the year)
  - (3) CHP Transaction Office risk management mechanism research.
  - (4) CHT foreign exchange deposit service feasibility and related operation models research.
  - (5) Life insurance business development trend and consumer insurance purchase behavior research.
  - (6) Philately business marketing strategy research.
  - (7) CHP Department of Information organization structure research.
  - (8) CHP Post Mall and E-commerce operation research.

## II. 2010 Business Plan Outline

### (I) Business Policy

1. Regarding the execution of government's policies:
  - (1) Complement the balanced regional development policy by improving postal service efficiency and enhancing effectiveness of popularized service.
  - (2) Complement the domestic demand expansion policy by improving effectiveness of capital use and supporting important public and private investment projects such as "i-Taiwan 12 Projects" and "Industrial Reconstruction" .
  - (3) Complement the financial deregulation policy by working out the loosening of regulations and increasing market shares of products.
2. Regarding operations and management:

- (1) Continue with organizational reform and vitalize organization structure to cope with changes of operation conditions.
  - (2) Actively promote human resource development and improve effectiveness of human resource use.
  - (3) Expand cross-strait two-way postal and remittance services, continue to develop new businesses, innovate all service models and capitalize on diversified distribution channels to increase customer satisfaction.
  - (4) Work out the loosening of regulations on savings and remittance and life insurance and develop diversified financial products to expand market share.
  - (5) Capitalize on the cross-strait postal service by actively developing logistics service to expand business niche.
  - (6) Strengthen on-line shopping service functions of the Post Mall and actively promote on-line shopping services to improve operation performance.
  - (7) Use cross-industry alliance to expand business opportunities to improve competitiveness.
  - (8) Expand capital use channels, build hedging mechanisms, strengthen asset-liability allocation and improve capital use efficiency.
  - (9) Strengthen corporate governance system by truly implementing internal audit, internal control and risk management mechanisms.
  - (10) Promote energy saving and carbon reduction measures and actively engage in public interest activities to boost corporate image.
3. Regarding supply and demand:
- (1) Build postal buildings and install automation and mail delivering equipment to increase service effectiveness.
  - (2) Expand information equipment and functions and strengthen information security protection network to ensure business information security.

### (II) Major Business Targets for 2010

1. Mails: It is estimated that 2,861.86 million pieces of mails will be handled.
2. Philately: It is estimated that philately revenues will be NT\$ 533.08 million.
3. Deposit: It is estimated that daily balance will be NT\$ 4,555 billion.
4. Exchange: It is estimated that the amount of exchange will be NT\$ 1,450 billion.
5. Simple life insurance: It is estimated that annual premium revenue will be NT\$ 146,828.06 million.
6. Agential business: It is estimated that annual amount of agential business will be NT\$ 91,940 million.

### (III) Major Services Conducted

1. Continue to promote cross-strait cooperation and exchanges.
2. Develop competitive postal service transformation strategies.
3. Plan new types of business to provide convenient services to the public.
4. Strengthen risk control.
5. Improve capital use effectiveness.
6. Enhance E-service functions and network security mechanisms.