Annual Report 2025

Central Bank of the Republic of China (Taiwan)

Taipei, Taiwan
Republic of China

Foreword

Chin-Long Yang, Governor

Looking back on 2025, Taiwan's economy delivered an exceptional performance, with growth accelerating markedly from 5.27% in 2024 to 8.68%, the strongest pace recorded in nearly 15 years. This robust expansion was driven primarily by stronger-than-anticipated demand for applications of artificial intelligence (AI) and other emerging technologies. Consequently, exports posted strong growth, and firms across related supply chains also responded by expanding capacity and increasing investment. Meanwhile, inflationary pressures continued to recede over the course of the year. As international prices of crude oil and other raw materials declined, and increases in services prices moderated, the annual growth rate of the consumer price index (CPI) eased further from 2.18% in 2024 to 1.66%, the lowest level since 2021. Excluding fruit, vegetables, and energy, core CPI inflation also slowed from 1.88% to 1.66%.

Against the backdrop of a sustained gradual descent in domestic inflation and a moderate inflation outlook, alongside the prospect of steady economic growth, the Bank opted for a prudent approach throughout the year. To carefully navigate the uncertainties clouding the global economic and financial landscape, as well as the potential implications of U.S. economic and trade policies on the domestic economy, the Bank resolved to maintain the policy rates at all four of its quarterly Board meetings in March, June, September, and December 2025.

The Bank continued to implement the seventh round of selective credit control measures initiated in September 2024, while also requesting banks to independently manage their real estate lending volume targets set for the period from the fourth quarter of 2024 through the end of 2025. Considering that most banks have successfully met their self-defined targets and that the concentration of credit resources in the real estate sector has gradually eased, the Bank decided to return the management of real estate lending volumes to banks' internal controls effective from 2026. Nevertheless, banks are required to submit relevant data to the Bank on a monthly basis. The Bank will also continue to conduct targeted on-site examinations to closely monitor real estate lending-related developments and ensure rigorous compliance with its selective credit control measures.

Furthermore, the Bank conducted open market operations through the issuance of certificates of deposit (CDs) and utilized instruments such as re-deposits from banks to flexibly manage the reserve positions within the banking system. Consequently, both banking system liquidity and market interest rates remained at appropriate levels. For the year as a whole, the average annual growth rate of bank loans and investments was 6.66%. Meanwhile, the average annual growth of M2 was 4.54%, staying well within the Bank's reference range of 2.5% to 6.5%.

In terms of foreign exchange management, the NT dollar experienced heightened volatility against the US dollar in 2025 owing to significant capital flows into and out of the domestic equity market as well as international economic factors. In fulfilling its mandate, the Bank conducted two-way operations in the foreign exchange market to maintain the dynamic stability of the NT dollar; such interventions resulted in a cumulative net purchase of US$7.7 billion for the year. By the end of 2025, the Bank's foreign exchange reserves stood at US$602.6 billion, representing an increase of US$25.9 billion, or 4.5%, from the previous year-end, primarily attributable to returns on investment.

To ensure the safety and efficiency of domestic payment systems, the Bank continued to urge the Financial Information Service Co., Ltd. (FISC) to enhance retail payment infrastructure. Collaborating with financial and payment service providers, the Bank continued promoting the adoption of TWQR in various scenarios, including encouraging merchants in commercial districts to adopt TWQR payments, implementing TWQR transit codes for public transportation, and expanding cross-border payment services into Japan and South Korea. Meanwhile, the Bank pressed forward with its central bank digital currency (CBDC) research project. With the rise of asset tokenization, the Bank collaborated with FISC and the Taiwan Depository and Clearing Corporation (TDCC) to conduct wholesale CBDC trials for the settlement of tokenized bond transactions, exploring the feasibility of jointly developing tokenized financial infrastructure in the future.

Furthermore, taking into account that the current series of NT dollar banknotes has been in circulation for 24 years, the Bank officially initiated the banknote redesign process on October 23, 2025. This initiative aims to ensure that our anti-counterfeiting features remain aligned with the latest international technologies while adhering to sustainable development trends in environmental, social, and governance (ESG) criteria.

In parallel, the Bank collaborated with the National Museum of History to co-curate the "A New Cycle of Currency: Banknotes and Coins Exhibition." This exhibition brings together a curated selection of artifacts from the Museum, the Bank, and its two subsidiary manufacturing plants. By showcasing a diverse array of coins, silver ingots, and banknotes, alongside historical materials on the minting and printing processes from the pre-Qin period to the present day, the exhibition invites the public to explore the profound history and cultural heritage of currency.

Notably, the Bank published its inaugural *Sustainability Report* at the end of 2025. Structured around five core pillars – "robust finance, accountable governance, green operations, friendly workplace, and social engagement" – the report documents the Bank's management performance and achievements across the three dimensions of ESG in 2024. Through the annual publication of this report, the Bank aims to listen and respond to the expectations of its stakeholders while continuously reviewing and refining policy measures that contribute to the sustainable development of Taiwan's financial sector.

Looking ahead, as the global economy remains shrouded in a myriad of uncertainties, the Bank will stay attentive to the impacts of geopolitical risks, shocks from U.S. economic and trade policies, the monetary policy trajectories of major economies, and the development of AI supply chains, as well as extreme weather, on domestic economic, financial, and price conditions. As warranted, the Bank will make timely adjustments to its monetary policy to fulfill its statutory mandates of maintaining price and financial stability, and fostering economic development within the scope of these objectives.

Finally, I would like to thank my colleagues for their dedication and professionalism in preparing this *Annual Report* through a year of complex transitions. We hope this publication provides a clear perspective on our policy considerations as the Bank steadfastly fulfills its mandate to ensure the continued stability and prosperity of Taiwan's economy.

Chin-Long Yang

Chin-Long Yang
Governor
April 2026

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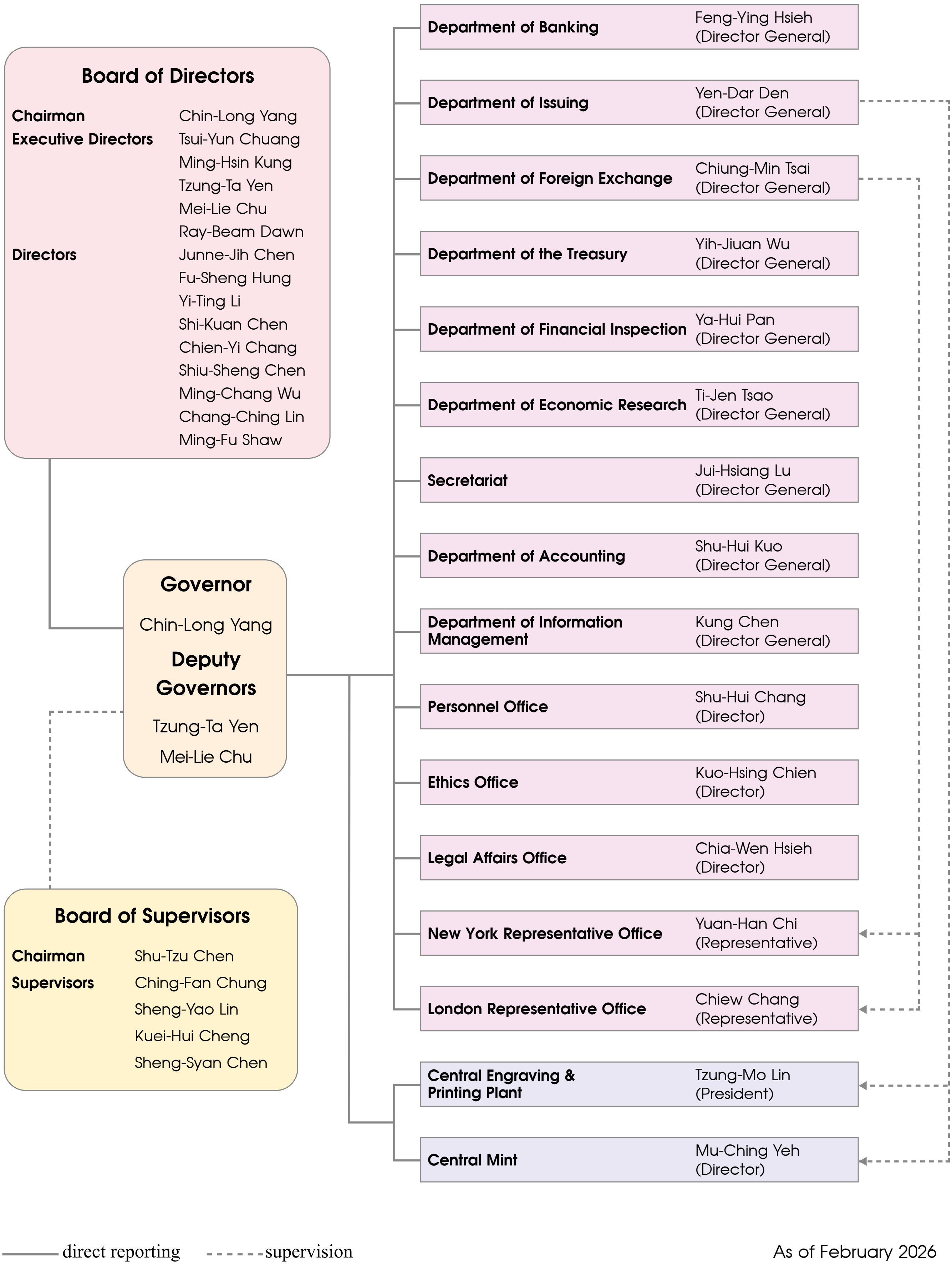


As of February 2026

Chairman
Board of Directors
Governor
Chin-Long Yang

Executive Director
Tsui-Yun Chuang

Executive Director
Ming-Hsin Kung

Executive Director
Deputy Governor
Tzung-Ta Yen

Executive Director
Deputy Governor
Mei-Lie Chu

Executive Director
Ray-Beam Dawn

Director
Junne-Jih Chen

Director
Fu-Sheng Hung

Director
Yi-Ting Li

Director
Shi-Kuan Chen

Director
Chien-Yi Chang

Director
Shiu-Sheng Chen

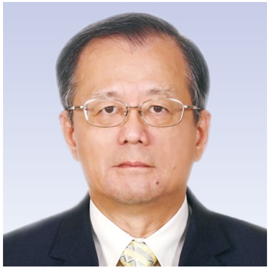
Director
Ming-Chang Wu

Director
Chang-Ching Lin

Director
Ming-Fu Shaw

Chairman
Board of Supervisors
Shu-Tzu Chen

Supervisor
Ching-Fan Chung



Supervisor
Sheng-Yao Lin

Supervisor
Kuei-Hui Cheng

Supervisor
Sheng-Syan Chen

Developments in the Real Economy

I. Developments in the Real Economy

1. Overview

In 2025, stronger-than-expected demand for emerging technologies such as AI helped bolster Taiwan's export growth. This, in turn, prompted related supply chain firms to expand capacity and capital expenditure, driving a sustained increase in private investment. Coupled with real wage growth and the government's universal tax rebate program, which stimulated private consumption, real GDP growth for the year rose to 8.68%, marking a nearly 15-year high. The balance of payments remained sound, characterized by a widening current account surplus and an increase in net assets in the financial account.

Regarding prices, as the price increase in vegetables and fruit moderated and the decline in fuel prices widened, the annual growth of the consumer price index (CPI) continued to fall to 1.66%, the lowest since 2021; that of the core CPI (excluding fruit, vegetables, and energy) also declined to 1.66%. In the labor market, the unemployment rate continued to edge down thanks to steady economic growth, with the annual average unemployment rate reaching 3.35%, the lowest since 2001. Meanwhile, the average monthly real total earnings per worker in the nonfarm sector grew by 2.21% year on year to NT$57,834, the highest growth rate since 2019.

Strongest Economic Growth in Nearly 15 Years

In 2025, the economic growth rate continued trending upward quarter by quarter. In the first quarter, driven by exports and private investment and complemented by moderate growth in private consumption, the economy expanded by 5.54%. In the second quarter, as export expansion and private investment continued to increase, the economic growth rate rose to 7.71%. In the third quarter, although the impact of U.S. reciprocal tariffs weakened domestic consumer confidence, major international cloud service providers (CSPs) expanded their AI capital expenditure plans. This sustained the growth momentum of Taiwan's exports and private investment, pushing the economic growth rate to 8.42%. In the fourth quarter, as demand for AI and other emerging technologies continued to expand, export performance remained strong, and private consumption growth regained momentum on the back of active stock market trading and government tax rebates, lifting the economic growth rate to 12.65%. For the year as a whole, the economy expanded by 8.68%, up by 3.41 percentage points from 5.27% in the previous year.

By expenditure component, the 8.68% rate of economic growth was the combined results of robust exports fueled by strong demand for emerging technologies, the resultant momentum in private investment, and moderate growth in private consumption. In terms of contribution, domestic demand accounted for 2.02 percentage points of that growth, whereas net external demand contributed a significant 6.66 percentage points, as stellar export performance led to an increase in exports that outweighed the growth in imports.

In 2025, although private investment was bolstered by increased capital outlay from domestic AI-related supply chain firms, GDP also surged thanks to robust export growth. As a result, the domestic investment rate (the ratio of gross domestic investment to GDP) edged down to 25.26% from 26.86% in the previous year. As the economy expanded and national income rose, private consumption grew only marginally owing to uncertainties surrounding U.S. tariff policies. Consequently, the national saving rate (the ratio of gross national saving to gross national income) continued to rise to 43.65% from 41.14% in the previous year. In 2025, the increase in gross national saving far exceeded that in gross domestic investment, widening the excess of saving over investment. Therefore, the excess saving rate (the difference between saving and investment as a percentage of GDP) rose sharply to 19.61% from 15.84% in the previous year.

Healthy BOP Surplus

In 2025, the current account registered a surplus of US$181,136 million, while the financial account showed a net increase in assets of US$157,159 million. The Bank's reserve assets increased by US$20,035 million. Overall, the balance of payments remained sound.

Regarding the current account, goods exports and imports both increased in 2025 compared to the previous year. As the increase in goods exports outweighed that in imports, the goods trade surplus rose from US$99,363 million in the previous year to a record high of US$176,050 million. This was the primary driver behind the expansion of the current account surplus. The services deficit widened from US$12,202 million to US$13,628 million, mainly owing to an increase in travel and construction expenditures. The primary income surplus decreased from US$30,267 million to US$26,222 million, largely reflecting a decline in net direct investment income. The secondary income deficit expanded from US$4,719 million to US$7,508 million, primarily as a result of an increase in workers' remittances. For the year as a whole, the current account surplus reached a record high of US$181,136 million, or 19.65% of nominal GDP.

Regarding the financial account, portfolio investment showed a net increase in assets of US$51,405 million. Within this component, residents' portfolio investment abroad recorded a net increase of US$36,165 million, mainly reflecting an increase in foreign securities holdings by the banking sector and through banks' non-discretionary money trust investments. Meanwhile, nonresidents' portfolio investment in Taiwan showed a net decrease of US$15,240 million, primarily reflecting foreign investors' reduced holdings of domestic equities. Direct investment registered a net increase in assets of US$34,350 million, as residents' direct investment abroad and nonresidents' direct investment in Taiwan recorded net increases of US$45,311 million and US$10,961 million, respectively. Other investment showed a net increase in assets of US$73,677 million, largely driven by increases in the private sector's foreign deposits and trade credits extended by exporters.

Continued Slowdown in Inflation

In 2025, influenced by uncertainties surrounding shifts in U.S. tariff policies and production increases by OPEC+, international prices for crude oil and other raw materials declined. This led to a downward trend in both the domestic import price index and the producer price index (PPI). For the year, the import price index in NTD terms and the PPI fell by 4.84% and 1.79%, respectively, compared to 2024.

Regarding the CPI, as the price increase in vegetables and fruit moderated and the decline in fuel and lubricant prices widened, the annual CPI growth rate continued to fall from 2.18% in 2024 to 1.66% in 2025. This marked the lowest level since 2021 and the first time since 2022 that the rate dropped below 2%. Similarly, the core CPI annual growth rate continued to decline to 1.66%, down from 1.88% in 2024.

New Record Low Unemployment Rate Since 2001; Moderate Wage Growth

In 2025, with steady economic growth and a stable labor market, the unemployment rate followed a general downward trend, except for seasonal rises after the Lunar New Year (February to March) owing to job transitions and during the summer (June to August) as graduates entered the job market. The rate fell to 3.30% by December, with the annual average reaching a multi-decade low of 3.35%, the lowest level since 2001. The average labor force participation rate for the year was 59.43%, up by 0.15 percentage points from the previous year.

The average number of employed persons in 2025 was 11,626 thousand, an increase of 30 thousand or 0.26%. Services employment increased by 42 thousand persons or 0.60%, whereas the industrial sector saw a decrease of four thousand persons or 0.10%. Meanwhile, the agricultural sector employed eight thousand less persons, representing a decrease of 1.54%.

In respect of wage growth, the average nonfarm (industrial and services sectors) monthly total earnings per employee increased by 3.91% from the previous year to NT$63,386 in 2025, the second largest increase since 2011. Adjusted for inflation, the real total earnings registered an increase of 2.21% to NT$57,834, the fastest growth since 2019. With growth in production outpacing that in total hours worked, the labor productivity indices of the industrial sector and the manufacturing sector rose by 16.68% and 18.24%, respectively. Meanwhile, unit labor costs in the industrial and the manufacturing sectors decreased by 9.09% and 10.25%, respectively, reflecting more moderate growth in total earnings compared to the expansion in production output.

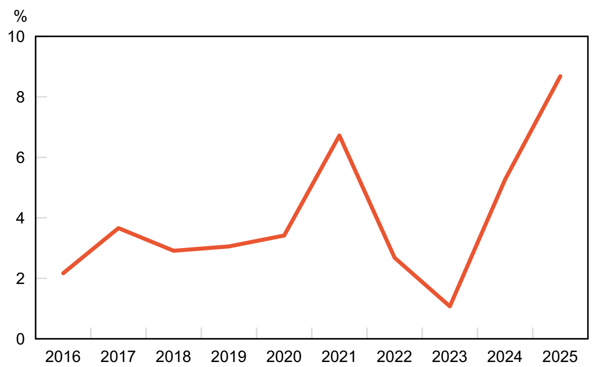
2. National Output and Income

In 2025, Taiwan's economy grew at an annual rate of 8.68%. Domestic demand contributed 2.02 percentage points to real GDP growth, fueled by significant expansion in gross fixed capital formation and a mild uptick in private consumption. In terms of external demand, net exports contributed 6.66 percentage points to real GDP growth, underpinned by a vigorous export performance. In the meantime, nominal GNI (gross national income, in US dollars) rose by 13.90%, and GNI per capita increased from US$35,531 to US$40,585 over the year 2025.

In the first quarter, real GDP expanded by 5.54%. The growth was primarily propelled by exports and private investment. In addition, private consumption exhibited temperate growth on account of resilient domestic spending and an increase in real wages. In the second quarter, real GDP grew by 7.71%. Export growth was supported by strong demand for AI and other emerging technology applications, as well as front-loading by overseas firms in response to U.S. trade policies. Meanwhile, private investment maintained its upward trajectory as the semiconductor industry further scaled up its production capacity for high-end chips and advanced packaging.

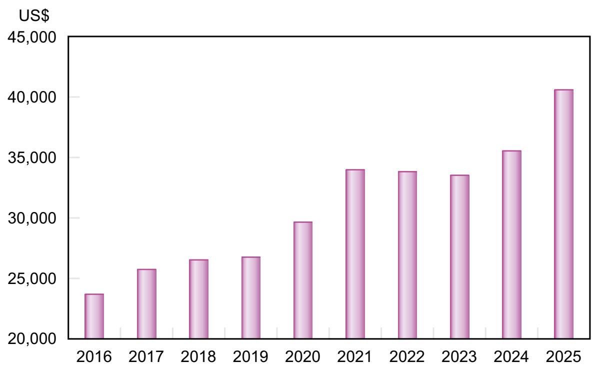
In the third quarter, real GDP growth rose to 8.42%. Private consumption remained sluggish as U.S. trade policies dampened consumer confidence. However, export growth momentum sustained its strength, largely owing to major global cloud service providers (CSPs) accelerating their AI-related capital expenditures. Strong external demand, coupled with capacity increases in the AI supply chain, significantly bolstered private investment. In the fourth quarter, real GDP growth soared to 12.65%. Exports continued to thrive as major CSPs revised up their capital expenditures, driving export demand for emerging technologies higher. In the meantime, private consumption improved because of a buoyant stock market, record-high real wage growth, and the universal cash handout from the government.

Real Growth Rate of GDP



Source: *Statistical Abstract of National Income,* DGBAS, Executive Yuan, February 2026.

Per Capita GNI



Source: *Statistical Abstract of National Income,* DGBAS, Executive Yuan, February 2026.

Expenditure Components of GDP

Of all expenditure components of GDP, exports of goods and services were the main source of economic growth and contributed 20.02 percentage points to real GDP growth for 2025. Gross fixed capital formation, on the other hand, contributed 2.72 percentage points to real GDP growth. Private consumption and government consumption contributed 0.68 percentage points and 0.16 percentage points to real GDP growth, respectively. With respect to shares of GDP, exports of goods and services continued to account for the largest share of GDP at 73.43%, followed by private consumption at 43.36% and gross fixed capital formation at 25.85%.

GDP by Expenditure

Unit: %

	2025			2024		
	Share	Real Growth Rate	Contribution to Real Growth Rate of GDP*	Share	Real Growth Rate	Contribution to Real Growth Rate of GDP*
Private Consumption	43.36	1.46	0.68	46.95	3.20	1.56
Government Consumption	12.31	1.22	0.16	13.23	3.03	0.41
Gross Fixed Capital Formation	25.85	10.53	2.72	25.83	7.07	1.81
Change in Inventory	-0.59	--	-1.54	1.03	--	1.74
Exports of Goods and Services	73.43	31.82	20.02	62.91	8.71	5.37
(Less: Imports of Goods and Services)	54.36	26.75	13.36	49.95	11.62	5.63
Expenditure on GDP	100.00	8.68	8.68	100.00	5.27	5.27

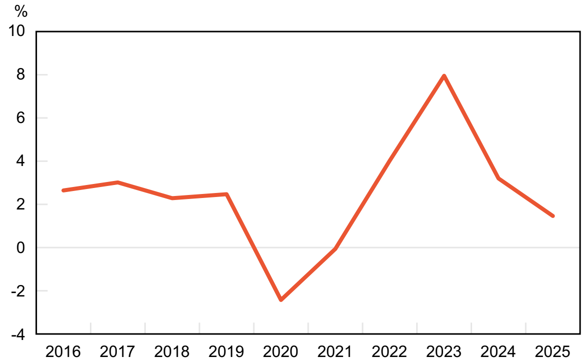
Note: * Percentage point.
Source: *Statistical Abstract of National Income*, DGBAS, Executive Yuan, February 2026.

(1) Mild Growth in Private Consumption

Private consumption was initially supported by strong income-driven factors, such as the minimum wage hike and corporate dividend payouts. These factors, alongside government stimulus measures, provided essential growth momentum to consumer spending. However, persistent uncertainty surrounding U.S. trade policies since April dampened consumer sentiment. As a result, private consumption grew at an annual rate of 1.46% and contributed 0.68 percentage points to real GDP growth in 2025.

In the first quarter of 2025, private consumption grew 1.43%, boosted by major sporting events, concerts, and holiday shopping. However, uncertainty surrounding U.S. trade policies weakened consumer confidence in the second quarter, causing growth to slow to 0.17%. While real wages continued to rise in the third quarter, private consumption increased slightly by 0.72% as demand for durable goods, such as automobiles and motorcycles, declined amid ongoing trade negotiations between the U.S. and Taiwan. By the fourth quarter, private consumption growth rebounded to 3.45%. The recovery stemmed from government stimulus measures, including commodity tax cuts and exemptions and a NT$10,000 universal cash handout, which revitalized demand for durable goods and complemented sustained enthusiasm for outbound travel.

Real Growth Rate of Private Consumption Expenditure



Source: *Statistical Abstract of National Income*, DGBAS, Executive Yuan, February 2026.

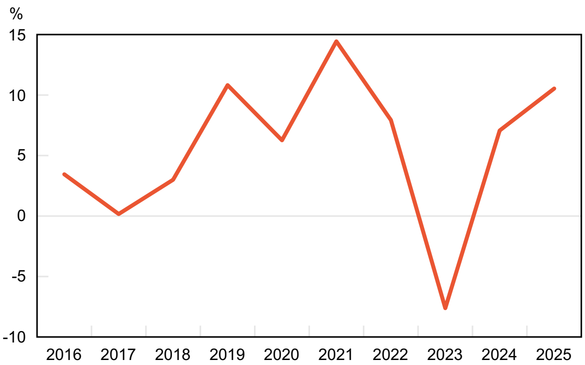
(2) Significant Increase in Gross Fixed Capital Formation

Driven by surging demand for emerging technologies, high-end chipmakers and advanced packaging firms ramped up their capital investment. This tech boom, in turn, resulted in a 10.53% growth rate in gross fixed capital formation, contributing 2.72 percentage points to real GDP growth in 2025.

Gross fixed capital formation climbed by 18.44% in the first quarter, on the back of heightened investment in machinery and equipment for semiconductor process migration and procurement of environmental protection equipment. The growth momentum carried into the next two quarters as semiconductor firms continued to expand manufacturing facilities and production lines to meet growing demand for emerging technologies. Meanwhile, government initiatives successfully attracted major international firms to establish research and development (R&D) centers in Taiwan, sustaining investment in machinery and equipment. Consequently, gross fixed capital formation grew by 11.51% and 10.14% in the second and third quarters, respectively. However, growth in gross fixed capital formation moderated to 3.48% in the fourth quarter, hampered by a higher base effect in machinery and equipment investment and a contraction in construction investment.

In terms of the type of fixed capital formation, investment in both machinery and equipment and construction was bolstered by government infrastructure investment and capacity expansion in the semiconductor industry, rising by 25.23% and 2.17%, respectively,

Real Growth Rate of Fixed Capital Formation



Source: *Statistical Abstract of National Income*, DGBAS, Executive Yuan, February 2026.

in 2025. In contrast, transportation investment contracted by 1.22% owing to reduced purchases of commercial vehicles and aircraft. Lastly, investment in intellectual property grew steadily by 6.27% for the entire year, supported by digitalization and higher R&D expenditures in the semiconductor industry.

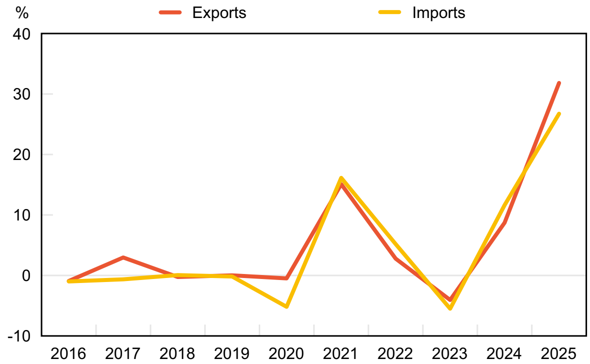
(3) Remarkable Growth in Real Exports

Higher-than-anticipated demand for AI applications fueled a remarkable increase in exports of goods and services, which grew by 31.82% and contributed 20.02 percentage points to real GDP growth in 2025.

Throughout 2025, China's industrial overcapacity and low-price competition stifled exports of traditional manufacturing goods through significant spillover effects. Yet, supported by front-loading demand in the first half of the year and the expansion of AI deployment by major CSPs, exports of electronics and ICT products surged, lifting overall exports to double-digit growth. As a result, exports of goods and services grew by 20.66%, 36.26%, 30.63%, and 38.81% in the first through fourth quarters, respectively.

As for imports, higher export- and investment-derived demand resulted in a notable 26.75% increase in imports for the year.

Real Growth Rates of Exports and Imports

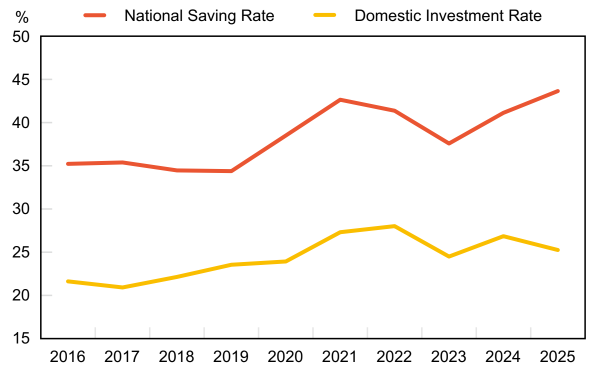


Source: *Statistical Abstract of National Income,* DGBAS, Executive Yuan, February 2026.

Modest Changes in National Saving Rate and Domestic Investment Rate

The national saving rate (the ratio of national savings to GNI measured at current prices) rose from 41.14% in 2024 to 43.65% in 2025, reflecting higher gains in national income. Meanwhile, the domestic investment rate (the ratio of domestic investment to GDP measured at current prices) fell slightly from 26.86% in 2024 to 25.26% in 2025. The decline occurred as the vigorous export performance significantly bolstered gross domestic product, outpacing increased capital expenditures from domestic AI suppliers.

National Saving Rate and Domestic Investment Rate



Source: *Statistical Abstract of National Income,* DGBAS, Executive Yuan, February 2026.

3. Balance of Payments

In 2025, Taiwan's current account registered a surplus of US$181,136 million, which accounted for 19.6% of nominal GDP. The financial account posted a net asset increase of US$157,159 million. Reserve assets increased by US$20,035 million.

Balance of Payments

Unit: US$million

	(1) 2025	(2) 2024	(1)-(2)
A. Current account	181,136	112,709	68,427
Goods: credit (exports)	582,483	415,018	167,465
Goods: debit (imports)	406,433	315,655	90,778
Balance on goods	176,050	99,363	76,687
Services: credit (exports)	64,023	58,957	5,066
Services: debit (imports)	77,651	71,159	6,492
Balance on services	-13,628	-12,202	-1,426
Primary income: credit	63,186	64,629	-1,443
Primary income: debit	36,964	34,362	2,602
Balance on primary income	26,222	30,267	-4,045
Secondary income: credit	9,718	9,024	694
Secondary income: debit	17,226	13,743	3,483
Balance on secondary income	-7,508	-4,719	-2,789
B. Capital account	0	-2	2
C. Financial account	157,159	93,400	63,759
Direct investment: assets	45,311	32,012	13,299
Equity and investment fund shares	40,341	31,625	8,716
Debt instruments	4,970	387	4,583
Direct investment: liabilities	10,961	11,092	-131
Equity and investment fund shares	6,487	2,877	3,610
Debt instruments	4,474	8,215	-3,741
Portfolio investment: assets	36,165	66,374	-30,209
Equity and investment fund shares	16,989	26,998	-10,009
Debt securities	19,176	39,376	-20,200
Portfolio investment: liabilities	-15,240	-17,357	2,117
Equity and investment fund shares	-17,817	-18,893	1,076
Debt securities	2,577	1,536	1,041
Financial derivatives: assets	-33,011	-27,799	-5,212
Financial derivatives: liabilities	-30,738	-28,722	-2,016
Other investment: assets	71,673	-3,774	75,447
Other investment: liabilities	-2,004	8,400	-10,404
D. Net errors and omissions	-3,942	-8,427	4,485
E. Reserves and related items*	20,035	10,880	9,155

Note: * Excluding valuation changes in exchange rates.
Source: *Balance of Payments Quarterly, Republic of China (Taiwan)*, CBC, February 2026.

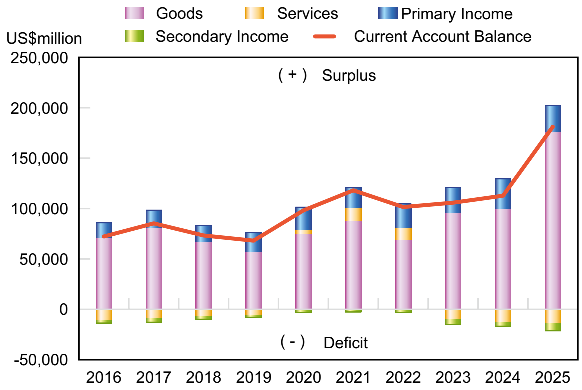
Wider Current Account Surplus

The current account consists of four major items, namely goods, services, primary income, and secondary income.

(1) Goods

Driven mainly by emerging technologies such as AI-related applications, Taiwan's external merchandise trade grew significantly in 2025, with the value of exports (on a BOP basis) increasing by 40.4% from 2024 to US$582,483 million. Among its components, net exports of goods under merchanting increased by 16.1% to US$16,624 million. The value of imports increased by 28.8% to US$406,433 million. Overall, as the increase in exports exceeded that in imports, the trade surplus widened from US$99,363 million to US$176,050 million.

Current Account



Source: *Balance of Payments Quartely, Republic of China (Taiwan)*, CBC, February 2026.

According to customs statistics, the top five trading partners of Taiwan in 2025 were the U.S., Mainland China including Hong Kong (hereafter in this chapter referred to as Mainland China), ASEAN,[1] Europe, and Japan.

In 2025, Taiwan's exports to the U.S. grew 78.0% to a record high of US$198,274 million, and its share of total exports rose to 30.9%. This surge was primarily driven by booming demand for AI, high-performance computing (HPC), and cloud services, which lifted exports of information and communication technology and audio-video (ICT/AV) products as major U.S. cloud service providers increased procurement. As for imports from the U.S., the amount increased by 3.2% to US$48,156 million, primarily driven by electronic parts and components. The trade surplus with the U.S. expanded to US$150,117 million for the year, constituting the largest source of Taiwan's trade surplus.

In terms of Taiwan's trade with Mainland China, the value of exports amounted to US$170,477 million in 2025, representing a 13.2% increase that ended three consecutive years of decline. However, Mainland China's share of total exports continued to drop to 26.6%, the lowest level in 25 years. Against the backdrop of global supply chain restructuring, alongside overcapacity and weak domestic demand in Mainland China, electronic parts and components stood out as the primary driver of export growth, while other sectors remained subdued. Imports from Mainland China grew 15.5% to US$93,124 million owing primarily to electronic parts and components, though Mainland China's share of total imports decreased to 19.3%. As the increase in exports exceeded that in

[1] Association of Southeast Asian Nations, including Brunei Darussalam, Cambodia, Indonesia, Laos, Myanmar, Malaysia, the Philippines, Singapore, Thailand, Timor-Leste, and Vietnam.

imports, the trade surplus with Mainland China widened to US$77,354 million in 2025, ranking second among Taiwan's surplus sources.

Exports to the ASEAN economies increased by 35.6% to US$119,027 million in 2025, with its share of total exports slightly rising to 18.6%. The growth was bolstered by AI-related demand and supply chain relocation, with ICT/AV products and electronic parts and components contributing the most to the increase. Imports from the ASEAN economies increased by 27.0% to US$62,562 million, accounting for a slightly greater share of 12.9% of total imports as imports of ICT/AV products increased. Overall, the trade surplus with the ASEAN economies rose to US$56,464 million. Singapore, Malaysia, and Thailand were the third, fourth, and fifth largest sources of Taiwan's trade surplus, respectively.

Exports to Europe increased by 6.9% to US$41,288 million, with ICT/AV products being the main contributor; however, its share of total exports continued to decline to 6.4%. Imports from Europe increased by 9.9% to US$50,460 million mainly led by machinery, though Europe's share of total imports shrank to 10.4%. In all, as the increase in exports to Europe was smaller than that in imports, the trade deficit expanded to US$9,172 million.

Regarding trade with Japan, exports increased by 16.2% to US$30,014 million, primarily in electronic parts and components and ICT/AV products; nevertheless, its share in Taiwan's total

Trade in Goods by Country

Unit: %

	2025			2024		
	Amount (US$million)	Share	Annual Change	Amount (US$million)	Share	Annual Change
Exports						
US	198,274	30.9	78.0	111,362	23.4	46.1
Mainland China (including Hong Kong)	170,477	26.6	13.2	150,589	31.7	-1.1
ASEAN	119,027	18.6	35.6	87,777	18.5	15.0
Europe	41,288	6.4	6.9	38,629	8.1	-8.6
Japan	30,014	4.7	16.2	25,830	5.4	-17.8
Rest of the World	81,658	12.7	34.4	60,739	12.8	12.7
Total	640,739	100.0	34.9	474,925	100.0	9.8
Imports						
Mainland China (including Hong Kong)	93,124	19.3	15.5	80,651	20.5	12.5
ASEAN	62,562	12.9	27.0	49,243	12.5	20.0
Japan	54,834	11.3	18.0	46,464	11.8	4.8
Europe	50,460	10.4	9.9	45,897	11.6	-1.5
US	48,156	10.0	3.2	46,659	11.8	14.1
Rest of the World	174,467	36.1	39.1	125,434	31.8	17.2
Total	483,603	100.0	22.6	394,350	100.0	12.1

Source: *Monthly Statistics of Exports and Imports*, Ministry of Finance, R.O.C. (Taiwan).

exports continued to decrease to 4.7%. Imports from Japan increased by 18.0% to US$54,834 million, with electronic parts and components and machinery contributing the most to this increase. Despite the growth in value, Japan's share of total imports declined further to 11.3%. With the increase in exports being less than that in imports, the trade deficit with Japan expanded to US$24,820 million. Japan remained the second largest source of Taiwan's trade deficit, surpassed only by South Korea.

(2) Services

In 2025, the services deficit increased to US$13,628 million mainly because of an increase in travel and construction payments.

Of the various components of the services account, receipts of manufacturing services on physical inputs owned by others[2] increased by US$644 million to US$5,956 million in 2025. On the debit side, payments for manufacturing services rose by US$158 million to US$1,815 million. In total, net manufacturing receipts increased from US$3,655 million to US$4,141 million.

In terms of maintenance and repair services n.i.e. (not included elsewhere), which covers maintenance and repair work by residents on goods that are owned by nonresidents (and vice versa), the receipts rose by US$151 million to US$1,339 million and payments rose by US$267 million to US$1,875 million in 2025. The increases in both receipts and payments were mainly due to the rise in aircraft repair. In all, the maintenance and repair services deficit widened from US$420 million to US$536 million.

Transport receipts decreased by US$1,365 million to US$10,581 million, reflecting a decline in international freight proceeds. Transport payments declined by US$700 million to US$13,163 million as a result of a decrease in passenger fares paid to foreign airlines. Overall, the transport services deficit widened from US$1,917 million to US$2,582 million.

Travel receipts increased by US$999 million to US$11,025 million. Meanwhile, travel payments increased by US$2,592 million to US$22,505 million. The increases in both receipts and payments were mainly due to the growth in the number of cross-border tourists. In all, the deficit on the travel account widened to a record high of US$11,480 million.

In terms of "other services," the receipts grew by US$4,637 million to US$35,122 million, mainly attributable to increases in receipts from professional and management consulting services, trade-related and other miscellaneous technical services (under other business services) and computer and information services. The payments grew by US$4,175 million to US$38,293 million, owing to increases in payments for construction. Overall, the deficit on the "other services" account decreased to US$3,171 million.

[2] Manufacturing services on physical inputs owned by others include the processing, assembly, labeling, and packing undertaken by a service provider that does not own the goods.

(3) Primary Income

Primary income consists of compensation of employees, investment income, and other primary income. In 2025, primary income receipts decreased by US$1,443 million to US$63,186 million, mainly because of decreases in residents' direct investment income. Meanwhile, primary income payments increased by US$2,602 million from the previous year to US$36,964 million, mainly attributable to increases in direct investment income paid to nonresidents. Consequently, the surplus on the primary income account decreased to US$26,222 million.

(4) Secondary Income

For the year of 2025, secondary income receipts amounted to US$9,718 million, reflecting an increase in gift and sample receipts. Secondary income payments amounted to US$17,226 million, mainly owing to increased payments of workers' remittances. As a whole, the deficit on the secondary income account widened to US$7,508 million.

Capital Account Balance

The capital account includes capital transfers and the acquisition and disposal of non-produced, non-financial assets. In 2025, the capital account shifted from a deficit to a broadly balanced position.

Net Asset Increase in Financial Account

In 2025, the financial account showed an increase of US$157,159 million in net assets. In terms of sub-categories, direct investment, portfolio investment and other investment exhibited increases of US$34,350 million, US$51,405 million and US$73,677 million in net assets, respectively. The account of financial derivatives exhibited a decrease of US$2,273 million in net assets.

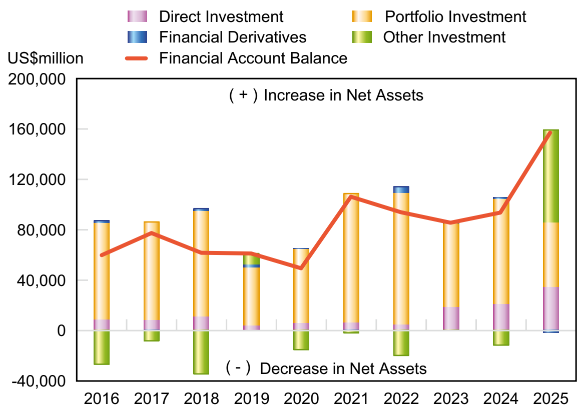
(1) Direct Investment

Direct investment abroad by residents exhibited an increase of US$45,311 million. Direct investment in Taiwan by nonresidents showed an increase of US$10,961 million.

(2) Portfolio Investment

In 2025, portfolio investment abroad by residents increased by US$36,165 million. Equity and investment fund shares grew by US$16,989 million mainly because banks' non-

Financial Account



Source: *Balance of Payments Quartely, Republic of China (Taiwan)*, CBC, February 2026.

discretionary money trusts increased holdings of foreign equity securities. Debt securities rose by US$19,176 million mainly because banks increased holdings of foreign debt securities.

On the other hand, local portfolio investment by nonresidents decreased by US$15,240 million. Equity and investment fund shares declined by US$17,817 million as foreign investors decreased holdings of Taiwanese stocks, and debt securities rose by US$2,577 million mainly because nonresidents invested in overseas corporate bonds issued by domestic enterprises.

(3) Financial Derivatives

Assets in financial derivatives decreased by US$33,011 million, principally because of gains on transactions of financial derivatives received by other financial corporations.

Liabilities in financial derivatives decreased by US$30,738 million, mainly because of losses on transactions of financial derivatives paid by other financial corporations.

(4) Other Investment

In 2025, other investment abroad by residents increased by US$71,673 million. Of the components, currency and deposits increased by US$35,271 million, which was primarily driven by an expansion in foreign deposits held by the private sector; loans increased by US$8,967 million, reflecting the growth in medium- and long-term loans extended by banks to nonresidents; trade credit grew by US$20,447 million owing to an increase in trade credit extended by corporations; other accounts receivable increased by US$6,979 million.

Other inward investment by nonresidents decreased by US$2,004 million. Of the components, currency and deposits rose by US$23,290 million because of increased deposits from overseas nonfinancial institutions; loans declined by US$917 million, mainly reflecting domestic banks' repayment of repurchase agreements with foreign counterparties; trade credit declined by US$20,954 million, owing to a decrease in trade credit received by corporations; other accounts payable decreased by US$3,423 million.

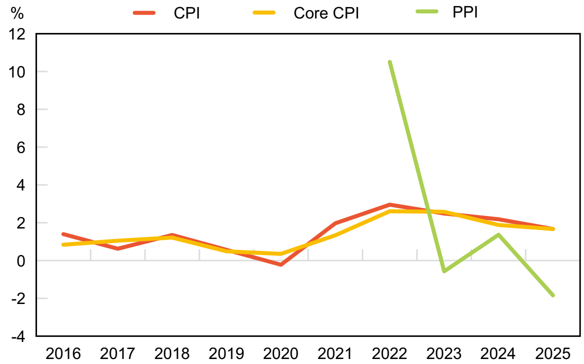
Increase in Foreign Exchange Reserves

The foreign exchange reserve assets held by the Bank increased by US$20,035 million in 2025, mainly owing to returns from foreign exchange reserves management.

4. Prices

For the year 2025, amid uncertainty surrounding U.S. tariff policy changes and increased crude oil supply from OPEC+, prices of international crude oil and other raw materials declined. As a result, Taiwan's import price index and producer price index (PPI), both measured in NT dollars, decreased by 4.84% and 1.79%, respectively, over the previous year. Headline inflation, measured by the CPI, continued to drop from 2.18% a year earlier to 1.66% in 2025, primarily reflecting a slower increase in fruit and vegetables prices and a large decline in fuel and lubricant fees. Excluding fruit, vegetables, and energy, the core CPI moderated further from a 1.88% increase in 2024 to 1.66%.

Inflation Rates



Note: As the PPI was first compiled in January 2021, the annual PPI growth rate was calculated from January 2022.

Source: *Price Statistics Monthly* (January 2026), DGBAS, Executive Yuan.

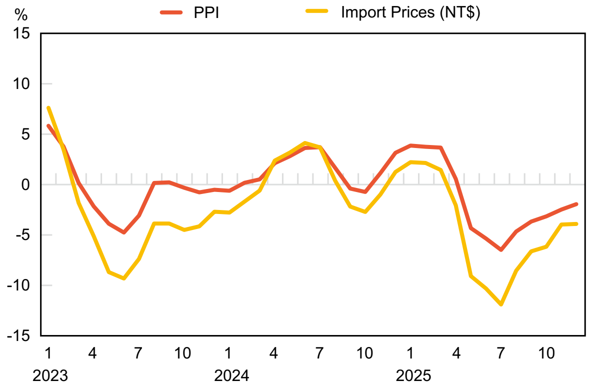
Decline in Producer Prices

In 2025, heightened uncertainty surrounding U.S. tariff policy changes, together with increased production from OPEC+, led to declines in prices of international crude oil and other raw materials. Combined with an NT dollar appreciation against the US dollar, this helped ease import cost pressures on domestic firms. Accordingly, Taiwan's import price index in NT dollar terms decreased by 4.84%, reversing from an increase of 0.25% in 2024. In terms of monthly movements, the annual growth rate of the import price index trended down month by month from January, reaching a yearly low of -11.99% in July. Subsequently, amid rising prices of animal products and of machinery, electrical equipment, TV image, parts, etc., the decrease in import prices abated, with the annual growth rate narrowing to -3.98% in December.

The PPI decreased by 1.79% in 2025, down from an increase of 1.37% in 2024. As for monthly movements, the annual PPI inflation rate went down in tandem with falling import prices and recorded -6.57% in July. Afterwards, with price rises in livestock and related products (including pork) and in electrical equipment, the annual PPI inflation rate showed a slower decline and posted a year-on-year decrease of -2.00% in December.

Among the components of the basic groups, prices of manufacturing products dropped by 2.53%, contributing 2.27 percentage points to the PPI decrease. This was mainly because prices of the following three categories experienced declines: (1) chemical material, other chemical products, and pharmaceuticals, (2) petroleum and coal products, and (3) base metal products. However, prices of water, electricity, and gas supply, prices of agriculture, forestry, fishing, and animal husbandry products, and prices of quarrying and mining products went up by 5.10%, 3.82%, and 0.64%, respectively.

Annual Growth of Import Prices and PPI



Source: *Price Statistics Monthly* (January 2026), DGBAS, Executive Yuan.

Broken down by the two major components of the PPI, prices of domestic sales excluding imports and prices of exports slid by 0.76% and 2.72% year on year, respectively.

In 2025, prices of domestic sales excluding imports slightly fell by 0.76%, as the downtrend in prices of crude oil, grains, and other raw materials, along with the appreciation of the NT dollar against the US dollar compared with 2024, helped alleviate import cost pressures for domestic firms. In terms of prices of domestic sales excluding imports by basic group, prices of manufacturing products went down by 2.21%, reflecting decreases in prices of chemical material, other chemical products, and pharmaceuticals, prices of petroleum and coal products, and prices of base metal products. On the other hand, prices of water, electricity, and gas supply, prices of agriculture, forestry, fishing, and animal husbandry products, and prices of quarrying and mining products rose by 5.09%, 3.88%, and 0.64%, respectively.

Export prices increased slightly by 0.20% in US dollar terms in 2025. Nevertheless, as the NT dollar appreciated against the US dollar compared with 2024, export prices in NT dollar terms shifted into an annual decrease of 2.72%. Among the components of export prices in NT dollar terms, prices of raw materials moved down by 2.88% with a contribution of -2.35 percentage points to the annual change in export prices. The decrease primarily reflected lower prices of mineral products, chemical products, plastics and rubber products, as well as base metal products. Prices of capital goods and consumer goods also decreased by 2.15% and 1.91%, respectively.

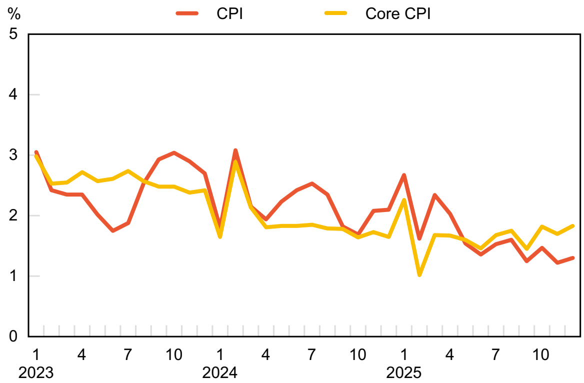
Continuous Easing in Consumer Prices

The CPI rose by 1.66% in 2025, moderating from 2.18% in 2024, marking the lowest increase since 2021 and the first time since 2022 that it fell below 2%. In the first two months of the year, the annual

CPI inflation rate experienced greater fluctuations on account of the seasonal factor of the Lunar New Year holidays. In March, the annual CPI inflation rate swung up by 2.34% because of larger increases in prices of food such as fruit and food away from home. From April onwards, the rate trended down, mainly owing to slower growth in food prices and a widened decrease in fuel and lubricant fees, and fell to 1.22% in November. In December, the annual CPI inflation rate edged back up to 1.30%, reflecting larger price increases in personal effects and entertainment services.

The core CPI grew at an average pace of 1.66% year on year in 2025, down from 1.88% the previous year. In the first two months of the year, the annual core CPI inflation rate fluctuated markedly owing to the calendar timing of the Lunar New Year. From March onwards, the annual core CPI inflation rate remained relatively stable, ranging between 1.45% and 1.83%, and staying below 2.00% before standing at 1.83% in December.

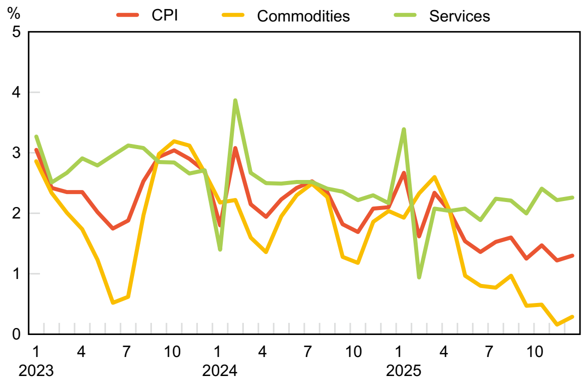
Annual CPI Growth Rates



Source: *Price Statistics Monthly* (January 2026), DGBAS, Executive Yuan.

By type of items, the annual growth rate of commodity prices eased further from 1.89% in 2024 to 1.14% in 2025, primarily attributable to slower growth in prices of vegetables and fruit and a larger decrease in domestic fuel and lubricant fees. Domestic services prices came down to 2.14%, lower than 2.45% the previous year, reflecting slower price increases in residential rent, medical care services, and education services.

Annual Growth of CPI and Prices of Commodities and Services



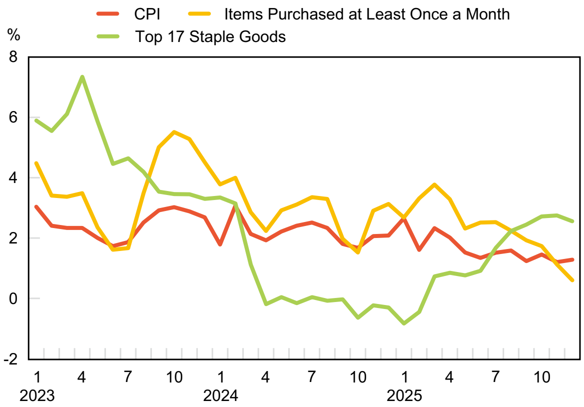
Source: *Price Statistics Monthly* (January 2026), DGBAS, Executive Yuan.

By frequency of purchase, prices of the top 17 staple goods went up at a faster pace in 2025 than in 2024, whereas prices of the items purchased at least once a month showed a slower increase.

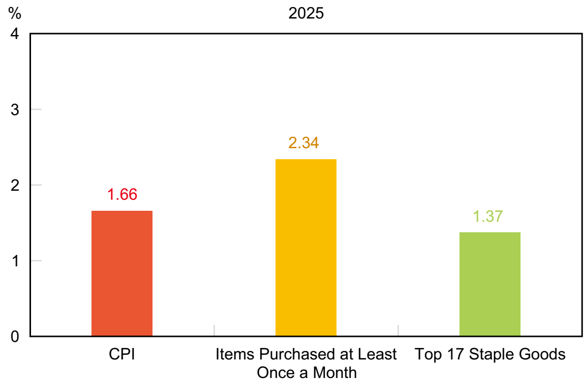
In 2025, the annual growth rate of prices of the top 17 staple goods rose to 1.37% from 0.52% in the previous year. The increase was mainly driven by larger price rises in meats and bread, a shift from price declines to increases in household paper products such as toilet paper, facial tissue, and paper towels, as well as a narrower price decrease in eggs. Nonetheless, the rise in prices of the top 17 staple goods remained lower than the overall CPI inflation of 1.66%.

Meanwhile, the annual growth rate of prices of the items purchased at least once a month slid from 2.93% in 2024 to 2.34% in 2025, mainly reflecting a smaller increase in fruit and vegetables prices and a widened decline in fuel and lubricant fees. Nevertheless, as the rise in prices of the items purchased at least once a month still exceeded the overall CPI inflation, consumers continued to feel a noticeable impact from the price uptrends.

Annual Growth of CPI, Prices of Top 17 Staple Goods, and Prices of Items Purchased at Least Once a Month



Source: *Price Statistics Monthly* (January 2026), DGBAS, Executive Yuan.



Source: *Price Statistics Monthly* (January 2026), DGBAS, Executive Yuan.

In 2025, Taiwan's CPI grew by 1.66%. Around 81% of this increase came from rising food prices, higher residential rent, and a price increase in personal effects, with a combined contribution of 1.35 percentage points to the annual CPI inflation rate.

The main factors contributing to the rise of CPI inflation in 2025 were as follows:

(1) Prices of food went up by 3.02% and accounted for 0.82 percentage points of the annual CPI inflation rate. Among the components of the food group, prices of food away from home increased by 3.39%, contributing 0.37 percentage points to CPI inflation. With supply restrained by typhoons and torrential rain in July and August, prices of fruit moved up by 8.62%, contributing 0.21 percentage points to CPI inflation.

Meanwhile, affected by rising feed and production costs, prices of meats and prices of cereals and cereal products rose by 4.61% and 2.53% and accounted for 0.11 and 0.04 percentage points of CPI inflation, respectively.

(2) Elevated housing prices, coupled with higher prices of maintenance and repair of dwellings, pushed up prices of residential rent by 2.30%, contributing 0.34 percentage points to CPI inflation.

(3) Rising international gold prices drove up prices of gold ornaments and jewelry, leading prices of personal effects to climb by 8.79%, thereby contributing 0.19 percentage points to CPI inflation.

(4) As providers of travel and entertainment services raised prices of accommodation, group travel, and amusement park admissions, entertainment services prices moved up by 1.82%, accounting for 0.11 percentage points of CPI inflation.

(5) Higher registration fees at clinics and hospitals, along with increased charges for dentures and orthodontic services, brought prices of medical care services higher by 2.50%, adding 0.07 percentage points to CPI inflation.

(6) Increased prices of vehicle parts and higher wages for vehicle maintenance workers led prices of vehicle parts and maintenance to go up by 3.37%, accounting for 0.06 percentage points of CPI inflation.

(7) With supply reduced owing to unstable weather conditions in betel nut producing areas, prices of tobacco and betel nuts grew by 3.24%, contributing 0.06 percentage points to CPI inflation.

(8) Rising fees for elementary after-school care, high school tutoring, and supplementary courses such as language and computer classes led to a 1.94% increase in prices of education services, adding 0.06 percentage points to CPI inflation.

(9) As residential management fees were adjusted upward to reflect higher personnel, electricity, and miscellaneous costs, prices of household operations rose by 4.25%, accounting for 0.05 percentage points of CPI inflation.

The main factors contributing to downward pressure on the CPI in 2025 were as follows:

(1) Domestic fuel and lubricant fees dropped by 4.81% year on year because of the decline in global oil prices, subtracting 0.12 percentage points from CPI inflation.

(2) Following the implementation of reduced commodity taxes on vehicles from September 2025, together with additional price discounts offered by businesses, prices of vehicles fell by 1.05% for the year, deducting 0.04 percentage points from CPI inflation.

Percentage Changes in the Major Components of the CPI in 2025

Item	Annual Rate of Change (%)	Contribution to CPI Inflation Rate (Percentage Point)
CPI	1.66	1.66
Food	3.02	0.82
Food Away from Home	3.39	0.37
Fruit	8.62	0.21
Meats	4.61	0.11
Cereals & Cereal Products	2.53	0.04
Residential Rent	2.30	0.34
Personal Effects	8.79	0.19
Entertainment Services	1.82	0.11
Medical Care Services	2.50	0.07
Vehicle Parts & Maintenance	3.37	0.06
Tobacco & Betel Nuts	3.24	0.06
Education Services	1.94	0.06
Household Operations	4.25	0.05
Total		1.76
Fuel & Lubricant Fees	-4.81	-0.12
Vehicles	-1.05	-0.04
Total		-0.16
Others		0.06

Source: *Price Statistics Monthly* (January 2026), DGBAS, Executive Yuan.

5. Labor Market

Increase in Employment

In 2025, the domestic economy maintained steady growth, leading to a stable labor market. The number of employed persons steadily increased from 11.62 million at the beginning of the year to 11.65 million by the end of the year. The annual average employment was 11.63 million persons, representing an increase of 30 thousand persons or 0.26% compared to the previous year.

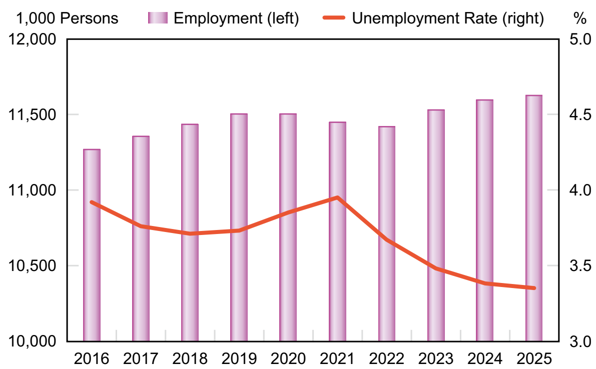
By sector, the annual average employment in the services sector increased by 42 thousand persons or 0.60% year on year, while the industrial and agricultural sectors declined by four thousand persons (0.10%) and eight thousand persons (1.54%), respectively. Of total employment, the services sector accounted for the highest share at 61.01%, up by 0.20 percentage points from the previous year. On the other hand, the industrial and agricultural sectors accounted for 34.81% and 4.18%, respectively, down by 0.13 and 0.08 percentage points from the previous year.

By occupation, white-collar workers made up 47.01% of total employment, increasing by 35 thousand persons or 0.64%. Service and sales employment, comprising 20.16% of total employment, grew by 16 thousand persons or 0.68%. In contrast, the number of blue-collar workers, who accounted for 32.83% of total employment, declined by 21 thousand persons or 0.55%.

Lowest Unemployment Rate Since 2001

In 2025, the unemployment rate generally trended downwards to 3.30% in December, except for seasonal fluctuations such as the post-Lunar New Year period (February to March) and the summer period (June to August) due to job transitions and new graduates entering the labor market. For the year as a whole, the unemployment rate averaged 3.35%, marking the lowest level since 2001.

Employment and Unemployment Rate



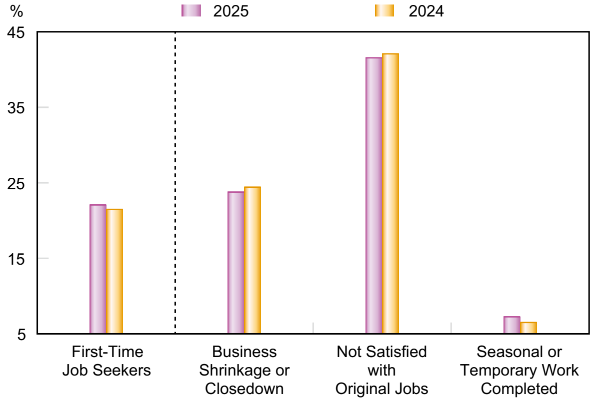
Source: DGBAS, Executive Yuan.

Under improved employment conditions, the average unemployment duration decreased by 0.90 weeks over the previous year to 19.87 weeks. In terms of age groups, unemployment duration declined across all age brackets. The age group 65 and above saw the largest reduction of 6.95 weeks to 13.78 weeks, followed by the age group 45-64 with a decrease of 1.38 weeks to 20.76 weeks. Additionally, the number of the long-term unemployed[3] fell by four thousand persons to 45 thousand persons.

Total unemployment was 403 thousand persons in 2025, decreasing by three thousand persons or 0.82% compared to the previous year. This was mainly driven by a decline in experienced job seekers, who accounted for 77.77% of total unemployment and whose number fell by five thousand persons or 1.64%.

Among experienced job seekers, those who lost their jobs due to business shrinkage or closedown saw the largest reduction of four thousand persons or 3.53%. Their share of total unemployment declined from 24.55% the previous year to 23.88%, reflecting the positive impact of economic expansion on reducing involuntary unemployment. Unemployment owing to dissatisfaction with original jobs also fell by four thousand persons or 2.03% from the previous year, though it remained the leading cause of unemployment with the highest share at 41.83%. Conversely, unemployment due to the conclusion of seasonal or temporary work, accounting for 7.37%, increased by three thousand persons or 9.59%.

Causes of Unemployment

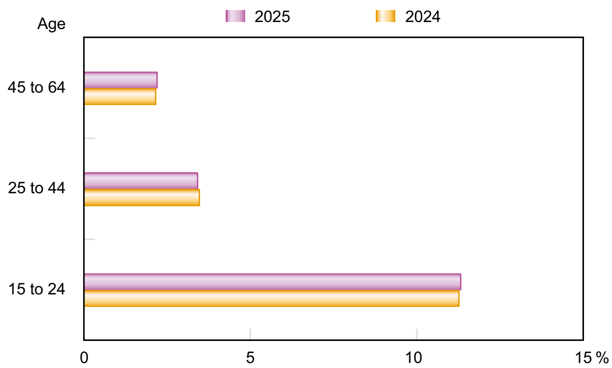


Source: DGBAS, Executive Yuan.

In 2025, the unemployment rate of the age group 25-44 declined by 0.06 percentage points from the previous year to 3.41%. The unemployment rate of the age group 15-24 edged up by 0.05 percentage points to 11.32%, the highest among all age groups. The unemployment rate of the age group 45-64 also edged up by 0.04 percentage points to 2.20%.

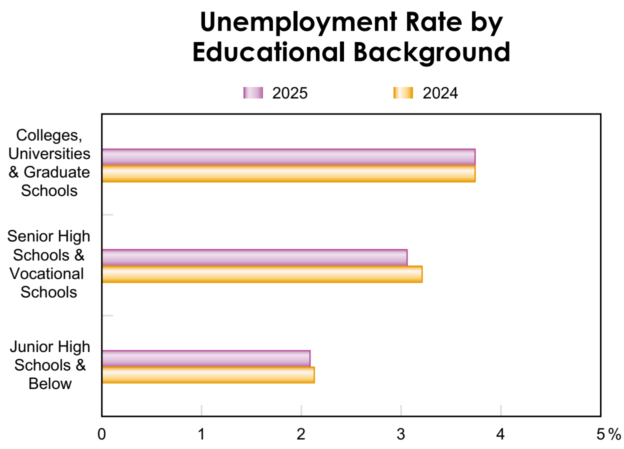
In terms of educational background, the unemployment rate of workers with a junior high school degree or below and that of workers with a senior high school or vocational school degree declined by 0.04 and 0.15 percentage points to 2.09% and 3.06%, respectively. The unemployment rate of those with a college degree or higher remained unchanged from the previous year at 3.74%.

Unemployment Rate by Age

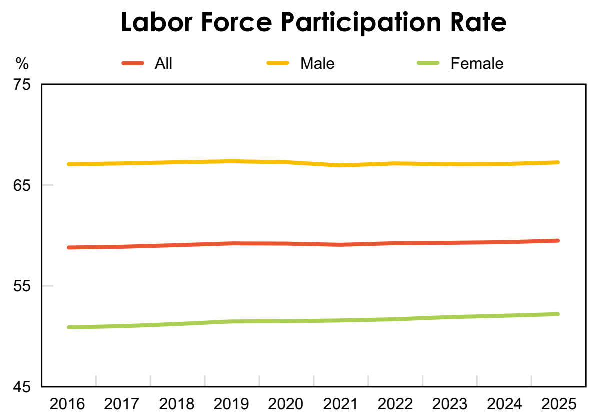


Source: DGBAS, Executive Yuan.

[3] Referring to those who have been unemployed for one year or more.



Source: DGBAS, Executive Yuan.



Source: DGBAS, Executive Yuan.

Both Labor Force and Labor Participation Rate Increased

In 2025, the labor force (employed and unemployed combined) reached 12.03 million persons, an increase of 27 thousand persons or 0.23% from the previous year. Meanwhile, the non-labor force[4] population decreased by 32 thousand persons or 0.39% to 8.21 million persons. The annual average labor force participation rate rose by 0.15 percentage points over the previous year to 59.43%, the highest since 1990.

In terms of gender, the male labor force participation rate increased by 0.14 percentage points over the previous year to 67.22%. The female labor force participation rate, which has risen steadily since 2010, increased by 0.17 percentage points to 52.12% in 2025, reflecting the positive outcomes of the government's long-term commitment to promoting gender equality, improving workplace conditions, and supporting women's employment.

In terms of age groups, the labor force participation rates increased across all age brackets in 2025. The labor force participation rates of the 15-24, 25-44, and 45-64 age groups increased by 0.98, 0.42, and 1.01 percentage points to 38.17%, 91.44%, and 68.22%, respectively. Although Taiwan's labor force participation rate has gradually rebounded since 2022, structural factors such as extended schooling, which delays labor market entry among younger cohorts, and early retirement among middle-aged and older workers, continue to keep Taiwan's labor force participation rate below those of countries such as the United States (62.4%), Japan (63.8%), South Korea (64.7%), and Singapore (67.9%). In response to an aging workforce, the government has been actively

[4] The top three reasons for non-participation in the labor force in 2025 were "old age or disability" (accounting for 39.31% of the total non-labor force), "housekeeping" (30.66%), and "attending school or preparing for entrance exam" (18.25%).

implementing measures[5] to promote employment among middle-aged and elderly workers, and these efforts are expected to yield positive results in the future.

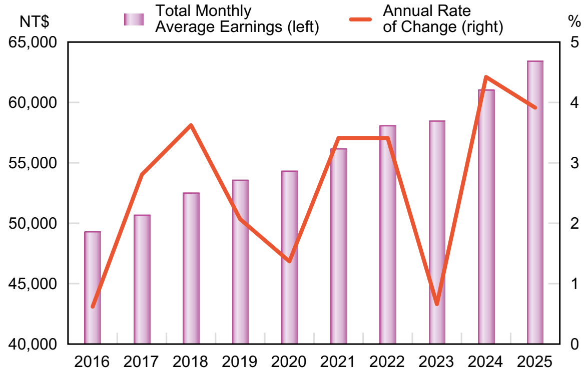
In terms of educational background, the labor force participation rate of workers with a college degree or above rose by 0.13 percentage points to 67.56% in 2025, while those of workers with a junior high school degree or below and of workers with a senior high school or vocational school degree dropped by 0.73 and 0.06 percentage points to 35.24% and 61.37%, respectively.

Moderate Wage Growth

For the year 2025, the total monthly average earnings per worker in the nonfarm sector (industrial and services sectors) reached NT$63,386, with an annual growth rate of 3.91%. Accounting for inflation, the real total monthly average earnings increased by 2.21% to NT$57,834, the largest increase since 2019.

In terms of major sectors, driven by rising labor productivity because of strong export growth, wage growth in the industrial sector recorded the highest rate in four years. The services sector grew at a slower pace due to a slowdown in the real estate sector and subdued private consumption growth, although employers adjusted wages higher in response to the continued increase in the minimum wage. The total monthly average earnings in the industrial and services sectors were NT$67,135 and NT$60,839, growing by 5.44% and 2.81%, respectively, while real wages in these two sectors increased by 3.72% and 1.13%, respectively.

Amount and Growth of Total Monthly Average Earnings of Nonfarm Workers



Source: DGBAS, Executive Yuan.

In terms of industrial classification, the finance and insurance sector had the highest total monthly average earnings at NT$110,080, and the electricity and gas supply sector ranked second at NT$97,961. In contrast, the education sector[6] and the accommodation and food services sector had relatively lower total monthly average earnings at NT$35,245 and NT$39,030, respectively, owing to the high proportion of part-time employees in these sectors. In terms of growth rates, the water supply and remediation activities sector registered the fastest growth at 5.73%, followed by the manufacturing sector at 5.72%.

5 To promote employment among middle-aged and senior workers, the government enacted the "Act for Promoting the Employment of Middle-Aged and Elderly Persons," which was implemented in December 2020. The Ministry of Labor has also implemented the "Employment Promotion Program for Middle-Aged and Elderly Persons (2023–2025)."

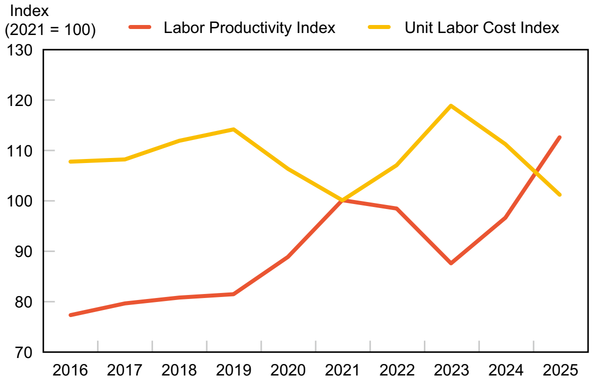
6 Excluding schools at all levels within the formal education system (except preschools).

Remarkable Increase in Labor Productivity and Declining Unit Labor Cost

With production growth outpacing the increase in working hours, labor productivity in the industrial and manufacturing sectors rose by 16.68% and 18.24% year on year, respectively. Within the manufacturing sector, the computers, electronic, and optical products sector registered the highest increase in labor productivity with 50.51%, followed by the electronic parts and components sector at 21.33%, both reflecting robust demand for electronic and ICT products driven by the wave of artificial intelligence applications.

Since total earnings increased at a slower pace than production output, unit labor cost indices in the industrial and manufacturing sectors declined by 9.09% and 10.25% year on year, respectively. Among all manufacturing sectors, unit labor costs in the computers, electronic, and optical products sector saw the steepest decline, falling by 32.08%.

Labor Productivity and Unit Labor Cost of Industrial Sector



Source: DGBAS, Executive Yuan.

Financial Developments

II. Financial Developments

1. Overview

In 2025, the annual growth rate of M2 decreased, driven by slower growth in loans and investments. Although there was a temporary rebound to 5.11% in November as the annual growth rate of demand deposits increased and the decline in foreign currency deposits narrowed, M2 growth slowed again to 5.00% in December owing to net capital outflows. The average annual growth rate of M2 for 2025 was 4.54%, lower than 5.83% in 2024 and still within the reference range for monetary growth (2.5% – 6.5%).

Regarding interest rates, the Bank's policy rates remained unchanged. As a result, banks' posted interest rates and the weighted average interest rates on deposits and on loans stayed steady. Meanwhile, the weighted average overnight interbank call loan rate, money market rates, and government bond yields fluctuated within a tight range. In 2025, the weighted average overnight interbank call loan rate was 0.820%, increasing by 0.026 percentage points over the previous year. The average 1-30 day commercial paper rate in the secondary market was 1.39%, decreasing by 0.01 percentage points over the previous year. The average yield on 10-year government bonds was 1.45%, increasing by 0.02 percentage points from the previous year.

Regarding the exchange rate, the NT dollar first appreciated and then depreciated against the US dollar in 2025. At the end of the year, the NT dollar appreciated by 4.3% against the US dollar compared with a year earlier; on a daily average basis, the NT dollar also appreciated by 3.0% against the US dollar compared with the previous year.

Moreover, amid uncertainty surrounding U.S. tariff policies and robust demand for AI, the TAIEX trended upward in tandem with U.S. tech stocks. At the end of 2025, the TAIEX reached a record high of 28,964 points, up 25.7% year on year. The daily average trading value on the TWSE increased slightly from the previous year.

Bank Loans and Investments as well as M2 Saw Slower Growth

The annual growth rate of bank loans and investments decreased from 8.24% at the end of 2024 to 6.21% at the end of 2025, owing to a high base and the impact of U.S. tariff policies. With slower growth in bank loans and investments, the annual growth rate of M2 (measured on a daily average basis) declined to 4.54% in 2025 from 5.83% in 2024, but remained within the Bank's 2.5% to 6.5% reference range for the year.

Both Deposit and Loan Rates Remained Steady

In 2025, the Bank's policy rates remained unchanged. Accordingly, the posted interest rates on bank deposits stayed steady. At the end of 2025, the average posted interest rate on one-year time deposits of the five major domestic banks was 1.70%, unchanged from the end of the previous year. Meanwhile, the weighted average rate on their newly-extended loans (including treasury loans) fluctuated slightly within the range of 2.111% to 2.235% and the annual average was 2.161%, increasing 0.058 percentage points over the previous year.

Regarding the weighted average interest rates on deposits at domestic banks, some banks launched preferential deposit rate programs to attract funds. Additionally, firms temporarily parked funds in time deposits ahead of tax payments and dividend distributions during the second quarter, which increased the proportion of higher-interest time deposits, thereby driving up overall deposit rates. Consequently, the annual weighted average deposit rate stood at 1.15%, increasing 0.07 percentage points over the previous year. On the lending front, some banks raised mortgage rates and expanded their mortgage lending volumes. This led to an increased proportion of higher-interest long-term loans, bringing the annual weighted average loan rate to 2.50%, up 0.05 percentage points from the previous year.

Because the increase in loan rates was smaller than the increase in deposit rates, the average interest rate spread between deposits and loans narrowed from 1.37 percentage points in the previous year to 1.35 percentage points in 2025.

Money Market Rates Generally Remained Stable

Driven by the sustained growth in AI demand and the flourishing development of related supply chains, Taiwan's exports surged, and private investment continued to expand in 2025. Against this backdrop, financial institutions' demand for interbank call loans strengthened, leading the total annual turnover of interbank call loans to increase by 11.35% over the previous year.

Reflecting supply and demand for funds and seasonal factors, the weighted average interbank overnight call loan rate in 2025 fluctuated within a narrow range. The annual average rate stood at 0.820%, an increase of 0.026 percentage points from the previous year.

Likewise, bills market rates moved within a tight range in 2025, and the annual average 1-30 day commercial paper rate in the secondary market was 1.39%, down 0.01 percentage points from the prior year.

Government Bond Yields Fluctuated Slightly

Amid volatility in U.S. Treasury yields and the continuous revision of market expectations regarding the timing of interest rate cuts by major central banks, the turnover-weighted average of the yield on Taiwan's 10-year government bond rose to 1.45% in 2025, an increase of 0.02 percentage points from 1.43% in the previous year.

In terms of issuance, although the Central Government Debt Service Fund renewed maturing government bonds and increased issuance to meet budget needs, the total issuance amount of government bonds decreased by NT$104.5 billion compared to the previous year.

Corporate bonds saw an expansion in issuance as firms increased funding to meet operational needs and support the green energy transition, with total issuance rising by NT$179.6 billion compared to the previous year. Bank debentures also increased, as banks sought to strengthen capital to improve capital adequacy ratios and meet growing demand for green financing and sustainable development bonds, with total issuance rising by NT$111.6 billion compared to the previous year.

NT Dollar Generally Appreciated Against US Dollar

In 2025, the NT dollar exchange rate against the US dollar first appreciated and then depreciated. In the first half of the year, following the U.S. announcement of reciprocal tariff measures in early April, frequent adjustments to tariff policies and the passage of the *"One Big Beautiful Bill" Act* raised investor concerns about U.S. economic growth momentum and its fiscal outlook, pushing the US dollar toward depreciation. In May and June, foreign investors net bought Taiwan stocks and exporters sold US dollars on the expectation of NT dollar appreciation, causing the NT dollar to appreciate against the USD.

In the second half of the year, as the U.S. reached trade agreements with multiple countries, policy uncertainty declined. In addition, Fed Chair Powell repeatedly expressed a cautious stance on rate cuts, contributing to a strengthening of the US dollar. At the same time, foreign investors sold Taiwan stocks to lock in profits, leading to capital outflows and NT dollar depreciation. By the end of 2025, the NT dollar had appreciated by 4.3% against the US dollar compared to the end of the previous year. On an average basis, the NT dollar also appreciated by 3.0% year-on-year.

Stock Index Hit a Record High

At the beginning of 2025, driven by strong demand for emerging AI technology applications, Taiwan stocks trended upward in tandem with U.S. tech stocks. After that, however, U.S. tariff policies triggered declines in major global stock markets, and foreign investors' net selling pushed the TAIEX down to its yearly lowest of 17,392 points on April 9.

Subsequently, supported by measures implemented by the Financial Supervisory Commission (FSC) to stabilize the stock market, intervention by the National Financial Stabilization Fund, the temporary suspension of U.S. reciprocal tariffs, the front-loading of export orders, continued strong AI demand, and solid corporate earnings performance, the market rebounded with volatility. By year-end, the TAIEX reached a record high of 28,964 points, up 25.7% year on year. The daily average trading value on the TWSE was NT$383.8 billion, a slight increase of 0.6% from the previous year.

2. Banking Sector

Number of Monetary Financial Institutions

At the end of 2025, the number of monetary financial institutions (defined hereafter in this chapter as excluding the central bank) was 405, the same as 2024. The numbers of all types of monetary financial institutions all stood unchanged. As for money market mutual funds, the number stayed zero after the last remaining fund was liquidated in May 2017.

In addition to monetary financial institutions, the number of financial holding companies decreased by one. This came about as a result of Shin Kong Financial Holding Co., Ltd. being merged into Taishin Financial Holding Co., Ltd. (subsequently renamed as TS Financial Holding Co., Ltd.) on July 24, 2025, leading to a decrease in the number of financial holding companies from 15 at the end of last year to 14.

Number of Monetary Financial Institutions by Type

Types of Institutions		End of 2025	End of 2024	Annual Change
Total Number of Main Offices		405	405	0
	Domestic Banks	39	39	0
	Foreign and Mainland Chinese Banks	31	31	0
	Credit Cooperatives	23	23	0
	Credit Departments of Farmers' and Fishermen's Associations	311	311	0
	Chunghwa Post	1	1	0
Total Number of Branches		6,030	6,065	-35
	Local Branches	5,814	5,852	-38
	Overseas Branches	157	154	3
	Offshore Banking Units	59	59	0

Sources: 1. *Financial Statistics Monthly* (February 2026), CBC.
2. Department of Financial Inspection, CBC.

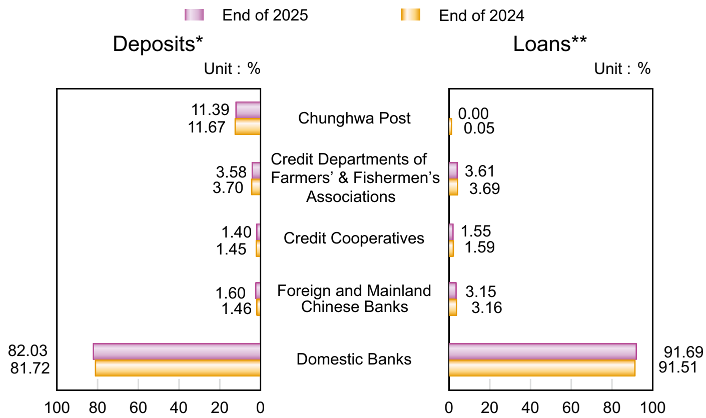
Market Shares of Deposits and Loans

In terms of deposits, the market share of domestic banks grew to 82.03% at the end of 2025. This was primarily due to an increase in inward remittances of overseas sales revenues amid strong export growth in 2025. Likewise, the market share of foreign and Mainland Chinese banks rose to 1.60%

at the end of 2025. By contrast, the deposit market shares shrank for the other types of monetary financial institutions, with the departments of savings and remittances of Chunghwa Post taking up a share of 11.39%, the credit departments of farmers' and fishermen's associations 3.58%, and credit cooperatives 1.40%.

In terms of loans, the market share of domestic banks increased to 91.69%, primarily driven by growth in loans to private enterprises. In contrast, foreign and Mainland Chinese banks' market share slightly decreased to 3.15%, mainly because of a decline in loans extended to government enterprises and agencies. Chunghwa Post's market share fell to nearly 0.00%, reflecting a significant decrease in call loans to bills finance companies. As for other institution types, the market share of credit departments of farmers' and fishermen's associations and that of credit cooperatives declined to 3.61% and 1.55%, respectively.

Market Shares of Deposits and Loans by Type of Monetary Financial Institutions



Notes: * Excluding the values of the host contracts of structured products issued by banks.
** Including data for securities acquired under reverse repurchase agreements.

Source: *Financial Statistics Monthly* (February 2026), CBC.

Main Uses of Funds in Monetary Financial Institutions

At the end of 2025, the total amount of funds in monetary financial institutions was NT$74,005 billion, increasing by NT$5,127 billion compared to the end of 2024. The combined share of transaction and nontransaction deposits was around 87%. The balances of transaction deposits and nontransaction deposits posted annual growth rates of 4.93% and 7.98%, respectively.

In the case of fund uses, bank loans accounted for around 60% of total uses of funds at the end of 2025. As the growth of real estate-related loans slowed down, the annual growth rate of NT dollar loans dropped from 9.10% at the end of 2024 to 5.14%. In addition, because robust export growth in 2025 boosted corporate demand for foreign currency borrowing, the annual growth rate of foreign currency loans rose significantly from 10.73% at the end of 2024 to 61.63%. Net foreign assets accounted for a share of 10.37%, higher than the 9.10% recorded a year ago thanks to the increase in investment in foreign securities.

Portfolio investments by monetary financial institutions measured on a cost basis increased from 3.69% at the end of the previous year to 7.89%. This was primarily because softening bill rates

Main Uses of Funds in Monetary Financial Institutions[1]

Unit: NT$billion ; %

	End of 2025			End of 2024			Annual Change	
	Balance	Share (%)	Annual Growth Rate (%)	Balance	Share (%)	Annual Growth Rate (%)	Balance	Share (%)
Funds Balance:								
Transaction Deposits [2]	25,755	34.80	4.93	24,546	35.64	3.52	1,209	-0.84
Nontransaction Deposits [3]	38,472	51.98	7.98	35,631	51.73	5.04	2,841	0.25
NT Dollar Deposits	29,028	39.22	6.92	27,150	39.42	8.79	1,878	-0.20
Foreign Currency Deposits [4]	9,444	12.76	11.37	8,480	12.31	-5.40	964	0.45
Government Deposits	1,694	2.29	8.41	1,563	2.27	4.59	131	0.02
Other Items	8,084	10.93	13.23	7,139	10.36	-0.13	944	0.57
Total	74,005	100.00	7.44	68,878	100.00	3.93	5,127	0.00
Uses:								
Net Foreign Assets [4]	7,672	10.37	22.43	6,267	9.10	-9.51	1,405	1.27
Loans	44,070	59.55	6.09	41,539	60.31	9.13	2,531	-0.76
NT Dollar Loans	42,939	58.02	5.14	40,840	59.29	9.10	2,099	-1.27
Foreign Currency Loans [4]	1,131	1.53	61.63	700	1.02	10.73	431	0.51
Portfolio Investments [5]	9,419	12.73	7.89	8,731	12.68	3.69	688	0.05
Purchases of CDs Issued by CBC	7,314	9.88	0.95	7,245	10.52	-10.32	69	-0.64
Deposits with CBC	5,530	7.47	8.50	5,096	7.39	6.49	434	0.08

Notes: 1. Monetary Financial Institutions include domestic banks, local branches of foreign and Mainland Chinese banks, credit cooperatives, credit departments of farmers' and fishermen's associations, Chunghwa Post and money market mutual funds.
2. Including checking accounts, passbook deposits and passbook savings deposits.
3. Including time deposits, time savings deposits, foreign currency deposits, postal savings deposits, non-residents' NT dollar deposits, repurchase agreements and money market mutual funds.
4. Excluding valuation changes in the exchange rate of the NT dollar against foreign currencies.
5. Measured at original costs.
6. Figures may not add up to the total due to rounding.

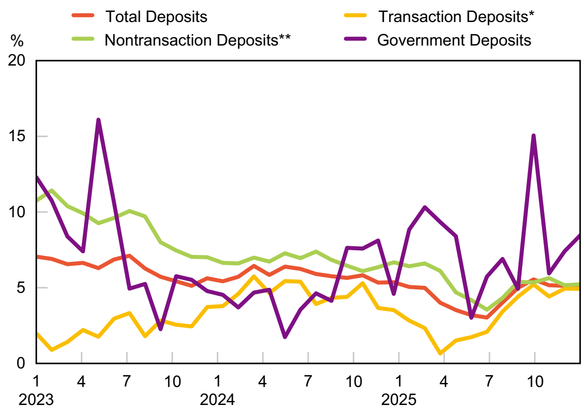
Source: *Financial Statistics Monthly* (February 2026), CBC.

prompted an increase in commercial paper issuance by government enterprises and private enterprises, thereby pushing up the outstanding balance in the bills market and driving banks to expand their investments in commercial paper.

Deposits

Because of sustained domestic credit expansion and the inward remittances of overseas sales revenue by firms, the deposits balance of monetary financial institutions increased by NT$3.2 trillion year on year to NT$65.5 trillion at the end of 2025. However,

Annual Growth Rates of Deposits



Notes: * Including checking accounts, passbook deposits and passbook savings deposits.
** Including time deposits, time savings deposits, foreign currency deposits, postal savings deposits, nonresidents' NT dollar deposits, repurchase agreements, and money market mutual funds.

Source: *Financial Statistics Monthly* (February 2026), CBC.

affected by a net capital outflow and slower growth in loans and investments, the annual growth rate of deposits held by monetary financial institutions decreased to 5.19% at the end of 2025 from 5.36% a year earlier. Analyzed by deposit type, the drop in the annual growth rate was mainly due to slower growth in nontransaction deposits.

In terms of nontransaction deposits, its annual growth rate decreased to 5.22% at the end of 2025 from 6.68% a year earlier, mainly due to slower growth in time deposits and time savings deposits. However, its annual growth rate remained higher than that of total deposits and its share in total deposits thus slightly increased to 58.11% at the end of 2025 from 58.09% a year earlier.

The annual growth rate of time deposits (including negotiable certificates of deposit) remained stable in the first half of 2025 but declined in the second half, standing at 12.69% at the end of 2025 from 19.21% a year earlier. This was primarily because of a higher base effect as several banks offered preferential interest rates on time deposits in the second half of 2024 to solicit large-amount time deposits. However, the share of time deposits in total deposits went up to 14.26% from 13.31%.

The annual growth rate of time savings deposits dropped to 5.64% at the end of 2025 from 7.43% a year earlier. This was mainly because retail investors, who showed stronger buying interest in the domestic stock market in 2025, tended to park their funds in passbook savings deposits rather than time savings deposits to allow for investment-related funding. Nonetheless, the share of time savings deposits in total deposits still increased to 18.53% from 18.45%.

The annual growth rate of foreign currency deposits first fell then rose in 2025. In the first half of the year, owing to the appreciation of the NT dollar, the amount of foreign currency deposits in NT dollar terms declined. Additionally, some enterprises converted foreign currency deposits into NT dollars to meet funding needs. Consequently, the annual growth rate of foreign currency deposits fell to -11.17% by the end of June from 0.81% at the end of the previous year. In the second half of 2025, owing to strong growth in exports, inward remittances of overseas sales revenue were higher than the same period of the previous year. As a result, the annual growth rate of foreign currency deposits climbed back to 0.14% at the end of 2025, while its share in total deposits decreased to 13.82% from 14.52% a year earlier.

Regarding postal savings deposits, the annual growth rate increased to 2.76% at the end of 2025 from 1.77% a year earlier, while its share in total deposits decreased to 11.15% from 11.41%.

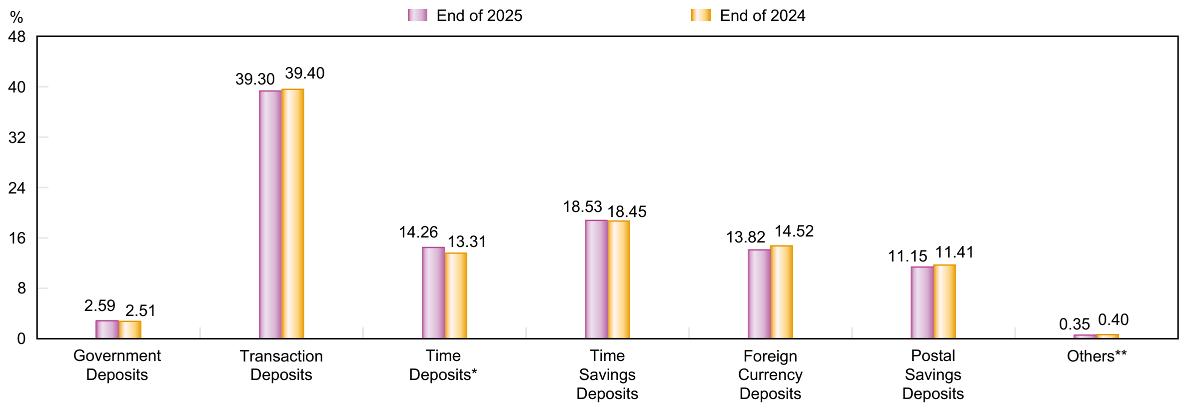
In terms of transaction deposits, its annual growth rate rose to 4.93% at the end of 2025 from 3.52% a year earlier, primarily owing to an increase in the annual growth rate of passbook savings deposits. However, the share of transaction deposits in total deposits shrank to 39.30% from 39.40%.

In the first half of 2025, the annual growth rate of passbook savings deposits was relatively high by the end of January, reflecting a lower base effect with the Lunar New Year holiday falling in a different month compared to the previous year. However, for the remainder of the first half of 2025, its growth rate slowed as the housing market cooled and mortgage growth moderated. Furthermore, following U.S. President Trump's inauguration, heightened trade uncertainty and investor concerns kept balances in securities giro accounts at relatively low levels. Consequently, the annual growth rate of passbook savings deposits dropped to 0.77% by the end of June from 1.73% at the end of the previous year. In the second half of the year, as uncertainties surrounding reciprocal tariffs gradually subsided, the domestic stock market repeatedly reached new highs. Both the trading value and balances in securities giro accounts remained at relatively high levels. Additionally, the cash dividends distributed by firms in the second half of 2025 were higher than the same period of the previous year. As a result, the annual growth rate of passbook savings deposits went up to 5.18% at the end of 2025.

The annual growth rate of passbook deposits fell to 4.61% at the end of 2025 from 8.32% a year earlier. This was mainly owing to slower growth in bank loans and investments and a year-on-year increase in corporate cash payouts.

With regard to government deposits, its year-on-year growth fluctuated by month in 2025. Its annual growth rate increased to 8.45% at the end of 2025 from 4.59% a year earlier, and its share in total deposits also increased to 2.59% from 2.51%. This was mainly because the revenue of government taxes reached a record high in 2025.

Shares of Deposits by Type

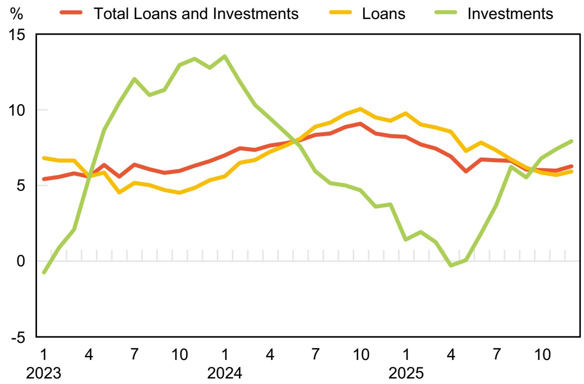


Notes: * Including NCDs.
** Including repurchase agreements, nonresidents' NTD deposits, and money market mutual funds.
Source: *Financial Statistics Monthly* (February 2026), CBC.

Bank Loans and Investments

At the end of 2025, the total balance of loans and investments of monetary financial institutions reached NT$53.44 trillion, representing an increase of NT$3.13 trillion from the previous year. The annual growth rate of loans and investments of monetary financial institutions was 6.21% at the end of 2025, down from 8.24% at the end of 2024. Growth in loans slowed to an annual pace of 5.86% at the end of 2025 from 9.25% at the end of the previous year, whereas growth in portfolio investment rose to 7.89% at the end of 2025 from 3.69% a year earlier.

Annual Growth Rates of Loans and Investments



Source: *Financial Statistics Monthly* (February 2026), CBC.

Loans by Sector

The annual growth rate of private sector loans extended by banks (defined in the following paragraphs as including domestic banks and local branches of foreign and Mainland Chinese banks) slipped to 6.48% at the end of 2025 from 9.80% a year earlier. The decrease was primarily driven by slower year-on-year growth in loans for real estate purchases, working capital, and movable property. The annual growth rate of loans to government enterprises declined to -6.77% at the end of 2025 from -2.25% a year earlier, as the debt repayment by state-owned enterprises led to a decrease in the outstanding loan balance. Meanwhile, the annual growth rate of loans to government agencies rose to 3.33% as of the end of 2025 from 2.50% a year earlier, owing to an increase in demand for funds by the National Treasury Administration and the National Science and Technology Council's Science Park Bureaus, as well as the drawdown of funds for certain local government projects.

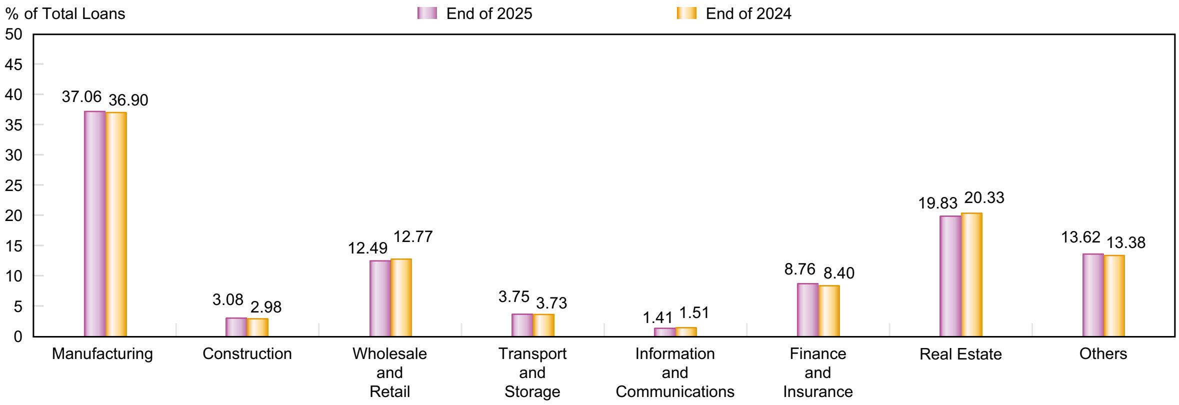
In terms of loan composition, loans extended to the private sector accounted for 94.44% of total loans at the end of 2025, higher than the 94.05% recorded at the end of 2024. Loans extended to government agencies and government enterprises accounted for 3.30% and 2.26%, respectively, at the end of 2025, lower than 3.38% and 2.57% at the end of 2024.

Loans by Industry

Broken down by industry sector, bank loans to the manufacturing sector continued to account for the largest portion, at 37.06% at the end of 2025 compared to 36.90% at the end of 2024, with its annual growth rate up from 4.79% to 5.69%. This was mainly driven by robust export momentum fueled by surging demand for AI, high-performance computing, and cloud services, pushing total export value to a record high in 2025. Meanwhile, the share of loans extended to the construction industry continued to rise, with its annual growth rate slowing to 8.79% from 12.05% at the end of 2024, reflecting a cooling in the transaction momentum of the real estate market and a more conservative pace of new project development by property developers.

The share and the annual growth rate of the real estate industry contracted because of slower growth in construction loans. Meanwhile, the share and the annual growth rate of loans extended to the wholesale and retail industry both decreased due to the reduced contribution from working capital loans, coupled with a higher base effect. As for the finance and insurance industry, its share edged up despite moderating annual growth. This deceleration was primarily due to escalating U.S. tariff tensions, as global financial markets experienced heightened volatility during the first half of the year. These headwinds dampened margin trading, consequently softening brokers' demand for working capital, while some private holding companies aggressively repaid bank loans.

Loans by Industry



Note: Figures include the data of domestic banks and local branches of foreign and Mainland Chinese banks but exclude their data on securities acquired under reverse repurchase agreements.

Source: *Financial Statistics Monthly* (February 2026), CBC.

Consumer loans

The annual growth rate of consumer loans extended by banks decreased from 9.81% at the end of 2024 to 4.72% at the end of 2025. Among them, house-purchasing loans increased NT$494.8 billion, or 4.46%, in 2025, a slower year-on-year increase than 10.42% in 2024. This was mainly because many banks implemented internal quantitative management of total real estate lending and reined in their risky assets, coupled with the impact of U.S. tariff policies on the global economy and financial markets. In addition, the 2025 housing market shifted toward a cautious outlook, leading to a 25.45% decline in the number of building transfers in Taiwan to 261,308 units in 2025 from the previous year's 350,525 units. As for the shares of various types of consumer loans, house-purchasing loans remained the largest component, with its share decreasing from 85.77% at the end of 2024 to 85.56% at the end of 2025. Car loans accounted for 1.85%, decreasing from 1.86%, owing to the ongoing adjustments within the global automotive supply chain. Meanwhile, house-repairing loans, revolving credit for credit cards, employee welfare loans, and other consumer loans accounted for 0.24%, 0.87%, 0.26%, and 11.21%, respectively.

Portfolio Investment

Owing to valuation changes, portfolio investment by monetary financial institutions, measured at fair value, recorded a year-on-year increase of NT$825.2 billion, while the increase was smaller, at NT$688.5 billion, when measured on a cost basis.

Portfolio investment by monetary financial institutions (measured on a cost basis) rose to 7.89% at the end of 2025, up from 3.69% a year earlier. This was primarily driven by declining bills market rates, which prompted both public and private enterprises to increase their commercial paper issuance. Consequently, the outstanding balance in the bills market climbed, resulting in an expansion of bank investments in commercial paper.

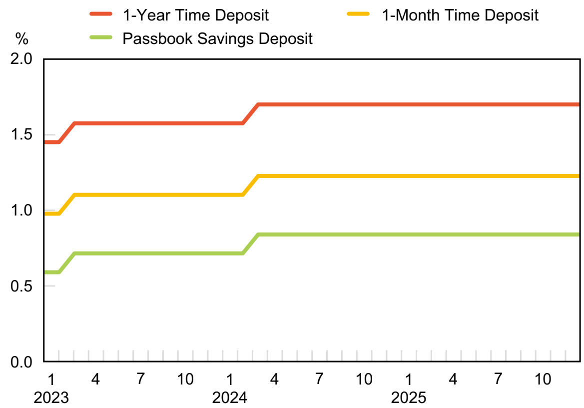
In terms of tool types, government bonds accounted for a share of 47.65%, slightly smaller than the 51.31% recorded a year ago, reflecting slower growth in banks' investment in government bonds. At the end of 2025, commercial paper accounted for a share of 24.92%, higher than a year ago, as enterprises increasingly issued commercial paper to meet their funding needs. In addition, corporate bonds accounted for a share of 19.07%, decreasing from the end of 2024.

Bank Interest Rates

In view of the gradual decline in domestic inflation, with the inflation rate remaining below 2% and domestic economic growth being robust, and to prudently address uncertainties in the global economic and financial outlook and the potential impact of U.S. trade policies on the domestic economy, the Bank decided to leave policy rates unchanged at its quarterly Board meetings in March, June, September, and December 2025.

As the Bank kept policy rates unchanged in 2025, domestic bank interest rates remained

Average Posted Deposit Rates of Five Major Domestic Banks*



Note: * The five major domestic banks are Bank of Taiwan, Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank and Land Bank of Taiwan.

Source: *Financial Statistics Monthly* (February 2026), CBC.

steady. Regarding the interest rates of the five major domestic banks, their average fixed rates on one-month and one-year time deposits remained at 1.23% and 1.7%, respectively, at the end of 2025.

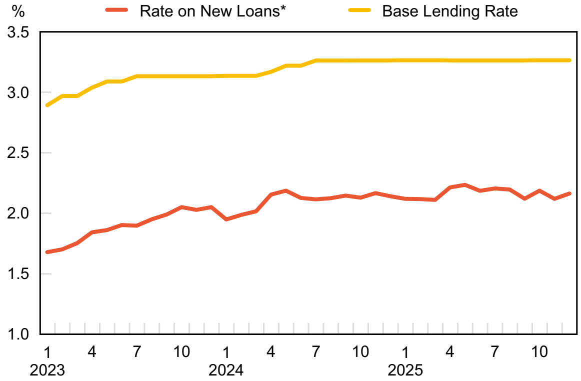
The weighted average rates on deposits and loans of domestic banks generally showed an upward trend in 2025. In terms of deposit interest rates, in the first quarter, some banks offered higher rates to attract depositors. Additionally, in the second quarter, some companies temporarily deposited their existing working capital intended for corporate income tax payments and anticipated cash dividends into time deposits, leading to an increase in the proportion of higher-interest time deposits. This caused the weighted average deposit interest rate to rise continuously from 1.13% in the fourth quarter of 2024 to 1.16% in the second quarter of 2025. In the fourth quarter, however, a slight decrease in both transaction and nontransaction deposit interest rates caused the weighted average deposit interest rate to fall back to 1.15%. On the whole, the weighted average interest rate on total deposits of domestic banks was 1.15% in 2025, which was 0.07 percentage points more than that recorded in the previous year.

In terms of loan interest rates, the weighted average interest rate on new loans of the five major domestic banks broadly trended upward to between 2.111% and 2.235%. For the year as a whole, the rate increased from 2.103% in the previous year to 2.161%, up by 0.058 percentage points, owing to year-on-year increases in interest rates for all types of loans. Excluding central government loans, the weighted average interest rate on new loans increased from 2.121% in the previous year to 2.18% in 2025, up by 0.059 percentage points. Moreover, the average base lending rate increased to 3.265% at the end of 2025 from 3.264% at the previous year-end.

In the first quarter of 2025, the weighted average interest rate on total loans of domestic banks slightly declined from 2.49% in the fourth quarter of 2024 to 2.48% because some banks launched preferential interest rate programs for large and prime enterprises, which increased the amount of large corporate loans with lower interest rates. From the second quarter on, as some banks increased the amount of mortgage loans, the proportion of long-term loans with higher interest rates increased. In addition, mortgage interest rates also rose, causing the weighted average interest rate for loans to rise continuously to 2.52% in the fourth quarter. For the year as a whole, the weighted average interest rate on loans of domestic banks was 2.5%, which was 0.05 percentage points more than that recorded in the previous year.

Because the increase in the average lending rate was smaller than that in the average deposit rate, the average interest rate spread between deposits and loans decreased to 1.35 percentage points in 2025, which was 0.02 percentage points lower than that recorded in the previous year.

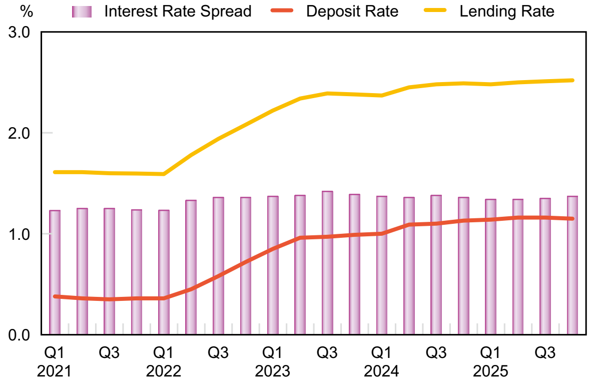
Average Lending Rates of Five Major Domestic Banks



Note: * Including housing loans, capital expenditure loans, current operations loans and consumer loans.

Source: *Financial Statistics Monthly* (February 2026), CBC.

Weighted Average Interest Rates of Domestic Banks



Source: *Financial Statistics Monthly* (February 2026), CBC.

3. Money Market

In 2025, supported by marked growth in exports and private investment, financial institutions' demand for interbank call loans increased. As a result, the total turnover in the interbank call loan market increased by 11.35% over the previous year, while the outstanding amount of interbank call loans rose by 32.28% as of the end of 2025.

With regard to the short-term bills market, the total turnover registered an increase of 11.82% from a year before, and the total issuance of short-term bills grew by 6.25% in 2025 in response to strong corporate funding needs. At the end of the year, the outstanding amount of short-term bills went up by 11.90% compared to the previous year end.

In terms of money market rates, as market funding conditions remained broadly stable in 2025, short-term money market rates fluctuated within a narrow range. The weighted average interbank overnight call loan rate rose to 0.820%, up by 2.6 basis points from the previous year. The primary and secondary market rates on 1-30 day commercial paper decreased by 2 basis points and 1 basis point over the previous year to 1.65% and 1.39%, respectively.

Rise in Interbank Call Loans

Driven by sustained growth in AI demand and the robust expansion of related supply chains, Taiwan's exports surged and private investment continued to expand in 2025. Against this backdrop, financial institutions' demand for interbank call loans strengthened, leading total annual turnover of interbank call loans to reach NT$26,238.6 billion, an increase of NT$2,675.1 billion or 11.35% over the previous year.

With respect to borrowers, domestic banks still made the largest contribution to total borrowing value with a share of 76.70%, followed by bills finance companies, foreign and Mainland Chinese banks, and Chunghwa Post, with shares of 13.22%, 8.84%, and 1.25%, respectively.

The amount borrowed by domestic banks grew by NT$2,509.9 billion or 14.25% from a year earlier, primarily reflecting imbalances in interbank fund allocation. On the other hand, the amount borrowed by foreign and Mainland Chinese banks shrank by NT$62.3 billion or 2.62% over the previous year.

The amount borrowed by bills finance companies rose slightly by NT$122.7 billion or 3.67% compared with a year ago. The growth was mostly driven by the expansion of the bills finance business, resulting in greater funding needs. Meanwhile, the amount borrowed by Chunghwa Post increased significantly by NT$104.8 billion or 47.13% over the previous year.

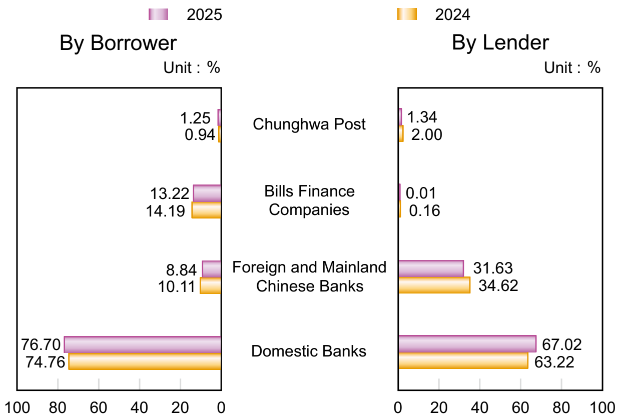
In terms of lenders, domestic banks remained the largest supplier of funds, making up 67.02% of total lending value in 2025. Foreign and Mainland Chinese banks came in second with a share of 31.63%, followed by Chunghwa Post and bills finance companies contributing 1.34% and 0.01% to total lending value, respectively.

The amount of call loans made by domestic banks went up by NT$2,688.3 billion or 18.04% compared with the previous year, mainly owing to liquidity imbalances among domestic banks and an increase in lending to bills finance companies as a result of their higher funding needs.

Foreign and Mainland Chinese banks increased their interbank lending by NT$143.0 billion or 1.75% over the previous year, largely owing to ample liquidity from their custodial business for foreign institutional investors, who enjoyed strong investment returns amid Taiwan's stock market rallies in 2025.

On the other hand, the amount of call loans made by Chunghwa Post fell by NT$119.9 billion or 25.45% from a year before, reflecting an increase in Chunghwa Post's subscriptions to the Bank's certificates of deposit, thereby reducing funds available for interbank lending. As for bills finance companies, the amount lent by this group registered a decrease of NT$36.3 billion or 96.02% year on year.

Composition of Interbank Call Loan Market by Participant



Source: *Financial Statistics Monthly* (February 2026), CBC.

In respect of maturity, interbank overnight call loans remained the most actively traded instrument in the market with a predominant share of 44.70%, rising by 0.70 percentage points from that of the previous year. The second were those with a maturity of one week, whose share increased by 1.93 percentage points to 41.00% over the previous year. The proportions of loans with longer maturities remained largely unchanged, collectively accounting for 14.30%.

Growth in Short-Term Bill Transactions

For the year 2025, newly issued short-term bills stood at NT$24,668.8 billion. Commercial paper made up a dominant 94.58% of the new issues, followed by negotiable certificates of deposit (NCDs) with a share of 4.45%.

Newly issued short-term bills posted a year-on-year increase of NT$1,450.1 billion or 6.25% in

2025. The rise was mainly attributable to an increased issuance of commercial paper, which grew by NT$1,510.8 billion. This reflected lower issuance costs and expectations of declining interest rates following the Fed's rate cuts, leading enterprises to prefer issuing short-term bills to meet their funding needs.

In contrast, the issuance of NCDs and Treasury bills slid by NT$40.4 billion and NT$20.0 billion, respectively, from a year before. The decrease was primarily because some domestic banks, prudently assessing their funding conditions, chose not to roll over maturing NCDs, while the Ministry of Finance reduced issuance of Treasury bills in view of ample tax revenues during the year.

Overall, the total amount of short-term bill issuance exceeded that of repayments. As a result, the outstanding of short-term bills stood at NT$4,155.2 billion as of the end of 2025, representing an increase of NT$441.9 billion or 11.90% from that of the previous year end.

Short-Term Bills Market

Unit: NT$billion

Year	Total		Treasury Bills		City Treasury Bills		Commercial Paper		Banker's Acceptances		Negotiable Certificates of Deposit	
	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding
2015	11,512.8	1,677.7	233.7	90.0	-	-	10,426.0	1,346.6	20.8	3.5	832.3	237.6
2016	12,778.5	1,873.5	217.3	90.0	-	-	11,371.3	1,480.1	18.3	4.1	1,171.6	299.4
2017	14,878.5	2,154.5	220.0	25.0	-	-	13,077.8	1,709.0	19.4	4.2	1,561.3	416.4
2018	14,971.9	2,223.1	160.0	30.0	-	-	12,965.0	1,760.6	18.5	4.0	1,828.5	428.5
2019	14,927.3	2,353.2	314.0	65.0	-	-	13,613.6	2,034.1	14.0	2.6	985.7	251.5
2020	16,005.2	2,747.2	336.6	125.0	-	-	14,824.7	2,344.3	13.0	2.8	830.9	275.1
2021	17,254.0	2,911.2	320.0	115.0	-	-	16,107.5	2,560.1	17.8	4.5	808.7	231.6
2022	18,674.8	2,891.0	230.0	30.0	-	-	17,296.9	2,584.8	15.9	2.7	1,131.9	273.5
2023	20,478.6	3,348.0	260.0	30.0	-	-	19,390.6	3,000.9	11.1	2.3	816.9	314.8
2024	23,218.8	3,713.3	250.0	30.0	-	-	21,822.2	3,272.5	9.5	1.9	1,137.0	408.9
2025	24,668.8	4,155.2	230.0	70.0	-	-	23,333.0	3,724.1	9.1	1.5	1,096.7	359.5

Source: *Financial Statistics Monthly* (February 2026), CBC.

The total turnover of short-term bills in 2025 went up by NT$7,722.9 billion or 11.82% to NT$73,078.5 billion. Of the total transactions, commercial paper still made up the lion's share of 94.02%, while NCDs came in with the second largest share of 5.49%.

In terms of market participants, private enterprises were still the largest player in the market with a dominant share of 45.80%, followed by banks and bills finance companies with shares of 27.79% and 17.52%, respectively.

Mild Fluctuations in Money Market Rates

The weighted average interbank overnight call loan rate fluctuated within a narrow range in 2025. In January and February, the weighted average interbank overnight call loan rate remained unchanged from December of the previous year at 0.820%, reflecting stable market funding conditions. Later in March, net selling of TWSE stocks by foreign institutional investors and the resulting outward remittances drove the interbank overnight call loan rate up to 0.821%.

In April, frequent adjustments to U.S. tariff policies caused turbulence in global financial markets, leading safe-haven funds to temporarily park in the money market, thereby pushing the interbank overnight call loan rate down to 0.818%.

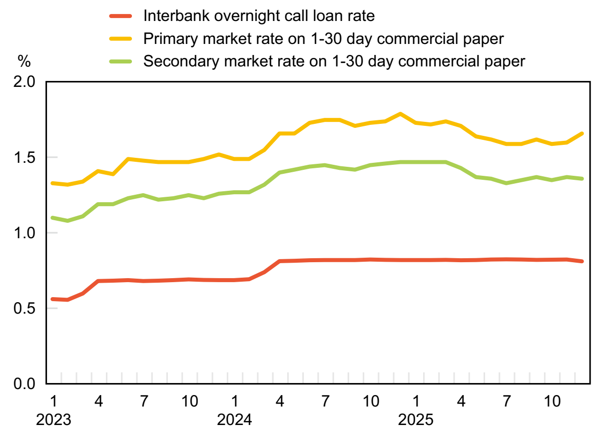
Between May and July, cash dividend payouts by enterprises triggered shifts in funding among banks, while individual income tax collections tightened market liquidity, causing the interbank overnight call loan rate to rise gradually to 0.824%.

Later in August, some enterprises continued to distribute cash dividends, resulting in slightly uneven funding conditions among banks. Short-term interest rates therefore remained relatively high, with the interbank overnight call loan rate standing at 0.823%.

In September, as market participants digested the outcomes of the monetary policy meetings of the Fed and the Bank, short-term interest rates fluctuated slightly, while the interbank overnight call loan rate edged down to 0.821%. Thereafter, factors such as two long holiday periods in October and typhoon-related disruptions in November led banks to adopt a generally conservative stance toward funding management, causing short-term interest rates to trend upward and the interbank overnight call loan rate to rise to 0.823% in November.

In December, as the end of the year approached, banks became more cautious in fund allocation amid seasonal liquidity pressures. However, through the Bank's open market operations, the interbank overnight call loan rate dropped modestly to 0.811%.

Money Market Interest Rates



Source: *Financial Statistics Monthly* (February 2026), CBC.

In respect of bills market rates, interest rate movements across all maturities were broadly consistent. Among them, the primary market rate on commercial paper with a maturity of 1-30 days slid from 1.73% in January to 1.59% in July. Thereafter, from August to November, the rate fluctuated within a narrow range of 1.59% to 1.62%. In December, the rate rose to 1.66% amid increased year-end funding needs.

Substantial Increase in Money Market Funds

Following several rounds of policy rate hikes by the Bank that began in March 2022, fund yields gradually increased, attracting investor subscriptions. Moreover, as most banks reduced their acceptance of long-term deposits, funds shifted into money market mutual funds.

Meanwhile, supported by continued growth in AI demand, Taiwanese firms in the AI-related supply chain posted substantial revenue gains in 2025. In addition, uncertainty surrounding U.S. tariff policies affected technology firms' factory expansion plans, increasing their demand for highly liquid assets such as money market funds. This uncertainty also heightened volatility in financial markets, leading investors to show a stronger willingness to temporarily park capital in domestic money market funds.

At the end of 2025, there were a total of 35 money market funds in Taiwan, and the total assets stood at NT$1,235.7 billion with a marked increase of NT$356.3 billion or 40.52% from the previous year end.

With regard to portfolio composition, the largest use of funds was bank deposits with a share of 55.43% at the end of the year. Following bank deposits were short-term bills and repurchase agreements, accounting for 36.58% and 7.63% of the total money market funds, respectively.

Portfolio Composition of Money Market Funds

Unit: NT$billion

Year/Month End	Total	Bank Deposits		Short-Term Bills		Repurchase Agreements		Bonds	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
2023	863.5	344.5	39.89	427.1	49.47	86.5	10.02	5.4	0.62
2024	879.4	350.3	39.83	463.7	52.73	62.6	7.12	2.8	0.32
2025	1,235.7	684.9	55.43	452.0	36.58	94.3	7.63	4.5	0.36
2025/ 1	932.9	380.3	40.77	479.8	51.43	69.8	7.48	3.0	0.32
2	942.6	392.1	41.60	479.2	50.84	67.9	7.20	3.4	0.36
3	943.4	409.7	43.43	460.4	48.80	69.7	7.39	3.6	0.38
4	1,017.8	447.3	43.95	470.9	46.27	96.2	9.45	3.4	0.33
5	1,100.8	495.3	44.99	487.1	44.25	114.7	10.42	3.7	0.34
6	1,082.5	524.2	48.43	448.5	41.43	105.4	9.74	4.4	0.40
7	1,130.1	576.4	51.01	444.5	39.33	105.1	9.30	4.1	0.36
8	1,168.1	603.3	51.65	453.4	38.82	107.3	9.19	4.1	0.34
9	1,157.9	615.2	53.13	440.2	38.02	99.0	8.55	3.5	0.30
10	1,215.0	680.2	55.98	436.1	35.89	94.9	7.81	3.8	0.32
11	1,218.0	693.1	56.91	429.3	35.25	91.2	7.49	4.4	0.35
12	1,235.7	684.9	55.43	452.0	36.58	94.3	7.63	4.5	0.36

Source: Securities Investment Trust & Consulting Association of the R.O.C.

4. Foreign Exchange Market

The NT Dollar Exchange Rate

In 2025, on a daily average basis, the NT dollar depreciated against the euro, but appreciated against the Korean won, the US dollar, the renminbi (RMB) and the Japanese yen; the trade-weighted nominal effective exchange rate index of the NT dollar increased by 2.6%. The exchange rate movements of the NT dollar vis-à-vis each of the above foreign currencies are as follows.

During the course of 2025, the NT dollar first appreciated against the US dollar and then depreciated. In addition to frequent adjustments to the U.S. reciprocal tariff policies after their announcement in early April, the U.S. House's passage of the *"One Big Beautiful Bill" Act* made investors concerned about the economic growth momentum, fiscal condition, inflation outlook and monetary policy direction of the U.S., leading to US dollar depreciation. Meanwhile, as foreign investors net bought Taiwanese stocks and Taiwanese exporters increased their US dollar sales in anticipation of NT dollar appreciation, the NT dollar appreciated against the US dollar. In the second half of 2025, Fed Chair Powell's repeatedly cautious stance toward rate cuts led to a US dollar rebound. Furthermore, foreign investors net sold Taiwanese stocks to lock in profits after the U.S. reciprocal tariff measures took effect on August 7, and global investors also showed growing concerns about an AI bubble. Combined, these factors caused the NT dollar to depreciate against the US dollar. At the end of 2025, the NT dollar appreciated by 4.3% against the US dollar compared to the end of the previous year. On an annual average basis, the NT dollar appreciated by 3.0% year on year against the US dollar.

In 2025, the NT dollar broadly depreciated against the euro during the course of the year except for a temporary appreciation in early May. In March, Germany's plans to relax its debt brake to expand national defense expenditures and its establishment of a €500 billion infrastructure fund to boost economic growth supported the euro. In April, frequent adjustments to U.S. tariff policies triggered international capital flows into safe-haven euro-denominated assets, leading to a sharp appreciation of the euro and depreciation of the NT dollar against the euro. Later, as growing market expectation of a rate cut by the European Central Bank (ECB) weakened the euro, along with the significant NT dollar strengthening in early May, the NT dollar appreciated against the euro. From late May onwards, several factors – including ECB President Lagarde's comments about adopting a "global euro moment" strategy to strengthen the euro's international status, the European Union's trade agreement with the U.S., and the ECB's pause in its rate-cutting cycle in the second half of 2025 that also lowered market expectations of further rate cuts – combined to strengthen the euro. The NT dollar consequently continued to depreciate against the euro. At the end of 2025, the NT dollar depreciated by 7.5% against the euro compared to the end of the previous year. On an annual average basis, the NT dollar depreciated by 1.3% against the euro compared to the previous year.

Regarding the NTD-yen exchange rate, the NT dollar first depreciated and then appreciated against the Japanese yen in the first half of 2025, while remaining range-bound in the second half. At the beginning of 2025, because lingering inflation pressures in Japan raised market expectation of a rate hike by the Bank of Japan (BoJ) and the U.S. tariff policies also heightened market uncertainties, the resultant safe-haven capital flows into yen assets strengthened the yen and led to NT dollar depreciation against the yen. Later, as BoJ Governor Ueda's remarks signaling a cautious stance toward monetary policy adjustments amid high uncertainty over U.S. tariff policies dampened market expectation of a BoJ rate hike, the yen weakened and thus the NT dollar appreciated against the yen. Then, during the second half of 2025, the NT dollar exchange rate against the yen remained range-bound, mainly because Japan reached trade and investment agreements with the U.S., market expectations of a BoJ rate hike shifted, and the Japanese government's ¥21.3 trillion economic stimulus package caused market concern about potential fiscal deterioration. At the end of 2025, the NT dollar appreciated by 4.5% against the yen compared to the end of the previous year. On an annual average basis, the NT dollar appreciated by 1.9% against the yen compared to the previous year.

Throughout 2025, the NT dollar first appreciated against the RMB and then depreciated. Notably, the tariff barriers between China and the U.S. rose in early April, causing the RMB to weaken and the NT dollar to appreciate against the RMB. In the second half of 2025, the People's Bank of China (PBoC) guided the RMB central parity rate higher, and the signing of various economic and trade agreements during the U.S.-China leader summit in late October helped ease bilateral trade tensions. Additionally, with many economists contending that the RMB should moderately appreciate in the mid-to-long term, market expectations for RMB appreciation gained traction, increasing the willingness to sell foreign exchange and thereby bolstering the RMB and causing the NT dollar to depreciate against the RMB. Overall, the NT dollar depreciated by 0.2% year on year against the RMB at the end of 2025. On an annual average basis, the NT dollar appreciated by 2.9% against the RMB compared to the previous year.

Throughout 2025, the NT dollar broadly appreciated against the Korean won. At the beginning of 2025, rising political uncertainty in South Korea led to range-bound movements in the NT dollar exchange rate against the won. In April, the won weakened amid the impact of U.S. tariff policies and the commencement of U.S.-Korea trade negotiations. This, coupled with a notable strengthening in the NT dollar in early May, led the NT dollar to appreciate against the won. From mid-July onwards, as the Bank of Korea (BoK) paused its rate-cutting cycle and the South Korean government actively pushed for corporate governance reforms, foreign investors turned into net buyers of Korean stocks, and the NT dollar therefore depreciated against the won. Nonetheless,

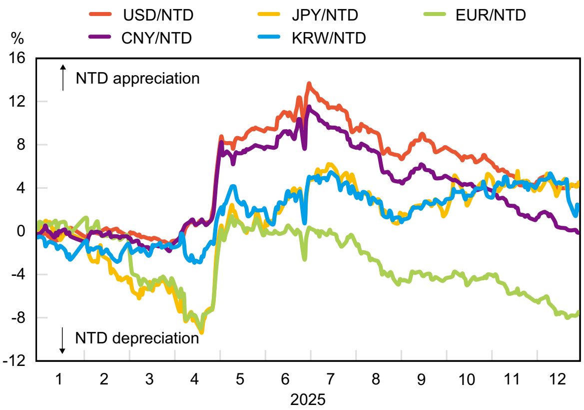
Annual Changes of NTD Exchange Rate Against Major Currencies

	NTD/USD	NTD/EUR	NTD/JPY	NTD/CNY	NTD/KRW
Exchange Rate (2025/12/31)	31.438	36.899	0.2008	4.4982	0.0218
Exchange Rate (2024/12/31)	32.781	34.132	0.2098	4.4913	0.0223
Annual Change	4.3%	-7.5%	4.5%	-0.2%	1.9%
Average Exchange Rate (2025)	31.166	35.217	0.2082	4.3347	0.0219
Average Exchange Rate (2024)	32.108	34.753	0.2121	4.4610	0.0236
Annual Change	3.0%	-1.3%	1.9%	2.9%	7.5%

Source: Department of Economic Research, CBC.

after September, U.S.-Korea trade negotiations stalled, and Korean retail investors increased overseas securities investment, together exerting downward pressure on the won; consequently, the NT dollar appreciated against the won. In late December, to prevent the excessive weakness of the won from exacerbating imported inflationary pressures, the South Korean government implemented robust measures to support the won. As a result, the won rebounded substantially, causing the NT dollar to depreciate against the won. Overall, at the end of 2025, the NT dollar appreciated by 1.9% against the won compared to the end of the previous year. On an annual average basis, the NT dollar appreciated by 7.5% against the won compared to the previous year.

Percentage Changes of NT Dollar Against Major Currencies
(Compared with End-2024)



Source: Department of Economic Research, CBC.

Foreign Exchange Trading

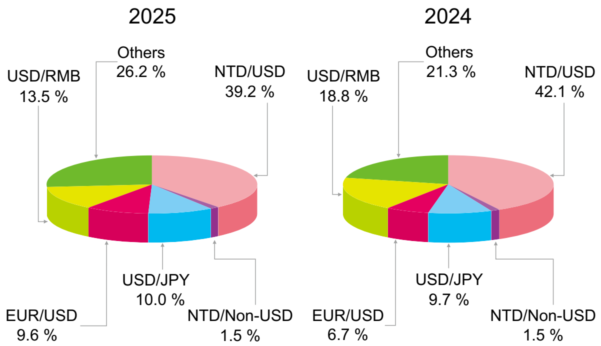
Trading in the Taipei foreign exchange market increased in 2025. Total net trading volume for the year was US$11,577.2 billion, representing a 6.0% year-on-year increase; the daily average turnover was US$47.1 billion.

In terms of trading partners, transactions between banks and nonbank customers accounted for 27.7% of the total turnover, while interbank transactions made up 72.3%, including 18.5% for transactions among local banks and 53.8% for those between local banks and overseas banks.

As far as traded currencies were concerned, NT dollar trading against foreign currencies accounted for 40.7% of the total trading volume, of which trading against the US dollar made up a dominant 39.2%. Transactions in third currencies contributed to 59.3% of the total trading volume, with trading in currency pairs of USD-RMB, USD-JPY, and EUR-USD accounting for respective shares of 13.5%, 10.0%, and 9.6%. Compared with the previous year, the volume of NT dollar trading against foreign currencies decreased by 0.9% while that of transactions in third currencies increased by 11.3%.

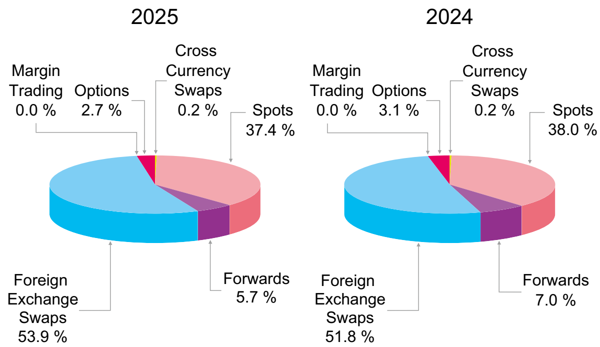
With respect to types of transactions, the major types were foreign exchange swaps and spots, accounting for 53.9% and 37.4% of total turnover, respectively. Compared with the previous year, the trading volume in foreign exchange swaps, spots, cross currency swaps, and margin trading increased, while the trading volume in forward transactions and options decreased.

Composition of Foreign Exchange Transactions by Currency Pair



Source: Department of Foreign Exchange, CBC.

Composition of Foreign Exchange Transactions by Type of Product



Source: Department of Foreign Exchange, CBC.

For other foreign currency derivatives products, including futures, options and swaps linked to interest rates, commodity prices, stock price indices and credit risks, the total turnover was US$256.1 billion in 2025. Of this amount, interest rate-related derivatives accounted for the lion's share at 97.4% with US$249.4 billion, declining by 13.3% from the previous year owing mainly to the decrease in interest rate futures turnover.

Turnover of Other Products in the Taipei Foreign Exchange Market

Unit: US$billion

Year	Interest Rate-Related Products				Commodity-Related Products	Stock Index Options	Credit Derivatives	Total
	Interest Rate Swaps	Interest Rate Options	Foreign Currency Interest Rate Futures	Subtotal	Commodity Options			
2021	79.0	10.7	104.3	194.0	4.1	0.4	0.6	199.2
2022	90.4	14.7	202.6	307.6	2.9	0.3	0.8	311.7
2023	79.8	8.6	168.3	256.6	1.8	1.9	0.5	260.8
2024	92.7	6.4	188.6	287.7	2.6	2.4	0.8	293.5
2025	122.0	11.3	116.1	249.4	3.4	3.0	0.4	256.1
2024-2025 Annual Growth Rate (%)	31.6	76.2	-38.4	-13.3	31.5	21.9	-45.9	-12.7

Note: "Forward Rate Agreement" is excluded from the table because the turnover has been 0 since 2017.
Source: Department of Foreign Exchange, CBC.

Renminbi Business

By the end of 2025, there were 65 domestic banking units (DBUs) and 56 offshore banking units (OBUs) engaging in renminbi business. The balance of renminbi deposits amounted to RMB115.4 billion; renminbi remittances totaled RMB2,130.4 billion in 2025; renminbi settlement through the Taipei Branch of the Bank of China totaled RMB5,384.2 billion in 2025.

Renminbi Business Conducted by Financial Institutions

Unit: RMB billions

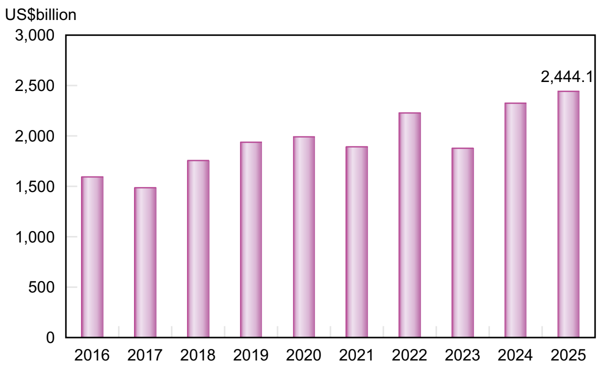
Business Items	Amount
Deposit balance (including NCDs, end of 2025)	115.4
Total remittances (February 2013 to December 2025)	24,467.3
Total settlement through the Taipei Branch of the Bank of China (February 2013 to December 2025)	60,586.7
Total value of 206 RMB-denominated bonds issued (as of the end of 2025)	135.9
Accumulated premium receipts from RMB-denominated investment-linked insurance business (February 2013 to December 2025)	22.1
Accumulated premium receipts from RMB-denominated traditional insurance business (April 2014 to December 2025)	10.3

Source: Department of Foreign Exchange, CBC.

Foreign Currency Call Loan & Swap Markets

The transaction volume in the foreign currency call loan market in 2025 was US$2,444.1 billion, an increase of 5.0% over the previous year. Of the total, US dollar transactions accounted for a dominant share of 79.0% with US$1,930.2 billion, increasing by 1.6% from the previous year. Renminbi transactions increased by 14.2% year on year to RMB716.0 billion, making up a share of 4.2% of the total. Japanese yen transactions reached ¥48,678.9 billion, representing a share of 12.7% of the total with a year-on-year increase of 6.4% in volume. The amount of euro transactions was €41.5 billion, with a share of 2.0%. Other currencies accounted for a combined 2.1% of the total transaction volume. Meanwhile, the balance of foreign currency call loan transactions stood at US$57.6 billion at the end of 2025.

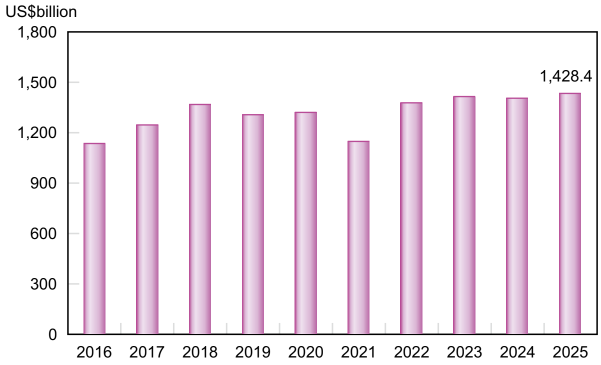
Transactions in the Foreign Currency Call Loan Market



Source: Department of Foreign Exchange, CBC.

The volume of foreign currency-NTD swap transactions reached US$1,428.4 billion in 2025, 2.1% more than the previous year, while the balance was US$256.8 billion at the end of 2025.

Transactions in the Foreign Currency Swap Market



Source: Department of Foreign Exchange, CBC.

OBU Assets

There were 59 OBUs at the end of 2025, with 35 of them operated by domestic banks and the other 24 by foreign banks. The total assets of all OBUs increased to US$327.5 billion at the end of 2025, up by US$51.0 billion or 18.4% from the previous year end owing to an increase in claims on financial institutions.

Balance Sheet of OBUs in the Banking System

Unit: US$billion

Year / Month (End of month)	Loans to Nonfinancial Institutions	Portfolio Investment	Claims on Financial Institutions	Other Assets	Total Assets= Total Liabilities & Equity	Deposits of Nonfinancial Institutions	Due to Financial Institutions	Securities Issued	Other Liabilities & Equity
2021/12	78.5	93.7	68.2	9.5	249.9	104.5	125.1	0.0	20.3
2022/12	76.0	108.2	75.7	6.2	266.1	117.7	128.0	0.0	20.5
2023/12	70.2	122.0	78.3	6.7	277.3	113.3	138.8	0.0	25.2
2024/12	73.7	130.3	63.1	9.4	276.6	117.9	134.9	0.0	23.7
2025/12	82.7	146.6	84.5	13.7	327.5	133.4	169.3	0.0	24.8
2024/12-2025/12 Growth Rate (%)	12.2	12.5	33.9	45.6	18.4	13.1	25.5	0.0	4.8

Source: Department of Foreign Exchange, CBC.

Domestic banks' OBUs accounted for 86.3% of total assets with an amount of US$282.7 billion, and foreign banks' OBUs accounted for 13.7% with an amount of US$44.9 billion. In terms of uses of funds, portfolio investments represented the largest share of 44.8% of total assets with an amount of US$146.6 billion; claims on financial institutions and loans to nonfinancial institutions came in the second and third place with shares of 25.8% and 25.3%, respectively. In terms of destinations of funds, Asia accounted for the highest share at 43.0%, followed by the Americas at 33.3%.

The main source of funds for OBUs came from due to financial institutions, making up 51.7% of total liabilities and equity, followed by deposits of nonfinancial institutions with a share of 40.7%. The main funding origin of OBUs was Asia, accounting for 64.2%, followed by the Americas with a share of 26.6%.

In 2025, foreign exchange trading turnover of all OBUs decreased by 23.5% from the previous year to US$1,118.5 billion, of which US$521.3 billion was for spot transactions, US$85.6 billion for forward transactions, and US$511.6 billion for swap transactions. Compared with the previous year, the growth rates of the trading turnover of FX spot, forward, and swap transactions were -0.6%, -64.0%, and -26.9%, respectively.

In 2025, total turnover of other derivatives products conducted by the OBUs decreased by 0.6% to US$658.2 billion over the previous year, of which interest rate swaps registered the largest turnover of US$359.8 billion, making up 54.7% of the total.

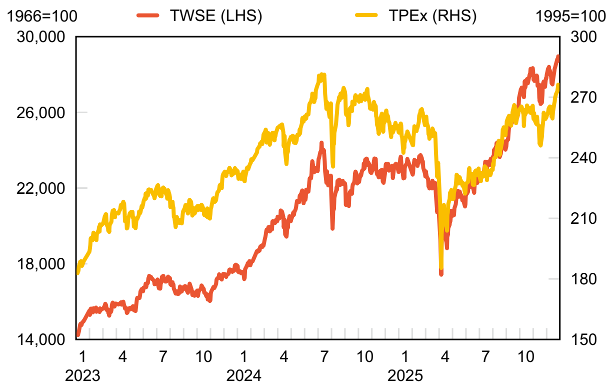
5. Stock Markets

In early 2025, driven by robust demand for emerging AI technology applications, the TAIEX trended upwards alongside U.S. tech stock rallies, reaching 23,730 points on February 21. However, the market subsequently retreated to 17,392 points on April 4 as U.S. tariff issues triggered slumps in major global stock markets, coupled with massive foreign investor selloffs. Thereafter, buoyed by a confluence of factors, including the FSC's market stabilization measures, the deployment of the National Financial Stabilization Fund, the suspension of U.S. reciprocal tariffs, the effect of front-loading, continued AI demand, and stellar corporate earnings, the TAIEX recovered and swung higher alongside U.S. tech rallies. The index reached a fresh historical high of 28,964 points at the end of the year, representing a 25.7% increase from 23,035 points at the end of the previous year.

In 2025, stock groups on the TWSE exhibited divergent performances. While most traditional industries saw share prices weaken, the Electronics sector, which collectively accounted for more than 70% of market capitalization, surged by 35.5% on the back of growing AI demand and expanding applications as well as U.S. tech stock rallies, repeatedly driving the TAIEX to new highs. Glass & Ceramics shares delivered the best performance with a stellar 82.8% gain, buoyed by market expectations of AI themes and rising demand for high-end materials. Plastics shares followed as the second best performer, rising by 37.6% owing to improved industry supply-demand dynamics and enhanced profitability as some major firms transitioned into high-value-added segments. Among the declining sectors, Rubber and Cement dropped by 31.1% and 18.2%, respectively, as both were weighed down by sluggish demand and overcapacity in China. Overall, the daily average turnover on the TWSE reached NT$383.8 billion in 2025, representing a slight year-on-year increase of 0.6%.

At the end of 2025, the Taipei Exchange (TPEx) Index finished 8.0% higher compared to the previous year-end. Leading the gains were Chemical shares, which soared 41.2% as their pivotal role as key chemical material suppliers to the AI and semiconductor industries fueled robust profit growth. Electronics shares took the second spot with a 17.6% increase, riding the wave of the AI boom and rallies in U.S. tech stocks. On the other hand, Building Material & Construction shares suffered the steepest decline of 24.3%, dampened by a cooling

TWSE and TPEx Indices



Sources: 1. TWSE.
2. Taipei Exchange (TPEx).

housing market and a sharp contraction in new project launches. Cultural/Creative Industries shares also gave up some ground, retreating 22.9% following a strong run-up in the previous year. Meanwhile, Iron & Steel shares slipped 15.9%, attributable to lackluster demand and overcapacity in China. In 2025, the daily average turnover on the Taipei Exchange amounted to NT$105.6 billion, up by 9.9% year-on-year.

The TWSE Market

Listings Increased and Capitalization Rose to Record High

At the end of 2025, the number of TWSE listings increased by 32 over the previous year to a total of 1,063. The par value of total shares rose by 1.0% year on year to NT$7.9 trillion, and total market capitalization grew significantly by 27.7% to a record high of NT$94.4 trillion amid the market upswing. Meanwhile, the total number of Taiwan depositary receipts (TDRs) remained 10 as of the end of the year.

Major Statistics of the TWSE Market

Year/Month	Stock Price Index (end of period)	Daily Average Trading Value (NT$billion)	Trading Value Turnover Rate (%)	Market Capitalization (NT$billion)	Net Buying Positions (NT$billion)		
					Foreign Investors Net Buy/Sell	Securities Investment Trust Companies Net Buy/Sell	Securities Dealers Net Buy/Sell
2023	17,930.8	264.3	121.2	56,842.1	275.4	237.3	-262.0
2024	23,035.1	381.4	135.4	73,898.7	-695.1	832.1	-823.8
2025	28,963.6	383.8	118.5	94,358.9	-599.5	105.8	-148.2
2025/ 1	23,525.4	323.5	6.4	75,531.3	-50.6	-1.0	-20.0
2	23,053.2	362.6	9.3	74,051.7	-166.0	-6.2	-34.6
3	20,695.9	304.0	9.6	66,562.0	-465.6	99.2	-157.4
4	20,235.0	271.1	8.3	65,090.8	-61.4	38.5	-106.2
5	21,347.3	310.8	9.1	68,706.3	220.0	38.8	-54.0
6	22,256.0	343.0	10.1	71,696.3	93.4	60.5	-66.1
7	23,542.5	319.9	9.7	75,873.7	228.0	-13.8	96.6
8	24,233.1	419.7	11.3	78,099.4	-62.9	-4.8	23.5
9	25,820.5	452.3	11.4	83,477.2	199.9	-76.7	66.3
10	28,233.4	503.0	11.0	91,225.2	-99.1	-49.9	89.7
11	27,626.5	531.6	11.8	89,945.4	-374.9	12.1	-68.4
12	28,963.6	451.3	10.5	94,358.9	-60.3	9.2	82.4

Source: Securities and Futures Bureau, FSC.

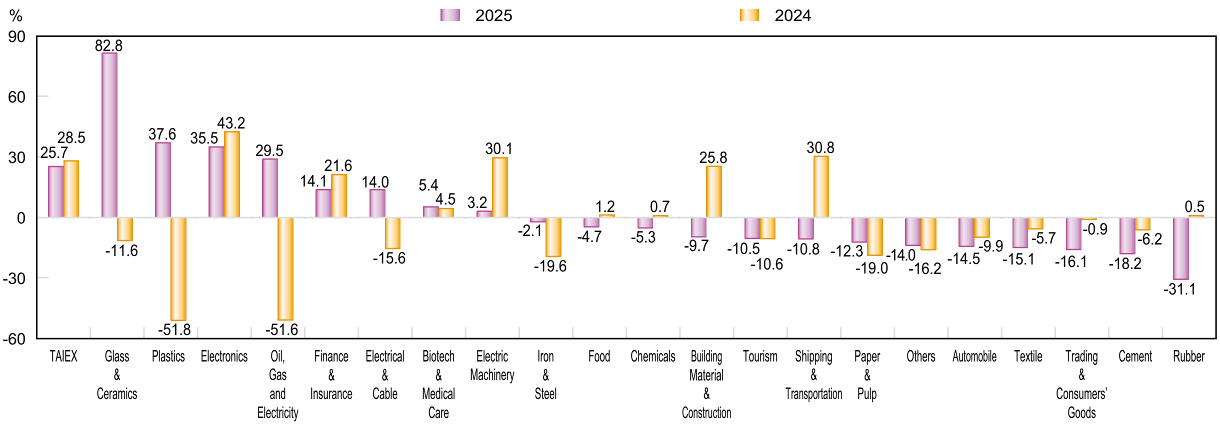
TAIEX Recovered from Earlier Slumps to Hit Successive Highs

In early 2025, propelled by robust demand for emerging AI applications, the TAIEX climbed alongside U.S. tech bull runs to reach 23,730 points on February 21. However, the momentum stalled as U.S. tariff concerns sparked a global market selloff, which, combined with foreign investor selloffs, dragged the index down to a low of 17,392 points by April 9. Thereafter, the TAIEX advanced with intermittent swings, tracking the recovery in U.S. tech stocks. This rally was underpinned by the FSC's stabilization measures, the National Financial Stabilization Fund's intervention, the suspension of U.S. reciprocal tariffs, and front-loaded orders by manufacturers. Coupled with sustained AI demand and strong corporate earnings, the TAIEX oscillated higher to finish the year at a record-breaking 28,964 points, marking a 25.7% gain from the 23,035 points recorded at the end of 2024.

Looking at individual sectors, Glass & Ceramics led the gains with a remarkable 82.8% surge, driven by robust demand for high-end glass fibers and advanced technological materials. Plastics followed as the second-best performer, jumping by 37.6% as industry supply-demand dynamics improved and major players saw profitability strengthen from their transition into high-value-added segments. Electronics shares climbed by 35.5%, buoyed by the AI boom and successive record highs in U.S. tech stocks. Meanwhile, Oil, Gas & Electricity shares rose by 29.5%, as the industrial environment improved and major firms regained solid footing.

Among the laggards, Rubber and Cement shares fell by 31.1% and 18.2%, respectively, reflecting weak demand and overcapacity in China. Trade & Consumers' Goods dropped 16.1%, hit by shifting tariff and trade policies that dampened domestic retail consumption momentum. Meanwhile, Textile shares declined by 15.1% as a global slowdown in demand resulted in fewer orders and lower earnings.

TWSE Stock Price Changes by Industrial Group



Source: TWSE.

Market Turnover Increased

As the stock price index trended upwards and reached successive record highs, trading value in the TWSE market expanded accordingly. In 2025, the daily average turnover reached NT$383.8 billion, edging up by 0.6% from NT$381.4 billion the previous year. Furthermore, as the growth in total market capitalization outpaced that in trading value, the stock turnover rate declined from 135.4% in the previous year to 118.5% in 2025.

FINIs and Local Securities Net Sold; Investment Trust Firms Net Bought

In 2025, foreign institutional investors (FINIs) and local securities dealers posted net sales of NT$599.5 billion and NT$148.2 billion, respectively. Meanwhile, investment trust companies recorded a net-buying amount of NT$105.8 billion.

From January to April 2025, the TAIEX faced successive headwinds, including U.S. President Trump's proposed tariffs on semiconductor products, the emergence of China's DeepSeek, the U.S. Federal Reserve's postponed rate cuts, and global market turmoil triggered by Trump's reciprocal tariff proposals. These factors led to a string of net selling by FINIs.

Between May and July, FINIs shifted to net buying as the easing of U.S.-China trade tensions and robust AI demand drove U.S. tech stocks higher. In August, however, foreign investors capitalized on the TAIEX's high valuation to realize gains, adjusting their positions through net sales.

In September, the Fed's rate cut injected fresh liquidity into the market, prompting another wave of net purchases by FINIs. From October to December, amid concerns over an AI bubble and a subsequent pullback in U.S. stock markets, some investors opted for profit-taking trades to lock in their TAIEX gains, leading to further position reductions and net selling by FINIs.

Regarding local securities investment trust companies, they recorded net sales in January, February, and from July to October. These moves were driven by the need to perform year-end or quarter-end accounting adjustments, meet investor redemption demand, or lock in gains from the rallying stocks. Conversely, from March to June and during November and December, investment trust companies shifted to net buying. This was primarily aimed at boosting fund performance or executing passive positioning through the purchase of constituent stocks for ETFs.

With respect to local securities dealers, who are inclined to conduct short swing trades to buy the rallies and sell the dips, they recorded successive net sales in the first half of 2025, reflecting tactical position adjustments or hedging operations as the TAIEX rebounded after declining sharply. In the second half of the year, net selling occurred only in November during a market pullback and net buying was recorded in all the other months as the TAIEX continued to scale new heights.

The TPEx Market

TPEx Listings and Capitalization Both Increased

At the end of 2025, the number of TPEx listings totaled 874, an increase of 36 from the previous year. The total par value increased by 3.9% year on year to NT$826.2 billion. The TPEx market capitalization, buoyed by rising stock valuations, increased by 13.3% year on year to NT$7.41 trillion.

TPEx Index First Fell Then Rose; Trading Value Increased

In 2025, the TPEx Index moved in tandem with the TAIEX. After retreating from its early-year high to a low of 185.1 on April 9, the Index trended upwards amid the AI boom and foreign net purchases, closing the year at 276.2. This represented an 8.0% increase from the 255.8 recorded at the end of the previous year.

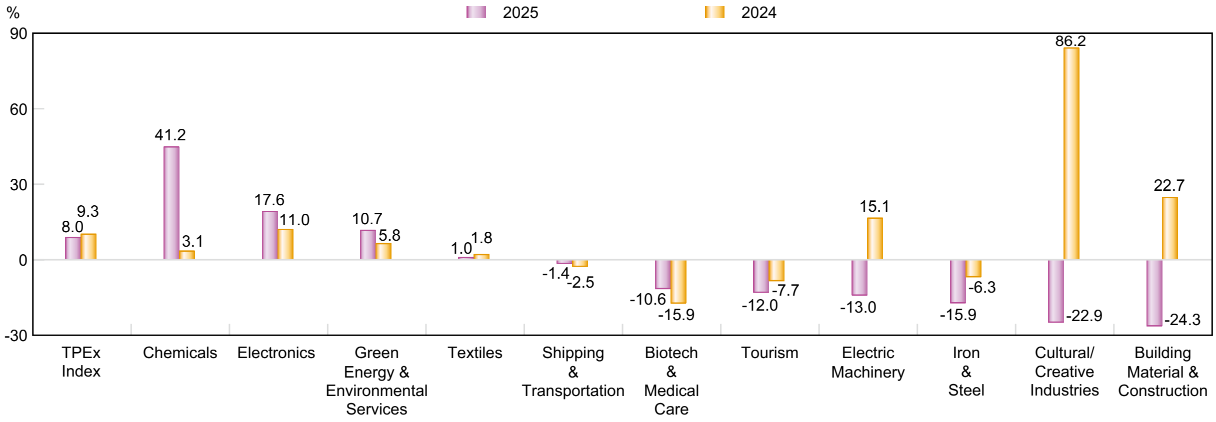
The TPEx market saw a mixed performance across different sectors in 2025. Among the advancing sectors, Chemical shares led the gains with a 41.2% surge, driven by substantial profit growth as a key supplier of essential materials to the AI and semiconductor industries. The Electronics sector followed with a 17.6% increase amid the AI boom and the U.S. tech stock rallies. Meanwhile, Green Energy & Environmental Services shares rose 10.7%, benefiting from policy support and favorable industry tailwinds.

Among the declining sectors, the Building Material & Construction sector suffered the sharpest drop of 24.3%, as a slowing real estate market led to a significant reduction in new housing projects. Cultural/Creative Industries recorded a 22.9% fall owing to a high base effect following the strong gains of the previous year. The Iron & Steel sector also declined by 15.9%, weighed down by weak demand and overcapacity in China.

By type of institutional investor, local securities dealers net sold TPEx equities worth NT$6.9 billion, whereas local securities investment trust companies and FINIs both posted net buying, with the respective amounts of NT$8.9 billion and NT$292.8 billion.

Overall, the daily average turnover of the TPEx market rose alongside stock rallies, rising by 9.9% to NT$105.6 billion from NT$96.1 billion the previous year.

TPEx Stock Price Changes by Industrial Group



Source: TPEx.

Key Measures for the Stock Markets

Key measures for Taiwan's stock markets in 2025 included the following:

(1) April 6: To mitigate the impact of U.S. reciprocal tariff policies on global financial markets and to safeguard capital market stability and investor interests, the FSC announced three stabilization measures: (A) Investors may, with the consent of securities finance enterprises or firms, provide alternative collateral to meet margin calls for margin purchases or short sales; (B) The daily quota for short sales via securities borrowing was reduced from 30% to 3% of the average daily trading volume over the previous 30 business days; (C) The minimum margin requirement for short selling was raised from 90% to 130%.

(2) April 7: The FSC reaffirmed that, pursuant to existing regulations, short selling below the previous closing price is prohibited for stocks that have hit their lower price limits. This measure aimed to moderate the impact of speculative trading on the stock market and to mitigate volatility risks triggered by market panic.

(3) April 9: To counter the global stock market plunge triggered by the U.S. reciprocal tariff policy, the National Financial Stabilization Fund was deployed to buttress the domestic stock market and to bolster investor confidence.

(4) July 1: The FSC introduced the Taiwan Individual Savings Account (TISA) to encourage the public to cultivate retirement savings and personal wealth through mid- to long-term investment.

6. Bond Market

For the year 2025, the total volume of bond issuance stood at NT$1,885.0 billion, increasing by NT$205.2 billion compared to the previous year. At the end of 2025, the total outstanding bonds reached NT$17,960.3 billion, representing an increase of NT$605.7 billion or 3.49% from the end of 2024.

Central government bond issuance amounted to NT$433.5 billion in 2025, mainly to support debt refinancing operations of the Central Government Debt Service Fund and to meet funding needs for the general and special budgets of the central government. However, the total issuance decreased by NT$104.5 billion from a year earlier.

Issuance of corporate bonds totaled NT$873.7 billion in the year, up by NT$179.6 billion from 2024, primarily reflecting increased issuance by corporations to meet working capital needs and finance the green energy transition.

Bank debenture issuance amounted to NT$209.7 billion, increasing by NT$111.6 billion from a year ago. The rise was mainly driven by banks strengthening their capital structures and improving capital adequacy ratios to meet regulatory requirements, as well as higher demand for bond issuance to support green financing and sustainability-related activities.

NT dollar-denominated foreign bonds issued in Taiwan by foreign institutions totaled NT$13.6 billion in 2025, an increase of NT$6.4 billion from 2024. Meanwhile, foreign currency-denominated international bonds issued in Taiwan by foreign institutions rose by NT$12.3 billion from the previous year to NT$327.4 billion.

In the secondary market, influenced by volatility in U.S. bond yields and shifting market expectations regarding the timing of policy rate cuts by major central banks, the average yield on Taiwan's 10-year government bond stood at 1.45% for the year, up by 2 basis points from 2024.

Overall, the annual turnover of the domestic bond market totaled NT$38,013.7 billion in 2025, decreasing by NT$122.8 billion from a year before. The slight decline was mainly attributable to relatively ample domestic liquidity, which reduced financial institutions' demand for funding through repurchase agreement (repo) transactions.

Reduction in Government Bond Issuance

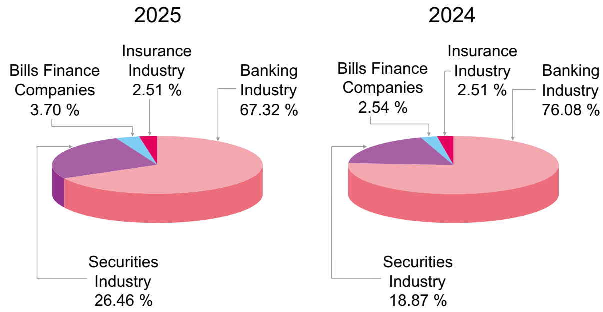
In order to support debt refinancing operations of the Central Government Debt Service Fund and to meet funding needs for the general and special budgets of the central government, central government bond issuance amounted to NT$433.5 billion in 2025, down by NT$104.5 billion from a year ago. Government bonds were available with various maturity periods from 2 years, 5 years, 10 years, 20 years, to 30 years.

Broken down by institutional investor, bonds held by the banking industry made up the lion's share at 67.32%. The securities industry came in second with a share of 26.46%, followed by bills finance companies with a share of 3.70%.

As of the end of 2025, the total outstanding amount of central government bond issuance reached NT$6,032.6 billion, showing a slight decrease of NT$1.5 billion or 0.03% compared to the end of 2024.

Furthermore, new bonds issued by the governments of all special municipalities in 2025 stood at NT$27.2 billion. At the end of the year, the outstanding amount of bonds issued by the governments of all special municipalities totaled NT$157.1 billion, an increase of NT$16.9 billion or 12.02% from the previous year end.

Shares of Government Bond Holdings (by Institutional Investor)



Source: Department of the Treasury, CBC.

Issues and Outstanding Values in Bond Market by Category

Unit: NT$billion

Year/ Month	Total		Central Government Bonds		Local Government Bonds*		Corporate Bonds		Bank Debentures		Beneficiary Securities**		Foreign Bonds		Int'l Bonds	
	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding
2023	1,580.0	16,952.2	478.0	5,912.5	19.7	147.6	773.3	3,564.4	62.7	1,221.5	-	5.9	3.9	50.0	242.4	6,050.2
2024	1,679.8	17,354.6	538.0	6,034.1	27.2	140.2	694.1	3,837.2	98.1	1,160.9	-	5.9	7.3	45.9	315.1	6,130.4
2025	1,885.0	17,960.3	433.5	6,032.6	27.2	157.1	873.7	4,199.0	209.7	1,246.1	-	1.7	13.6	57.3	327.4	6,266.6
2025/ 1	180.8	17,445.6	67.0	6,041.1	2.5	142.7	32.0	3,845.9	5.1	1,165.9	-	5.9	0.5	46.3	73.8	6,197.7
2	120.7	17,415.7	60.0	6,006.1	-	142.7	20.8	3,860.2	9.2	1,164.9	-	5.9	3.3	49.1	27.4	6,186.7
3	216.0	17,464.9	51.5	5,957.6	1.2	143.9	33.9	3,876.7	50.6	1,188.3	-	5.9	0.5	49.4	78.4	6,243.1
4	115.0	17,484.9	30.0	5,987.6	-	135.2	68.9	3,882.1	7.7	1,190.8	-	4.7	-	49.4	8.3	6,235.2
5	186.8	17,611.2	50.0	6,037.6	-	135.2	61.2	3,891.0	5.8	1,190.5	-	4.2	-	49.4	69.8	6,303.4
6	143.9	17,660.9	30.0	6,067.6	-	135.2	73.4	3,911.4	22.5	1,202.9	-	3.8	-	49.1	18.0	6,291.0
7	108.5	17,615.5	20.0	6,037.6	-	135.2	54.7	3,898.7	10.0	1,199.9	-	3.4	0.2	48.9	23.7	6,291.8
8	158.8	17,683.2	25.0	6,062.6	-	135.2	124.7	3,974.6	3.7	1,195.1	-	3.0	2.0	50.8	3.4	6,261.9
9	232.3	17,731.3	20.0	5,987.6	-	135.2	152.1	4,062.0	59.6	1,242.4	-	2.6	-	50.6	0.6	6,250.9
10	99.9	17,777.1	30.0	6,017.6	-	135.2	46.9	4,061.9	8.5	1,250.6	-	2.3	2.2	52.4	12.4	6,257.1
11	140.6	17,865.6	20.0	6,037.6	-	135.2	92.7	4,122.7	12.3	1,245.0	-	2.0	4.5	56.9	11.1	6,266.3
12	181.8	17,960.3	30.0	6,032.6	23.5	157.1	112.4	4,199.0	14.8	1,246.1	-	1.7	0.5	57.3	0.6	6,266.6

Notes: * Referring to bonds issued by governments of special municipalities.
** Including those purchased back by originators for credit enhancement.
Sources: 1. *Financial Statistics Monthly* (February 2026), CBC.
2. Banking Bureau, Financial Supervisory Commission.
3. Department of Foreign Exchange, CBC.

Growth in Corporate Bond Issuance

Corporate bonds refer to NT dollar- or foreign currency-denominated bonds issued in Taiwan by domestic corporations. In 2025, corporate bond issuance amounted to NT$873.7 billion, rising by NT$179.6 billion from a year before, reflecting expanded issuance by corporations to meet working capital needs and finance the green energy transition.

In terms of bond maturities, 5-year corporate bonds accounted for a dominant share of the issuance at 44.84%, followed by 10-year bonds with a share of 23.49%. At the end of 2025, the outstanding amount of corporate bonds grew by NT$361.8 billion or 9.43% to NT$4,199.0 billion over the previous year.

Significant Increase in Bank Debenture Issuance

In 2025, domestic banks issued bank debentures with an amount of NT$209.7 billion, a substantial increase of NT$111.6 billion or 113.7% from 2024. The rise was mainly attributable to banks strengthening their capital structures and improving capital adequacy ratios to meet regulatory requirements, as well as stronger demand for bond issuance to support green financing and sustainability-related activities.

In respect of the maturity of new issues, 10-year debentures made up the largest share of total issuance at 32.98%, while 5-year bonds came in second with a share of 29.21%. At the end of the year, the outstanding amount of bank debentures stood at NT$1,246.1 billion, growing by NT$85.2 billion or 7.34% from a year before.

Contraction in Asset Securitization Products

New issues of asset securitization products were nil in 2025. The outstanding amount of asset securitization was NT$1.7 billion at the end of the year, shrinking by NT$4.2 billion or 71.15% from the previous year end.

Rise in Foreign Bond Issuance

Foreign bonds are defined as NT dollar-denominated corporate bonds issued in Taiwan by foreign institutions. The foreign bonds currently in circulation are mostly corporate bonds issued by offshore companies listed on the TWSE or the TPEx (the over-the-counter market).

For the year 2025, foreign bond issuance went up by NT$6.4 billion from a year before to NT$13.6 billion. At the end of the year, the outstanding amount of foreign bonds stood at NT$57.3 billion, increasing by NT$11.4 billion or 24.74% over the previous year end.

Uptick in International Bond Issuance

International bonds herein refer to foreign currency-denominated corporate bonds issued in Taiwan by foreign institutions. During 2025, issuance of international bonds increased by NT$12.3 billion from the previous year to NT$327.4 billion. The growth was mainly driven by continuously strong demand from life insurance companies for long-term US dollar-denominated bonds to align with the new-generation solvency regime (i.e., TW-ICS), which in turn attracted foreign institutions to issue US dollar-denominated bonds in Taiwan.

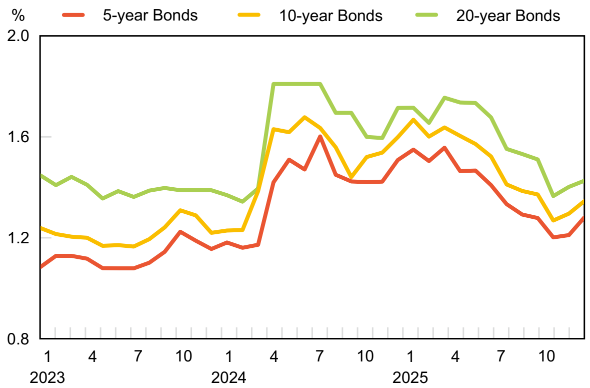
With regard to currency composition, the majority of total international bond issuance went for US dollar-denominated bonds with a share of 99.11%, followed by Australian dollar-denominated bonds at 0.89%. At the end of the year, the outstanding amount of international bonds totaled NT$6,266.6 billion, representing a year-on-year increase of NT$136.3 billion or 2.22%.

Uptrend in Average Government Bond Yields and Slight Decline in Transactions

Influenced by volatility in U.S. bond yields and shifting market expectations regarding the timing of policy rate cuts by major central banks, the average yield on Taiwan's 10-year government bond rose to 1.45% in 2025, up by about 2 basis points from 1.43% in 2024.

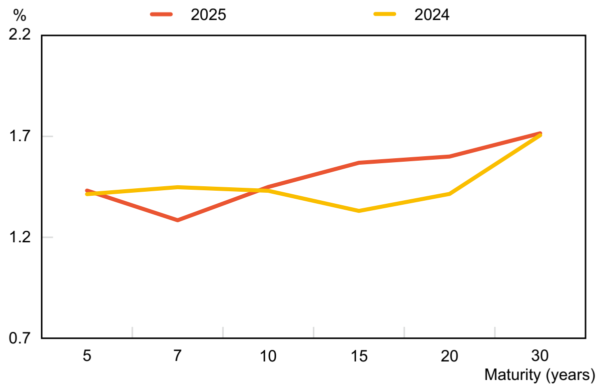
Among government bonds of the other maturity ranges, average yields on 5-year, 20-year, and 30-year bonds went up by 2, 19, and 1 basis points, respectively, over the previous year. This reflected that life insurance companies adjusted their asset allocation in response to the new solvency regime, leading to mixed demand for longer-term government bonds, which resulted in a relatively larger increase in the 20-year bond yield.

Yields on Central Government Bonds



Source: TPEx.

Yield Curves of Central Government Bonds



Source: TPEx.

In terms of trading value, annual turnover fell by NT$122.8 billion or 0.32% to NT$38,013.7 billion in 2025. The slight decline in overall trading value was primarily attributable to relatively ample domestic liquidity, which reduced financial institutions' demand for funding through repo transactions.

Of the components, outright transactions of government bonds went up by NT$918.4 billion or 22.60%, whereas repo transactions of government bonds dropped by NT$1,041.3 billion or 3.06% from a year before.

By type of bonds, the majority of total bond turnover went for corporate bonds with a share of 64.48% and an annual trading value of NT$24,509.9 billion. The second most actively traded were government bonds, contributing to 28.41% of total transactions with an annual trading value of NT$10,801.1 billion. Bank debentures ranked third, accounting for a share of 3.83% with an annual trading value of NT$1,454.7 billion.

Meanwhile, international bonds, foreign bonds, and asset securitization products made up marginal shares of 1.96%, 1.31%, and 0.01% in total transactions, with their respective annual trading registering NT$747.0 billion, NT$498.7 billion, and NT$2.4 billion.

Turnover in Bond Market by Category

Unit: NT$billion

Year/ Month	Total	Government Bonds	Corporate Bonds		Bank Debentures	Beneficiary Securities	Foreign Bonds	Int'l Bonds
			Nonconvertible	Convertible				
2023	35,406.4	12,916.4	18,011.0	2,014.3	1,312.3	5.5	578.5	568.3
2024	38,136.5	12,115.3	21,057.8	2,587.2	1,197.1	4.7	486.8	687.6
2025	38,013.7	10,801.1	21,516.4	2,993.5	1,454.7	2.4	498.7	747.0
2025/ 1	2,601.8	805.5	1,436.7	185.4	88.7	1.0	14.2	70.3
2	2,956.7	979.1	1,537.5	237.2	108.8	0.1	24.2	69.7
3	3,138.3	952.6	1,642.4	278.2	146.8	0.7	38.3	79.2
4	3,116.5	854.0	1,821.9	252.1	111.0	0.1	26.3	51.1
5	3,012.3	814.0	1,753.2	235.3	113.6	-	27.7	68.4
6	3,335.0	1,007.2	1,861.5	270.2	123.0	-	26.2	46.9
7	3,604.7	1,149.4	1,959.5	261.4	125.6	0.3	44.8	63.8
8	3,086.3	816.8	1,818.0	253.7	97.3	0.3	50.0	50.2
9	3,299.3	812.5	1,927.8	261.7	177.2	-	55.1	64.9
10	3,161.7	842.4	1,839.6	233.3	115.0	-	58.1	73.3
11	3,200.7	832.2	1,866.0	260.4	124.0	-	58.9	59.2
12	3,500.6	935.4	2,052.3	264.6	123.7	-	74.8	49.8

Source: TPEx.

Central Bank Operations

III. Central Bank Operations

1. Overview

In 2025, the domestic inflation rate continued its gradual downtrend, and the inflation outlook for 2026 was projected to be mild. Meanwhile, the domestic economy delivered strong performance in 2025 and was expected to post solid growth in 2026. In light of these developments, and taking a prudent approach to the uncertainty surrounding the global economic and financial outlook and the potential influence of U.S. economic and trade policies on the domestic economy, the Bank decided at all four quarterly Board meetings in 2025 to keep the policy rates unchanged. Therefore, the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations remained at 2%, 2.375%, and 4.25%, respectively.

To implement the directive of "efficient allocation and proper use of credit resources" under the government's Healthy Real Estate Market Plan and to prevent excessive bank credit resources from flowing into the real estate market, the Bank has made seven adjustments to its selective credit control measures since December 2020, which have helped strengthen financial institutions' risk management associated with real estate lending. In addition, in August 2024, through moral suasion, the Bank requested banks to enhance internal quantitative goal management of aggregate real estate lending volumes from the fourth quarter of 2024 to the fourth quarter of 2025.

Since these policies took effect, the concentration of real estate lending by all banks has gradually come down. Banks' credit resources have been channeled towards accommodating the funding needs of non-homeowner mortgage borrowers and those for urban renewal and reconstruction of unsafe and dilapidated buildings. Public expectations for housing price rises have also eased. These developments indicate that the effectiveness of the Bank's selective credit control measures has gradually begun to yield results. Furthermore, most banks have implemented and achieved their self-set quantitative control goals of aggregate real estate lending volumes. Against this backdroup, starting 2026, banks are allowed to carry out quantitative controls at their own discretion. Nevertheless, the Bank will continue to require banks to submit data reports on real estate lending on a monthly basis and will also strengthen its efforts in targeted financial examinations, so as to keep updated on the status of banks' real estate lending and to ensure bank compliance with the selective credit control measures.

Going forward, the Bank will continue to conduct rolling reviews of the effectiveness of the selective credit control measures and adjust relevant measures as needed in order to promote financial stability and sound banking operations.

In response to economic and financial conditions, the Bank continued with open market operations by issuing CDs to manage market liquidity and reserve money so as to maintain liquidity in the banking system and keep market rates at appropriate levels. In 2025, reserve money registered an annual growth rate (on an adjusted basis) of 6.02%, while the monetary aggregate M2 rose by 4.54% year on year, remaining within the Bank’s M2 growth reference range of 2.5% to 6.5%.

As for the foreign exchange (FX) market, throughout the year, the NT dollar exchange rate experienced significant fluctuations, reflecting substantial foreign investor net sales and purchases of Taiwanese stocks as well as international economic impacts such as those from U.S. tariff policy shifts. Consequently, the Bank, in line with its statutory mandates, continued to conduct two-way smoothing operations in the forex market as warranted to maintain the dynamic stability of the NTD exchange rate, with net forex purchases amounting to US$7.7 billion for the entire year. Compared with other major currencies such as the JPY, KRW, and EUR, the NT dollar experienced lower volatility in its exchange rate vis-à-vis the US dollar in 2025.

Meanwhile, the Bank reviewed the laws and regulations governing FX business as seen fit to reinforce authorized FX banks' competitiveness and service quality.

In order to ensure the security and efficiency of the functioning of Taiwan's payment and settlement systems, the Bank continued to supervise clearing institutions in enhancing measures for sustaining core business operations under disaster scenarios, and in conducting drills for system backup and manual backup procedures under extreme conditions.

In the meantime, to gradually mitigate the fragmentation of Taiwan's retail payment market, the Bank instructed the Financial Information Service Co., Ltd. (FISC) to reinforce the retail payment infrastructure and expand the application scenarios of TWQR, a common QR code payment specification, so as to facilitate the public's use of a unified QR code to complete various types of payments. These efforts included encouraging retail merchants to adopt TWQR for shopping payments, developing and promoting a TWQR-based transit QR code for use in the transportation sector, and advancing the TWQR-based cross-border shopping e-payment service in Japan and South Korea, thereby fostering the sound development of Taiwan's payment ecosystem.

On the CBDC front, around 90% of central banks worldwide have engaged in research or experimentation work related to CBDCs. The Bank has also been carrying out CBDC-related initiatives in a prudent and steady manner. In 2025, the Bank, building on the framework of the "retail CBDC prototype platform," established a "digital public infrastructure payment platform" and connected it with the Ministry of Digital Affairs' "common platform for government disbursements" to support various government disbursement operations. In addition, the Bank, together with the FISC and the Taiwan Depository and Clearing Corporation (TDCC), conducted experiments in 2025 on the use of wholesale CBDC to support the settlement of tokenized bond transactions. These experiments aim to explore the feasibility of jointly building a tokenized financial market infrastructure in the future.

With regard to currency issuance, considering that the current NT dollar banknotes have been in circulation for 24 years, and to ensure that their anti-counterfeiting features keep pace with the latest international technologies while aligning with sustainable development trends in environmental protection, social responsibility, and corporate governance (ESG), the Bank officially launched the NT dollar banknote redesign program on October 23, 2025.

Moreover, at the end of 2025, the Bank published its first *Sustainability Report*, structured around five key pillars, namely financial stability, accountable governance, green operations, a friendly workplace, and social engagement. The report documented the Bank's performance and progress in 2024 across the three ESG dimensions. Through its annual publication, the report serves to demonstrate the Bank's efforts to listen to and respond to stakeholders' expectations, and to undertake ongoing reviews to refine policy measures that support the sustainable development of Taiwan's financial system.

2. Monetary Management

Maintaining Policy Rates Unchanged

In 2025, the domestic inflation rate continued its gradual downtrend, and the inflation outlook for 2026 was projected to be mild, with the inflation rate staying below 2%. Meanwhile, the domestic economy delivered strong performance in 2025 and was expected to post solid growth in 2026.

In light of these developments, and taking a prudent approach to the uncertainty surrounding the global economic and financial outlook and the potential influence of U.S. economic and trade policies on the domestic economy, the Bank decided at its four quarterly Board meetings in 2025 to keep the policy rates unchanged. Therefore, the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations remained at 2%, 2.375%, and 4.25%, respectively.

Continuing Open Market Operations to Adjust Market Liquidity

In 2025, the Bank continued to adjust the money supply through open market operations by issuing CDs in response to domestic economic and financial conditions, which helped to maintain banking system liquidity and market interest rates at appropriate levels.

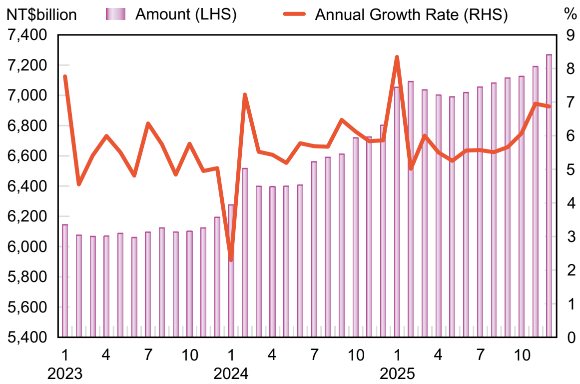
(1) Appropriately Managing Reserve Money

The Bank continued to conduct open market operations by issuing CDs. At the end of 2025, the total outstanding amount of CDs issued by the Bank was NT$7,423.7 billion.

In 2025, reserve money grew by 6.02% year on year, 0.44 percentage points higher than the previous year's figure. The annual average excess reserves of financial institutions were NT$47.2 billion, lower than the previous year's NT$48.2 billion.

In terms of the monthly movements of reserve money, the annual growth rates of reserve money for January and February were more volatile because of the shift in the exact timing of the Lunar New Year holidays (which occurred in mid-February in 2024, yet in late January in 2025). For the first two months of 2025, reserve money posted an annual growth rate of 6.65%. In subsequent months, the annual growth rates of reserve money remained relatively stable, except in November, when

Reserve Money (Averages of Daily Figures)



Source: *Financial Statistics Monthly* (February 2026), CBC.

the growth rate rose to 6.95% owing to the impact of the government's NT$10,000 universal cash handout program.

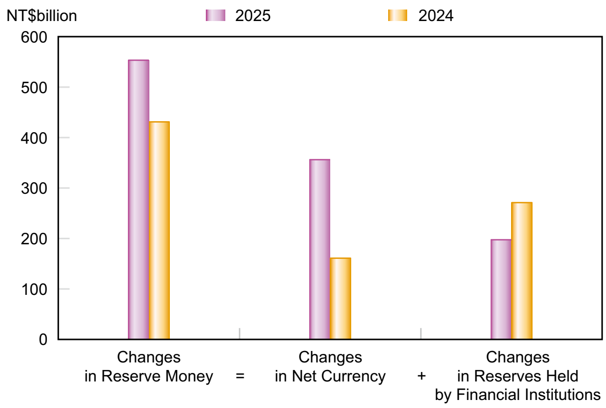
On the demand side, reserve money, measured on a daily average basis, increased by NT$553.5 billion over the previous year. Of the components, net currency rose by NT$197.3 billion and the annual growth rate increased to 6.09% from 5.21% the previous year; reserves held by financial institutions expanded by NT$356.2 billion, with the annual growth rate rising to 10.82% from 8.97% the previous year.

With buoyant exports and strong economic growth boosting personal incomes, together with more consecutive holidays, demand for currency strengthened, leading to a larger increase in net currency compared to the previous year.

As for reserves held by financial institutions, stronger growth in demand deposits drove up banks' required reserves, resulting in a larger increase in reserves held by financial institutions relative to the previous year.

From the supply side perspective, reserve money rose by NT$509.7 billion at the end of 2025. According to the balance sheet of the Bank revealing the sources of changes in reserve money, increases were mostly attributable to the growth in foreign assets held by the Bank, whereas decreases largely reflected a rise in the outstanding balance of CDs issued by the Bank.

Changes in Reserve Money (Averages of Daily Figures)



Source: *Financial Statistics Monthly* (February 2026), CBC.

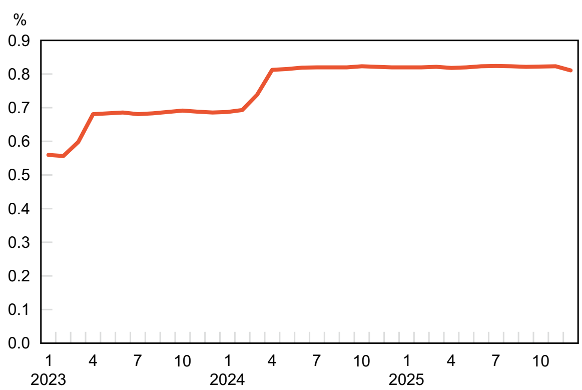
(2) Overnight Call Loan Rate Remaining Stable at an Appropriate Level

The annual average overnight call loan rate remained broadly stable at around 0.820% throughout 2025.

(3) Conducting Regular Small-Scale Repo Operations

The Bank conducted small-scale test repo operations on CDs and government bonds in April and October 2025 to improve operational

Overnight Call Loan Rate



Source: *Financial Statistics Monthly* (February 2026), CBC.

readiness and ensure resilience of open market operations. In addition, in December 2025, the Bank conducted a small-scale test repo operation on sustainable bonds issued by banks to help promote the development of sustainable finance.

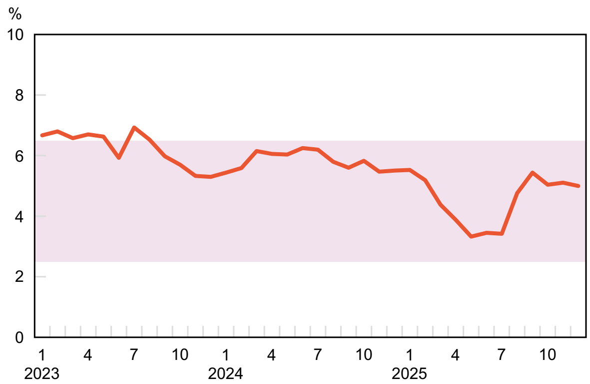
(4) M2 Growth Falling Before Trending Up, All Within Reference Range

Measured on a daily average basis, the annual growth rate of M2 fell by 1.29 percentage points from the previous year to 4.54% in 2025. The slowdown mainly reflected a higher base effect and decelerated growth in bank loans and investments.

With regard to the monthly movements in 2025, the M2 annual growth rate reached its yearly high of 5.53% in January, buoyed by increased currency issuance during the Lunar New Year holidays and robust growth in bank loans and investments. Thereafter, the rate declined to its yearly low of 3.33% in May, mainly because of slower growth in housing loans and in bank loans and investments, as well as a larger contraction in foreign currency deposits.

The rate subsequently recovered to 5.44% in September, supported by a pickup in demand deposits, a narrower contraction in foreign currency deposits, and foreign capital shifting from net outflows to net inflows. In the following months, the M2 annual growth rate fluctuated and edged down to 5.00% in December on account of net capital outflows.

Annual Growth Rate of M2



Note: Shaded area is the reference range (2.5% to 6.5%) for M2 growth.
Source: *Financial Statistics Monthly* (February 2026), CBC.

The annual growth rate of the monetary aggregate M1B, measured on a daily average basis, fell by 1.05 percentage points to 3.56% in 2025.

As for the monthly movements in 2025, the M1B annual growth rate declined from 4.38% in January to its yearly low of 1.82% in March, reflecting decelerated growth in bank loans and investments and net capital outflows. From April onwards, the M1B annual growth rate trended up and reached its yearly high of 5.24% in September, driven by a sustained increase in demand deposits, before ending the year slightly lower.

Annual Growth Rate of M1B

Source: *Financial Statistics Monthly* (February 2026), CBC.

Continuing with the Selective Credit Control Measures and Adopting Supporting Measures to Strengthen Their Effectiveness

To promote financial stability and ensure sound banking operations, to carry on with the Bank's policy efforts under the government's Healthy Real Estate Market Plan, and to prevent excessive bank credit from flowing into the real estate market, the Bank continued to implement the selective credit control measures in 2025, following the seventh amendment effective September 2024, as follows.

(1) Requesting banks to enhance internal quantitative control goals of aggregate real estate lending volumes from the fourth quarter of 2024 to the fourth quarter of 2025

A. Over this period, most banks met their self-set targets for internal management of real estate lending, indicating that the concentration of banks' credit resources in real estate lending has gradually improved and that credit resources have been channeled towards accommodating the funding needs of productive enterprises for real investment.

B. A small number of banks failed to meet their targets, primarily because they prioritized housing loans to non-homeowner borrowers and loans for urban renewal and reconstruction of unsafe and dilapidated buildings, which is in line with government policy objectives.

C. Currently, most banks adopt a prudent approach to real estate lending and conduct credit assessments in accordance with the 5Ps of credit appraisal (People, Purpose, Payment, Protection, and Perspective/Prospects), including careful evaluation of the borrower's character and creditworthiness, the intended use of funds, the source of repayment, the adequacy of collateral and other protections, and the overall outlook for the credit.

D. Most banks have implemented and achieved their self-set quantitative control goals of aggregate real estate lending volumes. In this view, starting 2026, banks may carry out quantitative controls at their own discretion. Nevertheless, the Bank will continue to require banks to submit data reports on real estate lending on a monthly basis and will also strengthen its efforts in targeted financial examinations, so as to keep watch on the evolving situations of banks' real estate lending and to urge banks to ensure compliance with the selective credit control measures.

(2) Announcing in September 2025 that the deadline for owner-occupiers with a genuine need for home replacement to sell their original property would be extended from one year to 18 months

A. To accommodate the financing needs of an owner-occupier, who has a genuine need for home replacement and commits to selling the original property within one year after the disbursement of a newly approved housing loan, the application for a first or second housing loan (for purchasing a non-high-value house) may be exempted from the restrictions under the Bank's selective credit controls.

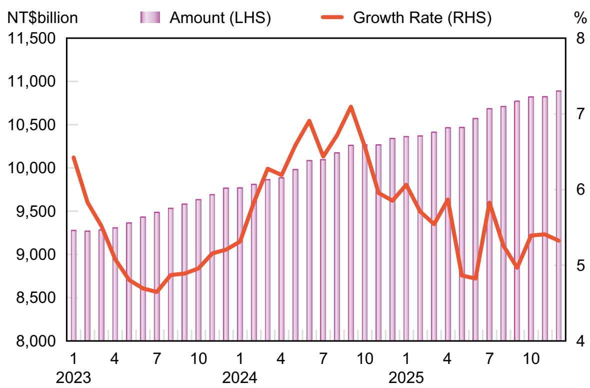
B. Since the implementation of the above measure, most households have been able to complete home replacement smoothly. However, a small number of borrowers have reported that the backlog in mortgage disbursements or a cooling housing market have lengthened the time required to sell their original residences. In view of the needs of owner-occupiers undertaking genuine home replacement, on September 8, 2025, the Bank announced an adjustment to the deadline for selling the original property under the home replacement assistance measures, extending it from one year to 18 months, applicable to loan cases filed on or after September 20, 2024.

Facilitating SME Funding

To assist small and medium enterprises (SMEs) in obtaining necessary funds for their operations, the Bank has regularly tracked banks' lending to SMEs and participated in the "Forward-Looking SME Financial Services Coordination Platform Meeting," jointly hosted by the Financial Supervisory Commission (FSC) and the Ministry of Economic Affairs to urge banks to enhance their lending to SMEs.

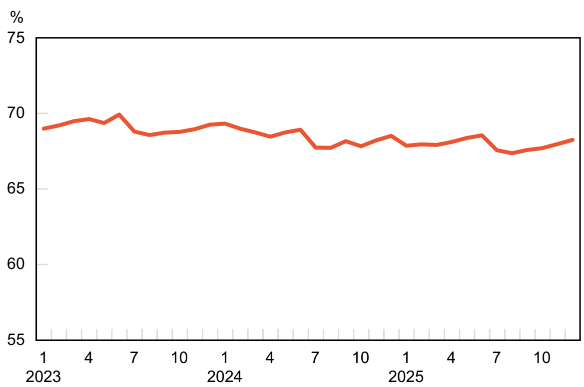
At the end of 2025, the outstanding loans extended to SMEs by domestic banks amounted to NT$10,888.4 billion, an increase of NT$550.4 billion from the end of the previous year to a level that exceeded the annual lending growth target of NT$460 billion set by the FSC for 2025 under the "Program to Encourage Lending by Domestic Banks to SMEs." At the end of 2025, the ratio of SME loans to loans extended to all private enterprises reached 68.26%, slightly lower than the 68.52% recorded at the previous year end.

Outstanding Loans Extended to SMEs



Source: FSC.

Ratio of Outstanding Loans Extended to SMEs to Those Extended to Private Enterprises



Source: FSC.

Accepting Redeposits from Financial Institutions

Accepting redeposits from Chunghwa Post, the Agricultural Bank of Taiwan, and commercial banks is another instrument for the Bank to influence banks' reserve positions in order to promote financial stability. At the end of 2025, the outstanding redeposits of Chunghwa Post stayed broadly unchanged at NT$1,623.7 billion, while the outstanding redeposits of the Agricultural Bank of Taiwan and of commercial banks were NT$71 billion and NT$245.6 billion, respectively.

Box

Implementation Results of the Bank's Selective Credit Control Measures

To promote financial stability and ensure sound banking operations, and to implement the government's Healthy Real Estate Market Plan with respect to the "efficient allocation and proper use of credit resources," the Bank has adopted a series of gradual and targeted selective credit control measures to prevent excessive bank credit from flowing into the real estate market. Accordingly, since December 2020, the Bank has made seven adjustments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions* (see Appendix).

From December 2020 to the first half of 2023, the Bank made five adjustments to its selective credit control measures. As a result, housing market transactions gradually cooled, and the growth of real estate lending by all banks moderated. Since the second half of 2023, following the launch of the government's enhanced program of the Preferential Housing Loans for the Youth, housing market transactions rebounded, and the growth of real estate lending by all banks accelerated. Meanwhile, the ratio of real estate lending to total lending of all banks (a measure of concentration of real estate lending) remained elevated, and consumer expectations for housing price increases intensified. Consequently, subsequent to the sixth adjustment to the selective credit control measures, the Bank met with 34 banks in August 2024 to request for self-disciplinary management of the aggregate amount of real estate lending from the fourth quarter of 2024 to the fourth quarter of 2025. Moreover, the Bank made the seventh adjustment to the selective credit control measures in September 2024.

The Bank's selective control measures are primarily aimed at three objectives: (1) to mitigate the over-concentration of credit resources in real estate lending and to avoid crowding out funding needed for real investment by productive enterprises; (2) to channel credit resources continuously towards priority uses aligned with government initiatives such as those in support of non-homeowner mortgage borrowers, urban renewal and reconstruction of unsafe and dilapidated homes; (3) to curb expectations of rising housing prices among the public.

I. Results and effectiveness of the Bank's selective credit control measures

The effectiveness of the Bank's selective credit control measures in attaining the aforesaid three objectives has gradually become evident.

1. The concentration and growth of real estate lending have both eased.

(1) The concentration of real estate lending by all banks gradually came down by 1.16 percentage points, from a recent peak of 37.61% recorded at the end of June 2024 to 36.45% as of the end of December 2025.

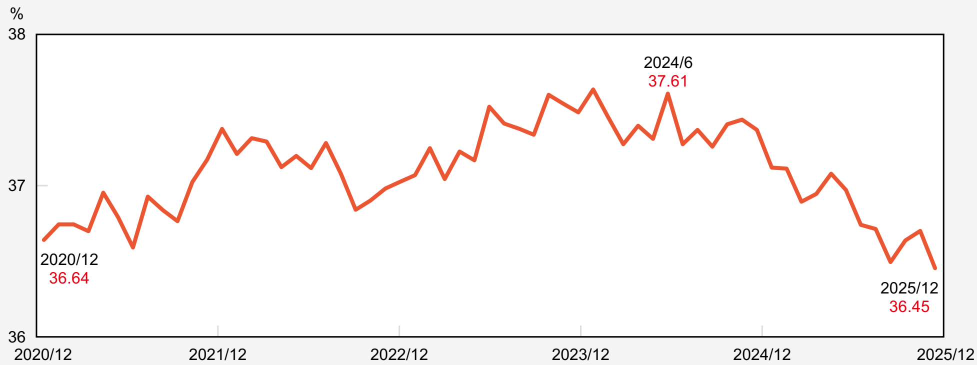
(2) The annual growth rates of outstanding real estate loans, house-purchasing loans, and construction loans of all banks declined from recent highs of 9.41% and 11.26% at the end of September 2024 and 4.72% at the end of October 2024 to 3.44%, 4.46%, and 0.27%, respectively, at the end of December 2025.

2. Banks' credit resources have been channeled towards accommodating the funding needs of non-homeowner mortgage borrowers and those for urban renewal and reconstruction of unsafe and dilapidated buildings.

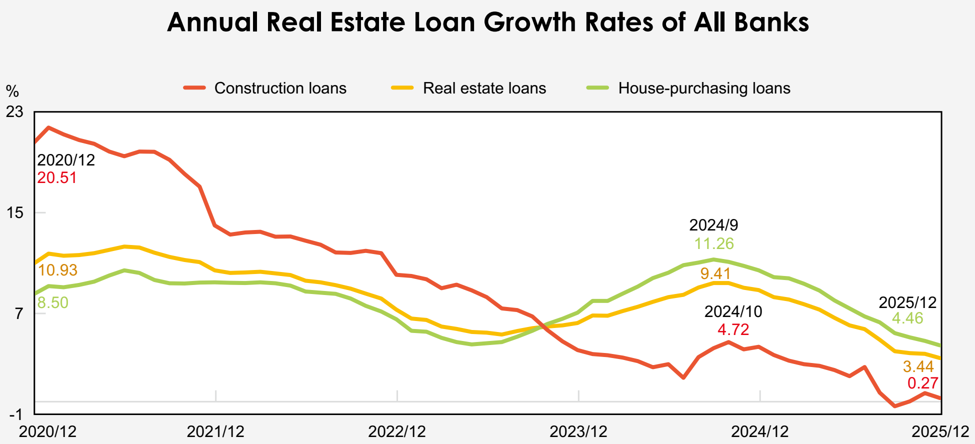
(1) The share of housing loans extended by domestic banks to non-homeowner borrowers in total home loans rose from 50.3% at the end of January 2020 to 63.8% at the end of December 2025.

(2) The share of loans for urban renewal and reconstruction of unsafe and dilapidated buildings extended by domestic banks in total construction loans increased from 5.9% at the end of January 2020 to 24.4% at the end of December 2025.

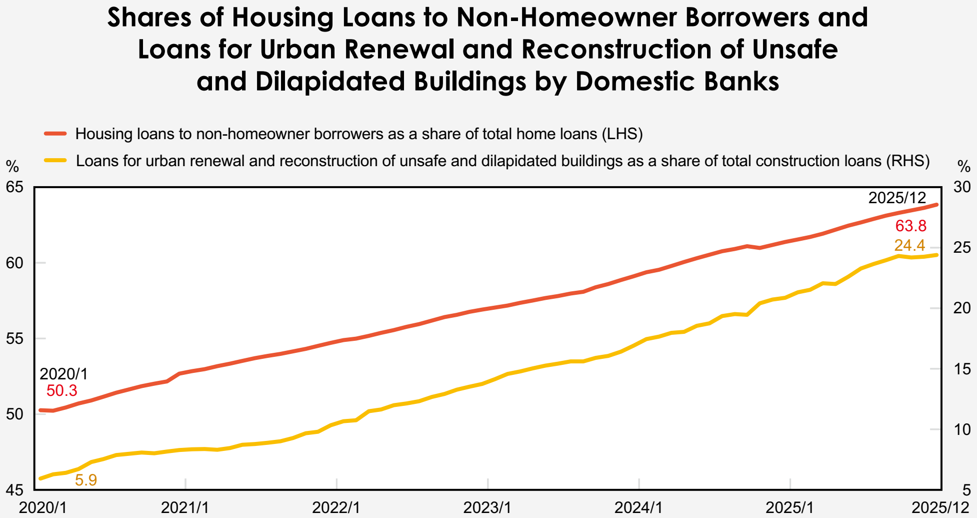
Concentration of Real Estate Lending by All Banks



Note: The concentration of real estate lending refers to the ratio of real estate lending (= house-purchasing loans + house-repairing loans + construction loans) to total lending of all banks.
Source: Department of Economic Research, CBC.



Source: Department of Economic Research, CBC.



Source: FSC.

3. Housing market transactions have continued to cool down, the housing price uptrend has slowed, and consumer expectations for housing price rises have eased.

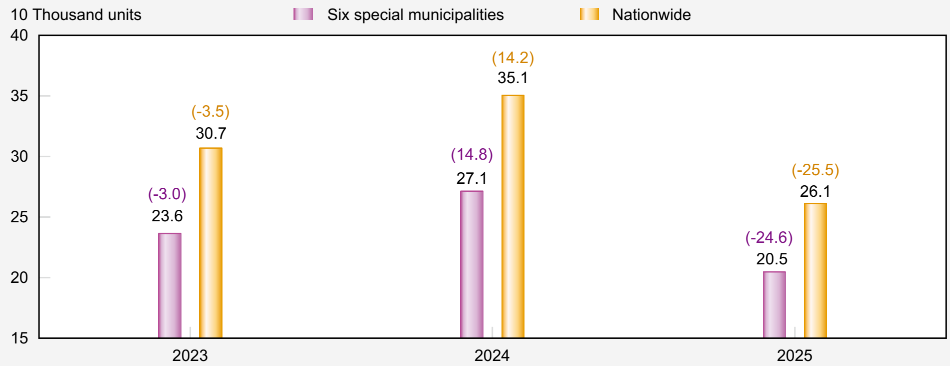
(1) In 2025, the number of building ownership transfers decreased by 25.5% year on year nationwide, while that in the six special municipalities declined by 24.6%.

(2) In the fourth quarter of 2025, the annual growth rate of the Cathay housing price index continued to moderate, that of the Sinyi housing price index turned negative, and that

of the NCCU-Yungching housing price index remained in negative territory. Meanwhile, in the third quarter of 2025, the annual growth rate of the national housing price index released by the Ministry of the Interior (MOI) also turned negative.

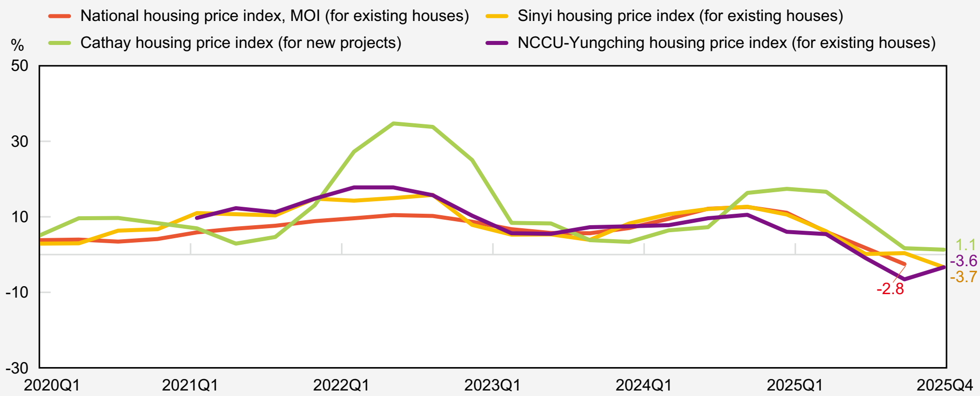
(3) According to a survey conducted by Yungching Realty Group for the first quarter of 2026, the share of respondents expecting housing price declines fell from 50% in the previous quarter to 39%, but remained higher than the share expecting housing price rises, which stood at 26%.

Numbers and Annual Growth Rates of Building Ownership Transfers (Nationwide and the Six Special Municipalities)



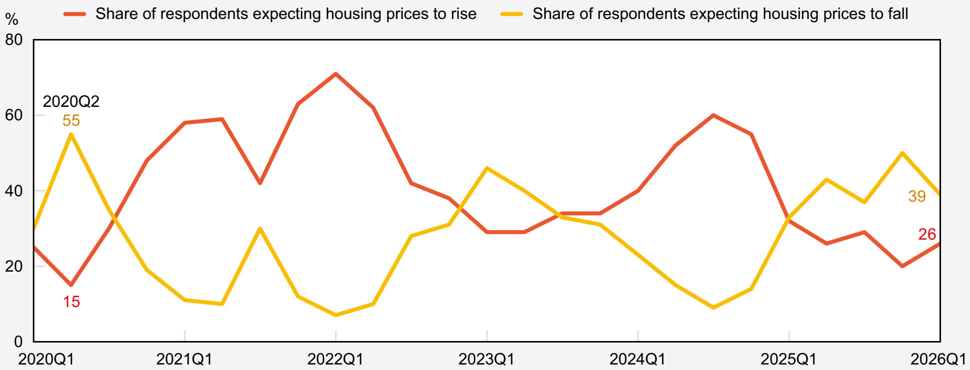
Note: Figures in parentheses indicate annual growth rates(%).
Source: Ministry of the Interior, R.O.C. (Taiwan).

Annual Growth Rates of Nationwide Housing Price Indices



Sources: Real Estate Information Platform of the Ministry of the Interior; Sinyi Real Estate Review; Cathay Real Estate Index Quarterly Report; Yungching Realty Group website.

Survey on Consumer Expectations of Housing Prices by Yungching Realty Group



Source: Housing Market Outlook Report by Yungching Realty Group.

II. The Bank adopted relevant supporting measures to reinforce the effectiveness of the selective credit controls

1. The implementation of banks' internal quantitative control goals of aggregate real estate lending volumes from the fourth quarter of 2024 to the fourth quarter of 2025 is as follows.

(1) Over this period, most banks met their self-set targets for internal management of real estate lending, suggesting that the concentration of banks' credit resources in real estate lending has gradually improved and that credit resources have been channeled towards accommodating the funding needs of productive enterprises for real investment.

(2) A small number of banks failed to meet their targets, mainly because they prioritized housing loans to non-homeowner borrowers and loans for urban renewal and reconstruction of unsafe and dilapidated buildings, which is in line with government policy objectives.

(3) At present, most banks adopt a prudent approach to real estate lending and conduct credit assessments in accordance with the 5Ps of credit appraisal (People, Purpose, Payment, Protection, and Perspective/Prospects), including careful evaluation of the borrower's character and creditworthiness, the intended use of funds, the source of repayment, the adequacy of collateral and other protections, and the overall outlook for the credit.

(4) Most banks have implemented and achieved their self-set quantitative control goals of aggregate real estate lending volumes. In this view, starting 2026, banks may carry out quantitative controls at their own discretion. Nevertheless, the Bank will continue to require banks to submit data reports on real estate lending on a monthly basis and will also strengthen its efforts in targeted financial examinations, so as to keep watch on the evolving situations of banks' real estate lending and to urge banks to ensure compliance with the selective credit control measures.

2. In September 2025, the Bank announced that the deadline for owner-occupiers with a genuine need for home replacement to sell their original property would be extended from one year to 18 months.

(1) To accommodate the financing needs of an owner-occupier who has a genuine need for home replacement and commits to selling the original property within one year after the disbursement of a newly approved home loan, the application for a first or second home loan (for purchasing a non-high-value house) may be exempted from the restrictions under the Bank's selective credit controls.

(2) Since the implementation of the above measures, most households have been able to complete home replacement smoothly. However, a small number of borrowers have reported that the backlog in mortgage disbursements or a cooling housing market have lengthened the time required to sell their original residences. In view of the needs of owner-occupiers undertaking genuine home replacement, on September 8, 2025, the Bank announced that, for loan cases filed on or after September 20, 2024, the deadline for selling the original property would be extended from one year to 18 months.

III. The Bank will continue to implement the selective credit control measures following the seventh amendment and conduct rolling reviews of their effectiveness

The Bank will continue to review the effectiveness of the selective credit control measures, closely monitor potential impacts of real estate sector-related policies on the housing market, and adjust relevant measures in a timely manner as needed in order to promote financial stability and sound banking operations.

Appendix: Key Points of the Seven Amendments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions*

Loans		1. 2020.12.8~2021.3.18	2. 2021.3.19~2021.9.23	3. 2021.9.24~2021.12.16
Housing loans taken out by corporate entities		● First housing loans: **LTV ratio cap: 60%;** **No grace period** ● Second (or more) housing loans: **LTV ratio cap: 50%;** **No grace period**	**LTV ratio cap: 40%**; No grace period	(Unchanged)
Natural persons	High-value housing loans	LTV ratio cap: 60%; No grace period	● Borrower with two or less (including zero) outstanding housing loans: **LTV ratio cap: 55%**; No grace period ● Borrower with three or more outstanding housing loans: **LTV ratio cap: 40%**; No grace period	(Unchanged)
Natural persons	First housing loans for current homeowners[1]	(Nil)		
Natural persons	Second housing loans	(Nil)	(Nil)	**Housing in the "specific areas"**[2] **No grace period**
Natural persons	Third (or more) housing loans	**LTV ratio cap: 60%;** **No grace period**	● Third housing loans: **LTV ratio cap: 55%**; No grace period ● Fourth (or more) housing loans: **LTV ratio cap: 50%**; No grace period	(Unchanged)
Land loans		● **LTV ratio cap: 65% (10% to be withheld until construction commences)** ● **Requiring the borrower to submit a substantive development plan for the land purchased**	(unchanged)	● **LTV ratio cap: 60%** (10% to be withheld until construction commences) ● Requiring the borrower to submit a substantive development plan for the land purchased
Unsold housing unit loans		**LTV ratio cap: 50%**	(unchanged)	(unchanged)
Mortgage loans for idle land in industrial districts		Internal rules of banks	**LTV ratio cap: 55%;** **Exemptions applicable when:** ● **Construction on the collateralized land has commenced; or** ● **Borrower has submitted a substantive project development plan and a written affidavit specifying the timeframe to commence construction**	**LTV ratio cap: 50%**; Exemptions applicable when: ● Construction on the collateralized land has commenced; or ● Borrower has submitted a substantive project development plan and a written affidavit stating construction to begin within **1 year**

Notes: 1. "Current homeowners" refer to borrowers who, as verified by financial institutions through the property inquiry list from the Ministry of Finance's nationwide consolidated property holdings database (compiled from property-related tax records), own building(s) registered in their name. However, properties acquired through inheritance shall not be counted toward the number of properties owned by the borrower.
2. The "specific areas" prescribed herein include Taipei City, New Taipei City, Taoyuan City, Taichung City, Tainan City, Kaohsiung City, Hsinchu County, and Hsinchu City.

Source: Department of Banking, CBC.

Appendix: Key Points of the Seven Amendments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions* (cont.)

4. 2021.12.17~2023.6.15	5. 2023.6.16~2024.6.13	6. 2024.6.14~2024.9.19	7. 2024.9.20~2026.3.19
(Unchanged)	(Unchanged)	(Unchanged)	**LTV ratio cap: 30%**; No grace period
LTV ratio cap: 40%; No grace period	(unchanged)	(unchanged)	**LTV ratio cap: 30%**; No grace period
			No grace period
(unchanged)	Housing in the "specific areas"[2] **LTV ratio cap: 70%**; No grace period	Housing in the "specific areas"[2] **LTV ratio cap: 60%**; No grace period	**Housing nationwide** **LTV ratio cap: 50%**; No grace period
LTV ratio cap: 40%; No grace period	(unchanged)	(unchanged)	**LTV ratio cap: 30%**; No grace period
● **LTV ratio cap: 50%** (10% to be withheld until construction commences) ● Additional requirements: • A substantive project development plan • **A written affidavit specifying the timeframe (with a maximum of 18 months) to commence construction**	(unchanged)	(unchanged)	(unchanged)
LTV ratio cap: 40%	(unchanged)	(unchanged)	**LTV ratio cap: 30%**
LTV ratio cap: 40%; Exemptions: Unchanged	(unchanged)	(unchanged)	(unchanged)

3. Foreign Exchange Management

Promoting the Sound Development of the Foreign Exchange Market

(1) Flexible foreign exchange rate management to maintain dynamic stability of the NT dollar exchange rate

As Taiwan is a small open economy with high dependence on foreign trade, the Bank suitably adopts a managed float exchange rate regime to contain sharp exchange rate fluctuations. Under this regime, the NT dollar exchange rate is in principle determined by market forces. However, in the event of disorderly movements, including large short-term capital inflows and outflows, and seasonal factors, the Bank would conduct appropriate smoothing operations to moderate adverse effects on economic and financial stability and to maintain an orderly foreign exchange market.

In recent years, massive and frequent international short-term capital flows have become the main driving force of exchange rate changes. To mitigate excessive exchange rate volatility and to improve market efficiency, the Bank has adopted "leaning against the wind" operations to prevent erratic flows from disrupting the foreign exchange market. The dynamic stability of the NT dollar exchange rate is viewed as conducive to long-term economic stability and sound development.

Throughout 2025, the NT dollar exchange rate exhibited significant volatility against the US dollar, primarily driven by shifting U.S. trade policies and global AI industry trends. In the first half of the year, the NTD initially depreciated due to capital outflows triggered by U.S. political uncertainties and a tech stock sell-off amid U.S. tariff policy shifts. However, the NTD experienced a sharp rebound in the second quarter owing to subsiding tariff fears and growing expectations of a Fed rate cut, with positive progress in Taiwan-U.S. trade negotiations providing further support. Entering the second half of the year, despite early gains from robust AI-driven equity inflows, the NTD was weighed down by a stabilizing US dollar on the back of yen weakness following Japan's leadership change and subsequent capital repatriations by foreign investors amid emerging concerns over AI industry overheating and Fed policy divisions.

Overall, in 2025, the NTD exchange rate fluctuated significantly, reflecting not only foreign portfolio investment flows but also international economic impacts. To maintain the dynamic stability of the NT dollar exchange rate, the Bank continued to conduct two-way smoothing operations in the forex market. For the year as a whole, net FX purchases by the Bank amounted to US$7.7 billion. Despite heightened fluctuations during the year, the volatility of the NTD exchange rate against the US dollar remained lower than those of other major currencies such as the Japanese yen, the Korean won and the euro.

(2) Maintaining an orderly forex market and promoting sound market development

In 2025, the Bank continued with the following efforts:

A. Implementing the Real-Time Reporting System for Large-Amount Foreign Exchange Transactions.

B. Strengthening off-site monitoring management to ensure that forward transactions were based on real transactions to curb foreign exchange speculation.

C. Urging authorized banks to enhance their exchange rate risk management, with the aim of reducing market exposure of individual banks and containing systemic risk.

D. Strengthening targeted examinations on foreign exchange business to help ensure a sound foreign exchange market.

Foreign Currency Call Loan and Swap Market Management

(1) To provide the financial system with sufficient foreign currency liquidity to meet funding needs, including those for corporations to venture into overseas markets, the Bank has appropriated seed capital for the Taipei Foreign Currency Call Loan Market, including US$20 billion, €1 billion and ¥80 billion.

(2) Through foreign currency call loans and swaps conducted by authorized foreign exchange banks, the Bank continued in 2025 to support corporations and insurance companies by meeting the needs for foreign currency liquidity and exchange rate hedging.

Foreign Exchange Reserve Management and Foreign Currency Liquidity of the Bank

The Bank manages its foreign exchange reserves based on the considerations of liquidity, safety, and profitability. The Bank keeps a close watch on the global economic and financial situation and adjusts the portfolio of foreign exchange reserves accordingly. Currently, financial assets denominated in US dollars make up a larger share of Taiwan's foreign exchange reserves than the COFER (Currency Composition of Official Foreign Exchange Reserves) average published by the IMF. As of the end of 2025, Taiwan's total foreign exchange reserves stood at US$602.6 billion, an increase of US$25.9 billion or 4.49% compared to the end of 2024, mainly attributable to returns from forex reserve investments. Combining the reserves held in gold valued at US$4.9 billion, the Bank's reserve assets totaled US$607.5 billion at the end of the year.

Foreign exchange reserves are the Bank's foreign currency claims on nonresidents. On the other hand, foreign currency claims on residents consist of the US dollars held under swap agreements and foreign currency deposits with and loans to domestic banks, which amounted to US$78.8 billion, US$25.5 billion, and US$7.5 billion, respectively, at the end of 2025.

In terms of foreign currency liquidity, the total amount, including foreign currency claims and gold, reached US$724.4 billion at the end of 2025.

Capital Flow Management

In line with the efforts to promote financial liberalization and internationalization, the Bank's foreign exchange management has mainly been focusing on maintaining the market mechanism, and financial capital can, in principle, flow freely in and out of Taiwan. Financial capital flows not involving NT dollar conversion have been able to flow freely. Additionally, there are no restrictions on financial flows involving NT dollar conversion for trade in goods and services, nor for direct and securities investments approved by the competent authorities.

Regulation only exists for short-term remittances. The amount of accumulated annual remittances for an individual resident within US$10 million and for a resident juridical person within US$100 million can be settled by banks directly, while annual remittances above the aforementioned amounts require the approval of the Bank. For a nonresident, each transaction within US$0.1 million can be settled by banks directly, whereas any transaction amount above that threshold requires the approval of the Bank.

Measures with regard to the management of capital flows in 2025 included:

(1) The amendments to the *Directions for Banking Enterprises while Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions* took effect on December 24, 2025.

(2) Promoting the Internationalization of Taiwan's Capital Market

Cases of fund-raising by domestic and foreign institutions through securities issuance, approved by or filed for record to the Bank in 2025, are shown in the following table.

Institution	Fund-Raising Method	Number	Amount
Foreign companies	IPO on TWSE & TPEx and registration on the Emerging Stock Board	17	NTD 9.15 billion
	NTD denominated bonds	14	NTD 12.15 billion
	Foreign currency-denominated bonds	40	USD 10.26 billion
		4	AUD 0.14 billion
	Overseas convertible bonds	2	USD 0.7 billion
Domestic companies (and domestic branches)	Foreign currency-denominated bonds	54	USD 0.16 billion
	Overseas depositary receipts	2	USD 1.23 billion
	Overseas convertible bonds	9	USD 7.6 billion

Note: TWSE stands for the Taiwan Stock Exchange; TPEx stands for the Taipei Exchange.
Source: Department of Foreign Exchange, CBC.

(3) Approving Residents' Investments in Foreign Securities

Institution	Method/Instrument	Amount
Securities investment trust companies (SITEs)	83 domestic SITE funds (including 34 NTD-foreign multiple currency SITE funds)	NTD 1,764.6 billion (including NTD 747 billion in multiple currency funds)
Life insurance companies	Non-discretionary money trusts managed by financial institutions	USD 0.33 billion
	Investment quota in their own accounts	USD 14.52 billion
Five major government pension funds and employment insurance funds	Investment quota in their own accounts	USD 16.49 billion

Source: Department of Foreign Exchange, CBC.

Management of Foreign Exchange Business of Financial Institutions

(1) Authorized Foreign Exchange Banks

Under *The Central Bank of the Republic of China (Taiwan) Act* and the *Foreign Exchange Regulation Act*, the Bank reviews, authorizes, and supervises banks to conduct foreign exchange business accordingly. In 2025, the Bank continued to approve bank branches as authorized foreign exchange banks and loosened restrictions on foreign exchange derivative product business in order to facilitate authorized foreign exchange banks' competitiveness and service quality.

A. At the end of 2025, there were 3,448 authorized foreign exchange banks in total, which included 38 head offices and 3,370 branches of domestic banks, 37 branches of foreign banks, three branches of Mainland Chinese banks, as well as 4,572 authorized money exchangers, post offices, and financial institutions authorized to engage in basic foreign exchange business.

B. On January 15, the Bank amended Point 10 of the *Directions Governing Banking Enterprises for Operating Foreign Exchange Business* to expand the scope of currency options for loans granted by authorized banks against the pledge of beneficial rights in foreign-currency non-discretionary trust funds as collateral, thereby lifting the restriction that such loans shall only be handled in foreign currencies.

   On July 15, the Bank amended the *Regulations Governing Foreign Exchange Business of Banking Enterprises*, including (1) simplifying procedures for authorized banks to set up foreign currency automatic teller machines, outsource back-office operations related to foreign exchange business to a third party, and issue foreign exchange bank debentures, and (2) adjusting reporting thresholds and submission deadlines for authorized banks' foreign exchange remittance data.

(2) Insurance Companies

As of the end of 2025, the number of insurance companies permitted to engage in traditional and investment-linked foreign currency insurance business was 21 in each category. The foreign currency premium revenue increased by US$6.12 billion, or 23.96%, from the previous year to US$31.68 billion in 2025.

(3) Securities Firms

The approved cases for securities firms to conduct foreign exchange business in 2025 are listed in the following table.

Institutions	Foreign Exchange Business	Number
Securities firms	Underwriting of international bonds denominated in foreign currency	1
	Proprietary foreign securities trading neither belonging to investment with their funds nor for hedging needs	2
	NTD/foreign currency spot transactions	1
	Participating dealer of domestically-issued foreign currency denominated ETFs	2

Source: Department of Foreign Exchange, CBC.

(4) Investment Trust/Consulting Firms

The approved cases granted by the Bank for investment trust and investment consulting firms to conduct foreign exchange business as of 2025 are shown in the following table.

Institutions	Foreign Exchange Business	Number
Investment trust and investment consulting firms	Serving as mandated institutions of private offshore funds	2
	Foreign currency discretionary investment business	1

Source: Department of Foreign Exchange, CBC.

Foreign Currency Clearing Platform

(1) Taiwan's foreign currency clearing platform was consigned by the Bank and established by the Financial Information Service Co. The platform offers services for domestic and cross-border (including cross-strait) remittances of the Chinese renminbi and the Japanese yen, and domestic remittances of the US dollar, the euro, and the Australian dollar. The platform adopts a payment-versus-payment (PVP) mechanism among banks, a liquidity-saving mechanism for foreign currency remittances, and a delivery-versus-payment (DVP) mechanism for foreign currency bonds and bills.

(2) Domestic Development of Foreign Currency Settlement Business in 2025

Currency	Domestic Participating Units	Settlements in 2025	
		Number of Transactions	Amount
US dollar	72	1,515,434	USD 2,213.6 billion
Renminbi	59	368,340	RMB 581.8 billion
Yen	37	74,985	JPY 2,404 billion
Euro	38	21,442	EUR 10 billion
Australian dollar	30	34,869	AUD 2.7 billion

Source: Department of Foreign Exchange, CBC.

Offshore Banking

(1) Regulatory amendments: In order to enhance the competitiveness of offshore insurance units (OIUs), the Bank collaborated with the FSC to amend Article 22-16 of the *Offshore Banking Act*, extending the applicable period of the tax incentives for OIUs to the end of 2035.

A. The Bank collaborated with the FSC to amend Articles 9 and 15 of the *Regulations Governing Offshore Insurance Branches*, with the aim of promoting the development of OIUs by encouraging them to pursue innovation in insurance products.

B. In order to enhance the competitiveness of offshore securities business and facilitate offshore customers' remittance-related operations, the Bank collaborated with the FSC to amend Articles 9-1 and 13 of the *Regulations Governing Offshore Securities Branches* to allow OSUs to deposit offshore customer funds with foreign custodian banks.

(2) Financial Status

A. Offshore Banking Units (OBUs)

At the end of 2025, the number of OBUs came to 59, and total OBU assets increased by US$50.98 billion, or 18.4%, over the previous year to US$327.54 billion. The net income after tax of all OBUs amounted to US$3.17 billion, increasing by US$1.37 million, or 76.1%, from a year before.

B. Offshore Securities Units (OSUs)

At the end of 2025, the number of OSUs stood at 18, and total OSU assets increased by US$0.82 billion, or 11.6%, over the previous year to US$7.91 billion. The net income after tax of all OSUs amounted to US$98.1 million, increasing by US$112.7 million from a year before.

C. Offshore Insurance Units (OIUs)

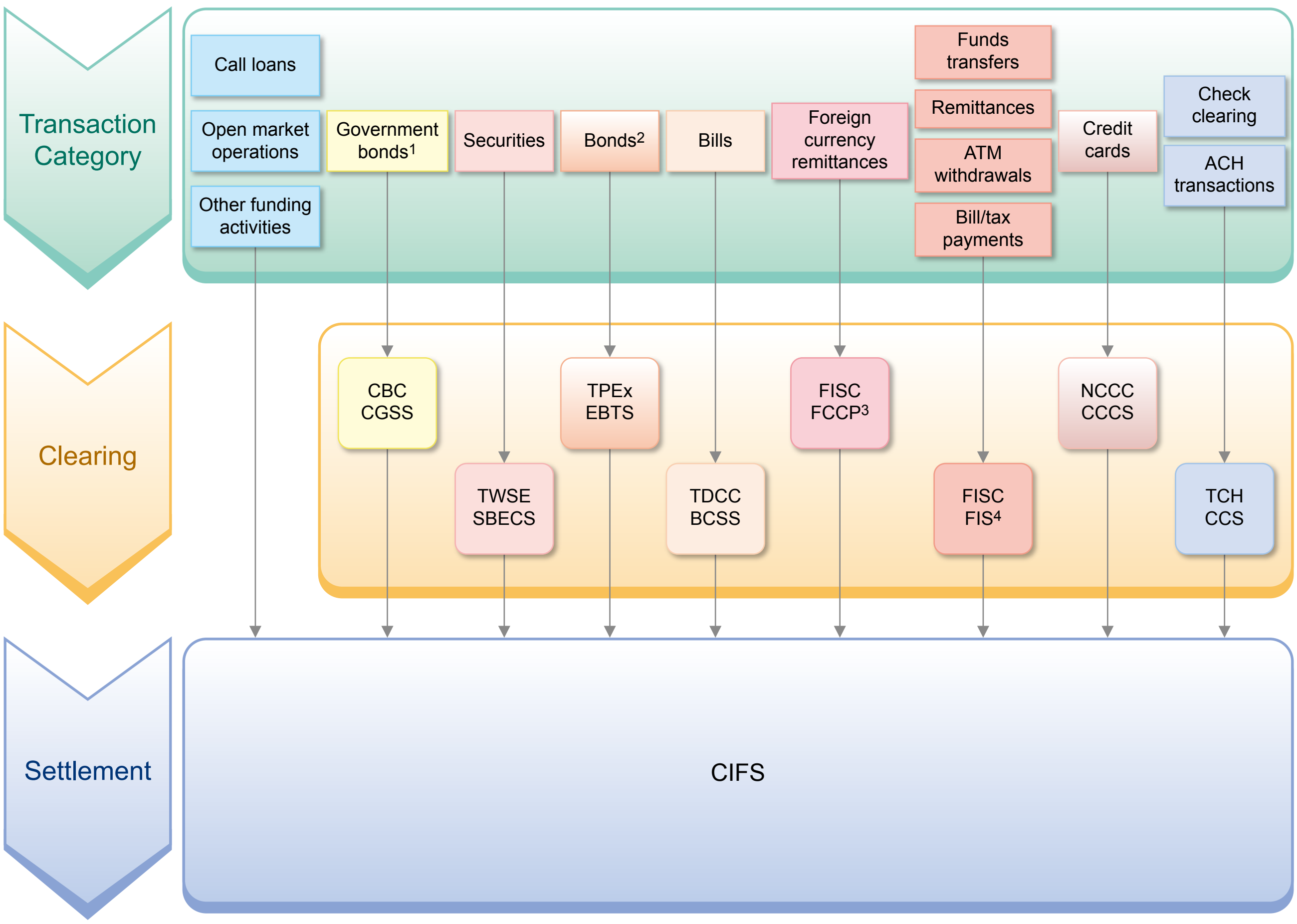
As of the end of 2025, the number of OIUs was 21, with a total amount of assets of US$0.8 billion, which was US$0.05 billion or 5.9% less than the previous year end. The net income after tax of all OIUs amounted to negative US$2.8 million, decreasing by US$24.1 million or 113.1% from the previous year.

4. Payment and Settlement Systems

The Bank plays a crucial role in the functioning of Taiwan's payment and settlement systems, and operates the CBC Interbank Funds Transfer System (CIFS) and the Central Government Securities Settlement System (CGSS).

The CIFS serves as the hub of Taiwan's payment and settlement systems, linking the interbank clearing systems operated by the FISC, the Taiwan Clearing House (TCH), the National Credit Card Center of R.O.C. (NCCC), the Taiwan Depository and Clearing Corporation (TDCC), the TPEx, and the TWSE, as well as the CGSS, together to construct a comprehensive system.

Payment System Infrastructure



Notes: 1. Including DVP settlements for interbank transactions of central government bonds and treasury bills.
2. Including netting settlements for outright trades of government bonds, corporate bonds, and bank debentures.
3. The CIFS is responsible for settlements involving NT dollars, while settlements involving foreign currencies are performed by designated commercial banks.
4. The FISC's Financial Information System (FIS) has successively provided fast payment services on a 24/7/365 basis since 1991.
Source: Department of Banking, CBC.

Among Taiwan's payment and settlement systems, the Financial Information System (FIS), operated by the FISC, serves as Taiwan's retail fast payment system. Through the CIFS, financial institutions may pre-allocate funds from their A reserve accounts held with the Bank to the Interbank Funds Transfer Guarantee Special Account,[7] providing a guarantee for the real-time, transaction-by-transaction clearing and settlement of interbank payment transactions processed via the FIS.

In addition, the Bank monitors major payment systems based on the *Principles for Financial Market Infrastructures* released by the Bank for International Settlements (BIS) to ensure sound operation of these systems and to promote stability of the financial system.

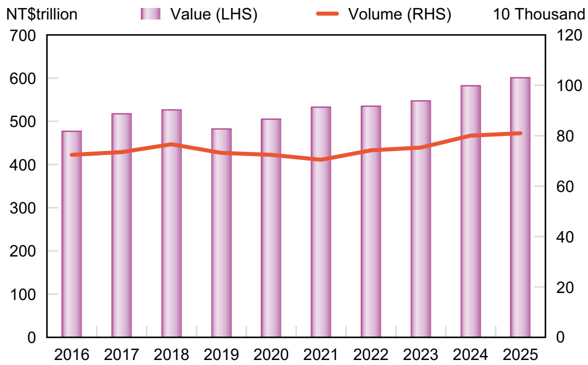
Operation of Payment and Settlement Systems

(1) Funds Transfers via the CIFS

As a large-value electronic funds transfer system, the CIFS not only deals with interbank funding, open market operations, and funds settlements in financial markets, but also provides interbank final settlement services for each clearing institution.

At the end of 2025, there were 85 participants of the CIFS, which included 70 banks, eight bills finance companies, Chunghwa Post, and six clearing institutions, namely the FISC, the TCH, the TDCC, the TWSE, the TPEx, and the NCCC. In 2025, the number of transactions via the CIFS was 814,809, and the amount of funds transferred totaled NT$600.6 trillion. Meanwhile, the daily average number of transactions via the CIFS was 3,312, increasing by 1.06% over the previous year, and the daily average amount of funds transferred was NT$2.4 trillion, rising by 2.78% from a year before.

Transaction Value and Volume of the CIFS



Source: Department of Banking, CBC.

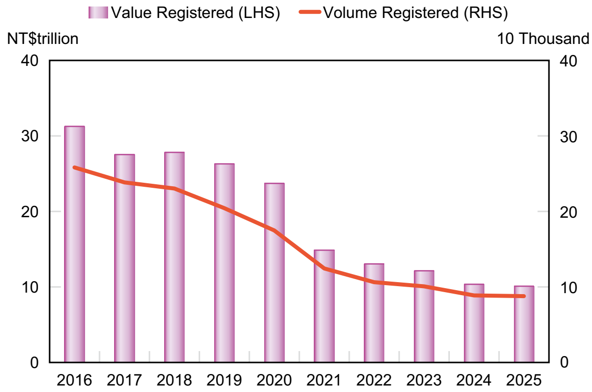
(2) Transactions via the CGSS

Established in September 1997, the CGSS is a system for issuance, transfer, redemption, and interest payment of book-entry central government securities. Since its inception, central government bonds have been issued in book-entry form. Treasury bills were included in this system in October 2001 and have been issued in book-entry form ever since.

7 To deal with the clearing and settlement of retail interbank payment transactions, the Bank agrees that all banks shall jointly open an Interbank Funds Transfer Guarantee Special Account at the Bank. It is a collective account consisting of individual sub-accounts designated for each participating bank.

Since April 2008, when the CGSS linked up with the CIFS, fund settlements, principal redemptions, and interest payments have been handled through the CIFS using a DVP mode. The DVP mode, promoted by the BIS, is an arrangement in a securities settlement system to ensure that securities delivery occurs at the same time as the funds transfer, effectively eliminating potential principal risk during the transaction process.

Transaction Value and Volume of the CGSS



Source: Department of the Treasury, CBC.

As of the end of 2025, there were 20 clearing banks with 1,648 branches that handled the registration of central government securities transfers. Transaction value and volume of the CGSS in 2025 were NT$10.1 trillion and 88 thousand transfers, respectively.

Oversight of Payment and Settlement Systems

To ensure sound operation of domestic payment and settlement systems, the Bank conducted the following oversight activities in 2025:

(1) Monitoring the Operation of the Large-Value Payment Systems

The Bank continued to monitor the operation of the large-value payment systems in 2025, and required improvement by those participating institutions which applied for the CIFS operation time extensions because of system malfunctions or other contingencies.

(2) Requiring Payment Institutions to Submit Information on Payment Business

Payment system operators and electronic payment institutions were required by the Bank to submit information about their operations and activities on a regular basis. The Bank also kept close watch on the progress of innovative services in the payment industry, and assisted in providing sound retail payment infrastructure.

(3) Supervising Contingency Drills Performed by Clearing Institutions

To ensure business continuity of payment and settlement systems, the Bank supervised clearing institutions enhancing measures for sustaining core business operations under disaster or extreme scenarios, including implementing manual backup mechanisms when system malfunctions occur. Furthermore, the Bank, together with participants of the CIFS, conducted drills for maintaining clearing and settlement operations in the event of network disruptions, ensuring that the backup systems would be activated promptly and that relevant personnel are familiar with contingency procedures.

(4) Performing Backup Drills with Clearing Banks

Since 2019, the Bank has supervised all clearing banks performing backup drills in the event of malfunction or line interruption of a CGSS participant's mainframe system. In October 2025, this drill was conducted successfully with all clearing banks.

(5) Urging Bills Finance Market Participants to Improve Contingency Mechanisms

The Bank continued to urge participating institutions in the bills finance market to strengthen contingency mechanisms for unscheduled holidays, such as typhoon days off. To this end, the Bank instructed the TDCC and the R.O.C. Bills Finance Association to examine and implement improvements from an institutional perspective, including revising operational guidelines for bills business on unscheduled holidays and optimizing related procedures.

(6) Organizing Conferences to Enhance Payment System Operation

The Bank invites the FSC and clearing institutions to jointly hold two conferences on "Promoting Sound Operation of the Payment Systems" every year. The conferences are convened separately by type of clearing institution. In 2025, the conference in May was held for securities clearing institutions such as the TDCC, the TPEx, and the TWSE, while the other one, held in November, was for payment clearing institutions including the FISC, the TCH, and the NCCC. During the conferences, the Bank urged clearing institutions to reinforce the resilience of payment systems and enhance manual clearing and settlement operations, so as to maintain business continuity of financial infrastructures and ensure that critical financial transactions can still be completed under extreme scenarios.

Urging FISC to Strengthen Retail Payment Infrastructure and Collaborate with Payment Service Providers in Promoting New Service Adoption

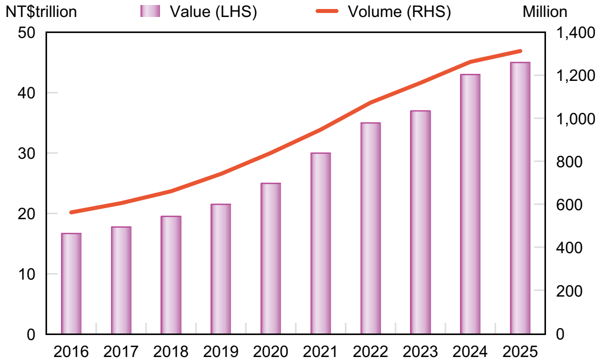
(1) Taiwan's retail payment system provides services such as interbank remittances, ATM withdrawals, funds transfers (including internet and mobile banking), shopping payments, and tax and bill payments. Except for the interbank remittance service, most of these services are available 24/7 through fast payment channels. In recent years, with the widespread use of mobile phones and the internet, demand for instant payments continued to rise, resulting in steady growth year by year in both the value and volume of retail fast payment transactions.

(2) The Bank urged the FISC to continue promoting the participation of electronic payment institutions in the "Common Platform for Electronic Payment Institutions," which provides services in four areas including funds transfer, tax e-payment, bill e-payment, and shopping e-payment,

so as to enhance information transmission and to facilitate transfer of funds between electronic payment institutions, as well as between electronic payment institutions and financial institutions.

(3) To address the fragmentation of domestic retail payment systems and facilitate the use of a common QR code for payments, the Bank continued to instruct the FISC to collaborate with financial institutions and electronic payment institutions[8] to promote TWQR (a common QR code payment specification) and expand its application scenarios, so as to further foster the sound development of Taiwan's payment ecosystem. These efforts included encouraging retail merchants to adopt TWQR for shopping payments, developing and promoting a TWQR-based transit QR code, and advancing the TWQR-based cross- border shopping e-payment service in Japan and South Korea.

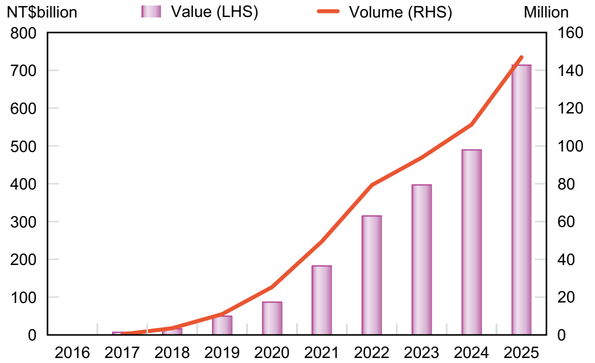
Transaction Value and Volume of Retail Fast Payments



Note: Retail fast payment transactions do not include interbank remittances which are not available on a 24/7 basis.

Source: FISC.

Transaction Value and Volume of TWQR



Note: TWQR was launched in October 2017.

Source: FISC.

Proceeding Steadily with the CBDC Research Project

CBDC includes both retail CBDC and wholesale CBDC. Globally, approximately 91% of central banks have engaged in CBDC-related work.[9] Major advanced economies, such as Japan and those in Europe, are currently at the research or experimentation stages. The Bank has also been advancing related initiatives in a prudent and steady manner, as outlined below:

(1) Retail CBDC: Given the wide range of convenient payment instruments currently available in Taiwan, there is no urgent need to issue a retail CBDC at this stage. Against this backdrop, in 2025, the Bank, building on the framework of the "retail CBDC prototype platform,"[10] established

[8] As of December 2025, a total of 44 financial institutions and 10 electronic payment institutions have adopted the TWQR standard.

[9] Illes, Anamaria, Anneke Kosse, and Peter Wierts (2025), "Advancing in Tandem – Results of the 2024 BIS Survey on Central Bank Digital Currencies and Crypto," BIS Papers No.159, August 22.

[10] The Bank completed the "retail CBDC technology experimentation" in 2022 and established the "retail CBDC prototype platform."

a "digital public infrastructure payment platform" and connected it with the Ministry of Digital Affairs' "common platform for government disbursements" to support various government disbursement operations. For example, in 2025, the Bank assisted the Hakka Affairs Council in issuing "Hakka Coin vouchers" and the Executive Yuan in implementing a one-off universal cash handout of NT$10,000, thereby effectively integrating resources across the financial system and relevant government agencies. Going forward, the "digital public infrastructure payment platform" can continue to facilitate government disbursements as needed.

(2) Wholesale CBDC: In response to the development of asset tokenization and to validate the BIS' "unified ledger" concept,[11] the Bank, together with the FISC and the TDCC, conducted experiments in 2025 on the use of wholesale CBDC to support the settlement of tokenized bond transactions. These experiments aim to explore the feasibility of jointly building a tokenized financial market infrastructure in the future.

(3) External communication activities: To better understand stakeholders' views on CBDC, the Bank held a total of nine face-to-face public hearings, forums, and briefing sessions in 2025.[12] These activities, which facilitated direct communication with stakeholders, provided valuable input for future CBDC-related policy formulation.

[11] A "unified ledger" integrates CBDC and tokenized assets (including tokenized bank deposits) into a single programmable platform, where CBDC serves as the core ledger of the platform and as the final settlement asset across systems, ledgers, and platforms.

[12] To facilitate stakeholders' understanding of the CBDC initiatives, animated videos were produced and presented at various events. For further details, please refer to the Bank's official YouTube channel: https://www.youtube.com/watch?v=pZwPwN_VtT8.

5. Currency Issuance

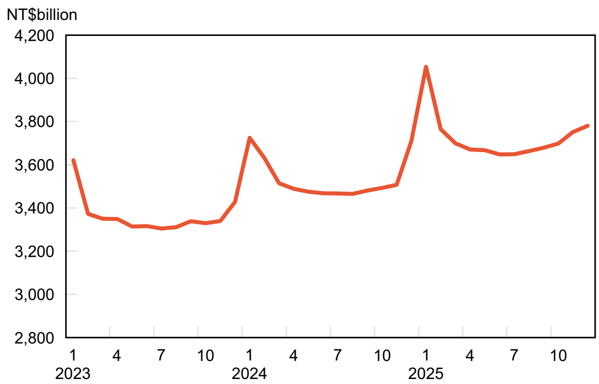
For the year 2025, the Bank, as the sole agency with the authority to issue banknotes and coins, continued to conduct currency issuance with a focus on maintaining an adequate supply of currency to meet public demand, which is dependent on domestic economic conditions, seasonal factors, and the development of noncash payment instruments. The Bank also issued commemorative coin sets to mark national events.

Furthermore, the Bank continued to promote public awareness of counterfeit deterrence and encourage the use of circulating currency through various channels.

Currency Issuance Increased to Meet Currency Demand

In 2025, the Bank ensured an adequate supply of currency to meet public demand. The amount of currency issued peaked at NT$4,053.7 billion on January 24, the last business day before the Lunar New Year holidays, reflecting a temporary seasonal surge in cash demand. At the end of the year, the outstanding amount of currency issued was NT$3,781.2 billion, an increase of NT$71.2 billion or 1.92% over the previous year end.

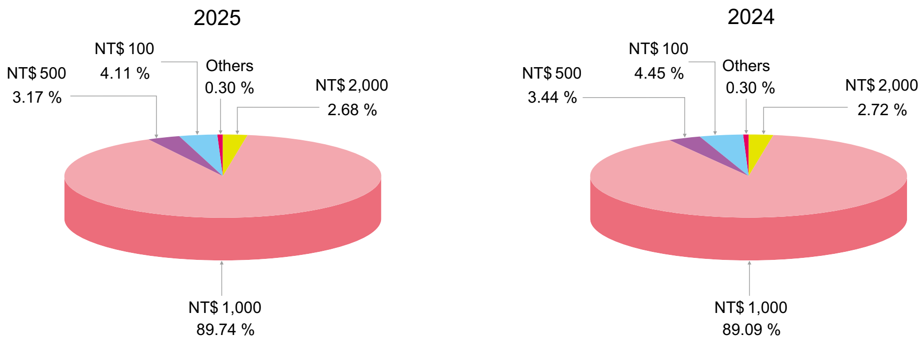
Currency Issued



Source: CBC.

By denomination, the composition of NT dollar banknotes in circulation at the end of 2025 was similar to the end of 2024. The majority of circulating banknotes went for the NT$1,000 note with a share of 89.74%, followed by the NT$100 and NT$500 notes with shares of 4.11% and 3.17%, respectively.

Composition of NT Dollar Banknotes Issued
(Year-End Figures)

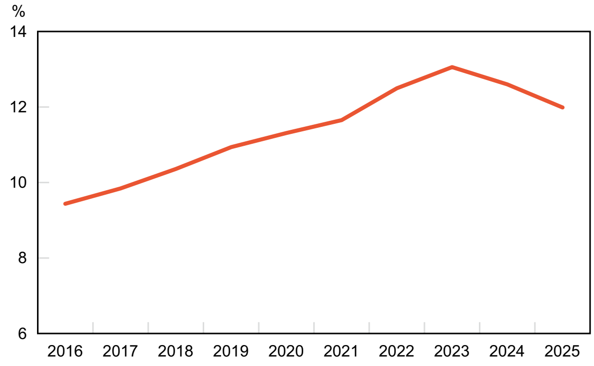


Source: CBC.

Ratio of Currency in Circulation to GDP Declined Slightly

As cash was still frequently used for small-value transactions, the public's demand for currency remained high. The ratio of currency in circulation to nominal GDP showed an uptrend from 2016 onwards. However, amid buoyant domestic economic activity since 2024, nominal GDP recorded larger increases, leading the ratio to drop further to 11.98% in 2025, down from 12.59% in the previous year.

The Ratio of Public-Held Currency to GDP



Sources: 1. CBC.
2. DGBAS, Executive Yuan.

A Commemorative Coin Set and a Commemorative Silver Coin Were Issued

In addition to currency issuance, the Bank may issue gold and silver coins and commemorative coins from time to time, such as for important ceremonies, national holidays, major international

Commemorative Coin Set for the Chinese Zodiac Year of the Snake

Source: CBC.

events, or other significant national events. During 2025, the Bank issued a casting set of coins for the Chinese Zodiac Year of the Snake and a commemorative silver coin for the championship victory of the World Baseball Softball Confederation (WBSC) Premier12 2024.

Commemorative Silver Coin for the Championship Victory of the WBSC Premier12 2024

Source: CBC.

Efforts to Encourage the Use of Circulating Currency and Raise Public Awareness of Counterfeit Money Continued in 2025

With the aim of deterring and preventing counterfeiting, reducing currency issuing costs, and protecting the environment by maximizing existing resources, the Bank launched several advertising campaigns during 2025 to enhance public understanding of the security features of NT dollar notes and coins and to promote the use of circulating currency.

While striving to improve the cleanliness of currency by inspecting returned banknotes and destroying damaged ones, the Bank also continued to urge the public to help maintain the cleanliness of circulating notes and coins.

Educational materials for these campaigns were provided through multiple channels. For example, relevant videos were released on media such as the Bank's website and social media platforms, the Virtual Money Museum, YouTube, the digital multimedia signage of the Executive Yuan, and terrestrial TV channels. Information was also posted on the Bank's Facebook page, and leaflets were distributed to the public and relevant institutions..

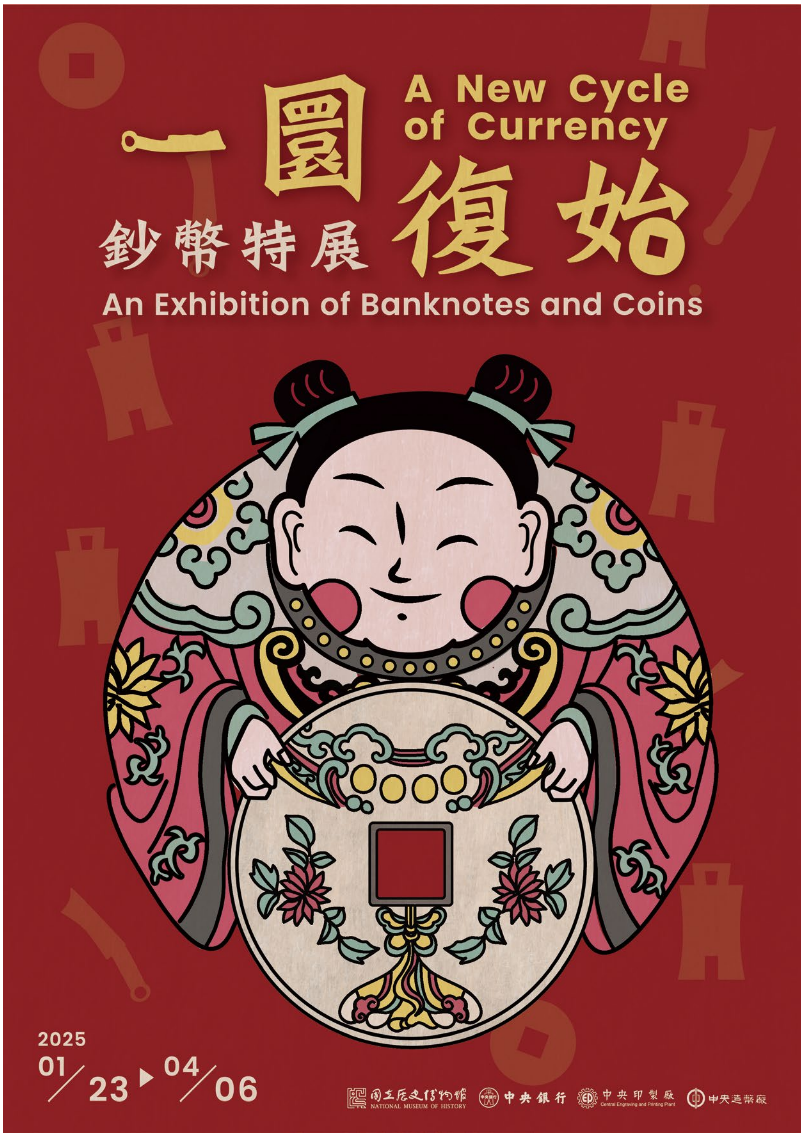
An Exhibition was Held on the Theme of Banknotes and Coins

In 2025, the Bank collaborated with the National Museum of History to organize a physical currency exhibition titled "A New Cycle of Currency," inviting the public to explore the profound history and culture of money.

This exhibition brought together selected items from the collections of the National Museum of History, the Bank, as well as the Bank's affiliated printing and minting plants, showcasing a wide range of currencies from the pre-Qin dynasty to modern times, including copper coins, silver sycees, and banknotes, along with historical materials on their production processes.

Through the exhibition, visitors witnessed the evolution of currency across different dynasties and periods and gained insight into how money reflected the economic conditions and artistic craftsmanship of each period.

An Exhibition of Banknotes and Coins – A New Cycle of Currency



Source: CBC.

The Bank Continued to Promote the Visually Impaired-Friendly NT Dollar Banknote Identification Service

To help visually impaired people to better identify banknotes, the Bank has made multifaceted efforts from 2020 onwards, such as producing video material to introduce how to identify banknotes and distinguish the different denominations. The video is available on the Bank's website and local visually impaired support groups are encouraged to download it for educational purposes. Meanwhile, the Bank has developed the NT dollar banknote gauge card and instructed the Central Engraving and Printing Plant to conduct mass production. The Bank has also sent relevant personnel to local support groups to promote the use of the card and to distribute it for free to the visually impaired.

Raised-Dot Tactile Feature of NTD Banknotes (Left) and NTD Banknote Gauge Card (Right) for the Visually Impaired

Source: CBC.

The Bank Launched the NT Dollar Banknote Redesign Program

To uphold confidence in the national currency and safeguard the security of cash transactions for the public, the timely redesign of banknotes is a core mandate for central banks worldwide. To address the 24-year circulation of the current banknotes and to ensure that security features align with the latest international technologies and ESG sustainability trends, the Bank officially launched the NT dollar banknote redesign program on October 23, 2025.

6. Fiscal Agency Functions

As banker to the central government, the Bank fulfills its responsibilities by managing the National Treasury deposit account, handling central government agency deposit accounts, and undertaking the issuance, transfer and registration, redemption, and interest payment of central government bonds and treasury bills.

Managing the Treasury Deposit Account

The Bank manages the National Treasury deposit account on behalf of the Ministry of Finance, processing receipts and disbursements of the central government. In order to provide convenient services for government agencies and the general public, the Bank delegates the handling of treasury-related business to 14 financial institutions and their 368 branches, including three overseas branches located in New York, Los Angeles, and Paris. In addition, there are another 4,672 national tax collection agencies set in financial institutions. In 2025, the Bank received a total of NT$4,866.5 billion in Treasury deposits, a decrease of NT$132.2 billion or 2.64% over the previous year. Payments made on behalf of the National Treasury were NT$4,967.3 billion, increasing by NT$115.1 billion or 2.37% from 2024. At the end of 2025, the balance on the National Treasury deposit account was NT$106.3 billion, decreasing by NT$100.8 billion or 48.67% from the end of 2024.

Handling Central Government Agency Deposits

Central government agencies are required to make their deposits with the Bank or other delegated banks. At the end of 2025, the balance of central government agencies' deposits with the Bank amounted to NT$317.2 billion, an increase of NT$53.2 billion or 20.15% over 2024. Deposits with other delegated banks were NT$812.5 billion at the end of 2025, increasing by NT$28.5 billion or 3.64%.

Amending the "Directions for the Delegation of National Treasury Operations to Financial Institutions by the Central Bank of the Republic of China (Taiwan)"

To strengthen the management of National Treasury-delegated operations, and in response to changes in the financial environment in recent years as well as the practical needs of Treasury operations, the Bank has comprehensively reviewed and amended the *"Directions for the Delegation of National Treasury Operations to Financial Institutions by the Central Bank of the Republic of China (Taiwan)."* The revisions, effective May 1, 2025, cover the financial requirements for financial institutions applying to serve as delegated Treasury agent institutions, the establishment of additional handling branches, application procedures for off-site Treasury receipt and payment services, operational inspections, and training programs.

Managing Central Government Bonds

As a fiscal agent, the Bank provides services related to the issuance, transfer and registration, redemption, and interest payment of central government bonds. The Bank also conducts the auctions of central government bonds. There are 55 domestic dealers qualified to directly participate in the auctions, including 23 banks, 18 securities companies, eight bills finance companies, five insurance companies, and Chunghwa Post.

In 2025, the Bank conducted 17 issues of central government bonds in book-entry form worth NT$433.5 billion in total. Of this amount, 10-year bonds accounted for the lion's share of 41.98%, worth NT$182.0 billion, followed by 5-year bonds, representing a share of 32.30% with an amount of NT$140.0 billion.

In addition, the Bank paid NT$435.0 billion in principal and NT$82.1 billion in interest for central government bonds. At the end of 2025, the outstanding amount of central government bonds was NT$6,032.6 billion, a slight decrease of NT$1.5 billion or 0.02% from the end of 2024.

Handling Treasury Bills

The Bank also handles the auctions of Treasury bills. Currently, direct bidders include banks, insurance companies, securities companies, bills finance companies, and Chunghwa Post.

In 2025, the Bank conducted seven issues of book-entry Treasury bills with a total amount of NT$230.0 billion. The majority of the issuance went for 91-day and 182-day bills, each with a value of NT$65.0 billion, or a share of 28.26%. At the end of 2025, the outstanding amount of Treasury bills was NT$70.0 billion, an increase of NT$40.0 billion or 133.3% from the previous year end.

7. Financial Inspection

Pursuant to the objectives and duties stipulated in *The Central Bank of the Republic of China (Taiwan) Act*, the Bank conducts targeted examinations to ensure the effective implementation of monetary, credit, and foreign exchange policies. The Bank has also established a report auditing system and a financial stability assessment framework to systematically monitor and assess possible sources of potential risks. The Bank adopts appropriate policies accordingly in a timely manner to achieve the operational goal of financial stability. The following are the main tasks conducted in 2025.

Targeted Examination

Targeted examinations in 2025 covered real estate-related lending activities (including banks' mortgage loan operations, loan concentration, the implementation of quantitative improvement plans, and the flow of loan funds), foreign exchange derivatives business involving the NTD exchange rate, foreign exchange remittance messages, custodian banking, transactions of private employment agencies entrusted to handle NTD conversion and outward foreign exchange remittances of foreign migrant workers' wages, operations of foreign currency exchange counters, etc.

Follow-up on Examination Findings

To ensure the effectiveness of the Bank's policy implementation, the Bank continued to track whether the financial institutions under inspection had improved their operations, based on the findings from the Bank's targeted examinations as well as the results of the FSC's financial examinations related to the Bank's operations or regulations. The financial institutions violating the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions* were subjected to administrative actions by the Bank.

Strengthening Off-Site Monitoring

In 2025, the report auditing system was utilized to evaluate financial performance, business status and regulatory compliance of individual financial institutions as a reference for the supervision and inspection by the Bank and relevant authorities. Moreover, to reflect changes in the evolving financial environment and regulatory amendments, the Bank reviewed and modified the content of the report auditing analysis and evaluation. The Bank also leveraged visualization tools to improve the efficacy of data processing and analysis.

Improving Transparency of Information on Financial Institution Operations

The Bank regularly compiles and publishes statistics on financial institutions, such as *Condition and Performance of Domestic Banks (Quarterly)* and *Business Overview of Financial Institutions (Yearly)*. All related information is available for public inquiry and download via the Bank's official website and also disclosed on its official social media. Furthermore, the financial and operational performance datasets of financial institutions are regularly uploaded to the designated open government data platform, with the aim of strengthening the transparency of information on financial institutions' operations and reinforcing market discipline.

Financial Stability Assessment

The Bank regularly conducts an analysis of financial institutions' business operations and their risk exposures so as to identify potential risks to the stability of the overall financial system. It also compiles financial soundness indicators and publishes the *Financial Stability Report* to keep the public updated on the state of the domestic financial system and sources of potential risks and to aid cross-border communication and information sharing.

In 2025, to enhance analytical effectiveness regarding financial stability, the Bank continued to compile the Financial Vulnerability Index regularly to identify vulnerabilities in the domestic financial system. The Bank also developed market risk stress-testing models and related graphical user interface for life insurance companies. Moreover, as a reference for the advancement of related applications, the Bank collected and studied the practices of major central banks in utilizing AI to monitor macroeconomic and financial conditions.

International Cooperation in Financial Supervision

In 2025, the Bank continued to actively engage in international cooperation related to financial supervision, such as participating in the 16th SEACEN Meeting of Deputy Governors in Charge of Financial Stability and Banking Supervision, and the 27th SEACEN-FSI Conference of the Directors of Supervision of Asia-Pacific Economies concurrently held with the 38th Meeting of Directors of Supervision of SEACEN Members.

8. Participation in International Activities

The Bank is committed to engaging in international activities and continues to enhance collaboration with international financial organizations and other central banks. The Bank is a member of the Asian Development Bank (ADB), the Central American Bank for Economic Integration (CABEI), and the South East Asian Central Banks (SEACEN) group. Moreover, the Bank continually strengthens its ties with international forums and institutions such as the Bank for International Settlements (BIS) and the Inter-American Development Bank (IDB). Through participation in international conferences, training courses, and forums, the Bank endeavors to maintain close relationships with other central banks by exchanging views and sharing policy experience on current financial and economic issues.

The Bank continued its active participation in international activities during 2025. The Bank attended the 61st SEACEN Governors' Conference in Bali, Indonesia, during October 28 to 29, under the theme "Asian Financial Integration to Navigate Geoeconomic Shifts: Unlocking Growth and Innovation." At this conference, the Bank and other member banks agreed to strengthen regional economic resilience through closer regional collaboration against a backdrop of global uncertainty, digital transformation, and the transition towards economic sustainability.

Meanwhile, the Bank also participated in the meetings held by other international organizations throughout the year, such as the IDB's 65th Annual Meeting of the Board of Governors in Santiago, Chile, during March 26 to 30, the ADB's 58th Annual Meeting of the Board of Governors in Milan, Italy, from May 3 to 6, the CABEI's 65th Ordinary Meeting of the Board of Governors in Tegucigalpa, Honduras, on May 30, and the BIS' 95th Annual General Meeting in Basel, Switzerland, during June 28 to 29. In addition, the Bank attended the 24th SEACEN Executive Committee Meeting virtually on September 26.

Chronology of Events of the CBC in 2025

Chronology of Events of the Central Bank of the Republic of China (Taiwan)[1] in 2025

Date	Event
Jan. 9	The CBC issued a commemorative coin set for the Yi Si Year of the Snake (2025).
15	The CBC amended the *Directions Governing Banking Enterprises for Operating Foreign Exchange Business* to relax the restrictions on the currency of loans granted by authorized banks against the pledge of beneficial rights in foreign currency non-discretionary trust funds as collateral, such that the loan currency is not limited to foreign currencies.
Mar. 20	The CBC's Board decided to keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively.
Apr. 15	The CBC reappointed Mega International Commercial Bank as the clearing bank for the US dollar on the foreign currency clearing platform.
21	To enhance the management of delegated national treasury operations and to respond to recent changes in the financial operating environment, the CBC amended the "*Directions for the Delegation of National Treasury Operations to Financial Institutions by the Central Bank of the Republic of China (Taiwan),*" effective from May 1, 2025.
Jun. 19	The CBC's Board decided to keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively.
20	The CBC issued the "*Directions for Authorized Banks Conducting Foreign Currency Loan Business Trials in Local Asset Management Zones,*" allowing

[1] Herein referred to as the CBC.

Date	Event
	authorized banks within the zones to conduct business trials involving foreign currency loans and related businesses secured by insurance contracts or financial asset portfolios of high-asset customers, without being subject to the relevant provisions of the *Directions Governing Banking Enterprises for Operating Foreign Exchange Business*.
Jul. 15	The CBC amended the *Regulations Governing Foreign Exchange Business of Banking Enterprises* to simplify application procedures for authorized banks to set up foreign currency automatic teller machines, to outsource back-office operations related to foreign exchange business to a third party, and to issue foreign exchange bank debentures. This amendment, effective July 17, 2025, aims to enhance the efficiency of banking enterprises in conducting foreign exchange business.
Sep. 8	Considering the situation that natural persons may have a genuine need for home replacement, the CBC adjusted the time limit for selling the original property under the supporting measures from one year to 18 months, applicable to loan applications processed on or after September 20, 2024. The CBC also amended the Q&As for the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions*.
18	The CBC's Board decided to keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively.
Oct. 23	To address the 24-year circulation of the current banknotes and to ensure that security features align with the latest international technologies and ESG sustainability trends, the CBC officially launched the NT dollar banknote redesign program.

Date	Event
Nov. 12	The CBC issued a commemorative silver coin for the championship victory of the WBSC Premier12 2024.
14	The CBC and the United States Department of the Treasury issued a joint statement on exchange rate policies. The statement primarily continues the principles of their close consultations, including: (1) avoiding the manipulation of exchange rates; and (2) the intervention in foreign exchange markets is primarily aimed at addressing excess volatility or disorderly movements in exchange rates, with the expectation that this tool would be symmetric in nature. The aforementioned principles are consistent with the CBC's current practices. In addition, the CBC commits to public disclosure of any foreign exchange intervention operations on a quarterly basis (with a quarterly lag), starting from the end of December 2025.
Dec. 18	The CBC's Board decided on the following measures: 1. Keeping the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively. 2. Starting from 2026, banks may carry out quantitative controls of aggregate real estate lending volumes at their own discretion.
24	The CBC amended the *Directions for Banking Enterprises While Assisting Customers in Declaring Foreign Exchange Receipts and Disbursements or Transactions* to strengthen banking enterprises' compliance with foreign exchange regulations and enhance their operational efficiency.
31	The CBC released its inaugural *Sustainability Report*, presenting the Bank's concrete ESG achievements in 2024.

Financial Statements of the CBC

1. Balance Sheet

Unit: NTD Millions

	December 31 2025	December 31 2024	Change	
			Amount	%
Assets				
Foreign Assets	19,096,381	19,052,881	43,500	0.23
Due from Domestic Banks	821,648	808,524	13,124	1.62
Loans and Accommodations to Financial Institutions	295,494	308,288	-12,794	-4.15
Other Assets	699,117	737,539	-38,422	-5.21
Total Assets	**20,912,640**	**20,907,232**	**5,408**	**0.03**
Liabilities				
Currency Issued	3,781,182	3,709,964	71,218	1.92
Deposits of Financial Institutions	3,575,222	3,136,871	438,351	13.97
Certificates of Deposit Issued	7,423,650	7,331,995	91,655	1.25
Redeposits of Financial Institutions	1,954,309	1,959,436	-5,127	-0.26
Government Deposits	424,168	471,487	-47,319	-10.04
Other Liabilities	2,350,350	2,941,789	-591,439	-20.10
Total Liabilities	**19,508,881**	**19,551,542**	**-42,661**	**-0.22**
Equity	**1,403,759**	**1,355,690**	**48,069**	**3.55**
Total Liabilities and Equity	**20,912,640**	**20,907,232**	**5,408**	**0.03**

Note: Figures for 2025 are unaudited. Figures for 2024 are audited by the National Audit Office.

2. Income Statement

Unit: NTD Millions

	2025	2024
Income		
Interest Income	480,531	450,602
Fee Income	89	100
Foreign Exchange Gains	83,472	110,933
Revenue from Trust Investment	11,724	11,353
Subsidiaries' Investment Income	2,104	2,294
Others	494	1,132
Total Income	**578,414**	**576,414**
Expenses		
Interest Expenses	165,984	164,546
Fee Expenses	253	247
Expenses for Coin Issuance	1,053	1,216
Expenses for Banknote Issuance	2,292	3,730
Allowances	158,189	150,167
Operating Expenses	1,750	1,680
Administrative Expenses	607	571
Others	819	843
Total Expenses	**330,947**	**323,000**
Net Income	**247,467**	**253,414**

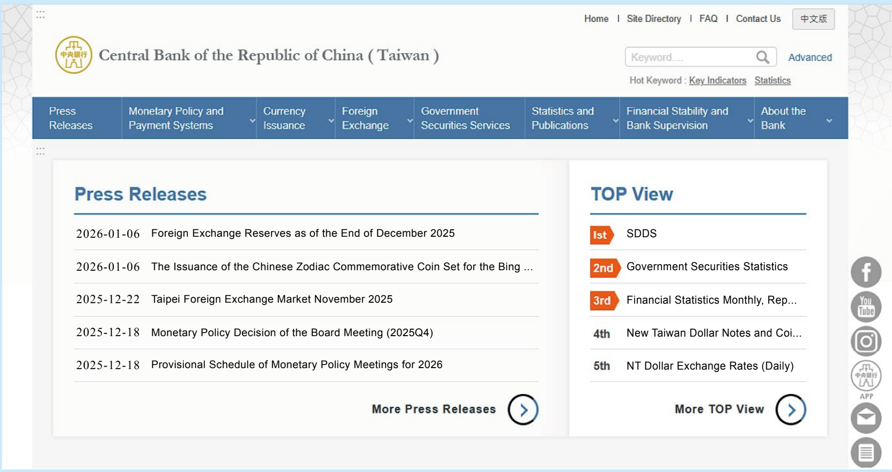
Note: Figures for 2025 are unaudited. Figures for 2024 are audited by the National Audit Office.

APPENDIX: CENTRAL BANK OF THE REPUBLIC OF CHINA (TAIWAN) WEBSITE

I. Official Homepage

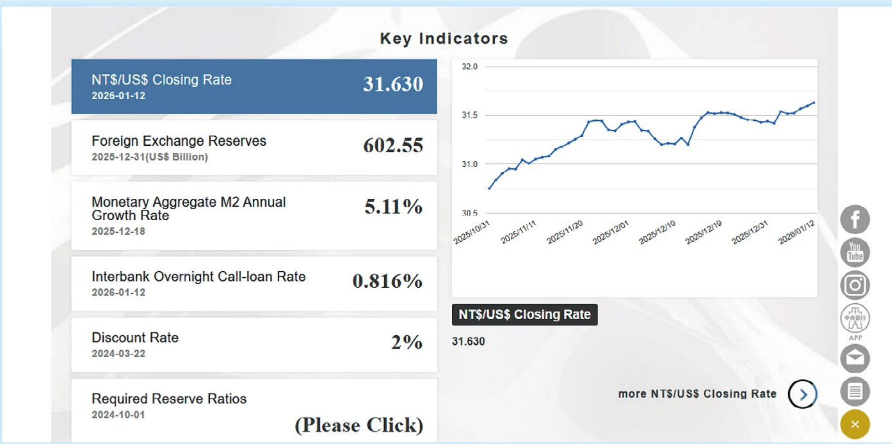
https://www.cbc.gov.tw/en/mp-2.html

Introduces the Bank's operations regarding monetary policy and payment systems, currency issuance, foreign exchange, government securities services, as well as financial stability and bank supervision, and contains other crucial information such as press releases, statistics and publications, and general information about the Bank.



Key Indicators

Displays data charts of the Bank's key indicators that are periodically updated, such as the NT$/US$ closing rate, foreign exchange reserves, monetary aggregate M2 annual growth rate, and important policy-related and market interest rates.



FAQ

https://www.cbc.gov.tw/en/lp-2168-2.html

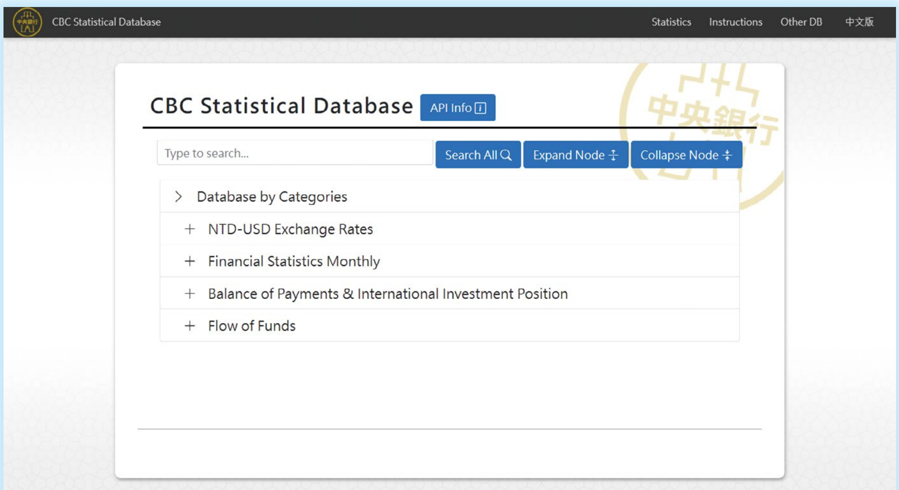
Provides a list of frequently asked questions and answers regarding the Bank's operations and policy-related issues. Information here is updated as needed.

II. Statistics and Publications

Statistics

https://cpx.cbc.gov.tw/Tree/TreeSelect?mp=2

Presents statistical data released by the Bank for browsing, querying, and downloading.



Publications

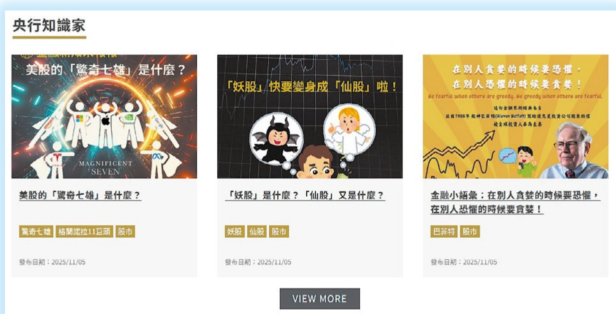
https://www.cbc.gov.tw/en/lp-535-2.html

- Provides access to periodical publications, including statistical publications (e.g., financial statistics, balance of payments, flow of funds, and condition and performance of domestic banks), quarterly bulletins, financial stability reports, and annual reports.
- Offers occasional notes or reports on topics related to the Bank's operations or international and domestic economic and financial conditions.

III. Monetary and Financial Knowledge Hub (Chinese Only)

https://knowledge.cbc.gov.tw/front/index

Introduces various kinds of monetary and financial knowledge with up-to-date, interesting, and easy-to-understand content to facilitate public understanding of the Bank's policies and operations. Information here covers a wide range, including short reports on special topics such as the U.S.-China trade conflict and CBDCs, the latest news on central banking worldwide, and current issues on finance covering foreign capital flows, selective credit control measures, and stablecoins, as well as Q&As and videos introducing the Bank's operations and NT dollar-related knowledge.



IV. Virtual Money Museum and Virtual Exhibition Hall

▼ Virtual Money Museum

https://museum.cbc.gov.tw/web/en-us

Presents information about currency issuance, including the history of banknotes and coins, banknotes and coins in circulation, coin sets and commemorative banknotes and coins, and security features of the NT dollar.

▼ Virtual Exhibition Hall (Chinese Only)

https://museum.cbc.gov.tw/museum

Allows viewers to browse banknotes and coins featured in various themes.

V. Gender Equity Hub (Chinese Only)

https://www.cbc.gov.tw/tw/np-6250-1.html

Showcases a variety of works and knowledge on gender equity, including the Bank's promotion plans and progress reports, gender statistics and indicators, gender analysis reports, and publications and resources aimed at advancing gender equity.

VI. Virtual Assistant Service (Chinese Only)

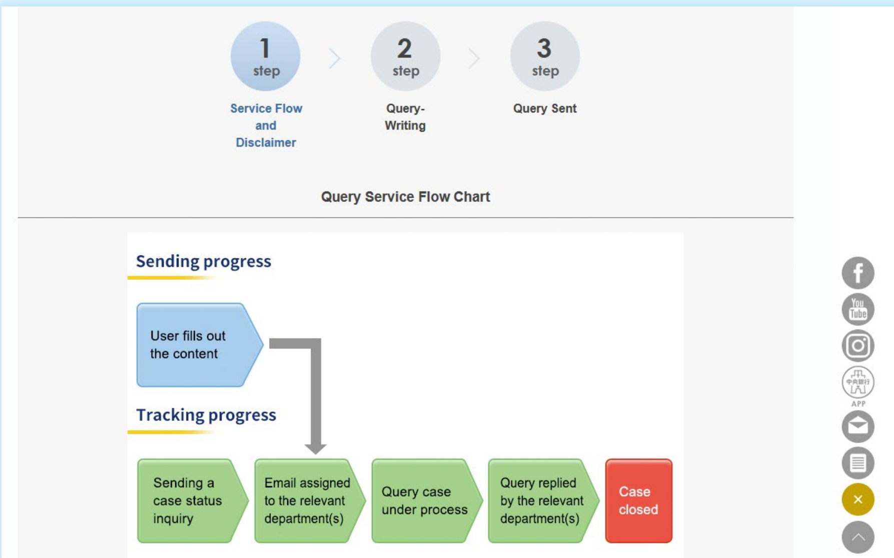
https://qna.cbc.gov.tw/webchat/index.html?botid=cbc_qna_bot

Provides users with general consultation based on the Bank's publicly available information and the database of frequently asked questions and answers. Users may briefly describe their questions in text, and the Virtual Assistant Service will provide relevant answers in real time.

VII. Contacting the Bank

https://www.cbc.gov.tw/en/sp-opma-form-2.html

For questions or suggestions, please contact the Bank through the following steps. We will reply to you within 7 working days.



VIII. Official Social Media Channels and Mobile Apps (Chinese Only)

The Bank also provides the latest news and announcements on social networking sites and our official mobile apps. Stay up-to-date and communicate with us by following the Bank's social media accounts as listed below and/or downloading our mobile apps on iOS or Android devices.

Facebook	https://www.facebook.com/cbc.gov.tw/
YouTube	https://www.youtube.com/user/TheCBCTube
Instagram	https://www.instagram.com/cbc.gov.tw/
Android	https://play.google.com/store/apps/details?id=hyweb.mobilegip.gip_cbc
iOS App	https://appsto.re/tw/LyAH6.i

Abbreviations

ADB	Asian Development Bank
AI	artificial intelligence
BIS	Bank for International Settlements
BoJ	Bank of Japan
BoK	Bank of Korea
BOP	balance of payments
CABEI	Central American Bank for Economic Integration
CBC	Central Bank of the Republic of China (Taiwan)
CBDC	central bank digital currency
CD	certificate of deposit
CGSS	Central Government Securities Settlement System
CIFS	CBC Interbank Funds Transfer System
COFER	Currency Composition of Official Foreign Exchange Reserves
CPI	consumer price index
CSP	cloud service provider
DBU	domestic banking unit
DGBAS	Directorate-General of Budget, Accounting and Statistics
DVP	delivery-versus-payment
ECB	European Central Bank
Fed	Federal Reserve (System)
FINI	foreign institutional investor
FISC	Financial Information Service Co., Ltd.
FSC	Financial Supervisory Commission
FX	foreign exchange
GDP	gross domestic product
GNI	gross national income
HPC	high-performance computing
ICT	information and communication technology
IDB	Inter-American Development Bank
IMF	International Monetary Fund
LTV	loan-to-value

MOI	Ministry of the Interior
NCCC	National Credit Card Center of R.O.C.
NCD	negotiable certificate of deposit
n.i.e.	not included elsewhere
NTD	New Taiwan dollar
OBU	offshore banking unit
OIU	offshore insurance unit
OSU	offshore securities unit
PBoC	People's Bank of China
PPI	producer price index
PVP	payment-versus-payment
R&D	research and development
Repo	repurchase agreement
RMB	renminbi
SEACEN	South East Asian Central Banks
SITE	securities investment trust enterprise
SME	small and medium(-sized) enterprise
TAIEX	Taiwan Stock Exchange Capitalization Weighted Stock Index
TCH	Taiwan Clearing House
TDCC	Taiwan Depository and Clearing Corporation
TDR	Taiwan depositary receipt
TISA	Taiwan Individual Savings Account
TPEx	Taipei Exchange
TW-ICS	Taiwan Insurance Capital Standard
TWSE	Taiwan Stock Exchange

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